



Budget Statement

MFMA Section 71 Report

31 MARCH 2024

Govan Mbeki Municipality

1. Introduction

1.1 Purpose

To comply with section 71(1) of the Municipal Finance Management Act (MFMA), by submission of a report in a prescribed format to the Mayor within 10 working days after the end of each month on the state of the Municipality's budget.

The monthly Budget Statement also aims to provide an update on indicators critical to the municipality's viability and serve as an early warning indicator where remedial action is required. The consolidated performance is a high-level overview of the municipality's viability and sustainability.

1.2 Background

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 sustainability and better medium-term planning and policy choices on service delivery.

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

- i. The Municipal Finance Management Act – No.56 of 2003
- ii. 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 includes 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 ensure 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.

2. Section 13: Quality Certification by Accounting Officer

QUALITY CERTIFICATE

I **E.N. Maseko**, the Municipal Manager of **Govan Mbeki Municipality**, hereby certify that: -

- The monthly budget statement report; and
- The supporting documentation for the month of **MARCH 2024** has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act.

Print Name: ABM Mavimbela

Acting Chief Financial Officer of Govan Mbeki Municipality (MP307)

Signature: 

Date: 15/04/2024

Print Name: E.N. Maseko

Municipal Manager of Govan Mbeki Municipality (MP307)

Signature: 

Date: 15/04/2024

1. SALIENT FEATURES OF FINANCIAL RESULTS ARE AS FOLLOWS

Operating Revenue

The overall performance on the revenue component is 16% below target for the month.

Operating Expenditure

The overall monthly performance on the expenditure component is 6% above target.

Bulk purchases, inventory consumed and finance charges are above monthly target by 35%, 13% and 144% respectively, should the trend continue at the same rate there will be an unauthorised expenditure in these line items at the end of the financial year.

Capital Expenditure

Total Capital Expenditure to date is R 150 937 898.62 of this amount R 41 080 000 relates to INEP funding, R 66 788 339.39 relates to MIG funding, R 1 075 023.10 relates to WSIG, R 7 556 961.05 relates to Provincial Treasury funding whilst R 34 437 575 is from internally generated funds.

Grants	Funding	Allocation per DoRA	Received Including rollover	Expenditure as at 31 March 24	YTD %
Integrated National Electrification Programme Grant	INEP	41 080 000.00	41 080 000.00	41 080 000.00	100%
Municipal Infrastructure Grant	MIG	80 802 550.00	80 802 550.00	66 788 339.39	83%
Water Services Infrastructure	WSIG	-	3 047 401.00	1 075 023.10	35%
Provincial Treasury Grant	PTGrant	-	10 020 000.00	7 556 961.05	75%
Municipal Disaster Recovery Grant	MDRG	7 875 000.00	7 875 000.00	-	0%
Sasol	Sasol		77 554.00	-	0%
Own Funding	Revenue	74 190 000.00	74 190 000.00	34 437 575.08	46%
Total		203 947 550.00	217 092 505.00	150 937 898.62	70%

Unspent Capital Grants

- The grant spending is reported as a percentage on the total allocation as per DoRA.
- The MIG spent to date of 83% is based on the overall allocation as per DoRA.
- The percentage of INEP spent over the total allocation is 100%.

Grants	Allocation per DoRA	Received Including rollover	Expenditure as at 31 March 24	Unspent 2023/2024	YTD %
Integrated National Electrification Programme Grant	41 080 000.00	41 080 000.00	41 080 000.00	0.00	100%
Municipal Infrastructure Grant	80 802 550.00	80 802 550.00	66 788 339.39	14 014 210.61	83%
Mining company: Sasol	0	77 554.38	0	77 554.38	0%
Water Services Infrastructure	0	3 047 401.00	1 075 023.10	1 972 377.90	35%
Disaster Recovery Grant	0	7 875 000.00	0	0	0%
Provincial Treasury Grant	0	10 020 000.00	7 556 961.05	2 463 038.95	75%
Total	121 882 550.00	135 027 505.38	118 865 874.99	18 527 181.84	86%

Unspent Operational Grants

Grants	Allocation per DoRA & Revised Gazette&MOU	Received Including rollover	Expenditure as at 31 March 24	Unspent 2023/2024	YTD %
Extended Public works Programme	1 900 000.00	1 900 000.00	1 900 000.00	-	100%
Financial Management Grants	2 100 000.00	2 100 000.00	1 079 316.38	1 020 683.62	51%
Infrastructure Skills Development Grant	23 000 000.00	23 000 000.00	23 000 000.00	-	0%
Arts and Culture	-	234 858.00	-	234 858.00	100%
LG Seta	1 000 000.00	2 805 043.00	1 007 131.55	1 797 911.45	36%
Economic Development and Tourism	-	313 901.00	-	313 901.00	0%
Gert Sibande District Municipality	-	274 580.00	-	274 580.00	0%
Energy Efficiency Demand Grant	-	406 149.00	-	406 149.00	0%
Point Duty Officer (SASOL)	3 400 000.00	1 140 088.00	1 338 149.00	- 198 061.00	117%
Pre-Capacity grant	-	266 086.00	69 545.87	196 540.13	26%
Equitable share	426 701 000.00	426 701 000.00	426 701 000.00	-	100%
Total	458 101 000.00	459 141 705.00	455 095 142.80	4 046 562.20	99%

Creditors

The total creditors balance for the month of March 2024 amounted to R 5 627 939 000. The major creditors are Eskom and Rand Water.

Description	NT Code	Budget Year 2023/24								Total	
		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		
R thousands											
Creditors Age Analysis By Customer Type											
Bulk Electricity	100	148 966 477	0	80 529 815	4 522 389 719	-	-	-	-	-	4 751 886 011
Bulk Water	200	51 409 872	27 933 314	31 335 342	707 384 432	-	-	-	-	-	818 062 960
PAYE deductions	300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	500	-	-	-	-	-	-	-	-	-	-
Loan repayments	600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	700	25 521 425	15 000 110	0	17 390 396	-	-	-	-	-	57 911 931
Auditor General	800	24 274	3 467	0	50 357	-	-	-	-	-	78 098
Other	900	-	-	-	-	-	-	-	-	-	-
Total By Customer Type	1000	225 922 048	42 936 891	111 865 157	5 247 214 904	-	-	-	-	-	5 627 939 000

The following table indicates the consumer debtor's payment rate for the month:

Type of Service	Total Settlements	Total Movement	Billing	Credit Notes	Debit Notes	Other Adjustments
Payment	105 890.82	0.00	0.00	0.00	0.00	0.00
Deposits	-319 214.39	325 256.56	0.00	0.00	0.00	325 256.56
Agreements	-678 811.02	724 130.89	0.00	0.00	0.00	724 130.89
Indigent Flat Credit	-15 666.69	-3 452 597.00	0.00	0.00	38 953.72	-3 491 550.72
Water	-24 585 794.76	38 691 707.90	39 575 462.94	-505 336.95	277 025.84	-655 443.93
Electricity	-29 482 409.12	35 293 817.98	38 728 862.32	-3 914 068.12	437 598.72	41 425.06
Loans/Old Debt	-6 496.05	0.00	0.00	0.00	0.00	0.00
Rates	-26 420 139.20	33 487 670.71	34 340 300.58	-1 107 357.23	254 727.36	0.00
Annual Rates	-70 384.03	0.00	0.00	0.00	0.00	0.00
Refuse	-5 313 119.05	12 313 078.92	12 455 937.32	-215 009.22	72 150.82	0.00
Sewerage	-5 276 277.44	11 528 873.34	12 208 446.47	-765 832.73	86 259.60	0.00
Miscellaneous	-102 989.32	275 090.08	260 947.25	0.00	7 133.89	7 008.94
Miscellaneous (No Vat)	-364 054.62	322 721.51	366 221.51	-60 000.00	16 500.00	0.00
Vat	-10 298 570.39	14 696 588.27	15 466 551.83	-809 872.16	130 960.51	-91 051.91
Interest	-1 014 534.50	23 563 488.88	24 628 200.19	-1 064 711.31	0.00	0.00
Payment Advanced	-4 491 864.71	0.00	0.00	0.00	0.00	0.00
Total	-108 334 434.47	167 769 828.04	178 030 930.41	-8 442 187.72	1 321 310.46	-3 140 225.11

Debtors Opening Balance	3 873 814 000.00
Add: Billing for the Month	177 140 183.18
Debtors Write off	
Less: Debtors Closing Balance	3 926 724 000.00
	124 230 183.18
Payment rate	70%

Cash Flows

As of 31 March 2024, we had a positive bank statement balance of R 22 931 563.95 and a negative cash book balance of R 9 553 154.00

Investments

The following table indicates the investments for the month of MARCH 2024

Investment Type	Institution	01-Mar-24	31-Mar-24
Short term fixed deposits	Absa 3 Months Fixed Deposit	105 653 927.68	106 463 155.95
Listed Investments	Old Mutual Shares	26 506.44	26 506.44
	Old Mutual Shares	364 812.00	364 812.00
	Sanlam	143 147.76	143 147.76
	Shares Nedbank	16 000.60	16 000.60
	Shares Nedbank	220 808.28	220 808.28
	Quilter PLC	12 036.96	12 036.96
	Quilter PLC	165 874.71	165 874.71
Short term Call Investment	Standard Bank Cheque 038787024003	487 870.61	491 311.10
	Standard Bank Cheque MIG 38787024008	3 798 630.42	53 048 238.65
	Standard Bank Call Account 038787024009	8 824 156.90	23 911 223.09
	Standard Bank Current 030195276000	4 437 032.70	4 514 456.33
Total Investments		124 150 805.06	189 377 571.87

Water and Electricity Distribution Losses for March 2024 (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	40,801,076	16,400,870	-59.80%	-62.51%	-60.50%
Water	2,532,004	1,289,265	-49.08%	-49.62%	-32.56%

Water and Electricity Distribution Losses: Accumulated: July 2023 to March 2024 (KL / Units)

Service	Purchased	Sold	Current % Loss	Average 22/23	Average 21/22
Electricity	416,387,294	165,956,233	-60.14%	-64.48%	-64.46%
Water	23,552,919	12,631,583	-46.37%	-38.38%	-34.38%

Revenue

Electricity service charges is below the target by 42%, vending service providers not depositing sales for pre-paid sales on monthly basis as at 31st March 2024 the amount of R 33 159 752 not paid.

Water service charges and waste water service charges are below the target by 35% and 16% respectively, 60% of meters are estimated because of either faulty meters, no meter, underground or no access, billing might be understated because of the estimated readings.

Fines & penalties are below target by 89%, due to traffic fines subsystem not integrated to the main financial system, and only recording traffic fines settled not the total traffic fines issued.

Expenditure

Electricity bulk purchases are 35% above monthly target.

Contracted services are 14% below monthly target, due to cash constraints some of the programmes were to be delayed.

Transfers and subsidies are 24% above monthly target.

Inventory consumed which include water purchases are 13% above monthly target, close monitoring is necessary for this line item as it may result in an unauthorised expenditure at year end.

Depreciation and impairment of asset is 38% below monthly target.

Other expenditure is 36% below monthly target, due to cash constraints some of the programmes were to be delayed.

Progress on the budget funding plan

Council approved the 2023/24 Budget Funding Plan (BFP) together with the budget on the 31st of May 2023.

The progress recorded as of 31 March 2024 is at 37.01%. The total anticipated revenue is R1 123 025 000.00 of which an amount of R 415 844 354.92 has been collected to date.

Expenditure of Staff Benefits for the month of March 2024

Salary bill for Councillors	R 2 591 736.54
Salary bill for Employees	R 55 231 417.96

Total staff compliment	1169 (Full time)
Staff resignations	4
Staff Appointments	2

Summary of staff processed.

Company	Description	Number of Officials	Total
Company 1	Full time	1169	52 326 755.28
Company 2	EPWP	688	1 961 834.20
Company 3	Councillors	63	2 591 736.54
Company 4	Directors	5	687 987.53
Company 7	Temps	5	56 779.95
Company 8	Point Duty Officer	34	198 061.00
TOTAL		1964	57 823 154.50

Attached to the report are the following appendices.

APPENDIX A: C Schedules-M09

APPENDIX B: Deviations –No deviations for the month

APPENDIX C: Purchases above R100 000 – **R 25 287 103.27**

APPENDIX D: Insurances report – **R 2 261 883.00**

APPENDIX E: Capital Expenditure – **R 150 937 898.62**

APPENDIX F: Government Debtors – **R 10 395 353.62**

APPENDIX G: Fruitless and Wasteful Expenditure – **R11 982 336.71**

APPENDIX H: Budget Funding Plan

Annexure A2 - Monthly



National Treasury

Municipal Debt Relief

MFMA Circular No. 124

Municipal Finance Management Act No. 56 of 2003

Select Assessor

Certificate of Compliance: Municipal Debt Relief Conditions for Application

Period

Mar'24

National Financial Year

2023/24

Demarcation Code of Municipality being assessed

MP307

District

Gert Sibande

Demarcation Description

Govan Mbeki

I, Amon Mavimbela, 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

6.3 + Maintaining the Eskom and bulk water current account –		
Condition	6.12 (current account for the purpose of this exercise means the account for a single month's consumption)	
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)? <i>Note - refer condition 6.12 .2</i>	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://lguploadportal.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)? <i>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.</i>	Yes
5	6.3.2 - 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://lguploadportal.treasury.gov.za ?	Yes
6	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://lguploadportal.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?	Yes
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
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? <i>Note - For example, if the municipality during the preceding 12 months only managed to collect 60 per cent of its revenue (also property rates), the provision for debt impairment aligning with the historic collection trend should align to 40 per cent of the 2023/24 MTREF revenue projections (also property rates). If the municipality merely used the debt impairment to "balance" the budget and there is no real alignment between the provision for such with the actual collection of revenue, the Provincial Treasury must respond to this item as: "No".</i>	No
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? <i>Note - If the municipality merely used the depreciation and asset impairment to "balance" the budget and there is no real alignment between the provision for such with the state of assets/asset register, the Provincial Treasury must respond to this item as: "No".</i>	Yes

<p><i>Note - If the municipality has an FRP, a separate budget funding plan is not necessary. However, the PT / NT must assesses whether the existing FRP incorporates / will give effect to a funded MTREF. If not, the FRP requires strengthening.</i></p>			
12	6.4.2	<p>- 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)?</p> <p><i>Note - why if the municipality does not have an FRP may 'N/A' be selected from the dropdown list.</i></p>	Yes
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
<p>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:</p>			
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?	No
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.	Yes
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?	Yes
<p><i>Note – the municipality's monthly MFMA s.71 statement must include by part of the narrative the indigent information in the required format.</i></p>			
<p>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.</p>			
<p>6.7 Maintain a minimum average quarterly collection of property rates and services charges –</p>			
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
<p><i>Note - although the norm and standard for collection (MFMA Circular No. 71) is a 95 per cent threshold, municipalities under the debt relief support will be exempted for the first two years from adhering to this norm.</i></p>			
	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 the National Treasury that –	
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)?	Select
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?	Yes
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?	Yes
<p>6.8 Municipality's Completeness of the revenue base –</p>			
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? <i>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</i>	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?	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? <i>Note - condition 6.9.2 has a typing error and must refer to 6.9.1</i>	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 ? <i>Note - a municipality 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</i>	Yes
<i>Provincial Treasury Note - Provincial Treasury certification of municipal compliance – in terms of section 5 and 74 of the MFMA, with effect from 01 April 2023, a delegated municipality may not benefit from Municipal Debt Relief, unless:</i>			
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 ? <i>Note - in the case of a non-delegated municipality the National Treasury to issue the compliance certificate</i>	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? <i>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.</i>	No
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? <i>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. It confirms 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 envisaged in MFMA section 46. Short term borrowing, including making use of an overdraft for in-year bridging purposes are not considered within the ambit of this condition.</i>	No
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?	No
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? <i>Note - Only if relevant in 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.4(3).</i>	No
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? <i>Note - to include accounting for any related benefit (e.g. interest suspension, etc.) in alignment with mSCOA</i>	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: By applying for Municipal Debt Relief as set out in paragraph 3. of 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 license 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 external mechanism as envisaged in Chapter 8 of the Municipal Systems Act, 2000, including the necessary service delivery agreement aligning with the Municipal Systems Act, 2000 and Electricity Regulation Act, 2006. In terms of the conditions of government's wider support to Eskom, Eskom will once again have to reinforce its credit control and debt collection policies also in relation to the municipality's arrears that are the subject of municipal debt relief, etc.

PT: HOD/ NT / MM Name: ~

R.V. Mlangeni

Signature of HOD/ NT/ MM:

P.P. 

Date:

15 - 04 - 2024

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