

KANNALAND
MUNISIPALITEIT | MUNICIPALITY

Monthly Budget Report for October 2026/27







Prepared in terms of the Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations, Government Gazette 32141, 17 October 2009

Table of Contents

GLOSSARY 3
LEGISLATIVE FRAMEWORK 6
Report of the Executive Augustor 6
Recommendations 7
SECTION 1 – EXECUTIVE SUMMARY 8
1.1 INTRODUCTION 8
1.2 CONSOLIDATED PERFORMANCE 8
1.3 MATERIAL DIFFERENCES TO THE SDBIP 9
1.4 REMEDIAL ACTIONS 9
SECTION 2 – IN-YEAR BUDGET STATEMENT TABLES 10
2.1 TABLE C1 – MONTHLY BUDGET SUMMARY 10
2.2 TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE 11
2.3 TABLE C3 – MONTHLY BUDGETED FINANCIAL PERFORMANCE 12
2.4 TABLE C4 – MONTHLY FINANCIAL PERFROMANCE 13
2.5 OPERATING REVENUE BY SOURCES: 14
2.6 OPERATING EXPENDITURE BY TYPE 14
2.7 TABLE C5 – MONTHLY BUDGETED CAPITAL EXPENDITURE 15
2.8 TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION 16
2.9 TABLE C7 – MONTHLY BUDGETED CASH FLOW 17
SECTION 3 SUPPORTING DOCUMENTATION 18
3.1 TABLE SC3 – DEBTORS AGE ANALYSIS 18
3.3 TABLE SC4 – CREDITORS AGE ANALYSIS 19
3.4 INVESTMENT PORTFOLIO ANALYSIS 20
3.6 TABLE SC8 – EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF 21
SECTION 4 – IMPLEMENTATION OF THE BUDGET FUNDING PLAN ..... **Error! Bookmark not defined.**
SECTION 5 – PROGRESS ON MUNICIPAL DEBT RELIEF 23
SECTION 6 – QUALITY CERTIFICATION 45

GLOSSARY

Adjustment's budget - Prescribed in section 28 of the MFMA. The formal means by which a municipality October revise its annual budget during the year.

Allocations - Money received from Provincial or National Government or other municipalities.

Approved budget - means an annual budget—

a) approved by a municipal council; or
b) approved by a provincial or the national executive following an intervention in terms of section 139 of the Constitution, and includes such an annual budget as revised by an adjustments budget in terms of section 28;

Budget - The financial plan of the Municipality.

Budget related policy - Policy of a municipality affecting or affected by the budget, examples include the Tariff Policy, Property Rates Policy, Customer Care, Credit Control and Debt Collection Policy etc.

Capital expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet.

Cash flow statement – summarizes the amount of cash and cash equivalents entering and leaving the municipality. The cash flow statement measures how well the municipality manages its cash position. It should be noted that there could be a difference between the timing of the actual cash flow compared to the recognition of expenditure. For example, when an invoice is received by the Municipality it is recognised as expenditure in the month it is dated, even though its October not be paid within the same month.

DORA - Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government.

Equitable share - A general unconditional grant paid to municipalities. It is predominantly targeted to subsidise the delivery of free basic services.

Fruitless and wasteful expenditure - Expenditure that was made in vain and would have been avoided had reasonable care been exercised.

GFS - Government Finance Statistics. An internationally recognised classification system that facilitates like for like comparison between municipalities.

GRAP - Generally Recognised Accounting Practice. The standard for municipal accounting.

IDP - Integrated Development Plan. The main strategic planning document of the Municipality.

MBRR - Local Government: Municipal Finance Management Act (56/2003): Municipal budget and reporting regulations.

MFMA - Local Government: Municipal Finance Management Act (56/2003). The principal piece of legislation relating to municipal financial management. From here on to be referred to as the Act.

MTREF - Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two outer year budget allocations. Also includes details of the previous and current year's financial position.

Operating expenditure - Spending on the day-to-day expenses of the Municipality such as salaries and wages. It provides a short-term benefit, normally less than a year.

Rates - Local Government tax based on the assessed value of a property. To determine the rates payable, the assessed rateable value is multiplied by the rate in the rand.

SDBIP - Service Delivery and Budget Implementation Plan. A detailed plan comprising quarterly performance targets and monthly budget estimates.

Strategic objectives - The main priorities of the Municipality as set out in the IDP. Budgeted spending must contribute towards the achievement of the strategic objectives.

Unauthorised expenditure - in relation to a municipality, means any expenditure incurred by a municipality otherwise than in accordance with section 15 or 11(3), and includes—

a) overspending of the total amount appropriated in the municipality's approved budget;

b) overspending of the total amount appropriated for a vote in the approved budget; Unauthorised expenditure refers to expenditure that municipalities incurred without provision having been made for it in the budget approved by the council or which does not meet the conditions of a grant.

Virement - A transfer of budget.

Virement policy - The policy that sets out the rules for budget transfers. Virements are normally allowed within a vote. Transfers between votes must be agreed by Council through an Adjustments Budget.

Vote - One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality and which specifies the total amount that is appropriated for the purposes of the department or functional area concerned.

LEGISLATIVE FRAMEWORK

The Municipal Budget and Reporting Regulations (MBRR) are designed to achieve a range of objectives, including improving the local government sphere's ability to deliver basic services by facilitating improved financial sustainability and better medium-term planning and policy choices on service delivery.

This report has been prepared in terms of the following legislative framework:

- The Municipal Finance Management Act – No. 56 of 2003, Sections 71 & 52,
- and The Municipal Budget and Reporting Regulations

The MBRR highlights the format of the monthly budget statements.
28. The monthly budget statement of a municipality must be in the format specified in Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

The objective of these Regulations is to secure sound and sustainable management of the budgeting and reporting practices of municipalities by establishing uniform norms and standards and other requirements for ensuring transparency, accountability and appropriate lines of responsibility in the budgeting and reporting process and other relevant matters as required by the Act.

Report of the Executive Mayor

In -Year Report – Monthly Budget Statement

The monthly budget statement for October 2026, has been prepared in terms of the Municipal Budget and Reporting Regulations (2009) and the Municipal Finance Management Act 56 of 2003.

a) The budget of the municipality has been implemented in terms of the Service Delivery Budget Implementation Plan (SDBIP). Details on the implementation and any material deviations from the SDBIP will be covered under Section 10 of this document.

Cash flow has and will for the foreseeable future be a problem. In the short-term Kannaland Municipality has done well to meet the most pressing commitments such as employee related cost and achieving service delivery requirements. The municipality still experiences cash flow

challenges due to constrained resources. A Budget Funding Plan has been approved and will be implemented to mitigate risk.

Executive Mayor

Recommendations

That the Council takes cognisance of the monthly budget statement for October 2026.

That the Council takes cognisance of the Eskom Debt Relief Report for October 2026.

SECTION 1 – EXECUTIVE SUMMARY

1.1 INTRODUCTION

The Municipal Manager, as Accounting Officer of the Municipality, is required by Section 71(1) of the Municipal Finance Management Act to submit a monthly report in a prescribed format to the October, within 10 working days after the end of each month, on the implementation of the Municipality's budget. The format and contents of the monthly budget report comply with the requirements as set out within the Municipal Budget and Reporting Regulations of 2009.

The report will be made available to the public on the municipal website at www.kannaland.gov.za

1.2 CONSOLIDATED PERFORMANCE

The performance against the budget can be summarized as follow:

Amount in thousands	Amended Budget	YTD Budget	Monthly Actual	YTD Actual	YTD Budget vs YTD Actual Variance	YTD Budget vs YTD Actual Variance %
Operating Revenue	R 283 532	R 94 511	R 32 077	R 93 168	R (1 343)	-1%
Operating Expenditure	R 266 963	R 88 986	R 10 025	R 70 737	R (18 248)	-21%
Capital	R 26 131	R 6 971	R 1 631	R 2 655	R (4 316)	-62%

Refer to Table C4 for more detail on operating revenue & expenditure.

Operational Revenue

The municipality's total operational revenue budget amounts to 284 million and the year-to-date revenue on the budget accrued to 93.2 million. This represents 32.8% of the YTD variance for total revenue.

Operational Expenditure

The municipality's total operational expenditure budget amounts to R267 million, with a year-to-date performance of R70.7 million, or 26.5% of the YTD variance for total expenditure budget.

Capital Expenditure

The total capital budget for the municipality amounts to R26 million with a year-to-date performance of R2.7 million, or 10.2% of the total capital budget.

Operating Surplus/Deficit

The variances for operating revenue amounted to R32million exceeding budget, and expenditure amounting to R 10 million below budget, with a surplus of R 22 million for the month under review. This performance is to be noted against an unfunded budget.

1.3 MATERIAL DIFFERENCES TO THE SDBIP

Material differences to the SDBIP will be discussed under section 10 and in more detail within Appendix C.

1.4 REMEDIAL ACTIONS

(a) Directorates are to ensure that the budget is being implemented in accordance with the Service Delivery and Budget Implementation Plan of the Municipality;
(b) That, strategic decisions / resolutions to improve the capital expenditure, be implemented; communicating with the technical department on spending of capital budget;
(c) Monthly monitoring of the implementation of the Budget Funding Plan;
(d) That measures on debt collection are implemented and applied effectively;
(e) A procurement plan be developed and approved as a matter of urgency;
(f) That the funding plan addresses all issues and challenges on the financial performance of the municipality and adapt to an always changing environment.

SECTION 2 – IN-YEAR BUDGET STATEMENT TABLES

2.1 TABLE C1 – MONTHLY BUDGET SUMMARY

WC041 Kannaland - Table C1 Monthly Budget Statement Summary - M04 October

Description	2025/26	Budget Year 2026/27							
R Thousands	Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Financial Performance									
Property rates	30,113	39,180	39,180	5,511	11,251	13,060	(1,809)	-14%	39,180
Service charges	144,151	173,855	173,855	21,233	55,352	57,952	(2,599)	-4%	173,855
Investment revenue	1,570	1,600	1,600	326	590	533	57	11%	1,600
Transfers and subsidies - Operational	50,143	49,078	49,078	962	18,274	16,359	1,914	12%	49,078
Other own revenue	41,453	19,820	19,820	4,046	7,701	6,607	1,094	17%	19,820
Total Revenue (excluding capital transfers and contributions)	267,429	**283,532**	**283,532**	**32,077**	**93,168**	**94,511**	**(1,343)**	**-1%**	**283,532**
Employee costs	104,957	94,858	94,858	9,228	34,666	31,619	3,046	10%	94,858
Remuneration of Councillors	3,479	4,713	4,713	344	1,217	1,571	(354)	-23%	4,713
Depreciation, amortisation and impairment	37,034	18,532	18,532	3,079	6,168	6,177	(10)	-0%	18,532
Interest, Dividends and Rent on Land	13,205	1,135	1,135	(466)	394	378	16	4%	1,135
Inventory consumed and bulk purchases	85,306	91,055	91,040	(4,922)	22,146	30,347	(8,201)	-27%	91,040
Transfers and subsidies	240	590	590	–	15	197	(182)	-92%	590
Other expenditure	88,012	56,080	56,095	2,762	6,132	18,697	(12,565)	-67%	56,095
Total Expenditure	332,234	**266,963**	**266,963**	**10,025**	**70,737**	**88,986**	**(18,248)**	**-21%**	**266,963**
Surplus/(Deficit)	(64,805)	**16,569**	**16,569**	**22,052**	**22,430**	**5,525**	**16,905**	**306%**	**16,569**
Transfers and subsidies - capital (monetary allocations)	22,707	24,050	30,050	1,189	1,972	14,017	(12,045)	-86%	30,050
Transfers and subsidies - capital (in-kind)	102	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions	(41,996)	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**
Income Tax	–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after Income Tax	(41,996)	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
Surplus/ (Deficit) for the year	(41,996)	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**
Capital expenditure & funds sources									
Capital expenditure	20,867	**20,913**	**26,131**	**1,631**	**2,655**	**6,971**	**(4,316)**	**-62%**	**26,131**
Capital transfers recognised	20,589	20,913	26,131	1,631	2,655	6,971	(4,316)	-62%	26,131
Borrowing	–	–	–	–	–	–	–	–	–
Internally generated funds	189	–	–	–	–	–	–	–	–
Total sources of capital funds	20,778	**20,913**	**26,131**	**1,631**	**2,655**	**6,971**	**(4,316)**	**-62%**	**26,131**
Financial position									
Total current assets	134,723	244,082	244,880		167,853				244,880
Total non current assets	378,943	348,604	353,822		375,421				353,822
Total current liabilities	202,275	235,121	235,136		207,765				235,136
Total non current liabilities	52,819	63,622	63,622		52,819				63,622
Community wealth/Equity	258,571	293,944	293,944		282,690				293,944
Cash flows									
Net cash from (used) operating	138,540	33,756	39,756	984	19,983	22,584	2,601	12%	39,756
Net cash from (used) investing	(14,863)	(24,050)	(30,050)	(2,248)	(2,519)	–	2,519	–	(30,050)
Net cash from (used) financing	–	–	–	–	–	–	–	–	–
Cash/cash equivalents at the month/year end	**146,695**	**25,014**	**25,014**	**#NAME?**	**40,845**	**37,893**	**(2,953)**	**-8%**	**33,087**
Debtors & creditors analysis	**0 - 30 Days**	**31 - 60 Days**	**61 - 90 Days**	**91 - 120 Days**	**121 - 150 Days**	**151 - 180 Days**	**181 Days - 1 Year**	**Over 1 Year**	**Total**
Debtors Age Analysis									
Total By Income Source	11,408	5,283	1,051	6,129	3,596	4,342	23,235	175,348	230,392
Creditors Age Analysis									
Total Creditors	9,582	11,278	12,280	–	–	–	–	116,146	149,286

2.2 TABLE C2 – MONTHLY BUDGETED FINANCIAL PERFORMANCE
(Functional Classification)

WC041 Kannaland - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M04 October

Description	Ref	2025/26	Budget Year 2026/27							
R Thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Revenue - Functional										
Governance and administration		**88,675**	**63,025**	**63,025**	**6,694**	**30,329**	**21,008**	9,321	44%	**63,025**
Executive and council		39,063	8,348	8,348	–	16,697	2,783	13,914	500%	8,348
Finance and administration		49,612	54,677	54,677	6,694	13,632	18,225	(4,593)	-25%	54,677
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**24,301**	**17,306**	**17,306**	**2,062**	**3,066**	**5,769**	(2,702)	-47%	**17,306**
Community and social services		22,436	16,994	16,994	2,062	3,066	5,665	(2,598)	-46%	16,994
Sport and recreation		34	62	62	–	–	21	(21)	-100%	62
Public safety		2	250	250	–	–	83	(83)	-100%	250
Housing		1,829	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**16,325**	**3,589**	**7,589**	**924**	**1,524**	**5,196**	(3,673)	-71%	**7,589**
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		16,325	3,589	7,589	924	1,524	5,196	(3,673)	-71%	7,589
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**160,937**	**223,662**	**225,662**	**23,587**	**60,220**	**76,554**	(16,334)	-21%	**225,662**
Energy sources		93,052	126,176	128,176	12,567	36,171	44,059	(7,887)	-18%	128,176
Water management		39,605	55,787	55,787	6,123	13,981	18,596	(4,615)	-25%	55,787
Waste water management		14,335	20,544	20,544	2,468	5,124	6,848	(1,724)	-25%	20,544
Waste management		13,945	21,155	21,155	2,429	4,944	7,052	(2,108)	-30%	21,155
Other	4	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Revenue - Functional	2	**290,238**	**307,582**	**313,582**	**33,266**	**95,139**	**108,527**	**(13,388)**	**-12%**	**313,582**
Expenditure - Functional										
Governance and administration		**130,313**	**97,931**	**97,931**	**7,083**	**26,188**	**32,642**	(6,454)	-20%	**97,931**
Executive and council		32,272	29,178	29,178	2,397	8,038	9,726	(1,688)	-17%	29,178
Finance and administration		98,042	68,752	68,752	4,686	18,149	22,916	(4,766)	-21%	68,752
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**19,533**	**16,583**	**16,583**	**1,258**	**4,138**	**5,528**	(1,390)	-25%	**16,583**
Community and social services		14,987	13,315	13,315	1,016	3,168	4,438	(1,270)	-29%	13,315
Sport and recreation		1,144	1,599	1,599	160	391	533	(142)	-27%	1,599
Public safety		150	385	385	49	189	128	60	47%	385
Housing		3,252	1,285	1,285	32	390	428	(38)	-9%	1,285
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**30,230**	**17,119**	**17,119**	**1,731**	**5,806**	**5,706**	99	2%	**17,119**
Planning and development		191	–	–	–	–	–	–	–	–
Road transport		30,039	17,119	17,119	1,731	5,806	5,706	99	2%	17,119
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**152,157**	**135,329**	**135,329**	**(46)**	**34,606**	**45,110**	(10,504)	-23%	**135,329**
Energy sources		94,122	93,911	93,911	(3,701)	25,081	31,304	(6,223)	-20%	93,911
Water management		30,412	18,727	18,727	1,349	3,724	6,242	(2,518)	-40%	18,727
Waste water management		13,534	10,411	10,411	1,316	2,934	3,470	(536)	-15%	10,411
Waste management		14,089	12,280	12,280	990	2,867	4,093	(1,227)	-30%	12,280
Other		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Expenditure - Functional	3	**332,234**	**266,963**	**266,963**	**10,025**	**70,737**	**88,986**	**(18,248)**	**-21%**	**266,963**
Surplus/ (Deficit) for the year		**(41,996)**	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**

2.3 TABLE C3 – MONTHLY BUDGETED FINANCIAL PERFORMANCE
(Revenue & Expenditure by Municipal Vote)

WC041 Kannaland - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M04 October

Vote Description	Ref	2025/26	Budget Year 2026/27							
R Thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Revenue by Vote	1									
Vote 1 - MUNICIPAL MANAGER		39,563	8,348	8,348	–	16,697	2,783	13,914	500%	8,348
Vote 2 - CORPORATE SERVICES		39,275	19,564	19,564	2,609	4,186	6,521	(2,335)	-36%	19,564
Vote 3 - FINANCIAL SERVICES		48,526	54,083	54,083	6,615	13,486	18,028	(4,542)	-25%	54,083
Vote 4 - TECHNICAL SERVICES		162,874	225,587	231,587	24,042	60,770	81,196	(20,425)	-25%	231,587
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**290,238**	**307,582**	**313,582**	**33,266**	**95,139**	**108,527**	**(13,388)**	**-12%**	**313,582**
Expenditure by Vote	1									
Vote 1 - MUNICIPAL MANAGER		32,272	29,178	29,178	2,397	8,038	9,726	(1,688)	-17%	29,178
Vote 2 - CORPORATE SERVICES		66,708	42,997	42,997	4,704	15,662	14,331	1,331	9%	42,997
Vote 3 - FINANCIAL SERVICES		65,893	44,029	44,029	1,505	7,883	14,676	(6,794)	-46%	44,029
Vote 4 - TECHNICAL SERVICES		166,245	150,030	150,030	1,400	39,072	50,010	(10,938)	-22%	150,030
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		1,116	728	728	19	83	243	(160)	-66%	728
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Total Expenditure by Vote	2	**332,234**	**266,963**	**266,963**	**10,025**	**70,737**	**88,986**	**(18,248)**	**-21%**	**266,963**
Surplus/ (Deficit) for the year	2	**(41,996)**	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**

2.4 TABLE C4 – MONTHLY FINANCIAL PERFROMANCE

WC041 Kannaland - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M04 October

Description	Ref	2025/26	Budget Year 2026/27							
R Thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		92,627	119,362	119,362	12,456	35,980	39,787	(3,807)	-10%	119,362
Service charges - Water		29,736	32,118	32,118	5,176	11,829	10,706	1,123	10%	32,118
Service charges - Waste Water Management		10,994	11,020	11,020	1,806	3,834	3,673	160	4%	11,020
Service charges - Waste management		10,794	11,354	11,354	1,794	3,710	3,785	(75)	-2%	11,354
Sale of Goods and Rendering of Services		367	519	519	17	110	173	(63)	-36%	519
Agency services		1,400	1,504	1,504	293	503	501	2	0%	1,504
Interest		–	–	–	–	–	–	–	–	–
Interest earned from Receivables		10,499	11,449	11,449	2,249	4,313	3,816	497	13%	11,449
Interest earned from Current and Non Current Assets		1,570	1,600	1,600	326	590	533	57	11%	1,600
Dividends		–	–	–	–	–	–	–	–	–
Rent on Land		–	–	–	–	–	–	–	–	–
Rental from Fixed Assets		753	767	767	126	268	256	13	5%	767
Licence and permits		150	244	244	10	39	81	(42)	-51%	244
Special rating levies		–	–	–	–	–	–	–	–	–
Construction Contract Revenue		–	–	–	–	–	–	–	–	–
Development Charges		–	–	–	–	–	–	–	–	–
Operational Revenue		7,360	345	345	49	137	115	21	19%	345
Non-Exchange Revenue									–	
Property rates		30,113	39,180	39,180	5,511	11,251	13,060	(1,809)	-14%	39,180
Surcharges and Taxes		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		14,210	1,292	1,292	528	796	431	365	85%	1,292
Licences or permits		2	–	–	–	–	–	–	–	–
Transfer and subsidies - Operational		50,143	49,078	49,078	962	18,274	16,359	1,914	12%	49,078
Interest		3,414	3,700	3,700	646	1,279	1,233	45	4%	3,700
Fuel Levy		–	–	–	–	–	–	–	–	–
Operational Revenue		740	–	–	128	255	–	255	–	–
Gains on disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–	–	–
Other Gains		2,557	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		**267,429**	**283,532**	**283,532**	**32,077**	**93,168**	**94,511**	**(1,343)**	**-1%**	**283,532**
Expenditure										
Employee related costs		104,957	94,858	94,858	9,228	34,666	31,619	3,046	10%	94,858
Remuneration of councillors		3,479	4,713	4,713	344	1,217	1,571	(354)	-23%	4,713
Bulk purchases - electricity		81,126	84,407	84,407	(4,973)	21,821	28,136	(6,315)	-22%	84,407
Inventory consumed		4,180	6,648	6,633	51	325	2,211	(1,886)	-85%	6,633
Debt impairment		43,586	21,343	21,343	–	–	7,114	(7,114)	-100%	21,343
Depreciation, amortisation and impairment		37,034	18,532	18,532	3,079	6,168	6,177	(10)	-0%	18,532
Interest, Dividends and Rent on Land		13,205	1,135	1,135	(466)	394	378	16	4%	1,135
Contracted services		19,963	14,034	14,034	732	1,355	4,678	(3,323)	-71%	14,034
Transfers and subsidies		240	590	590	–	15	197	(182)	-92%	590
Irrecoverable debts written off		633	175	175	11	109	58	51	87%	175
Operational costs		16,910	20,529	20,544	2,018	4,668	6,846	(2,178)	-32%	20,544
Disposal of Fixed and Intangible Assets		6,606	–	–	–	–	–	–	–	–
Other Losses		315	–	–	–	–	–	–	–	–
Total Expenditure		**332,234**	**266,963**	**266,963**	**10,025**	**70,737**	**88,986**	**(18,248)**	**-21%**	**266,963**
Surplus/(Deficit)		**(64,805)**	**16,569**	**16,569**	**22,052**	**22,430**	**5,525**	**16,905**	**306%**	**16,569**
Transfers and subsidies - capital (monetary allocations)		22,707	24,050	30,050	1,189	1,972	14,017	(12,045)	**-86%**	30,050
Transfers and subsidies - capital (in-kind)		102	–	–	–	–	–	–	–	–
Surplus/(Deficit) after capital transfers & contributions		**(41,996)**	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**
Income Tax		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) after income tax		**(41,996)**	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–	–	–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) attributable to municipality		**(41,996)**	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–	–	–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–	–	–
Surplus/(Deficit) for the year		**(41,996)**	**40,620**	**46,620**	**23,241**	**24,402**	**19,542**	**4,860**	**25%**	**46,620**

Due to the cyclical nature of the economy and the current straight-line approach to budgeting, all deviations in excess of 5% will be treated as material unless otherwise stated. Material deviations will be explained, and recommendations will be made if the extent and nature of the deviation October necessitate action.

It should be noted that the straight-line budget approach will be addressed and adjusted to reflect the cyclical nature of the economy as soon as possible. It should be noted that grants to be received, are accounted for correctly. A costly seamlessly integrated financial accounting system, as required in terms of mSCOA, will take time to implement due to financial constraints.

2.5 OPERATING REVENUE BY SOURCES:

The performance against the revenue budget can be explained as follow:

- **Service Charges – Electricity** amounts to R 12.5 million for **October 2026** and R 36 million YTD which represents **-10%** variance to the budget.
-
- **Service Charges – Water** amounts to R 5.2 million for **October 2026** and R 11.8 million YTD which represents **10%** variance to the budget.
- **Sales of Goods** – amounts to R17 thousand for **October 2026** and R110 thousand YTD which represents **-36%** variance to the budget.
- **Interest on outstanding debtors** – amounts to 2.2 million for **October 2026** and R4.3million which represents **13 %** YTD variance to the budget. This variance is due to improved debt collection strategies.

- **Licence and permits**- -**51%** YTD variance from the budget.
- **Fines, Penalties & Forfeits** – with an **85%** YTD variance, vendor appointed to provide cameras and administrative support on speed fines.
- **Other Revenue Deviations** - Can be explained as incidental and cyclical in nature**.**

2.6 OPERATING EXPENDITURE BY TYPE

- **Employee Related Costs –** amounted to R 9.2 million for **October 2026** and R 35 million YTD, this represents a **10%** spending on the budget.
- **Remuneration of Councillors –** amounted to R 344 thousand for **October 2026** and R 1.2 million YTD, this represents a -**23%** on the budget.
- **Bulk Purchases- electricity-** amounted to R -5 million in **October 2026** and R 21.8million YTD which represents -**22%** YTD variance to the budget.
- **Contracted Services** – amounted to R 732 thousand in **October 2026** and R 1.3 million YTD represents a -**71%** variance to the budget.
- **Other Expenditure** - amounted to R 2 million in **October 2026**

Most expenditure items were less than forecasted and this is due to the lack of recognition of expenditure once incurred, in addition to cash flow issues that results in the municipality only

spending in terms of available revenue. The Municipality is still busy implementing expenditure on the accrual basis, expenses has been recognized when paid. This process will be corrected in the next view months.

2.7 TABLE C5 – MONTHLY BUDGETED CAPITAL EXPENDITURE

WC041 Kannaland - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M04 October

Vote Description	Ref	2025/26	Budget Year 2026/27							
R Thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Multi-year expenditure to be appropriated	2									
Vote 1 - MUNICIPAL MANAGER		–	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL SERVICES		–	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES		20,579	13,957	13,957	827	1,571	4,652	(3,081)	-66%	13,957
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Capital multi-year expenditure sub-total	4,7	**20,579**	**13,957**	**13,957**	**827**	**1,571**	**4,652**	**(3,081)**	**-66%**	**13,957**
Single-year expenditure to be appropriated	2									
Vote 1 - MUNICIPAL MANAGER		102	–	–	–	–	–	–	–	–
Vote 2 - CORPORATE SERVICES		118	–	–	–	–	–	–	–	–
Vote 3 - FINANCIAL SERVICES		58	–	–	–	–	–	–	–	–
Vote 4 - TECHNICAL SERVICES		10	6,957	12,174	804	1,084	2,319	(1,235)	-53%	12,174
Vote 5 - CALITZDORP SPA		–	–	–	–	–	–	–	–	–
Vote 6 - CORPORATE SERVICES (Continued)		–	–	–	–	–	–	–	–	–
Vote 7 - [NAME OF VOTE 7]		–	–	–	–	–	–	–	–	–
Vote 8 - [NAME OF VOTE 8]		–	–	–	–	–	–	–	–	–
Vote 9 - [NAME OF VOTE 9]		–	–	–	–	–	–	–	–	–
Vote 10 - [NAME OF VOTE 10]		–	–	–	–	–	–	–	–	–
Vote 11 - [NAME OF VOTE 11]		–	–	–	–	–	–	–	–	–
Vote 12 - [NAME OF VOTE 12]		–	–	–	–	–	–	–	–	–
Vote 13 - [NAME OF VOTE 13]		–	–	–	–	–	–	–	–	–
Vote 14 - [NAME OF VOTE 14]		–	–	–	–	–	–	–	–	–
Vote 15 - [NAME OF VOTE 15]		–	–	–	–	–	–	–	–	–
Capital single-year expenditure sub-total	4	288	6,957	12,174	804	1,084	2,319	**(1,235)**	**-53%**	12,174
Total Capital Expenditure - Vote	3	**20,867**	**20,913**	**26,131**	**1,631**	**2,655**	**6,971**	**(4,316)**	**-62%**	**26,131**
Capital Expenditure - Functional										
Governance and administration		**189**	**–**	**–**	**–**	**–**	**–**	–	–	**–**
Executive and council		102	–	–	–	–	–	–	–	–
Finance and administration		87	–	–	–	–	–	–	–	–
Internal audit		–	–	–	–	–	–	–	–	–
Community and public safety		**89**	**–**	**–**	**–**	**–**	**–**	–	–	**–**
Community and social services		89	–	–	–	–	–	–	–	–
Sport and recreation		–	–	–	–	–	–	–	–	–
Public safety		–	–	–	–	–	–	–	–	–
Housing		–	–	–	–	–	–	–	–	–
Health		–	–	–	–	–	–	–	–	–
Economic and environmental services		**14**	**–**	**3,478**	**150**	**150**	**–**	150	–	**3,478**
Planning and development		–	–	–	–	–	–	–	–	–
Road transport		14	–	3,478	150	150	–	150	–	3,478
Environmental protection		–	–	–	–	–	–	–	–	–
Trading services		**20,575**	**20,913**	**22,653**	**1,481**	**2,505**	**6,971**	(4,466)	-64%	**22,653**
Energy sources		–	–	1,739	–	–	–	–	–	1,739
Water management		4,323	11,304	11,304	654	934	3,768	(2,834)	-75%	11,304
Waste water management		16,252	9,609	9,609	827	1,571	3,203	(1,632)	-51%	9,609
Waste management		–	–	–	–	–	–	–	–	–
Other		–	–	–	–	–	–	–	–	–
Total Capital Expenditure - Functional	3	**20,867**	**20,913**	**26,131**	**1,631**	**2,655**	**6,971**	**(4,316)**	**-62%**	**26,131**
Funded by:										
National Government		16,252	16,566	21,783	1,631	2,655	5,522	(2,867)	-52%	21,783
Provincial Government		4,337	4,348	4,348	–	–	1,449	(1,449)	-100%	4,348
District Municipality		–	–	–	–	–	–	–	–	–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–	–	–
Transfers recognised - capital		**20,589**	**20,913**	**26,131**	**1,631**	**2,655**	**6,971**	**(4,316)**	**-62%**	**26,131**
Borrowing	6	–	–	–	–	–	–	–	–	–
Internally generated funds		189	–	–	–	–	–	–	–	–
Total Capital Funding	7	**20,778**	**20,913**	**26,131**	**1,631**	**2,655**	**6,971**	**(4,316)**	**-62%**	**26,131**

CAPITAL EXPENDITURE

- amounted to **R 1.6 million** in **October2026** and **R 2.6 million YTD** which represents a **10%** variance to the budget**.**

2.8 TABLE C6 – MONTHLY BUDGETED FINANCIAL POSITION

WC041 Kannaland - Table C6 Monthly Budget Statement - Financial Position - M04 October						
Description	Ref	2025/26	Budget Year 2026/27			
R Thousands		Audited Outcome	Original Budget	Adjusted Budget	YearTD Actual	Full Year Forecast
ASSETS	1					
Current assets						
Cash and cash equivalents		23,381	24,703	24,703	31,562	24,703
Short term Investments		–	–	–	–	–
Trade and other receivables from exchange transactions		78,645	167,637	167,637	94,632	167,637
Receivables from non-exchange transactions		39,524	21,523	21,523	43,264	21,523
Current portion of non-current receivables		–	–	–	–	–
Inventory		2,115	1,249	1,264	2,531	1,264
VAT Receivable		(9,273)	28,465	29,247	(4,596)	29,247
Other current assets		331	505	505	461	505
Total current assets		**134,723**	**244,082**	**244,880**	**167,853**	**244,880**
Non current assets						
Investments		–	–	–	–	–
Investment property		24,433	1,219	1,219	24,433	1,219
Property, plant and equipment		354,504	347,383	352,600	350,982	352,600
Biological assets		–	–	–	–	–
Living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		6	2	2	5	2
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		**378,943**	**348,604**	**353,822**	**375,421**	**353,822**
TOTAL ASSETS		**513,666**	**592,687**	**598,702**	**543,274**	**598,702**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		1,679	1,701	1,701	1,692	1,701
Trade and other payables from exchange transactions		174,854	149,393	149,408	160,267	149,408
Trade and other payables from non-exchange transactions		15,990	29,245	29,245	30,966	29,245
Provision		9,443	21,818	21,818	9,443	21,818
VAT Payable		88	32,962	32,962	5,176	32,962
Other current liabilities		221	–	–	221	–
Total current liabilities		**202,275**	**235,121**	**235,136**	**207,765**	**235,136**
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		35,082	35,286	35,286	35,082	35,286
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		17,737	28,336	28,336	17,737	28,336
Total non current liabilities		**52,819**	**63,622**	**63,622**	**52,819**	**63,622**
TOTAL LIABILITIES		**255,094**	**298,743**	**298,758**	**260,584**	**298,758**
NET ASSETS	2	**258,571**	**293,944**	**299,944**	**282,690**	**299,944**
COMMUNITY WEALTH/EQUITY						
Accumulated Surplus/(Deficit)		258,110	293,482	293,482	282,229	293,482
Reserves and funds		462	462	462	462	462
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**258,571**	**293,944**	**293,944**	**282,690**	**293,944**

2.9 TABLE C7 – MONTHLY BUDGETED CASH FLOW

WC041 Kannaland - Table C7 Monthly Budget Statement - Cash Flow - M04 October										
Description	Ref	2025/26	Budget Year 2026/27							
R Thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES	1									
Receipts										
Property rates		20,782	27,303	27,303	2,040	7,203	9,101	(1,898)	-21%	27,303
Service charges		104,866	151,538	151,538	6,732	26,212	62,289	(36,077)	-58%	151,538
Other revenue		10,888	26,817	26,817	731	3,065	8,939	(5,874)	-66%	26,817
Transfers and Subsidies - Operational		49,214	49,078	49,078	1,112	22,331	16,359	5,971	37%	49,078
Transfers and Subsidies - Capital		24,433	24,050	30,050	4,184	12,846	14,017	(1,171)	-8%	30,050
Interest		–	4,499	4,499	–	–	1,500	1,500	100%	4,499
Dividends		–	–	–	–	–	–	–	–	–
Payments										
Suppliers and employees		(71,643)	(247,805)	(247,805)	(13,814)	(51,673)	(89,080)	(37,407)	42%	(247,805)
Finance charges		–	(1,135)	(1,135)	–	–	(378)	(378)	100%	(1,135)
Transfers and Subsidies		–	(590)	(590)	–	–	(163)	(163)	100%	(590)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**138,540**	**33,756**	**39,756**	**984**	**19,983**	**22,584**	**2,601**	**12%**	**39,756**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–	–	–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–	–	–
Insurance Refund - Capital		–	–	–	–	–	–	–	–	–
Interest on Short Term Investment (Greater then 90 days) and Long Term Investments		–	–	–	–	–	–	–	–	–
Payments										
Capital assets		(14,863)	(24,050)	(30,050)	(2,248)	(3,031)	–	3,031	–	(30,050)
Retention (Capital)		–	–	–	–	512	–	(512)	–	–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(14,863)**	**(24,050)**	**(30,050)**	**(2,248)**	**(2,519)**	**–**	**2,519**	**–**	**(30,050)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–	–	–
Borrowing long term/refinancing		–	–	–	–	–	–	–	–	–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–	–	–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–	–	–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
NET INCREASE/ (DECREASE) IN CASH HELD		**123,677**	**9,705**	**9,705**	**(1,264)**	**17,464**	**22,584**			**9,705**
Cash/cash equivalents at the year begin:		**23,018**	**15,309**	**15,309**	**#NAME?**	**23,381**	**15,309**			**23,381**
Cash/cash equivalents at the year end:		**146,695**	**25,014**	**25,014**	**#NAME?**	**40,845**	**37,893**			**33,087**

The total bank balance ending of **October 2026** were as follow;

- Standard Bank Main Account is **R 537 thousand;**
- The Traffic Account has **R 2 million;**
- Deposit Account has **R 1 million**;
- Call Account has **R 27 million**; and
- Eskom Bulk Account has **R 2 thousand.**

SECTION 3 SUPPORTING DOCUMENTATION

3.1 TABLE SC2 – DEBTORS AGE ANALYSIS

WC041 Kannaland - Supporting Table SC2 Monthly Budget Statement - aged debtors - M04 October

Description R Thousands	NT Code	Budget Year 2026/27											
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	4,427	1,693	2	1,807	1,295	2,065	9,888	34,751	55,928	49,806	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	3,604	838	68	509	164	149	610	1,917	7,858	3,349	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	3,787	1,143	937	827	707	652	3,372	29,848	41,274	35,406	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	950	473	0	912	432	429	2,594	20,814	26,604	25,181	–	–
Receivables from Exchange Transactions - Waste Management	1600	1,763	771	1	1,423	650	642	3,875	29,910	39,034	36,499	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	0	0	0	–	–
Interest on Arrear Debtor Accounts	1810	63	75	28	181	148	211	1,660	51,541	53,906	53,741	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(3,185)	290	15	471	199	194	1,237	6,567	5,789	8,668	–	–
Total By Income Source	**2000**	**11,408**	**5,283**	**1,051**	**6,129**	**3,596**	**4,342**	**23,235**	**175,348**	**230,392**	**212,650**	**–**	**–**
2025/26 - totals only										–	**–**		
Debtors Age Analysis By Customer Group													
Organs of State	2200	70	630	168	381	127	121	319	409	2,225	1,357	–	–
Commercial	2300	710	576	233	346	213	227	1,179	7,104	10,587	9,068	–	–
Households	2400	10,686	3,949	544	5,237	3,117	3,859	20,906	154,017	202,314	187,135	–	–
Other	2500	(58)	128	107	166	140	136	831	13,818	15,267	15,090	–	–
Total By Customer Group	**2600**	**11,408**	**5,283**	**1,051**	**6,129**	**3,596**	**4,342**	**23,235**	**175,348**	**230,392**	**212,650**	**–**	**–**

The total amount owed to Kannaland Municipality amounted to **R 230.4 million** at the end of **October 2026**.

- **R175.3 million or 76%** of the total outstanding debtors are older than one year.
- **R212.7 million or 92%** of the outstanding debtors are outstanding for more than 90 days and are less likely to be recoverable debt.

The biggest concern regarding debt collection in Kannaland Municipality is the ability to collect service charges for water, refuse and sewerage in areas where electricity is not supplied by the municipality. Pre-paid electricity remains the most effective form of credit control.

3.3 TABLE SC4 – CREDITORS AGE ANALYSIS

WC041 Kannaland - Supporting Table SC4 Monthly Budget Statement - aged creditors - M04 October

Description R thousands	NT Code	Budget Year 2026/27									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	8,683	10,583	10,942	–	–	–	–	85,659	**115,867**	–
Bulk Water	0200	8	–	–	–	–	–	–	–	**8**	–
PAYE deductions	0300	–	–	–	–	–	–	–	–	**–**	–
VAT (output less input)	0400	–	–	–	–	–	–	–	–	**–**	–
Pensions / Retirement deductions	0500	–	–	–	–	–	–	–	–	**–**	–
Loan repayments	0600	–	–	–	–	–	–	–	–	**–**	–
Trade Creditors	0700	448	65	150	–	–	–	–	1,085	**1,749**	–
Auditor General	0800	1,611	291	190	–	–	–	–	20,224	**22,316**	–
Other	0900	(1,168)	339	998	–	–	–	–	9,178	**9,347**	–
Medical Aid deductions	0950	–	–	–	–	–	–	–	–	**–**	–
Total By Customer Type	**1000**	**9,582**	**11,278**	**12,280**	**–**	**–**	**–**	**–**	**116,146**	**149,286**	–

- The total outstanding creditors as at the end of **October 2026** amounts to **R 149.3 million**.

The old debt, +90days, consist mainly of the following:

- ESKOM = R115.9 million, of which the entire amount is conditionally written off. The other R33.4 million is mainly made up of Creditors with payment arrangements, being AG, SALGA, SAMRAS, Collaborator consist of R24.1 million and further Municipal debt owed by Kannaland municipality to neighbouring municipalities amount to R9.3 million.

- All other creditors 0-90 days are managed and paid on a month-to-month payment plan, for finalisation in the 2026-2027 FY.

3.4 INVESTMENT PORTFOLIO ANALYSIS

- The municipality has no long-term debt obligations and any investments other than call account investments.

10/31/2026				
	Original Budget	**Total Received**	**Total Spent**	**Unspent**
Grant Name	Amount			
Provincial Government	**R 15,181,000.00**	**R 7,271,000.00**	**R 1,026,107.83**	**R 6,244,892.17**
Housing				
Human Settlement Grant				R -
Disaster Management Fund	R 6,000,000.00	R 6,000,000.00		R 6,000,000.00
Title Deeds Restoration Grant				
Fire Services	R 250,000.00			R -
Lib Replacement: Vulnerable Mun	R 3,813,000.00	R 1,271,000.00	R 1,026,107.83	R 244,892.17
Municipal Water Resilience Grant	R 5,000,000.00			R -
Comm Dev Workers	R 118,000.00			R -
National Government Grants	**R 63,947,000.00**	**R 28,595,000.00**	**R 19,430,050.59**	**R 9,164,949.41**
Equitable Share	R 40,072,000.00	R 16,697,000.00	R 16,697,000.00	
FMG (Audit)	R 2,900,000.00	R 2,900,000.00		R 2,900,000.00
Mun Infrastructure Grant	R 11,050,400.00	R 7,080,400.00	R 1,402,025.84	R 5,678,374.16
Mun Infrastructure Grant	R 581,600.00	R 581,600.00	R 185,289.48	R 396,310.52
EPWP	R 1,343,000.00	R 336,000.00	R 365,152.80	-R 29,152.80
INEP				R -
INEP (Eskom)				R -
WSIG	R 8,000,000.00	R 1,000,000.00	R 780,582.47	R 219,417.53

3.5 GRANT RECEIPTS AND EXPENDITURE

The following indicates expenditure on each respective grant received (Operational) and (Capital) for October 2026 –

National Treasury

Water Service Infrastructure Grant amounts to **R1.5 million**

Municipal Infrastructure Grant amounts to **R2.684 million**

Provincial Treasury

Libraries Grant amounts to **R1.271 million**

Expenditure:

- Municipal Infrastructure Grant PMU amounts to **R46 thousand.**
- Expanded Public Works Programme amounts to **R118 thousand**
- Municipal Infrastructure Grant amounts to **R 450 thousand**
- Water Service Infrastructure Grant amounts to **R458 thousand**

Provincial Treasury

Expenditure:

- Libraries Grant amounts to **R235 thousand**

3.6 TABLE SC8 – EXPENDITURE ON COUNCILLOR, SENIOR MANAGERS AND OTHER STAFF

Please take note of table refer to attached C-schedule SC22

WC041 Kannaland - Supporting Table SC22 Monthly Budget Statement - Summary councillor and staff benefits - M04 October

Summary of Employee and Councillor remuneration	Ref	2026/27	Budget Year 2026/27							
R Thousands		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD Actual	YearTD Budget	YTD Variance	YTD Variance %	Full Year Forecast
Councillors (Political Office Bearers plus Other)										
Allowances and Service Related Benefits										
Basic Salary		2,662	4,222	4,222	275	961	1,407	(446)	-32%	4,222
Cell phone Allowance		300	491	491	25	100	164	(64)	-39%	491
Housing Allowance		–	–	–	10	20	–	20		–
Motor Vehicle Allowance		276	–	–	34	136	–	136		–
Total Allowances and Service Related Benefits		**3,238**	**4,713**	**4,713**	**344**	**1,217**	**1,571**	**(354)**	**-23%**	**4,713**
Social Contributions										
Medical Aid Benefits		105	–	–	–	–	–	–	–	–
Pension Fund Contributions		135	–	–	–	–	–	–	–	–
Total Social Contributions		**241**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Councillors		**3,479**	**4,713**	**4,713**	**344**	**1,217**	**1,571**	**(354)**	**-23%**	**4,713**
% increase	4		**35.5%**	**–**						**–**
Senior Managers of the Municipality	2									
Salaries and Allowances										
Basic Salary		5,009	5,406	5,406	439	2,171	1,802	369	20%	5,406
Allowance										
Accommodation, Travel and Incidental		122	–	–	17	38	–	38		–
Cellular and Telephone	3	82	155	155	13	34	52	(18)	-35%	155
Travel or Motor Vehicle	3	295	707	707	35	140	236	(95)	-40%	707
Total Allowance		**499**	**862**	**862**	**64**	**212**	**287**	**(75)**	**-26%**	**862**
Service Related Benefits										
Scarcity	3	119	–	–	14	56	–	56		–
Total Service Related Benefits		**119**	**–**	**–**	**14**	**56**	**–**	**56**		**–**
Total Salaries and Allowances		**5,627**	**6,268**	**6,268**	**517**	**2,438**	**2,089**	**349**	**17%**	**6,268**
Social Contributions										
Bargaining Council		0	2	2	0	0	1	(1)	-93%	2
Group Life Insurance		29	85	85	–	–	28	(28)	–	85
Medical		97	–	–	6	32	–	32		–
Pension		247	–	–	21	82	–	82		–
Unemployment Insurance		8	7	7	1	3	2	1	30%	7
Total Social Contributions		**382**	**94**	**94**	**27**	**118**	**31**	**86**	**276%**	**94**
Sub Total - Senior Managers of Municipality		**6,009**	**6,362**	**6,362**	**545**	**2,556**	**2,121**	**435**	**21%**	**6,362**
% increase	4		**5.9%**	**–**						**–**
Other Municipal Staff										
Salaries and Allowances										
Basic Salary		69,472	63,822	63,822	6,146	23,685	21,274	2,411	11%	63,822
Bonuses		(136)	660	660	–	–	220	(220)	–	660
Allowance										
Accommodation, Travel and Incidental		–	80	80	–	–	27	(27)	–	80
Cellular and Telephone	3	101	146	146	9	35	49	(14)	-28%	146
Housing Benefits	3	524	503	503	20	82	168	(86)	-51%	503
Travel or Motor Vehicle	3	3,942	4,682	4,682	303	1,251	1,561	(310)	-20%	4,682
Total Allowance		**4,568**	**5,411**	**5,411**	**332**	**1,367**	**1,804**	**(437)**	**-24%**	**5,411**
Service Related Benefits										
Acting	3	1,248	1,175	1,175	58	229	392	(162)	-41%	1,175
Bonus	3	3,704	3,566	3,566	–	98	1,189	(1,091)	-92%	3,566
Leave Pay	3	768	150	150	900	1,071	50	1,021	2042%	150
Long Service Award		268	–	–	–	114	–	114		–
Overtime		3,241	1,908	1,908	185	688	636	52	8%	1,908
Scarcity	3	134	–	–	10	39	–	39		–
Standby Allowance	3	5,519	2,267	2,267	176	1,083	756	327	43%	2,267
Total Service Related Benefits		**14,881**	**9,065**	**9,065**	**1,330**	**3,322**	**3,021**	**301**	**10%**	**9,065**
Total Salaries and Allowances		**88,785**	**78,958**	**78,958**	**7,808**	**28,375**	**26,319**	**2,056**	**8%**	**78,958**
Social Contributions										
Bargaining Council		22	18	18	2	7	6	1	17%	18
Group Life Insurance		113	93	93	15	61	31	30	99%	93
Medical		1,217	2,043	2,043	150	864	681	183	27%	2,043
Pension		7,058	6,815	6,815	628	2,468	2,272	196	9%	6,815
Unemployment Insurance		544	569	569	31	172	190	(18)	-9%	569
Total Social Contributions		**8,953**	**9,538**	**9,538**	**826**	**3,573**	**3,179**	**393**	**12%**	**9,538**
Post-retirement Benefit	6									
Medical		1,211	–	–	49	162	–	162		–
Total Post-retirement Benefit		**1,211**	**–**	**–**	**49**	**162**	**–**	**162**		**–**
Sub Total - Other Municipal Staff		**98,949**	**88,496**	**88,496**	**8,684**	**32,110**	**29,499**	**2,611**	**9%**	**88,496**
% increase	4		**(10.6%)**	**–**						**–**
Total Parent Municipality		**108,437**	**99,571**	**99,571**	**9,573**	**35,883**	**33,190**	**2,693**	**8%**	**99,571**
TOTAL SALARY, ALLOWANCES & BENEFITS		**108,437**	**99,571**	**99,571**	**9,573**	**35,883**	**33,190**	**2,693**	**8%**	**99,571**
% increase	4		**(8.2%)**	**–**						**–**
TOTAL MANAGERS AND STAFF	5,7	**104,958**	**94,858**	**94,858**	**9,228**	**34,666**	**31,619**	**3,046**	**10%**	**94,858**

SECTION 5 – PROGRESS ON MUNICIPAL DEBT RELIEF

- Municipality's self-assessment in the format of the compliance certificate issued in MFMA Circular No. 124: Annexure A (signed by the Municipal Manager / (Acting); Attached as Annexure A
- Supporting information substantiating its compliance with conditions 6.1 – 6.14 in MFMA Circular No. 124.

5.1 MFMA Circular 124 – Municipality Compliance Self-Assessment

Annexure A2 - Monthly

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Municipality Self-Assessment

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period	Oct'26
National Financial Year	2026/27
Demarcation Code of Municipality being assessed	WC041
District	Garden Route
Demarcation Description	Kannaland

I, Ms Gugu Mashiteng , hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in **MFMA Circular No. 124** and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set-out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

Condition			Choose from drop down list	Notes/Comments
	6.3 - 6.12	Maintaining the Eskom and bulk water current account –		
1	6.12.2	- Has the municipality paid its ***bulk water current account*** within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? ***Note*** - *refer condition 6.12.2*	Yes	
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://goploadportal.treasury.gov.za?	Yes	
3	6.12.2	- Does the amount of the bulk water current account payment as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	Yes	
4	6.3.1	- Has the municipality paid its ***Eskom bulk current account*** within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? ***Note*** - *current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2023 and / or subsequent current account(s) up to the date of NT approval of the application.*	No	The muncipality still pays for old invoices
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://goploadportal.treasury.gov.za?	Yes	

6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	No	
	6.4	Compliance with a funded MTREF – *(choose from drop down list the MTREF assessed)*	Select	
7	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	No	The municipal budget is unfunded
8	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes	
9	6.4.1	- Has the municipality made adequate provision for debt impairment *(considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget)* on the A1 Schedule (Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note: For example, if only 85% was actually during the preceding 12 months was budgeted to collect as per some of the municipal debt property rates), the provision for debt impairment applying only the actual collection rates would equal at least 15 percent of the total MTREF revenue property rates budget. If the municipality merely used the debt impairment provision as a source of funding the budget and there is no real alignment between the provision for debt with the actual collection of revenue, the Provincial Treasury may request to see revised budget.		
10	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment *(considering its asset register and physical state of assets)* on the A1 Schedule) Table A4 - Budgeted Financial Performance) of the Municipal Budget-and Reporting Regulations?	Yes	
		Note: If the municipality is only using the depreciation and asset impairment for tabling the budget and there is no real alignment between the provision for debt with the state of assets (asset register and physical), the Provincial Treasury may request to see revised budget.		
11	6.4.2	- ***If the municipality's MTREF is not funded***, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)?	There is an FRP	The budget funding plan forms part of FRP
		Note: If the municipality has an FRP, a separate budget funding plan is not necessary. However, the FRP should provide whether the existing MTREF is funded / and how effect is planned to "fund" it over the FRP implementation period.		
12	6.4.2	- ***If the municipality's MTREF is not funded and it has an FRP per the legislative framework***, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) - aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? *Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.*	Yes	The budget funding plan forms part of FRP
13	6.4.2	- Does the municipality's annual and monthly cashflow projections included on the A1 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends *(For example higher winter Eskom tariffs, lower January collection rates, etc.?)*	Yes	
14	6.5	**Cost reflective tariffs** – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?	Yes	
	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies, that		

15	6.6.1	- the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes	
16	6.6.2	- the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes	
17	6.6.3	- the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.	No	The municipality does not currently have the infrastructure i.e restriction valves to install on defaulting customer networks. The municipality through the technical department is exploring how this can be done and to determine the costs implication for such equipment. The Municipality will report on the progress thereof in it's ora reports. The municipality awaits the projected funding from DT to
18	6.6.4	- If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity- and water limits of 50 Kilowatt electricity and 6 Kilolitres water, respectively? *Note – the municipality's monthly MFMA s 71 statement must include as part of the narratives the indigent information in the required N1 format.*	No	The municipality does not have the flow meters to limit the supply of water, but with electricity once the allocated free basic is used, the consumers will be liable to purchase their own electricity
	6.6	Supporting evidence: The National Treasury's assessment of the municipality's revised budget consumers compliance with the municipality's relevant MTREF's related budget policies and tariffs demonstrate compliance with paragraph 6.6		
	6.7	Maintain a minimum average quarterly collection of property rates and services charges –		
19	6.7.1	- Has the municipality achieved a minimum of *80 per cent average quarterly collection* of property rates and service charges **with effect from 01 April 2023** and *85 per cent average quarterly collection* **with effect from 01 April 2024** during any quarter - demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	No	
		Note: all municipalities that achieved a collection rate of 80% or 85% per paragraph 6.7.1 above, must submit their debt relief support will be assessed by the National Treasury		
	6.7.2	- if the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, **has the municipality demonstrated to the satisfaction of National Treasury the following** :		
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	No	Zoar and Vanwyksdorp are the two areas where we are unable to use our collection tools as they are Eskom supplied areas
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	No	We have attempted to restrict customers with the water but these are bypassed as soon as the officials have left after installation
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	No	
23	6.7.3	- The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	Yes	Landis&GYR has installed 3842 meters
24	6.7.4	- Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	Yes	The Municipality developed the policy and was approved by Council on 30 June 2026
25	6.7.5	- Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	Yes	
	6.8	Municipality's Completeness of the revenue base –		

26	6.8.1	- Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	Yes	
27	6.8.1	- If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? *Note - monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement*	Yes	The action plan developed to address the variances identified between the valuation roll and billing system
28	6.8.2	- **For the latest ending Quarter** -Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za?	Yes	
	6.9	Monitor and report on implementation -		
29	6.9.1	- **MFMA section 71 reporting** – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	Yes	
30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the **active intervention evident** from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? *Note - condition 6.9.2 has a typing error and must refer to 6.9.1.*	6.9.1 = Yes	
31	6.9.3	- **Municipalities with financial recovery plans (FRP)** – If the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	Yes	
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	Yes	
		[illegible]		
	6.10	Provincial Treasury Note - Provincial Treasury to monitor all municipal compliance - in terms of section 5 and 14 of the MFMA, with effect from 01 April 2023, a delegated municipality will not be exempt from Municipal Debt Relief. [illegible]		
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes	
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the **conditions for provincial treasuries** (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za? *Note - In the case of a non-delegated municipality the National Treasury to issue the compliance certificate.*	Yes	
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the **conditions for provincial treasuries** (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No	
		Note - [illegible]		
36	6.11	**Limitation on municipality borrowing powers** - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	Yes	
		Note - [illegible]		

37	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):		
	6.12.1	- has the municipality **apportioned and ring-fenced in a sub-account** to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) **the component of the** Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes	
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	Yes	
		Note - [illegible]		
39		**Supporting evidence** : Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s.71 statement collected revenue.	Yes	
40	6.13	**Accounting Treatment** - has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? ***Note** - to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.*	Yes	
41	6.14	'NERSA License - has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No	
		Note - [illegible]		

PT: HOD/ NT / MM Name: Dillo Seboe

Signature of HOD/ NT/ MM:

Date: 16/4/26

*** Note – If the official is signing on behalf of the Head of the Provincial Treasury (HOD) / Municipal Manager, the written procuration of the HOD / MM must be attached as an Annexure to this Certificate of Compliance.*

5.2 Municipal Debt Relief Performance across the period of debt relief participation

National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Province		
WC		
Code	District	Code Description
WC041	Garden Route	Kannaland

Monthly Performance Report

Municipal Details			Part A						Part B					Part C			Part D				Part C							Part E											Scoring and Rating	
			Eskom And Bulk water current account						Compliance with a funded MTREF					FRP/BFP & Tariff Assessment			Electricity and water as collection tools				Quarterly collection of property rates and services charges							Maximization of Revenue Base			Oversight											
Month	Code Descr	Code	C1	C2	C3	C4	C5	C6	C7	C8	C9	C10	C11	C12	C13	C14	C15	C16	C17	C18	C19	C20	C21	C22	C23	C24	C25	C26	C27	C28	C29	C30	C31	C32	C33	C34	C35	C36	C37	C38	C39	C40	C41	Score	Rating
25.July25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	59%	Moderate compliance
26.August25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	59%	Moderate compliance
27.September25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	51%	Moderate compliance
28.October25	Kannaland	WC041	Yes	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	56%	Moderate compliance
29.November25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	54%	Moderate compliance
30.December25	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	51%	Moderate compliance
31.January26	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	54%	Moderate compliance
32.February26	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	54%	Moderate compliance
33.March26	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	54%	Moderate compliance
34.April26	Kannaland	WC041	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	54%	Moderate compliance
35.May26	Kannaland	WC041	Yes	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	56%	Moderate compliance
36.June26	Kannaland	WC041	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	No	No	No	Yes	Yes	Yes	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	56%	Moderate compliance
37.July26	Kannaland	WC041	No	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	90%	Above Moderate
38.August26	Kannaland	WC041	Yes	No	Yes	No	No	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	N/A	N/A	N/A	N/A	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	88%	Above Moderate
39.September26	Kannaland	WC041	Yes	Yes	Yes	No	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	83%	Above Moderate
40.October26	Kannaland	WC041	Yes	Yes	Yes	No	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	N/A	Yes	Yes	Yes	Yes	Yes	No	Yes	Yes	Yes	Yes	Yes	80%	Above Moderate

5.3 The Provincial Treasury Municipal (Eskom) Debt Relief Compliance Assessment



Western Cape Government

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Fiscal and Economic Services
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Dear Ms Gaarekwe and Mr Sereo

MFMA CIRCULAR NO. 124 - MUNICIPAL DEBT RELIEF PROVINCIAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE OF WC041 KANNALAND MUNICIPALITY DURING SEPTEMBER 2026

The National Treasury approved the debt relief application of Kannaland Municipality with effect 1 August 2023. September 2026 constitutes the second month following the completion of the Municipality's third 12 - month debt relief compliance cycle in July 2026. The Western Cape Provincial Treasury monitored and assessed the Municipality's compliance with the applicable debt relief conditions for September 2026, based on information submitted during October 2026. This letter provides an overview of the Provincial Treasury's assessment of the Municipality's compliance with the programme's conditions and forms part of the continued monitoring of the Municipality's outstanding obligations to Eskom following the completion of the 3-year debt relief compliance period.

1. **Condition 6.1 - Municipality non-compliance**

In terms of National Treasury's approval, the Municipality must comply with conditions 6.1 to 6.14 of MFMA Circular No. 124 and the additional conditions stipulated in its debt relief approval letter. Provincial Treasury's assessment indicates that the Municipality's compliance increased to 59.0 per cent in September 2026 as compared to the 51 per cent reported in August 2026. Compliance remains

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Provincial Treasury | Fiscal and Economic Services

below the 85.0 per cent achieved during the first cycle. September 2026 represents the second month of continued compliance monitoring following the completion of the third 12-month cycle in July 2026. The performance table below reflects the Municipality's compliance over the recent reporting periods. The Municipality must prioritise addressing the outstanding compliance requirements, particularly those relating to its current Eskom obligations.

2. **WC041 Kannaland Municipality overall performance from July 2025 up to September 2026:**



National Treasury will only request Eskom to write off a Municipality's arrear debt where the Municipality demonstrates, to National Treasury's satisfaction, compliance with the applicable conditions for a consecutive period of 12 months. Following the completion of the third 12-month compliance cycle in July 2026, the Municipality must urgently address its outstanding compliance requirements, particularly those relating to its current Eskom obligations, while National Treasury determines its position regarding the outstanding arrear debt.

3. **Condition 6.2 - Application-based supported by Council's resolution**

The Municipality's application was endorsed by the Council and approved by National Treasury, subject to addressing specified gaps. All of these have subsequently been addressed.

4. **Condition 6.3 - Maintaining the Eskom and Water bulk current accounts.**

Kannaland Municipality remains non-compliant with section 65(2)(e) of the MFMA and condition 6.3.1 of MFMA Circular No. 124, which require the full current bulk electricity account to be settled within 30 days. Although the Municipality made payments totalling R5.06 million to Eskom on 7 October 2026, these payments are allocated towards arrears first and therefore do not demonstrate settlement of the current account. Furthermore, the payments fall below the Municipality's R6.50 million monthly payment commitment. Continued non-payment of current Eskom obligations and increasing arrears remain significant concerns. **The Municipality should provide an updated Eskom reconciliation and payment allocation statement before the next Section 71 submission.**

As previously reported, Eskom confirmed that the Municipality's overdue debt exceeded R69.44 million as at 10 September 2026 and requested settlement or an acceptable payment arrangement by 21 September 2026. The Municipality submitted a payment proposal. However, confirmation of Eskom's acceptance and implementation of the proposed arrangement remains outstanding. The municipality should provide an update, supported by the relevant correspondence and payment evidence, before the next Section 71 submission.

The Municipality reported total Eskom debt of R115.14 million as at 30 September 2026, increasing by R5.34 million from August 2026. Of this amount, R10.74 million was classified as 0 - 30 days, while no amount was classified as over one year, compared with R75.20 million in August 2026. The September creditors age analysis instead reflects R77.07 million in the 121 - 150 days category. This significant change requires explanation. The previously requested Eskom reconciliation remains outstanding. The Municipality should submit a reconciliation explaining the movements in balances and ageing categories, supported by Eskom statements and payment records, before the next Section 71 submission.

Regarding bulk water, the Municipality reported that the invoice dated 5 August 2026, amounting to R23 843.64 and relating to July consumption, was settled on 19 September 2026, 45 days after the invoice date. However, Provincial Treasury could not verify compliance without proof of payment and confirmation of the invoice receipt date. The September consumption invoice of R36 620.54, dated 2 October 2026, was issued after the September reporting date and therefore falls within the subsequent reporting period for payment compliance assessment. The Municipality should provide the outstanding proof of payment and confirmation of the invoice receipt date to Provincial Treasury for verification, and report on the payment status of the September consumption invoice in the October 2026 Section 71 report.

5. **Condition 6.4 - A funded MTREF**

Provincial Treasury assessed the Municipality's 2026/27 Final Budget and found it to be unfunded. The Municipality is implementing its approved Financial Recovery Plan (FRP), which commenced on 1 September 2025 and provides the framework for restoring financial sustainability and achieving a funded MTREF. The recent FRP Oversight Committee engagement confirmed that the Municipality remains in Phase 1 of the FRP. The Municipality should report on progress against the approved Phase 1 recovery measures, identify outstanding actions and corrective measures, and demonstrate how these contribute towards achieving a funded MTREF in the next monthly FRP implementation report.

6. **Condition 6.5 - Cost reflective tariffs**

The Municipality has not uploaded its Cost of Supply study to the GoMuni portal, and the submission therefore remains outstanding. Although Provincial Treasury has received a copy of the study, the Municipality should upload it to GoMuni. The completed Cost Reflective Tariff Tool required in terms of MFMA Circular No. 98 and item 5.2 of MFMA Budget Circular No. 122 also remains outstanding. The Municipality should prioritise both submissions and use the Cost of Supply study to support the implementation of cost reflective tariffs across the four main trading services.

7. **Condition 6.6 - Electricity and water as collection tools**

The Municipality issues a consolidated monthly bill to consumers, with payment allocations prioritised first to property rates, followed by water, wastewater, refuse removal, and lastly electricity. Account holders automatically receive a breakdown of these charges, while property owners may authorise tenants to open separate service accounts. However, this practice may not be fully aligned with the conditions contained in MFMA Circular 124 relating to the administration and recovery of municipal debt.

In cases of non-payment, electricity services are disconnected and prepaid electricity purchases are blocked, except for registered indigent consumers. However, the Municipality currently lacks the infrastructure required to restrict water supply to defaulting non-indigent consumers. The Municipality indicated that this limitation is under technical review to assess implementation feasibility and associated costs. Registered indigent consumers receive monthly allocations of 50 kilowatt hours of

electricity and 6 kilolitres of water. These practices are reflected in the Municipality's monthly MFMA Section 71 reports, which include indigent-related information as prescribed by National Treasury.

8. **Condition 6.7 - Maintain a minimum average quarterly collection of property rates and services charges**

The Municipality reported a collection rate of 80.0 per cent in the September 2026 FMR, increasing to 89.0 per cent when Eskom-supplied areas are excluded. However, the revenue collection report per ward reflects a collection rate of 76.2 per cent. During the Cash Flow Committee meeting, the Municipality attributed these discrepancies to system-related challenges. Although Provincial Treasury has scheduled an IYM and mSCOA municipal visit for November 2026, the Municipality should reconcile the reported collection rates, explain the differences and submit supporting billing and collection schedules before the next Section 71 submission to enable Provincial Treasury to assess compliance with the required minimum quarterly collection rate of 85.0 per cent.

Collection levels remain under pressure due to the high level of outstanding consumer debt, including significant arrears relating to Zoar. The Municipality has expanded its blocking list to include businesses and government institutions, but the impact on debt recovery has not been quantified. The Municipality also reported that its existing debt collection contracts are limited to issuing demand letters. The rollout of smart meters has reportedly contributed to improved collections over the past five months. However, the financial impact has not yet been quantified. The Municipality should assess the effectiveness of the existing credit-control measures, including account blocking and smart-meter installations, quantify their contribution to collections where possible, and report the findings and proposed corrective actions in the next Section 71 report.

9. **Condition 6.8 - Completeness of the Revenue Base**

The Municipality has not fully aligned its billing system with the Council-approved General Valuation Roll (GVR) and supplementary valuation rolls, as highlighted by National Treasury's property rates reconciliation tool. This misalignment has resulted in property misclassifications, incorrect property transfers, and omissions, thereby affecting the completeness and accuracy of the revenue base. The Municipality indicated that corrective actions are underway, including notifying the valuer, correcting property classifications, conducting supplementary valuations, and rectifying property categorisations. However, the Municipality continues to omit the required monthly progress report on the implementation of the action plan from its Section 71 reports, despite being previously advised to include this information.

The Municipality should submit an updated reconciliation identifying outstanding discrepancies, corrective actions taken and unresolved matters, and include progress against the previously requested action plan in the next Section 71 report.

10. **Condition 6.9 - Monitor and Report on compliance**

The Western Cape Provincial Treasury's assessment confirmed that the MFMA s71 narrative statement was not uploaded to GoMuni. Furthermore, the narrative statement was not published on the Municipality's website. This statement was also assessed against the Municipal Budget and Reporting Regulations, 2009 (MBRR) and the National Treasury MFMA s71 reporting guidance issued to debt relief municipalities on 10 May 2024, in conjunction with paragraphs 9(i) to 9(ix) of the NT debt relief approval letter.

The assessment confirmed that the MFMA S71 narrative statement included the following information:

	MFMA S71 Statement component	Compliance (Yes/No)
1.	***The Budget Performance Overview (paragraph 4) of the MFMA S71 statement*** explicitly advised on the Municipality's progress in implementing the Municipality's budget and (where relevant also the budget funding plan) – where implementation is slow, the statement advised explicitly on progress, challenges, and corrective actions.	Yes
2.	***The conclusion (paragraph 14) of the MFMA S71 statement*** explicitly advised as part of the MFMA Circular No. 124: Condition 6.9 reporting – i. Any risk associated; and ii. The mitigating factors. with the implementation of the Municipality's Budget Funding Plan and/or Funded Budget.	Yes
3.	***Annexure B of the MFMA S71 statement included the following debt relief reporting components***	
3.1.1	The Municipality's MFMA Circular No. 124 self-assessment.	Yes
3.1.2	The self-assessment (refer 3.1.1 above) was included in the format of **MFMA Budget Circular No. 128 (Annexure B).**	Yes
3.2	The Municipality's overall relief compliance across the months of its debt relief participation since its National Treasury debt relief approval effective date	Yes
3.3	The latest Provincial Treasury debt relief compliance certificate and report issued to the Municipality.	Yes
3.4.1	The Municipality's revenue collection performance i. The overall performance graph; ii. Summary worksheet; and iii. Collection per ward indicating who supplies electricity in the ward	Yes
3.4.2	The revenue collection performance information (refer 3.4.2) was included in the format of **MFMA Budget Circular No. 128 (Annexure D).**	Yes
3.5.1	The indigent management information	Yes
3.5.2	The indigent management information was included in the format of **MFMA Budget Circular No. 128 (Annexure C).**	Yes
3.6.1	The summary of the Municipality's property rates reconciliation undertaken in the National Treasury format.	Yes
3.6.2	The Municipality's progress during the month against its planned corrective action to address any variances evident from the property rates reconciliation.	**No**
3.7.1	Any Eskom and Water (if the Municipality has the Water function) Bulk current account invoice(s) due and payable during the month of reporting	Yes
3.7.2	The Municipality's proof of payment of any such Eskom and/or Water Bulk current account invoice(s) during the month of reporting.	Yes
3.7.3	The Municipality's reconciliation statement for electricity and water (if it has the function) aligning to the MFMA S71 mSCOA data strings upload.	**No**
3.8	Recommendations noting explicitly the aforementioned debt relief reporting to the Mayor and/or Mayoral Committee meeting	Yes

The Municipality has incorporated its monthly debt compliance reporting into the MFMA Section 71 narratives as required. Although improvements were made following Provincial Treasury's engagement on 14 August 2025, the FMR submitted for September 2026 still contains blurred supporting documents, specifically Municipality self-assessment and property rates reconciliation. These issues continue to limit Provincial Treasury's ability to fully assess the Municipality's compliance with reporting requirements.

11. **Condition 6.10 - Provincial Treasury certification of municipal compliance**

Provincial Treasury closely monitors compliance with the conditions of the Municipal Debt Relief Programme, and this letter is submitted in fulfilment of the PT's role in certifying compliance of the Municipality.

12. **Condition 6.11 - Limitation on Municipal borrowing powers**

The limitation on municipal borrowing powers and the prohibition of borrowing during debt relief periods form a dual regulatory framework aimed at ensuring fiscal responsibility. Compliance necessitates meticulous scrutiny of borrowing activities to ascertain adherence to authorised limits and program guidelines. These measures, while promoting sustainable debt management, also stabilise the Municipality's financial standing, prevent over-leveraging, and mitigate immediate financial strain. Adhering to these regulations is paramount for maintaining creditworthiness, mitigating financial risks, and safeguarding the Municipality's long-term financial health. Thus, robust oversight and adherence to regulatory frameworks are imperative for prudent financial governance and sustained fiscal resilience.

The Municipality has complied with this condition since its debt relief effective date of 5 September 2023, to date.

13. **Condition 6.12 - Proper management of resources**

It is noted that during February 2024, the National Treasury: Office of the Accountant General (OAG) issued the Supplementary Guide to MFMA Circular No. 124 on 21 February 2024. According to this guidance, municipalities are no longer required to maintain separate bank accounts for debt relief purposes as previously mandated by Condition 6.12 of MFMA Circular No. 124. However, regardless of the decision to discontinue a separate bank account, municipalities must demonstrate ring-fencing for debt relief through their monthly mSCOA data string submissions.

The Municipality has not conducted transactions through the previously established ring-fenced sub-account, which was designated for settling current obligations to Eskom and paying for bulk water accounts before using these funds for other purposes. Although the Municipality has submitted documents related to the primary account's monthly bank reconciliations to GoMuni, showing opening and closing balances, they have not provided full bank statements. For further guidance, the Municipality should refer to the Municipal Debt Relief Supplementary Guide to MFMA Circular No. 124, issued by the National Treasury on 16 February 2024.

14. **Condition 6.13 - Accounting Treatment**

The Municipality's AFS for 2023/24 were not sufficiently detailed for Provincial Treasury to determine if the Municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) in terms of the written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date. As a result, the Municipality is considered to not have complied with this condition.

15. **Condition 6.14 - NERSA Licence**

By having applied for Municipal Debt Relief, the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agreed to make an application to NERSA to voluntarily revoke the Municipality's license in terms of section 17 of the Electricity regulation Act, 2006 (Act No. 4 of 2006). It is noted that this condition will only come into effect if the Municipality's participation in the debt relief programme is terminated.

16. Provincial Treasury Compliance Certification

The Provincial Treasury certifies that it monitored and assessed WC041 Kannaland Municipality's compliance against the MFMA Circular No. 124 **conditions** and NT debt relief approval letter as set-out below in the PT's compliance certificate for the Municipality in relation to the period 1 - 30 September 2026:

Annexure A2 - Monthly

National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Western Cape Provincial Treasury

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period	Sept'26
National Financial Year	2026/27
Demarcation Code of Municipality being assessed	WC041
District	Garden Route
Demarcation Description	Kannaland

I, Mr. Victor Sienna , hereby certify that the provincial treasury monitored the compliance against the conditions of Municipal Debt Relief as set-out in MFMA Circular No. 124 and that the Provincial Treasury is satisfied and certifies that the said municipality fully complies with the conditions as set out in the table below:

Municipal Debt Relief Conditions (Monthly reporting)

Choose from drop down list

Condition		Maintaining the Eskom and bulk water current account - (current account for the purpose of this exercise means the account for a single month's consumption)	
1	6.12.1	- Has the municipality paid its bulk water current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - refer condition 6.12.2	No
2	6.12.2	- Has the municipality submitted the supporting evidence of the bulk water current account payment to the National Treasury, the Water Board and/ or Water Trading Entity within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://gpuploadportal.treasury.gov.za?	No
3	6.12.3	- Does the amount of the bulk water current account paymnet as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of the Water Board and/ or Water Trading Entity?	No
4	6.3.1	- Has the municipality paid its Eskom bulk current account within 30 days of receiving the relevant invoice (this applies to all municipalities, including metros)? Note - current account in terms of municipal debt relief approval means the total Eskom charges for the billing period plus VAT plus any component that may be due in terms of a payment arrangement of "New arrears" (March 2025 and / or subsequent current account(s) up to the date of NT approval of the application.	No
5	6.3.2 6.3.3	- Has the municipality submitted the supporting evidence of the bulk Eskom current account payment to the National Treasury and Eskom within 1 day of making any such payment (in PDF format) via the GoMuni Upload Portal https://gpuploadportal.treasury.gov.za?	No
6	6.3.4	- Does the amount as per the proof of payment reconcile to the amount recorded on the financial system as per the mSCOA data string and the section 41(2) MFMA statement of Eskom?	No
7	6.4	Compliance with a funded MTREF - (choose from drop down list the MTREF assessed)	Select
8	6.4.1	- Is the municipality's MTREF funded and aligning to the National Treasury's Budget Funding Guidelines - http://mfma.treasury.gov.za/Guidelines/Pages/Funding.aspx?	No
9	6.4.1	- Has the municipality budgeted for any operating surplus on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
10	6.4.1	- Has the municipality made adequate provision for debt impairment (considering the actual collection of revenue and property rates during the 12 months immediately preceding the tabling of the budget) on the A1 Schedule (Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
		Note - For example, if the municipality during the preceding 12 months only managed to collect 80 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection rate should align to at per cent of the assessed MTREF revenue projections (also property rates). If the municipality merely used the debt impairment in A1 Schedule the Budget and there is no realignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as "No".	
11	6.4.1	- Has the municipality made adequate provision for depreciation and asset impairment (considering its asset register and physical state of assets) on the A1 Schedule) Table A4 – Budgeted Financial Performance) of the Municipal Budget- and Reporting Regulations?	Yes
		Note - If the municipality merely used the depreciation and asset impairment in Schedule the Budget and there is no realignment between the provision for such with the state of investments register, the Provincial Treasury must respond to this item as "No".	
12	6.4.2	- If the municipality's MTREF is not funded, has it tabled and adopted a credible Budget Funding Plan as part of the MTREF budget (refer item 9.3 of MFMA Budget Circular no. 124, 09 December 2023)?	Yes
		Note - If the municipality has an EAP, a credible budget funding plan is not necessary. However, the PT / AT must assess whether the existing EAP arrangements / will give effect to a funded MTREF. If not, the EAP requires strengthening.	

MUNICIPAL DEBT RELIEF PROVINCIAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE: KANNALAND MUNICIPALITY SEPTEMBER 2026



12	6.4.2	– If the municipality's MTREF is not funded and it has an FRP per the legislative framework, does the existing FRP incorporate a credible Budget Funding Plan (will the FRP give effect to a funded MTREF over the period of the FRP) – aligning with the principles of a budget funding plan as envisaged in item 9.3 of MFMA Budget Circular no. 122, 09 December 2022)? Note - only if the municipality does not have an FRP may "N/A" be selected from the dropdown list.	Yes
13	6.4.2	– Does the municipality's annual and monthly cashflow projections included on the A3 Schedule (Table A7 - Budgeted Cash Flows and Supporting Table SA 30 – Budgeted Monthly Cash Flows) of the Municipal Budget and Reporting Regulations aligns with and gives effect to the municipality's Budget Funding Plan strategy (or the FRP strategy) and related seasonal trends (For example higher winter Eskom tariffs, lower January collection rates, etc.?)	Yes
14	6.5	**Cost reflective tariffs – (excluding metros) has the municipality included its completed tariff tool (refer MFMA Circular no. 98 and item 5.2 of MFMA Budget Circular no. 122) as part of the municipality's annual tabled and adopted MTREF submissions with effect the tabling of the 2023/24 MTREF?**	Yes
	6.6	Electricity and water as collection tools – has the municipality, with effect from the tabling of the 2023/24 MTREF, demonstrated, through its by-laws and budget related policies that:	
15	6.6.1	– the municipality issues a consolidated monthly bill to all consumers/property owners in terms of which all partial payments received are allocated in the following order of priority: firstly, to property rates, thereafter to water, wastewater, refuse removal and lastly to electricity?	Yes
16	6.6.2	– the municipality disconnects electricity services and/or block the purchasing of pre-paid electricity of any defaulting consumer/property owner unless the defaulter already registered as an indigent consumer with the municipality?	Yes
17	6.6.3	– the municipality is restricting and/or interrupting the supply of water of any defaulting consumer/ property owner unless the defaulter already registered as an indigent consumer with the municipality? Note: In terms of this condition the municipality must undertake such restriction/ interruption of water together with the municipal engineer(s) to ensure a minimum supply of waste water.	No
18	6.6.4	– If the defaulting consumer/property owner is registered as an indigent consumer with the municipality, is the monthly supply of electricity and water to that consumer/property owner physically restricted to the monthly national basic free electricity and water limits of 50 kilowatt electricity and 6 kilolitres water, respectively? Note – the municipality's monthly MFMA s.71 statement must include as part of the narratives the indigent information in the required NT format.	No
	6.6	Supporting evidence: The National Treasury and/ or provincial treasury's related budget assessment confirms the municipality's relevant MTREF's related budget policies and by-laws demonstrate compliance with paragraph 6.6	
	6.7	Maintain a minimum average quarterly collection of property rates and services charges –	
19	6.7.1	– Has the municipality achieved a minimum of 80 per cent average quarterly collection of property rates and service charges with effect from 01 April 2024 and 85 per cent average quarterly collection with effect from 01 April 2024 during any quarter – demonstrated in the MFMA s.71 monthly and quarterly statement(s) and mSCOA data strings uploaded via the GoMuni Upload Portal?	No
		Note – although the norm and standard for collection (MFMA Circular No. 98) is as per 2nd Mid-term, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.	
	6.7.2	– If the response in 6.7.1 is "No" and the municipality is unable to achieve the minimum average quarterly collection as per paragraph 6.7.1, **has the municipality demonstrated to the satisfaction of National Treasury the following :**	
20	6.7.2.1	* the underperformance directly relates to Eskom supplied areas where the municipality does not have electricity as a collection tool and that the average quarterly collection of the municipality (excluding Eskom supplied areas) equals the required quarterly average collection set-out in paragraph 6.7.1;	Yes
21	6.7.2.2	* the municipality for technical engineering reasons is unable to physically restrict and/or limit the supply of water in the Eskom supplied area(s)?	Yes
22	6.7.2.3	* the municipality before 01 February 2024 attempted to enter into a service delivery agreement with Eskom for purposes of municipal revenue collection in the Eskom supplied area(s) as envisaged in sections 76 to 78 of the Municipal Systems Act, 2000 and that such failed and the reason(s) for the failure?	Yes
23	6.7.3	– The municipality has progressively installed smart pre-paid meters in the municipality supplied areas to improve its collection and only then, on an individual case-by-case basis, considered writing off the debt of its customers, within its normal credit control process?	No
24	6.7.4	– Has the municipality adopted a policy to install any new electricity connection in the demarcated area with effect the 2023/24 MTREF with a smart pre-paid meter?	No
25	6.7.5	– Has the municipality's 2023/24, 2024/25 and 2025/26 tabled and adopted capital budgets and MFMA section 71 statements reflected the approach set-out in 6.7.3 and 6.7.4?	No
	6.8	Municipality's completeness of the revenue base –	
26	6.8.1	– Has the municipality demonstrated through the National Treasury property rates reconciliation tool that the municipality's billing system perfectly aligns to its Council approved General Valuation Roll (GVR) and/ or any subsequent supplementary GVR compiled by the registered municipal valuer?	No
27	6.8.1	– If the response in 6.8.1 is "No", has the municipality demonstrated the steps taken to correct the variances identified? Note – monthly progress against the action plan to address variances to be included as part of the municipality's debt relief compliance reporting in the MFMA s.71 statement	No
28	6.8.2	– For the latest ending Quarter –Has the municipality submitted its completed billing system, GVR and/or interim GVR reconciliations required in terms of paragraph 6.8.1 to the National Treasury quarterly (refer MFMA Circulars no. 93, 98, 107 and 108) to the upload portal on https://lguploadportal.treasury.gov.za?	No
	6.9	Monitor and report on implementation –	
29	6.9.1	– MFMA section 71 reporting – has the municipal council and senior management team instituted processes to monitor and enforce accountability for the implementation of the municipality's funded budget and Budget Funding Plan where relevant?	No



30	6.9.2	- If progress is slow in terms of paragraph 6.9.1, is the active intervention evident from the narratives supporting the municipality's monthly MFMA section 71 reporting and recorded on the financial system as per the mSCOA data string? Note – condition 6.9.2 has a typing error and must refer to 6.9.1.	No
31	6.9.3	- Municipalities with financial recovery plans (FRP) – If the municipality has a FRP as envisaged in the prevailing local government legislative framework, is the municipality reporting monthly its progress in implementing its FRP to the Provincial Executive?	No
32	6.9.4	- If the municipality has an FRP, with effect from 01 April 2023, parallel to submitting its monthly FRP progress report to the Provincial Executive, has the municipality also submitted the FRP progress report to the National Treasury: Municipal Financial Recovery Service (MFRS) timeously via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za?	No
		Note – in compliance with a FRP may only benefit from the Municipal Debt Support programme if the FRP progress report was submitted to both the Provincial Executive and MFRS	
	6.10	Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 24 of the MFMA, with effect from 01 April 2022, a delegated municipality may not benefit from Municipal Debt Relief unless	
33	6.10.1	- has the relevant Provincial Treasury (delegated) / National Treasury (non-delegated) monthly monitored the municipality's compliance in terms of these conditions?	Yes
34	6.10.2	- has the Head of the relevant Provincial Treasury (delegated) monthly certified the municipality's compliance to these conditions, to the National Treasury's satisfaction as envisaged in the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.5 of MFMA Circular no. 124) and timeously uploaded the compliance certificate via the GoMuni Upload Portal https://lguploadportal.treasury.gov.za? Note – in the case of a non-delegated municipality the National Treasury to issue the compliance certificate.	Yes
35	6.10.3	- has the Provincial Treasury failed to rectify any provincial treasury non-compliance with any of the conditions for provincial treasuries (refer paragraph 4.1.1 to 4.1.6 of MFMA Circular no. 124) within one month of the non-compliance occurring?	No
		Note – if the PT failed to address its failure such non-compliance will be considered as non-compliance by the municipality in terms of paragraph 6.11	
36	6.11	Limitation on municipality borrowing powers - has the municipality borrowed since its initial or any subsequent benefit in terms of this municipal debt support programme?	No
		Note – there is a prohibition on municipal borrowing for three consecutive municipal financial years from the date of the municipality's initial or any subsequent benefit in terms of this municipal debt support programme. All conditions that MFMA Circular No. 124 condition 6.11 (limitation on municipality borrowing powers) will only be enforced in relation to new long term loans (entered into after the effective date of debt relief approval) as contained in MFMA section 46. Short term borrowing, including making use of an overdraft for in year budgeting purposes are not considered within the ambit of the condition.	
	6.12	For the duration of the Municipal Debt Relief (to ensure proper management of resources):	
37	6.12.1	- has the municipality apportioned and ring-fenced in a sub-account to its primary bank account – (a) all electricity, water and sanitation revenue the municipality collects in any month; and (b) the component of the Local Government Equitable Share (LGES) the municipality earmarked to provide free basic electricity, water and sanitation?	Yes
38	6.12.2	- has the municipality during the month first applied the revenue in the sub-account (required per paragraph 6.12.1) to pay its current Eskom account and then secondly its bulk water current account before it applied the revenue in the sub-account for any other purpose?	Yes
		Note: Only if relevant to the specific circumstances, will a request be made to the Minister of Finance upon the municipality's request to exempt the municipality from MFMA s 46 (1)	
39		Supporting evidence: Has the municipality submitted a copy of the monthly bank statement of its ring-fenced bank account to the National Treasury and provincial treasury aligning to its MFMA s. 71 statement collected revenue.	Yes
40	6.13	Accounting Treatment – has the municipality fully accounted for and correctly reported on the write-off of its Eskom arrear debt (debt existing as on 31 March 2023) as per any written instruction of the National Treasury: Office of the Accountant General issued for Municipal Debt Relief to date? Note – to include accounting for any related benefit (e.g. interest suppression, etc.) and alignment with mSCOA.	No
41	6.14	'NERSA License – has the municipality during the month failed to comply with any condition of the Municipal Debt Relief?	No
		Note: Re-applying for Municipal Debt Relief as set out in paragraph 6.14 MFMA Circular no. 124: the council of a municipality that during the duration of the Municipal Debt Relief programme fails to comply with any condition of the Relief, agrees to apply to NERSA to revoke the municipality's licence in terms of section 17 of the Electricity Regulation Act, 2006 (Act no. 4 of 2006). Any such application must be preceded by the relevant processes for appointing an electrical undertaker as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary notice of intent to comply with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's letter support to Eskom, Eskom will once again have to enforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.	

The Western Cape Provincial Treasury's assessment confirmed that Kannaland Municipality did not fully comply with the conditions of MFMA Circular No. 124. The Municipality's compliance improved to 59.0 per cent in September 2026. Non-compliance persists, particularly regarding the settlement of current Eskom obligations and incomplete FRP reporting. Furthermore, FRP progress reports remain outstanding on GoMuni, and Provincial Treasury has not received a monthly implementation report since July 2026. The Municipal Manager should ensure that all outstanding reports are submitted through the Municipal Financial Recovery Service section on GoMuni and provide confirmation of submission to Provincial Treasury before the next Section 71 reporting cycle.

MUNICIPAL DEBT RELIEF PROVINCIAL TREASURY CERTIFICATION OF MUNICIPAL COMPLIANCE: KANNALAND MUNICIPALITY SEPTEMBER 2026

The Municipality must address outstanding compliance requirements, particularly the settlement of current bulk accounts, completion of FRP reporting and implementation of the General Valuation Roll reconciliation action plan. Furthermore, the Municipality should also provide the previously requested Eskom reconciliation and confirmation of the status of the proposed payment arrangement with Eskom, supported by relevant correspondence and payment evidence, before the next Section 71 submission.

Following the completion of the three-year compliance period in July 2026, Kannaland must continue to report monthly on the Debt Relief Programme in the prescribed format until its outstanding Eskom obligations have been settled, unless advised otherwise by National Treasury and Provincial Treasury.

Yours sincerely

Victor Senna

Digitally signed by Victor Senna
Date: 2026.10.23 13:33:11 +02'00'

MR.VICTOR OFENTSE SENNA
DEPUTY DIRECTOR-GENERAL: FISCAL AND ECONOMIC SERVICES

Cc: The Executive Mayor: Mr J Donson, mayor@kannaland.gov.za
CFO, Kannaland Municipality: Mr L Steenkamp cfo@kannaland.gov.za
Senior Manager Revenue Management: Rehaz Abramia -AbramiR@eskom.co.za
Senior Manager Finance Cape Coastal Cluster: Atika Brey -BreyA@eskom.co.za
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CEO: SALGA: Sithole Mbanga - hmazibuko@salga.org.za

5.4 MFMA Circular 124- Condition 6.6 (Electricity and Water as Collection Tools) & Condition 6.7 (Maintain a minimum average quarterly collection of property rates and services charges)

5.4.1 Monthly/Quarterly collection per ward

Province

Western Cape | WC041

Average collection rate (MFMA Circular 124 condition 6.7)

NB - Collection rate principle applied (Cash collection of previous month billing)

Collection Rate Assessment

Notes	Total Aggregate Collection	Summary
1	1.Collection for whole demarcation	
2	2.Collection excl Eskom supplied areas	
3	3.Collection: **Property Rates**	
4	4.Total average collection: **Electricity** (Municipal supplied areas)	
5	5.Total average collection: **Water**	
6	6.Total average collection: **Wastewater**	
7	7.Total average collection: **Refuse**	
8	8. 7.Total average collection: **Interest**	

4.October - Reporting for September in October

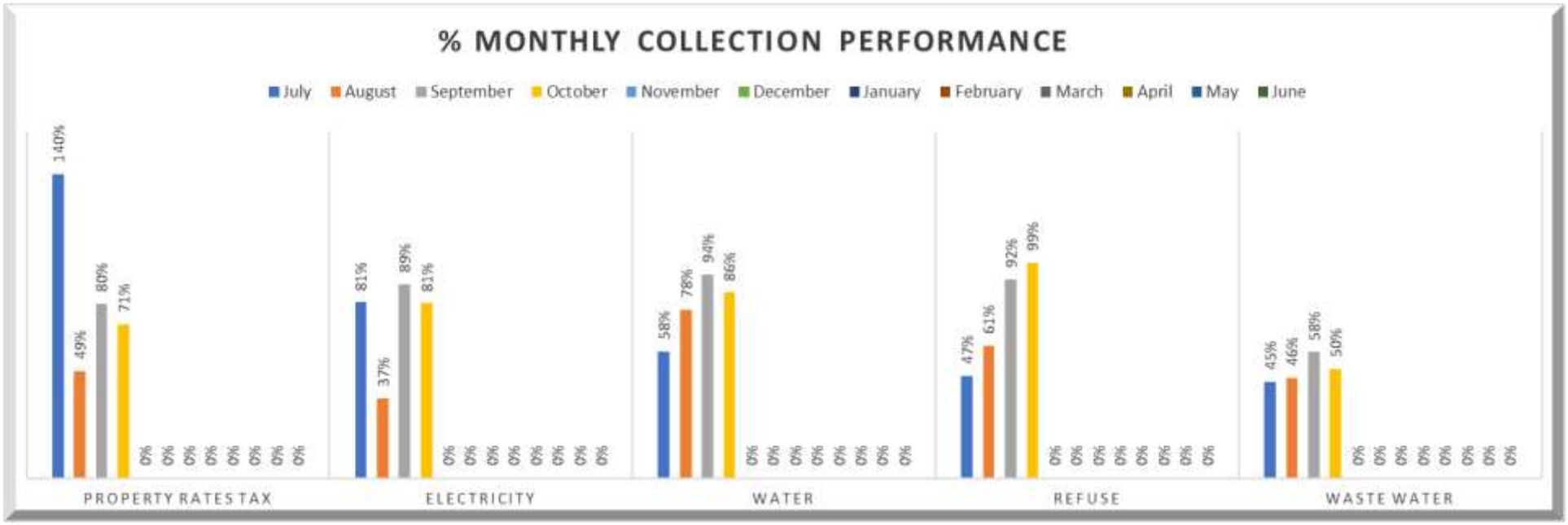
Billing For September	Collection in October	R - Billing not collected	% Collection
14,531,376	10,317,408	4,213,968	71%
4,209,734	3,398,725	1,333,985	81%
5,539,284	4,743,629	795,655	86%
1,992,378	1,978,547	13,831	99%
1,705,331	860,612	844,719	50%
1,601,138	990,139	610,999	62%
1,378,255	336,524	1,041,731	24%
2,314,990	1,407,957	907,033	61%

Complete This Section

Quarter 2 Performance Per Ward

4.October

Services	Electricity Supplier	Ward Name & Number	Billing For June	Collection for June in July	Rand Value of Billing not collected	% Collection
Property Rates Tax			185,311.33	71,763.25	113,548	39%
Electricity	Mun Supplied	Nkosenkulu - Ward 1	159,766.31	361,956.90	0	227%
Water			204,744.22	75,376.88	129,367	37%
Refuse			172,398.57	51,783.58	120,615	30%
Waste Water			216,522.26	96,227.08	120,295	44%
Interest			149.50	49,397.90	0	33042%
Property Rates Tax			-	(34,088.88)	34,089	#DIV/0!
Electricity	Eskom supplied	Zoar - Ward 2	141,427	38,830	102,597	27%
Water			-	-	-	#DIV/0!
Refuse			657,665	33,194	624,471	5%
Waste Water			376,871	29,785	347,086	8%
Interest			365,015	32,446	332,570	9%
Property Rates Tax			4,772	5,249	0	110%
Electricity	Eskom supplied	Calitzdorp Farms - Ward 3	-	(7,262)	7,262	#DIV/0!
Water			211,041	92,677	118,364	44%
Refuse			204	-	204	0%
Waste Water			248,511	30,202	218,309	12%
Interest			-	-	-	#DIV/0!
Property Rates Tax			-	-	-	#DIV/0!
Electricity	Mun Supplied	Bergsig Calitzdorp - Ward 3	-	-	-	#DIV/0!
Water			-	(15,514)	15,514	#DIV/0!
Refuse			83,911	29,497	54,413	35%
Waste Water			17,167	14,727	2,440	86%
Interest			185,281	26,938	158,343	15%
Property Rates Tax			124,112	18,127	105,984	15%
Electricity	Mun Supplied	Calitzdorp Town - Ward 3	112,790	11,533	101,257	10%
Water			483	149	334	31%
Refuse			-	(338)	338	#DIV/0!
Waste Water			616,391	593,085	23,306	96%
Interest			643,784	728,809	0	113%
Property Rates Tax			260,469	194,748	65,721	75%
Electricity	Mun Supplied	Ladismith Town - Ward 4	103,662	85,370	18,292	82%
Water			27,315	48,598	0	178%
Refuse			6,786	(100,924)	107,709	-1487%
Waste Water			-	165,228	0	#DIV/0!
Interest			1,088,693	892,186	196,507	82%
Property Rates Tax			4,501,716	4,075,569	426,148	91%
Electricity	Eskom supplied	Ladismith Farms - Ward 4	1,385,415	1,369,005	16,410	99%
Water			209,141	187,485	21,656	90%
Refuse			329,446	287,827	41,620	87%
Waste Water			70,006	53,334	16,672	76%
Interest			-	(317,846)	317,846	#DIV/0!
Property Rates Tax			462,840	409,450	53,391	88%
Electricity	Eskom supplied	Van Wyksdorp - Ward 4	42,546	42,546	1	100%
Water			1,052,607	471,840	580,767	45%
Refuse			22,117	8,089	14,028	37%
Waste Water			12,743	1,692	11,051	13%
Interest			4,875	(4,096)	8,971	-84%
Property Rates Tax			-	2,812	0	#DIV/0!
Electricity			46,772	53,370	0	114%
Water			-	-	-	#DIV/0!
Refuse			105,728	27,395	78,333	26%
Waste Water			42,928	5,859	37,069	14%
Interest			27,193	122	27,071	0%


% MONTHLY COLLECTION PERFORMANCE
July
August
September
October
November
December
January
February
March
April
May
June
140%
49%
80%
71%
0%
81%
37%
89%
81%
58%
78%
94%
86%
47%
61%
92%
99%
45%
46%
58%
50%
PROPERTY RATES TAX
ELECTRICITY
WATER
REFUSE
WASTE WATER

5.4.2 – Restriction of Free Basic Services to Indigent Household



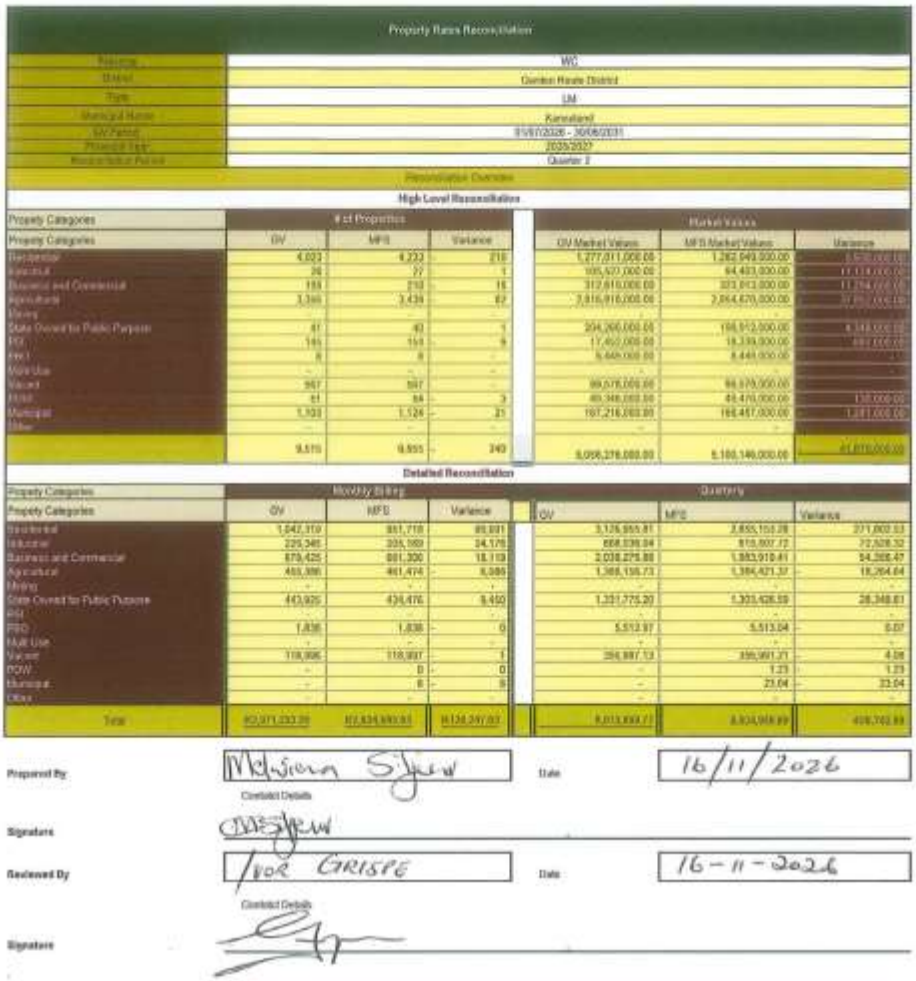
National Treasury
Municipal Debt Relief
MFMA Circular No. 124
Municipal Finance Management Act No. 56 of 2003

Municipal Debt Relief - Monthly Reporting - Indigent Households Information (MFMA Circular 124 (Condition 6.6))
Instruction *- complete only with information of the current households registered as indigent with the municipality (Do NOT include the information of all households unless explicitly stated otherwise)*

Description	Ref	As Per Debt Relief Application	Current Year - 2024/2025			2024/2025 - Monthly Monitoring											
		Baseline	Adopted Budget	Adjusted Budget	Full Year Forecast	M01	M02	M03	M04	M05	M06	M07	M08	M09	M10	M11	M12
Indigent Household service targets	1																
Water *: (Include All Indigent households also in Eskom supplied areas)*																	
Indigent HH's with piped water inside dwelling						2,127	2,201	2,277	2,321								
Indigent HH's with piped water inside yard (but not in dwelling)																	
Indigent HH's using public tap (at least min.service level)	2																
Indigent HH's with other water supply (at least min.service level)	4																
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		–	–	–	–	**2,127**	**2,201**	**2,277**	**2,321**	–	–	–	–	–	–	–	–
Indigent HH's using public tap (< min.service level)	3																
Indigent HH's with other water supply (< min.service level)	4																
Indigent HH's with No water supply																	
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total number of registered indigent households	5	–	–	–	–	**2,127**	**2,201**	**2,277**	**2,321**	–	–	–	–	–	–	–	–
Status of Water meters :																	
Number of Indigent HH's with prepaid Water						2,127	2,201	2,277	2,321	–	–	–	–	–	–	–	–
Number of Indigent HH's with conventional metered Water																	
Number of Indigent HH's NOT metered currently - Water																	
Number of Indigent HH's with NO Water supply - No metering		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total number of registered indigent households	10	–	–	–	–	**2,127**	**2,201**	**2,277**	**2,321**	–	–	–	–	–	–	–	–
Status of unlimited supply of Water :																	
Number of Indigent HH's with conventional metered Water - where the municipality is *NOT physcally restricting Water to the national free basic limit of 6 kilolitres per household per month*																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Water		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total number of registered indigent households receiving unlimited supply - Water		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Of the Total Number of registered indigent households receiving unlimited supply - State the Number of HH's **billed for consumption above the 6 kilolitres**	11																
Energy *: (Include All Indigent households also in Eskom supplied areas)*																	
Indigent HH's with Electricity (at least min.service level)																	
Indigent HH's with Electricity - prepaid (min.service level)						2,127	2,201	2,277	2,321	–	–	–	–	–	–	–	–
Total no. of Indigent HH's receiving Minimum Service Level and Above sub-total		–	–	–	–	**2,127**	**2,201**	**2,277**	**2,321**	–	–	–	–	–	–	–	–
Indigent HH's with Electricity (< min.service level)																	
Indigent HH's with Electricity - prepaid (< min. service level)																	
Indigent HH's with other energy sources																	
Total no. of Indigent HH's receiving - Below Minimum Service Level sub-total		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total number of registered indigent households	5	–	–	–	–	**2,127**	**2,201**	**2,277**	**2,321**	–	–	–	–	–	–	–	–
Status of Electricity meters :																	
Number of Indigent HH's with prepaid Electricity						2,127	2,201	2,277	2,321	–	–	–	–	–	–	–	–
Number of Indigent HH's with conventional metered Electricity																	
Number of Indigent HH's NOT metered currently - Electricity																	
Number of indigent HH's with other energy sources - No metering		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total number of registered indigent households	12	–	–	–	–	**2,127**	**2,201**	**2,277**	**2,321**	–	–	–	–	–	–	–	–
Status of unlimited supply of Electricity :																	
Number of Indigent HH's with conventional metered Electricity - where the municipality is *NOT physcally restricting Electricity to the national free basic limit of 50kwh per household per month*																	
Number of Indigent HH's NOT metered currently receiving unlimited supply - Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Total number of registered indigent households receiving unlimited supply - Electricity		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Of the Total Number of registered indigent households receiving unlimited supply of Electricity - State the Number of HH's **billed for consumption above the 50 kwh**	13																

Number of ALL Households receiving Free Basic Service *(including registered Indigent Households)*	7																	
Water (6 kilolitres per household per month)						2,127	2,201	2,277	2,321	–	–	–	–	–	–	–	–	
Electricity/other energy (50kwh per household per month)						2,127	2,201	2,277	2,321	–	–	–	–	–	–	–	–	
Cost of Free Basic Services provided to ALL Households in - Formal Settlements (R'000)																		
Water (6 kilolitres per household per month)						#######	#######	#######	#######	-	-	-	-	-	-	-		
Electricity/other energy (50kwh per household per month)						#######	#######	#######	#######	-	-	-	-	-	-	-		
Cost of Free Basic Services provided to ALL Households in - Informal Formal Settlements (R'000)																		
Water (6 kilolitres per household per month)																		
Electricity/other energy (50kwh per household per month)																		
Total cost of FBS Water and Electricity provided to ALL Households	8	–	–	–	–	**392,782**	**406,448**	**420,482**	**428,607**	–	–	–	–	–	–	–	–	
Highest level of free service provided per household (ALL Households)																		
Property rates (R value threshold)																		
Water (kilolitres per household per month)																		
Sanitation (kilolitres per household per month)																		
Sanitation (Rand per household per month)																		
Electricity (kwh per household per month)																		
Refuse (average litres per week)																		
Revenue cost of subsidised services provided for ALL Households (R'000)	9																	
Residential Category : Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)	14(a)																	
PSI Category : Property rates **(tariff adjustment)** (**impermissable values per section 17 of MPRA**)	14(b)																	
Additional Subsidies: Property rates exemptions, reductions and rebates **in excess of section 17 of MPRA)**																		
Water **(in excess of 6 kilolitres per indigent household per month)**	15																	
Sanitation **(in excess of free sanitation service to indigent households)**	16																	
Electricity/other energy **(in excess of 50 kwh per indigent household per month)**																		
Refuse **(in excess of one removal a week for indigent households)**																		
Municipal Housing - rental rebates																		
Housing - top structure subsidies	6																	
Other																		
Total revenue cost of subsidised services provided		–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	

MFMA Circular 124 – Property Rates Reconciliation



Property Rates Reconciliation

Province	WC
District	Garden Route District
Type	LM
Municipal Name	Kannaland
GV Period	01/07/2026 - 30/06/2031
Financial Year	2026/2027
Reconciliation Period	Quarter 2

Reconciliation Overview

High Level Reconciliation

Property Categories	# of Properties			Market Values		
Property Categories	GV	MFS	Variance	GV Market Values	MFS Market Values	Variance
Residential	4,023	4,233	210	1,277,011,000.00	1,282,949,000.00	5,938,000.00
Industrial	26	27	1	105,521,000.00	64,403,000.00	-41,118,000.00
Business and Commercial	153	210	15	312,610,000.00	323,913,000.00	11,304,000.00
Agricultural	3,346	3,439	82	2,816,816,000.00	2,864,670,000.00	47,854,000.00
Mining	-	-	-	-	-	-
State Owned for Public Purpose	41	40	1	204,266,000.00	196,512,000.00	-7,754,000.00
PSI	145	153	9	17,462,000.00	18,339,000.00	877,000.00
PBO	8	8	-	8,449,000.00	8,449,000.00	-
Multi Use	-	-	-	-	-	-
Vacant	997	997	-	88,078,000.00	88,078,000.00	-
POW	61	64	3	40,348,000.00	40,470,000.00	122,000.00
Municipal	1,703	1,724	21	167,216,000.00	168,467,000.00	1,251,000.00
Other	-	-	-	-	-	-
	9,515	9,855	340	5,036,376,000.00	5,100,146,000.00	63,870,000.00

Detailed Reconciliation

Property Categories	Monthly Billing			Quarterly		
Property Categories	GV	MFS	Variance	GV	MFS	Variance
Residential	1,042,310	951,710	-90,601	3,126,955.81	2,855,150.28	-271,805.53
Industrial	229,345	205,169	-24,176	688,036.04	615,507.72	-72,528.32
Business and Commercial	679,425	681,300	18,119	2,038,275.88	1,983,910.41	-54,365.47
Agricultural	493,886	461,474	-8,586	1,366,156.73	1,384,421.37	18,264.64
Mining	-	-	-	-	-	-
State Owned for Public Purpose	443,925	424,476	-9,450	1,331,775.20	1,303,426.59	-28,348.61
PSI	-	-	-	-	-	-
PBO	1,836	1,836	0	5,512.97	5,513.04	0.07
Multi Use	-	-	-	-	-	-
Vacant	119,996	119,997	1	359,987.13	359,991.21	4.08
POW	-	0	0	-	1.23	1.23
Municipal	-	8	8	-	33.04	33.04
Other	-	-	-	-	-	-
Total	2,971,233.20	2,835,993.83	-135,247.37	8,013,699.77	8,303,959.89	408,702.89

Prepared By: Mohsiena Sydow — Date: 16/11/2026

Contact Details

Signature

Reviewed By: FOR GRISPE — Date: 16-11-2026

Contact Details

Signature

SECTION 7 – QUALITY CERTIFICATION

KANNALAND
MUNISIPALITEIT | MUNICIPALITY

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6655

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6655

QUALITY CERTIFICATE

I, Dillo Sereo Accounting Officer of **Kannaland Municipality WC041**, hereby certify that –

(mark as appropriate)

- ✓ The monthly budget statement
- ❑ Quality report on the implementation of the budget and financial state affairs of the municipality
- ❑ Mid- year budget and performance assessment

For the month **October 2026** has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Print name: Dillo Sereo

Municipal Manager of **Kannaland Municipality WC041**

Signature: _____

Date :13 November 2026