

LOCAL GOVERNMENT CONSOLIDATED MFMA REPORT FOR THE QUARTER ENDED 30 SEPTEMBER 2025

QUARTER 1 2025/2026 MUNICIPAL FINANCIAL YEAR

EASTERN CAPE MUNICIPALITIES

NOVEMBER 2025



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A. ACRONYMS

1	AWB	Amatola Water Board
2	DWS	Department of Water and Sanitation
3	DOE	Department of Energy
4	ECAG	Eastern Cape Auditor General
5	ECCOGTA	Eastern Cape Cooperative Governance and Traditional Affairs
6	EC-SALGA	Eastern Cape South African Local Government Association
7	GIZ	German Agency for International Cooperation
8	IYM	In Year Monitoring
9	LGD	Local Government Database
10	MFMA	Municipal Finance and Management Act
11	MISA	Municipal Infrastructure Support Agent
12	MPAC	Municipal Public Accounts Committee
13	MRMCL	Municipal Regulations on Minimum Competency
14	NMBM	Nelson Mandela Bay Metro
15	NMD	Notified Maximum Demand
16	NT	National Treasury
17	PFMA	Public Finance and Management Act
18	PT	Provincial Treasury
19	PSP	Professional Service Provider
20	RAS	Risk Adjusted Strategy
21	SARS	South African Revenue Services
22	SALGA	South African Local Government Association
23	UIF&W	Unauthorised Irregular and Fruitless Expenditure



B. INTRODUCTION

1. Section 71(7) of the Municipal Finance and Management Act (MFMA) requires the Provincial Treasury to consolidate the quarterly budget implementation statements of all municipalities in the province.
2. National Treasury (NT) has institutionalised IYM for a number of years to produce monthly and quarterly financial reports. The implementation of MSCoA to local government has seen some municipalities struggle to submit reports that are up to the required standards. The MSCoA implementation team which consists of ECPT officials throughout all six (6) districts in the province is providing support to municipalities in order to overcome these identified challenges.
3. This consolidated report provides an overview on the state of municipal finances whilst also achieving the following objectives:
 - ❑ Serves as an early warning system to measure and detect municipalities in financial challenges and the need for intervention where necessary;
 - ❑ Assists in promoting effective oversight mechanism, the appropriate fiscal discipline and managerial accountability and transparency on financial performance of municipalities;
 - ❑ Enables PT to monitor and where necessary, intervene in order to improve municipal performance; and
 - ❑ Promoting greater effective political oversight at Municipal Council and Provincial Legislature levels.
4. PT uses the LGP (Local Government/GO-MUNI Portal) of the NT as the primary source for the data used in this report. Users of the report should take note that the quality of the report is compromised when municipalities fail to submit all the required reports on a timeous basis. Where information is found to be grossly misleading, every effort is made to contact the affected municipalities and alert them to such anomalies. Unfortunately, the ECPT cannot utilize any alternative sources of information for this report as the monthly data strings have been identified as a central source of data for the purposes of reports to be published for external stakeholders.
5. This consolidated quarterly report relates to the first quarter of the 2025/26 municipal financial year. This period covers the months 01 July 2025 to 30 September 2025.

C. KEY NOTE

6. The total operating revenue raised by municipalities at 30 September 2025 amounted to R18.9 billion, showing a year-on-year growth of 5.5 percent. The total operating revenue is property rates, operational transfers and service charges. Similarly, the operating expenditure was R10.7 billion, representing a 3.7 percent compared to the previous year.
7. The year-to-date capital expenditure was R1.3 billion which is 15 percent of the budget while the capital revenue was reported at R1.6 billion or 15.7 percent of the budget for the same period.
8. The total expenditure on conditional grants for the quarter under review was reported at R1.587 billion or 18.2 percent of the total allocation. The spending on MIG was reported at R806.9 million, representing 28.61 percent of the allocation. This grant is a major source of funding for infrastructure development by municipalities in the province.



9. The cash position of municipalities in the province appears to be moderate as 16 of the 36 delegated municipalities reported cash balances that are not in line with the Treasury norm on 3 months. This liquidity challenge is a major cause for municipalities defaulting on payment of creditors and other statutory obligations including bulk suppliers such as Eskom and Water Boards.
10. The debt owed to municipalities continues to grow year-on-year as a result of the high unemployment levels in the province and the general culture of non-payment for municipal accounts by communities.

D. MUNICIPAL RISK POSITION STATEMENT

11. Revenue collection from billed revenue has become an important factor in financial sustainability of municipalities. The ineffective implementation of credit control policies by municipalities has a direct negative impact on cash flows and sustainability of municipalities. Improved revenue collection in municipalities will liberate the local government sphere from the financial challenges that continue to beset the sphere.
12. Payment for municipal services by government is a priority that is sometimes frustrated by poor integrity of billing data by municipalities. The interventions to address these challenges are on-going and are as a result of collaboration between SALGA, COGTA and the OTP.

E. SUMMARY ON THE STATE OF EC MUNICIPAL FINANCES

KEY AGGREGATE TRENDS

13. **Table 1** below reflects the unaudited revenue performance for the 2025/26 municipal financial year. The total operating revenue of R18.9 billion (**R18.1 billion in September 2024**) and total operating expenditure of R10.7 billion (**R11.1 billion in September 2024**) for the province. This represents a year-on-year growth of 5.5 percent in operating revenues and a 3.7 percent reduction in operating expenditure by municipalities in the province.
14. The year-to-date performance suggests that municipalities have raised 34.5 percent of the consolidated operating revenue compared to the 19.4 percent expenditure against the budget. A surplus of just over R8.2 billion has been realized for the quarter ended 30 September 2025.

Table 1: Summary of the operating revenue and expenditure for the quarter ended 30 September 2025

ITEM	2025/26					
	Budget		First Quarter		Year to Date	
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of adjusted budget
Operating Revenue and Expenditure						
Operating Revenue	54 874 201	55 037 980	18 941 552	34,5%	18 941 552	34,4%
Operating Expenditure	55 439 442	55 585 908	10 735 704	19,4%	10 735 704	19,3%
Surplus/(Deficit)	(565 241)	(547 928)	8 205 848	-	8 205 848	-
Transfers and subsidies - capital (monetary allocations)	7 891 398	7 952 356	1 058 236	13,4%	1 058 236	13,3%
Transfers and subsidies - capital (in-kind)	-	-	126	-	126	-
Surplus/(Deficit) after capital transfers and contributions	7 326 157	7 404 428	9 264 209		9 264 209	

Source: GOMUNI portal



CAPITAL REVENUE

15. The year-to-date aggregate capital revenue raised by municipalities amounted to R1.6 billion of the total budget by municipalities in the province (**R1.2 billion at 30 September 2024**). The year-to-date performance is equivalent to only 15.7 percent of the total budget. While the year-to-date performance on capital revenue reflects a 25 percent improvement compared to the corresponding quarter in 2024, this remains below the projected estimates for the first quarter. The year-to-date performance is projected to be at 25 percent if a straight line method is utilized.
16. The above expenditure will be discussed at length when in the conditional grants section of this report where each individual grant will be dissected per each district in the province.

INFRASTRUCTURE CONDITIONAL GRANTS SPENDING

17. **Table 2** below reflects the consolidated expenditure on conditional grants as at 30 September 2025. The figures below are as received from sector department (including the Metros) based on the outcomes of site verification conducted on a regular basis.

Table 2: Consolidated Grants performance as at 30 June 2025 (including the Metros/non-delegated municipalities)

Grant Type	2025/26 R'000	Budget	Revised	Transferred Amounts	Expenditure End Sep 2025			Balance	
		1st Adjustment	Budget		R'000	% allocation	% transfer	Allocation	Transfer
Municipal Infrastructure Grant (MIG) S5B	3 575 350		3 575 350	1 726 762	1 058 802	29,61%	61,32%	2 516 548	667 960
Municipal Infrastructure Grant (MIG) S6B	128 469		128 469	N/A	0	0,00%	N/A	128 469	N/A
Expanded Public Works Programme Integrated Grant (Municipality)	83 724		83 724	N/A	29 861	35,67%	N/A	53 863	N/A
Rural Roads Asset Management Systems Grant (RRAMS)	18 548		18 548	0	0	0,00%	N/A	18 548	0
Integrated National Electrification Programme Grant (Municipal)	342 222		342 222	154 165	105 253	30,76%	68,27%	236 969	48 912
Energy Efficiency and Demand Side Management (Municipal) Grant	28 000		28 000	12 150	0	0,00%	0,00%	28 000	12 150
Regional Bulk Infrastructure Grant (RBIG) Schedule 5B	725 000		725 000	230 945	77 499	10,69%	33,56%	647 501	153 446
Regional Bulk Infrastructure Grant (RBIG) Schedule 6B	300 916		300 916	N/A	65 486	21,76%	N/A	235 430	
Water Services Infrastructure Grant (Schedule 5B)	553 071		553 071	188 374	71 528	12,93%	37,97%	481 543	116 846
Water Services Infrastructure Grant (Schedule 6B)	45 000		45 000	N/A	11 285	25,08%	N/A	33 715	
Municipal Disaster Recovery Grant (MDRG)	504 019		504 019	217 150	0	0,00%	0,00%	504 019	217 150
Municipal Disaster Response Grant (MDRG)		50 000	50 000	50 000	13 128	26,26%	26,26%	36 872	36 872
Neighbourhood Development Partnership Grant (NDPG) S5B	12 600		12 600	0	0	0,00%	#DIV/0!	12 600	0
Informal Settlements partnership Grant	696 245		696 245	0	42 961	6,17%	#DIV/0!	653 284	
Public Transport Network Grant (PTNG)	298 225		298 225	78 000	16 364	5,49%	20,98%	281 861	61 636
Urban Settlement Development Grant (USDG)	1 223 061		1 223 061	139 402	84 437	6,90%	60,57%	1 138 624	54 965
Urban Development Financing Grant (UDFG)	97 300		97 300	0	10 720	11,02%	#DIV/0!	86 580	
Total	8 631 750	50 000	8 681 750	2 796 948	1 587 324	18,28%	56,75%	7 094 426	1 209 624



Source: Supplied by Transferring Officers

18. The total expenditure at 30 September 2025 amounted to R1.587 billion (**R1.548 billion at 30 September 2024**), and this is equivalent to only 18.2 percent of the total allocated for the 2025/26. It is noted that the first quarter expenditure remains the same as per the corresponding quarter of 2024. It is rather concerning that, on average, municipalities failed to spend at least 25 percent of the total allocation for the first quarter of the new financial year.

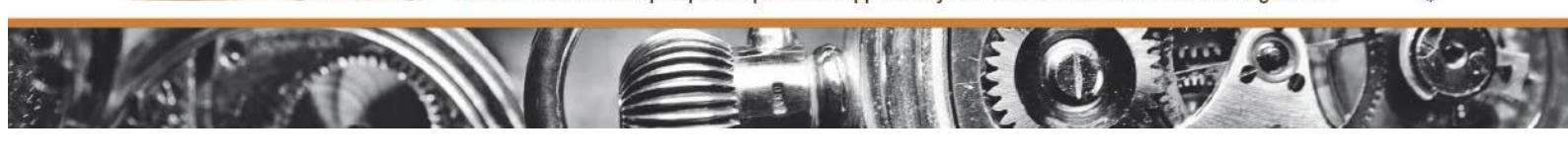
19. In table 2.1 below, we reflect the overall expenditure on conditional grants for the delegated municipalities in the province. These are the municipalities that the Provincial Treasury monitors and supports directly in collaboration with the transferring officers in the province.

Table 2.1 – Total expenditure on Conditional Grants by delegated municipalities in the province

Grant Type	2025/26 R'000	Budget	Revised	Transferred Amounts	Expenditure End Sep 2025			Balance
		1st Adjustment	Budget		R'000	% allocation	% transfer	Allocation
Municipal Infrastructure Grant (MIG) S5B	2 820 869		2 820 869	1 505 329	806 920	28,61%	53,60%	2 013 949
Municipal Infrastructure Grant (MIG) S6B	128 469		128 469	N/A	0	0,00%		128 469
Expanded Public Works Programme Integrated Grant (Municipality)	75 228		75 228	N/A	27 561	36,64%		47 667
Rural Roads Asset Management Systems Grant (RRAMS)	15 104		15 104	0	1 208	8,00%	#DIV/0!	13 896
Integrated National Electrification Programme Grant (INEP)	342 222		342 222	154 165	105 253	30,76%	68,27%	236 969
Energy Efficiency and Demand Side Management (Municipal) Grant	21 000		21 000	9 150	0	0,00%	0,00%	21 000
Regional Bulk Infrastructure Grant (RBIG) Schedule 5B	335 000		335 000	25 500	52 262	15,60%	204,95%	282 738
Regional Bulk Infrastructure Grant (RBIG) Schedule 6B	300 916		300 916	N/A	65 486	21,76%		235 430
Water Services Infrastructure Grant (Schedule 5B)	553 071		553 071	160 274	66 459	12,02%	41,47%	486 612
Water Services Infrastructure Grant (Schedule 6B)	17 159		17 159	N/A	4 575	26,66%		12 584
Municipal Disaster Recovery Grant (MDRG) S5B	504 019		504 019	217 150	38 495	7,64%	17,73%	465 524
Municipal Disaster Response Grant (MDRG)		20 000	20 000	20 000	0	0,00%	0,00%	20 000
Neighbourhood Development Partnership Grant (NDPG) S5B	12 600		12 600	0	0	0,00%	#DIV/0!	12 600
Total	5 125 657	20 000	5 145 657	2 091 568	1 168 219	22,70%	55,85%	3 977 438

Source: Supplied by Transferring Officers

20. The report for the first quarter performance of delegated municipalities in the province. The total allocation is R5.1 billion and the year-to-date expenditure is at R1.1 billion or 22.7 percent of the total allocation for 2025/26. Even in this category of municipalities, the province failed to register the 25 percent expenditure forecast. Poor planning and the late appointment of service providers are some of the contributing factors to this underperformance.



21. The assessment of the first quarter performance on conditional grants that impact significantly on service delivery can be summarized as follows:

- For the 2025/26 financial year, the **Municipal Infrastructure Grant (MIG)** has been split into a direct allocation to municipalities (**section 5B of the DORA**) and an indirect portion allocated in terms of section 6B of the DORA. A total of R806.9 million has been spent against **MIG** and this represents 28.61 percent of the total direct allocation amounting to R2.8 billion. No expenditure was reported on the R128.4 million indirect allocation to municipalities at 30 September 2025.
- The province has introduced the Risk Adjustment Strategy (RAS) which is an initiative designed to assist municipalities to expedite expenditure on MIG and also to prevent funding losses due to underspending both in-year and at year end. The immediate milestone for all MIG receiving municipalities is to spend at least 60 percent of the first transfer and this qualifies them for the receipt of the second tranche.

22. The overall district spending on MIG as at 30 September 2025 can be summarized as follows:

DISTRICT	TOTAL EXPENDITURE AT 30 SEPTEMBER 2025	HIGH LEVEL OBSERVATION
SARAH BAARTMAN	R39.5 million (19.86%)	The district has received an annual allocation of R199 million. None of the municipalities have reached the threshold that enables the department to transfer the second tranche – i.e 60 percent of the 1 st tranche. However Blue Crane, Ndlambe and Sundays River have spent 29 percent, 42 percent and 30 percent of their respective allocations for the year
AMATHOLE	R267.8 million (39.8%)	Municipalities in this district have collectively received R672.5 million on MIG (direct allocation ito of section 5B of the DORA). A balance of R128.4 million has been allocated as indirect and in line with section 6B of the DORA. The expenditure rate in this district is very and the risk of funding losses has been significantly reduced.
CHRIS HANI	R211.8 million (34.59%)	The total allocation to municipalities in this district is R612.3 million. While all municipalities have reported expenditure in excess of 30 percent of the annual allocation, we note that Emalahleni (16.99 percent) and Sakhisizwe (17.26 percent) remain underspending at this stage.
JOE GQABI	R72.8 million (23.96%)	Municipalities in this district have been allocated R303.9 million. At 30 September 2025, Joe Gqabi DM (19.5 percent) and Senqu (26.2 percent) were underspending and at risk of not reaching the 40 percent threshold prescribed by the transferring office for the period ending 31 December 2025.
OR TAMBO	R251.8 million (22.8%)	The total allocation to municipalities in this district is R1.1 billion. At 30 September 2025 there were 03 municipalities are underspending. PSJ (15.27 percent), Nyandeni (21.1 percent) and OR Tambo DM (19.66 percent) are the 03 municipalities that underspending in the district.
ALFRED NZO	R214.8 million (31.7%)	The total allocation to municipalities in the district amounted to R676.8 million. The only that is underspending is the Winnie Madikizela Mandela with 22.6 percent of the allocation.



23. Municipalities in the province have spent R29.8 million (**35.6 percent of the allocation**) in respect of the EPWP grant at 30 September 2025. This grant is in line with the monthly projections and the first quarter of the current financial year.
24. The total allocation to municipalities in the province in respect of MPAC is R32.8 million. In terms of the guidelines for INEP, municipalities are required to spend 50 percent of the first transfer to qualify for the second tranche. The year-to-date expenditure can be summarized as follows:

DISTRICT	TOTAL EXPENDITURE AT 30 SEPTEMBER 2025	HIGH LEVEL OBSERVATION
SARAH BAARTMAN	R7.8 million (23.75%)	A total of R32.8 million has allocated to municipalities in this district. The two municipalities that are underspending are Kouga and Koukamma which have spent 9.6 percent and 4.6 percent of their respective allocations.
AMATHOLE	R13.4 million (19.2%)	Municipalities in this district have been allocated R69.7 million for the 2025/26 FY. There are 3 municipalities are underspending at the moment. Amahlathi and Raymond Mhlaba have not reported any expenditure on the grant. The other municipality that is underspending is Ngqushwa with 15.6 percent of the allocation.
CHRIS HANI	R15.7 million (22.7%)	The total allocation to municipalities in this district for the year is R69.3 million. The analysis reveals that there are Intsika Yethu (5.06 percent) and Sakhisizwe (0 percent)
JOE GQABI	R2.3 million (12.3%)	There are 2 municipalities that have been allocated INEP in the district (Elundini & Walter Sisulu). WSLM has spent only 3.71 percent of the allocation.
OR TAMBO	R21.6 million (25.6%)	The total allocation for the district is R83.3 million and the 2 municipalities that are underspending are PSJ (0 percent) and Nyandeni (22.6 percent)
ALFRED NZO	R44.2 million (65.56%)	The total allocation to municipalities in this district is R67.4 million. All municipalities in the district are spending in line with the annual projection and the risk to funding losses is significantly reduced.



25. The total allocation for **WSIG** for the 2025/26 FY in the province is R553 million. The total expenditure reported at 30 September 2025 amounted to R71.5 million or 12.93 percent of the total allocation. The district performance for the quarter ended 30 September 2025 is summarized as follows:

DISTRICT	TOTAL EXPENDITURE AT 30 SEPTEMBER 2025	HIGH LEVEL OBSERVATION
SARAH BAARTMAN	R13.1 million (10.79%)	The total allocation WSIG allocation for the district is R122 million as all LMs in the district are WSAs. There is general underspending by municipalities in the district. The only exception is Ndlambe (24.9 percent) and Sundays River Valley (23.04 percent).
AMATHOLE	R14.6 million (14.73%)	The municipality has been allocated R99.6 million and is currently spending on the grant
CHRIS HANI	R8.1 million (10.09%)	The municipality has been allocated R80.4 million and is underspending
JOE GQABI	R8.9 million (13.55%)	The municipality has been allocated R66 million and is underspending
OR TAMBO	R5 million (5.34%)	The municipality has been allocated R95 million and is underspending
ALFRED NZO	R21.523.97 million (89.5%)	The municipality has been allocated R90 million and is underspending

26. A total of R725 million has been allocated for municipalities in the province. At 30 September 2025, the total expenditure was reported at R77.4 million or 10.69 percent of the total allocation.

CREDITORS

27. **Table 3** below reflects the age analysis of creditors as at 30 September 2025 reported by municipalities. The EC municipalities owe a total amount of R8.7 billion (**R6.4 billion at 30 September 2024**). This is a year-on-year growth of **26.4 percent** in the creditors and is mainly due to unpaid bulk accounts for water and electricity. These accounts continue to grow despite interventions such as debt relief and payment agreements signed between bulk suppliers and municipalities.

Table 3: Consolidated Creditors age analysis - 30 September 2025 (R 000)

Creditor Age Analysis	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Bulk Electricity	1 036 859	20%	207 054	5%	86 139	41%	3 749 798	43%	5 079 850	58%
Bulk Water	33 723	1%	6 774	2%	538	0%	312 932	4%	353 967	4%
PAYE deductions	43 276	2%	-1 298	0%	-4 741	-2%	3 813	0%	41 050	0%
VAT (output less input)	73 793	3%		0%		0%	0	0%	73 793	1%
Pensions / Retirement	42 021	2%	-450	0%	-450	0%	12 600	0%	53 721	1%
Loan repayments	19 196	0%		0%		0%	0	0%	19 196	0%
Trade Creditors	543 627	22%	48 780	14%	-12 444	-6%	844 089	10%	1 424 052	16%
Auditor-General	12 272	1%	3 505	1%	-3 743	-2%	22 105	0%	34 139	0%
Other	620 084	27%	86 429	0%	144 459	5%	413 052	0%	1 708 375	12%
Medical Aid deductions	1 925	0%		0%		0%	0	0%	1 925	0%
Total	2 426 776	28%	350 794	4%	209 758	2%	5 802 740	66%	8 790 068	100%



28. Creditors amounting to R5.8 billion are outstanding for more than 90 days representing 66 percent of the total creditors outstanding as at 30 September 2025. The top four (4) creditor's categories remain Bulk electricity (R5 billion), Trade creditors (R1.4 billion), Other creditors (R1.7 billion) and Bulk water (R353.9 million).

29. Table 4 below reflects the total creditors per each district and the 2 metro municipalities in the province during the quarter ended 30 September 2025.

Table 4: Creditors age analysis Per District - 30 September 2025 (R 000)

Description	0 - 30 days	31- 60 days	61-90 days	Over 90 days	Total
Alfred Nzo	13 692	87	2 876	1 026	17 681
Amathole	84 597	32 103	-11 898	1 016 244	1 121 046
Chris Hani	85 743	103 034	58 746	2 488 707	2 736 230
Joe Gqabi	61 682	41 235	-8 529	830 001	924 389
OR Tambo	76 552	22 773	1 086	98 182	198 593
Sarah Baartman	178 104	83 117	23 263	733 469	1 017 953
Total Exc Metros	500 370	282 349	65 544	5 167 629	6 015 892
Buffalo	1 299 763	0		0	1 299 763
NMB	626 644	68 446	147 088	632 236	1 474 414
Total Incl Metros	2 426 777	350 795	212 632	5 799 865	8 790 069

Source : NT Local Government Database

30. Of the R8.7 billion owed by municipalities in the province, the six districts have contributed just over R6 billion or 68.9 percent of the total debt. Municipalities in Amathole, Chris Hani and Sarah Baartman districts have contributed R1.1 billion, R2.7 billion and R1 billion respectively. These districts creditors balances include:

- In **Amathole District** - debt owed by Amathole District Municipality to the Amatola Water Board and arrear Eskom debt owed by Amahlathi and Raymond Mhlaba LMs;
- In **Chris Hani District** – the debt includes arrear Eskom debt owed by Enoch Mgijima and Inxuba Yethemba. It also includes debt owed by the Chris Hani DM to the department of Water and Sanitation; and
- In **Sarah Baartman District** – the debt includes arrear Eskom debt owed by Makana, Dr Beyers Naude, Sundays River and Blue Crane Route. This also include the arrear debt owed by Makana and Sundays River Valley to the department of Water and Sanitation.

31. The two (2) metro municipalities in the province have also contributed R2.7 billion, consisting of R1.2 billion owed by Buffalo City Metro and R1.4 billion owed by the Nelson Mandela Metro.



32. Table 5 below in summary depicts total outstanding debt owed by municipalities reported by major creditors amounting to R7.7 billion at 30 September 2025 (**R6.4 billion at 30 September 2024**). The year-on-year growth of 16.9 percent on major creditors demonstrate the financial challenges that confront some municipalities in the province. The interventions in place such as Municipal Debt Relief and Water Relief programmes will bear the necessary results in about 3 years.

Table 5: Debt owed to Major Creditors - 30 September 2025

MAJOR CREDITOR	CURRENT R	30 DAYS R	60 DAYS R	90 DAYS R	120+ DAYS R	TOTAL R	ARREAR AMOUNT 30 SEPTEMBER 2025 R	ARREAR AMOUNT AS A % OF TOTAL DEBT
Amatola Water	95 809 072	15 767 699	24 197 216	-41 133 727	342 984 430	437 624 689	326 047 918	75%
ESKOM	1 343 722 042	0	211 133 433	189 959 601	4 930 493 959	6 675 309 035	5 331 586 993	80%
Water and Sanitation*	13 770 408	24 648 928	0	12 504 818	507 903 016	558 827 169	520 407 834	93%
Auditor General*	6 698 900	8 981 013	3 521 113	469 900	20 879 043	40 549 969	24 870 056	61%
TOTAL	1 460 000 421	49 397 640	238 851 761	161 800 591	5 802 260 448	7 712 310 862	6 202 912 800	80%

Source: Section 41 reports

33. Amatola Water Board reported outstanding debt of R437.6 million (**R425.6 million at 30 September 2024**) that is owed by Eastern Cape municipalities at 30 September 2025 and the major contributing municipality remains the Amathole District Municipality (ADM) with R370.4 million. The municipality has a payment agreement with the water board and pays mainly when its equitable tranche is transferred.

34. Table 6 below reflects the debt owed to the Department of Water and Sanitation by municipalities in the province.

Table 6: WSP AGE ANALYSIS AS AT 30 SEPTEMBER 2025

BP Name	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days	180+ Days	Total
AMATHOLE	8 791 445,90	5 718 749,36	-	2 781 267,90	3 266 463,28	2 555 689,83	155 835 645,60	178 949 261,87
CHRIS HANI DISTRICT MUNICIPALITY	10 570 883,46	(3 904 503,43)	-	3 643 043,10	3 380 234,77	2 774 057,29	105 537 860,74	122 001 575,93
ALFRED NZO DISTRICT MUNICIPALITY	1 689 102,13	650 655,61	-	1 502 090,62	560 293,77	472 451,83	7 296 893,68	12 171 487,64
JOE GQABI DISTRICT MUNICIPALITY	2 255 014,40	(2 106 222,60)	-	1 777,81	10 851,11	13 377,65	878 209,51	1 053 007,88
OR TAMBO DISTRICT MUNICIPALITY	6 538 298,62	6 674 714,04	(26,65)	(2 777 118,23)	24 496,34	4 608 376,04	30 169 262,47	45 238 002,63
NELSON MANDELA BAY MUNICIPALITY	43 793 676,02	6 595 357,26	-	992 517,32	992 517,32	992 517,32	2 594 576,68	55 961 161,92
KOUGA MUNICIPALITY	382 091,19	259 369,20	-	148 749,24	131 537,73	113 294,00	3 934 388,00	4 969 429,36
MAKANA MUNICIPALITY	950 888,86	1 593 595,23	-	1 030 431,71	849 748,20	1 134 501,92	70 939 400,44	76 498 566,36
BLUE CRANE ROUTE	1 346 818,16	(813 974,47)	-	53 970,53	180 980,46	262 598,38	2 409 406,87	3 439 799,93
BEYERS NAUDE LOCAL MUNICIPALITY	358 152,50	74 455,79	-	37 212,13	37 243,66	37 212,13	2 751 487,06	3 295 763,27
KOU-KAMMA MUNICIPALITY	10 639,69	7 144,72	-	3 572,36	3 572,36	3 572,36	207 228,29	235 729,78
NDLAMBE MUNICIPALITY	36 020,37	51 935,42	-	25 967,71	25 967,71	25 967,71	215 342,62	381 201,54
SUNDAY'S RIVER VALLEY MUNICIPALITY	1 030 300,88	1 704 353,97	-	1 027 502,38	769 202,21	1 107 024,66	63 554 949,93	69 193 334,03
BUFFALO CITY MUNICIPALITY	9 717 016,02	9 219 698,83	-	4 395 190,74	5 301 613,25	4 298 874,12	9 732 191,51	42 664 584,47
TOTAL DEBT OF EC MUNICIPALITIES	87 489 283,52	25 728 416,09	(26,65)	12 867 718,90	15 536 265,75	18 401 058,82	456 330 507,60	616 353 224,03

Source: section 41 report

35. The total debt owed to the department of Water and Sanitation for the quarter ended 30 September 2025 amounted to R616.3 million (**R532.6 million for the quarter ended 30 September 2024**). The debt owed by municipalities has increased by 13.5 percent in one year. In order to overcome this debt, municipalities have been supported to apply for the Water Relief Debt which will result in the write off of arrear debt owed to the Department of Water and Sanitation. Municipalities that have been approved are the Chris Hani DM, OR Tambo DM, Makana LM and the Sundays River Valley LM. These municipalities are being supported to comply with the conditions as prescribed by DWS.



36. According to Eskom's section 41 report, EC municipalities owed a total of R6.6 billion as at the end of September 2025. The top 10 municipalities that are in arrears with their ESKOM accounts are reflected in the table 7 below.

REPORTING MONTH :		September-2025				
Table 6: Arrear Amounts owing and the age profile of outstanding amounts relating to Bulk Electricity Sales - SEPTEMBER 2025						
	Name of Municipality	Current	31 - 60 days	61 - 90 days	90 days+	Total
1	AM AHLATHI LOCAL MUNICIPALITY	14 521 383	0	1 245 179	84 467 979	100 234 541
2	BLUE CRANE ROUTE LOCAL MUNICIPALITY	15 772 442	22 024 737	21 680 284	167 380 984	226 858 447
3	DR BEYERS NAUDE LOCAL MUNICIPALITY	42 428 837	26 600 225	24 309 955	751 438 197	844 777 214
4	ENOCH MGJIJIMA LOCAL MUNICIPALITY	63 061 856	85 586 448	81 889 609	1 658 223 565	1 888 761 479
5	INXUBA YETHEMBA LOCAL MUNICIPALITY	19 453 214	24 222 791	23 049 702	752 505 024	819 230 731
6	KING SABATA DALINDYEBO LOCAL MUNICIPALITY	51 798 528	0	0	313 692 021	365 490 549
7	MAKANA LOCAL MUNICIPALITY	24 748 527	0	0	131 273 571	156 022 098
8	RAYMOND MHLABA LOCAL MUNICIPALITY	12 244 539	185 407	163 639	299 786 582	312 380 166
9	SUNDAYS RIVER VALLEY LOCAL MUNICIPALITY	5 819 774	7 150 683	5 816 910	20 713 573	39 500 940
10	WALTER SISULU LOCAL MUNICIPALITY	23 383 663	29 993 270	28 801 489	750 116 040	832 294 462
	EASTERN CAPE	273 232 764	195 763 560	186 956 767	4 929 597 535	5 585 550 626

37. Apart from KSD; Blue Crane Route and SRVM, all other municipalities highlighted above are participating in the Municipal Debt Relief programme over a period of three years. To-date, all 7 municipalities are still participating in the programme despite challenges in terms of complying with some of the conditions. A high level progress on the Municipal Debt Relief Programme is as follows:

- **All 07 Debt Relief municipalities are still participating in the programme.** The levels of compliance vary from those that are deemed to have adequately complied to municipalities that demonstrate persistent disregard for the Debt Relief conditions.
- **Amahlathi, Makana and Raymond Mhlaba** continue to make their ESKOM payment on time. These municipalities still need to improve on revenue collections and need to be supported in this regard. The 3 municipalities are currently supported to instal SMART electricity meters through the Municipal Debt Relief programme. These municipalities have also been approved for the first write off totalling R26.5 million, R19.2 million and R99.8 million respectively.
- **Enoch Mgiijima, Walter Sisulu, Inxuba Yethemba and Dr Beyers Naude** are struggling to comply with the debt relief conditions and the province is providing support to try and improve in this regard. The interventions include revenue collection initiatives, support to collect debt owed by government departments and SMART metering. There is also additional intervention in the form of cost reflective tariff setting and valuation reconciliations.

38. The **SRVM and Blue Crane Route** municipalities owe ESKOM R39.5 million and R226.8 million respectively. These municipalities are the latest addition to municipalities in arrears with ESKOM and need to be monitored closely as this arrear debt is increasing at a very fast rate during each quarter. Sundays River Valley has signed a payment agreement with ESKOM while Blue Crane is finalizing the payment plan for tabling to council and subsequent signing by the Accounting Officer of the municipality. This payment plan is expected to be finalized by 31 December 2025.



39. Amount owing to AGSA fees by municipalities is R40 million. Most municipalities are managing to service their accounts with the AGSA. The two defaulting municipalities in the province are Inxuba Yethemba and Koukamma with R13 million and R7.9 million respectively. Both municipalities have signed payment agreements with the AGSA and litigation has been put on hold.

DEBTORS

40. **Table 7** below reflects total outstanding debtors amounting to R50.8 billion (**R43.8 billion at 30 September 2024**) reported by municipalities at 30 September 2025. A year-on-year growth of 13.7 percent in debt owed to municipalities affect the long term financial sustainability of the province and is mainly due to the household category which is responsible for 76 percent of the total outstanding debt.

Debtors Age Analysis By	0 - 30 Days		31 - 60 Days		61 - 90 Days		Over 90 Days		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Organs of State	457 632	7%	331 731	17%	295 730	12%	1 633 439	4%	2 718 532	5%
Commercial	2 460 185	39%	409 726	21%	244 286	10%	4 923 293	12%	8 037 490	16%
Households	3 312 504	52%	1 178 359	60%	1 740 906	73%	32 456 702	81%	38 688 471	76%
Other	107 220	2%	37 726	2%	101 888	4%	1 145 763	3%	1 392 597	3%
Total By Customer G	6 337 541	12%	1 957 542	4%	2 382 810	5%	40 159 197	79%	50 837 090	100

Source : NT Local Government Database

41. Of the total outstanding debt owed to municipalities, debtors older than 90 days amounted to R40.1 billion or 79 percent of the total outstanding debtors.

42. Reported outstanding household (h/h) debt amounts to R38.6 billion at 30 September 2025 (**R33 billion at 30 September 2024**) and is the highest contributing customer group at 76 per cent of the total debt. The household debt continues to grow significantly year-on-year as a result of high levels of unemployment in the province and the culture of non-payment of municipal debt. The household debt reflects a year-on-year growth of 14.5 percent. More stringent revenue collection mechanisms need to be implemented by municipalities in the province to address the liquidity challenges that have been identified in the section on creditors above.

43. Debt owed by commercial/business consumers amounted to just over R8 billion at 30 September 2025 (**R7.1 billion at 30 September 2024**) and is equivalent to 16 percent of total debt owed to municipalities. A marginal year-on-year growth of 1.4 percent is noted in this consumer category.

44. Debt owed by government institutions amounted to R2.7 billion or 5 percent of the total debt owed for the quarter ended 30 September 2025. The commitments made by government departments during the quarter arrear debt municipalities were fulfilled as most departments still have enough budget to pay for municipal accounts.



45. **Table 8** below shows the debtors age analysis per district as at 30 September 2025.

Table 8: Debtors age analysis Per District - 30 September 2025 (R 000)					
Description	0 - 30 days	31- 60 days	61-90 days	Over 90 days	Total
Alfred Nzo	23 616	20 873	138 498	626 338	809 325
Amathole	190 838	162 335	214 260	3 808 424	4 375 857
Chris Hani	257 489	188 885	293 001	3 709 579	4 448 954
Joe Gqabi	51 460	63 059	168 010	2 385 866	2 668 395
OR Tambo	518 535	84 911	62 470	2 047 707	2 713 623
Sarah Baartman	344 511	82 809	56 529	1 622 615	2 106 464
Total Exc Metros	1 386 449	602 872	932 768	14 200 529	17 122 618
Buffalo	831 453	383 688	305 451	7 786 491	9 307 083
NMB	4 119 637	970 982	1 144 590	18 172 179	24 407 388
Total Incl Metros	6 337 539	1 957 542	2 382 809	40 159 199	50 837 089

Source : NT Local Government Database

46. The provincial government is implementing various interventions to assist municipalities to improve revenue collection. Where credit control by-laws are being implemented, political will is also required to support municipal officials to collect from those household consumers that can afford to pay while the unemployed are being subsidized through indigent policies and municipal Free Basic Services. The credibility of the billing data by some municipality presents some challenges where accounts are disputed and municipalities are unable to substantiate the balances. Considering the fact that consumers do not have full access to the basic municipal services, the push back by those communities result in withholding of payments for municipal services. Overall, the above factors and non payment for municipal services cripple municipal finances.
47. Of the total debt owed to municipalities in the province, the 6 districts have collectively contributed R17.1 billion or 33.6 percent of the outstanding debt. With the exception of Alfred Nzo district, all the other district are owed at least R2 billion by communities in their respective areas of jurisdiction. Municipalities in Amathole and Chris Hani districts are owed R4.3 billion and R4.4 billion respectively.
48. The Buffalo City has reported R9.3 billion while the Nelson Mandela Metro has reported the biggest balances for outstanding debt at R24.4 billion.



F. ANALYSES AND DISTRICTS OVERVIEW

OPERATING REVENUE & EXPENDITURE

49. **Table 9** below shows the provincial operating revenue as at 30 September 2025.

Table 9: Operating Revenue for the month ended 30 September 2025						
ITEM	2025/26					
	Budget		First Quarter		Year to Date	
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of adjusted budget
Operating Revenue	54 874 201	55 037 980	18 941 552	34,5%	18 941 552	34,4%
Exchange Revenue						
Service charges - Electricity	13 038 944	13 038 944	3 938 277	30,2%	3 938 277	30,2%
Service charges - Water	6 053 886	6 053 886	1 072 504	17,7%	1 072 504	17,7%
Service charges - Waste Water Management	2 192 562	2 192 562	481 334	22,0%	481 334	22,0%
Service charges - Waste Management	1 502 382	1 502 382	379 248	25,2%	379 248	25,2%
Sale of Goods and Rendering of Services	591 597	591 597	129 958	22,0%	129 958	22,0%
Agency services	112 734	112 734	24 671	21,9%	24 671	21,9%
Interest	-	-	-	-	-	-
Interest earned from Receivables	2 192 309	2 192 309	612 994	28,0%	612 994	28,0%
Interest earned from Current and Non-Current Assets	1 106 848	1 106 848	181 368	16,4%	181 368	16,4%
Dividends	-	-	-	-	-	-
Rent on Land	2 368	2 368	84	3,5%	84	3,5%
Rental from Fixed Assets	150 046	150 046	37 843	25,2%	37 843	25,2%
Licence and permits	90 708	90 708	19 064	21,0%	19 064	21,0%
Special rating levies	15 436	15 436	4 789	31,0%	4 789	31,0%
Operational Revenue	643 362	643 362	49 808	7,7%	49 808	7,7%
Non-Exchange Revenue						
Property rates	7 839 207	7 839 207	5 585 867	71,3%	5 585 867	71,3%
Surcharges and Taxes	129 027	129 027	12 167	9,4%	12 167	9,4%
Fines, penalties and forfeits	240 945	240 945	39 829	16,5%	39 829	16,5%
Licences or permits	44 085	44 085	13 791	31,3%	13 791	31,3%
Transfer and subsidies - Operational	16 773 928	16 931 205	6 001 304	35,8%	6 001 304	35,4%
Interest	386 236	386 236	61 729	16,0%	61 729	16,0%
Fuel Levy	1 660 020	1 660 020	266 014	16,0%	266 014	16,0%
Operational Revenue	21 605	21 605	22 676	105,0%	22 676	105,0%
Gains on disposal of Assets	24 091	24 643	3 747	15,6%	3 747	15,2%
Other Gains	27 163	29 163	2 486	9,2%	2 486	8,5%
Discontinued Operations	34 711	38 660	-	-	-	-

Source: LG database

50. The consolidated operating revenue billed by municipalities amounted to R18.9 billion during the quarter ending 30 September 2025 (**R18.1 billion on 30 September 2024**) or 34.4 percent of the total operating revenue budget by municipalities in the province. The revenue billed during the corresponding quarter of the financial year remains virtually the same.

51. The year-to-date operating revenue for the province as reflected above is underpinned by:

- R5.5 billion (**R5.1 billion in September 2024**) that has been raised in respect of municipal property rates. The year-to-date billed revenue for property rates is equivalent to 71.3 percent of the budget.
- R6 billion from Transfers and subsidies (**R5.8 billion at 30 September 2024**), and



- R5.8 billion from service charges which consists of - Electricity (R3.9 billion), Water (R1 billion), Sanitation (R481.3 million) and Refuse removal (R379.2 million).

52. The average collection for municipalities in the province for the quarter under review was assessed at 57 percent. The low collection levels are due to a combination of factors such as the rural nature of most municipalities in the province (high indigency rate), credibility of billing data of some of the municipalities (disputed accounts), the culture of non-payment for municipal services (ineffective enforcement of credit control by-laws) and the high unemployment levels. The quality of services provided by some municipalities is also not up to the required standard due to the work ethic in some municipalities exacerbated by delapidated infrastructure.

53. **Table 10** below reflects the consolidated operating expenditure for municipalities in the province as at 30 September 2025. The overall operating expenditure by municipalities was reported at R10.7 or 19.3 percent of the consolidated budget.

Table 10: Consolidated Operating Expenditure for the month ended 30 September 2025						
ITEM	2025/26					
	Budget		First Quarter		Year to Date	
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of adjusted
Operating Expenditure	55 439 442	55 585 908	10 735 704	19,4%	10 735 704	19,3%
Employee related costs	16 478 726	16 469 217	3 348 714	20,3%	3 348 714	20,3%
Remuneration of councillors	836 916	836 951	175 769	21,0%	175 769	21,0%
Bulk purchases - electricity	13 410 893	13 407 043	3 178 400	23,7%	3 178 400	23,7%
Inventory consumed	1 824 814	1 820 215	225 748	12,4%	225 748	12,4%
Debt impairment	5 296 376	5 310 978	564 732	10,7%	564 732	10,6%
Depreciation and amortisation	4 263 663	4 271 770	748 257	17,5%	748 257	17,5%
Interest	247 982	247 982	92 648	37,4%	92 648	37,4%
Contracted services	6 155 924	6 222 069	966 794	15,7%	966 794	15,5%
Transfers and subsidies	557 711	561 589	143 965	25,8%	143 965	25,6%
Irrecoverable debts written off	1 061 591	1 061 591	155 042	14,6%	155 042	14,6%
Operational costs	4 704 535	4 788 292	1 101 586	23,4%	1 101 586	23,0%
Losses on disposal of Assets	86 709	74 410	810	,9%	810	1,1%
Other Losses	513 601	513 801	33 239	6,5%	33 239	6,5%

Source: LG database

54. The total expenditure at 30 September 2025 amounted to R10.7 billion which is an increase of R500 million compared to R11.2 billion that was reported at 30 September 2024. The year-to-date expenditure is mainly underpinned by the following:

- Employee related costs reported at R3.3 billion (20.3 percent of the budget);
- Bulk account for electricity reported at R3.1 billion (23.7 per cent of the budget);
- Contracted services at R966.7 million (15.5 percent of the budget) and
- Operational costs at R1.1 billion (23 percent of the budget)



CAPITAL EXPENDITURE

55. **Table 11** below shows the Provincial Capital Expenditure Summary of R1.7 billion reported for the quarter ended 30 September 2025. This is a marginal reduction from the R1.4 billion that was reported for the period ended 30 September 2024.

Table 11: Capital Expenditure for the month ended 30 September 2025

ITEM	2025/26					
	Budget		First Quarter		Year to Date	
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of adjusted budget
Capital Expenditure Functional	10 206 585	10 393 665	1 708 325	16,7%	1 708 325	16,4%
Municipal governance and administration	702 598	757 509	194 669	27,7%	194 669	25,7%
Executive and Council	26 692	26 692	3 519	13,2%	3 519	13,2%
Finance and administration	672 983	727 895	190 523	28,3%	190 523	26,2%
Internal audit	2 923	2 923	626	21,4%	626	21,4%
Community and Public Safety	1 021 586	1 076 980	117 083	11,5%	117 083	10,9%
Community and Social Services	249 753	259 178	31 376	12,6%	31 376	12,1%
Sport And Recreation	166 216	180 455	22 439	13,5%	22 439	12,4%
Public Safety	137 519	150 848	12 602	9,2%	12 602	8,4%
Housing	458 134	474 373	49 629	10,8%	49 629	10,5%
Health	9 964	12 125	1 037	10,4%	1 037	8,6%
Economic and Environmental Services	3 814 353	3 853 415	657 590	17,2%	657 590	17,1%
Planning and Development	1 021 947	1 025 169	159 299	15,6%	159 299	15,5%
Road Transport	2 791 406	2 827 246	498 291	17,9%	498 291	17,6%
Environmental Protection	1 000	1 000	-	-	-	-
Trading Services	4 599 902	4 637 615	737 860	16,0%	737 860	15,9%
Energy sources	724 045	713 330	123 968	17,1%	123 968	17,4%
Water Management	3 010 089	3 042 074	518 680	17,2%	518 680	17,1%
Waste Water Management	681 818	685 124	89 529	13,1%	89 529	13,1%
Waste Management	183 951	197 087	5 683	3,1%	5 683	2,9%
Other	68 145	68 145	1 124	1,6%	1 124	1,6%

Source: LG database

56. It should be noted that most municipalities are reliant on conditional grants to fund their respective capital and infrastructure programmes. The capital revenue does not align to the capital expenditure as required by the Municipal Budget and Reporting Regulations. Municipalities have spent 17.4 percent of the allocation for electricity/energy, 17.1 percent on the allocation for water and only 15.5 percent for the allocation for roads infrastructure.



57. The above trends on capital budgets highlight the urgency by municipalities to expedite spending on service delivery as most municipalities infrastructure projects are funded from conditional grants. We have highlighted the risks of losing grant funding in the conditional grants section of this report.

58. **Table 12** below shows capital funding as at the end of September 2025.

Table 12: Capital Revenue for the month ended 30 September 2025						
ITEM	2025/26					
	Budget		First Quarter		Year to Date	
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of adjusted
Source of Finance	10 164 898	10 351 977	1 629 447	16,0%	1 629 447	15,7%
National Government	7 216 070	7 256 690	1 346 102	18,7%	1 346 102	18,5%
Provincial Government	345 788	357 749	(16 259)	(4,7%)	(16 259)	(4,5%)
District Municipality	63 609	63 609	446	,7%	446	,7%
Transfers and subsidies - capital (monetary alloc)(Departm Agencies)	44 489	44 974	2 234	5,0%	2 234	5,0%
Transfers recognised - capital	7 669 955	7 723 021	1 332 522	17,4%	1 332 522	17,3%
Borrowing	234 623	235 452	1 684	,7%	1 684	,7%
Internally generated funds	2 260 319	2 393 504	295 241	13,1%	295 241	12,3%

Source: LG database

59. The consolidated capital revenue raised at 30 September 2025 amounted to R1.6 billion or 15.7 percent of the budget. The variance between the capital revenue of R1.6 billion and the capital expenditure of R1.7 billion is being addressed through interventions such as engagements with systems vendors.



CASH FLOW POSITION AT 30 SEPTEMBER 2025

60. The consolidated cash position of delegated municipalities in the province is reflected in table 13 below. According to the National Treasury norms, municipalities are required to maintain a bank balance that will enable payment of creditors and other financial/statutory obligations for a period of 3 months without receiving any cash inflows.

Table 13: Conditional Grants, Cash-Bank and Investments 2025/26 Budget year

		Quarter Ending September 2025 (Verified Figures)						
R thousands	Code	Bank Statement Balance	Short Term Investments / Call Deposit Balance	Less Total Unspent Infrastructure Conditional Grants (Transferred to-date)	Cash Available For Operations & Current Creditors	Long Term Investments Balance per Bank Statement	Net Cash and Investments Available	Cash Coverage
Matatiele	EC441	5 648	329 820	20 401	315 067	-	315 067	31 months
Umzimvubu	EC442	24 423	100 382	6 922	117 883	-	117 883	15 months
Mbizana	EC443	2 198	538 044	21 325	518 917	-	518 917	54 months
Ntabankulu	EC444	670	52 172	14 392	38 449	-	38 449	8 months
Alfred Nzo	DC44	157 981	1 671 045	204 823	1 624 203	-	1 624 203	82 months
Total Alfred Nzo		190 919	2 691 463	267 862	2 614 520	-	2 614 520	
Mbhashe	EC121	32 346	562 418	41 323	553 440	-	553 440	19 months
Mnquma	EC122	16 479	197 669	13 570	200 578	-	200 578	4 months
Great Kei	EC123	2 232	90 933	4 201	88 965	-	88 965	8 months
Amahlathi	EC124	2 407	30 415	12 886	19 937	-	19 937	1.5 months
Ngqushwa	EC126	41 693	15 504	24 937	32 259	-	32 259	2 months
Raymond Mhlaba	EC129	3 445	31 380	16 160	18 664	-	18 664	1.2 months
Amathole	DC12	243 892	61 266	78 266	226 893	-	226 893	0.9 months
Total Amathole		342 494	989 585	191 343	1 140 736	-	1 140 736	
Inxuba Yethemba	EC131	2 074	1 148	10 637	(7 415)	-	(7 415)	0 months
Intsika Yethu	EC135	5 993	43 977	10 055	39 915	10 000	29 915	1.0 months
Emalahleni (Ec)	EC136	2 709	183 448	22 262	163 895	-	163 895	7 months
Engcobo	EC137	22 706	-	1 888	20 818	-	20 818	5 months
Sakhisizwe	EC138	530	75 861	23 224	53 168	-	53 168	3.9 months
Enoch Mgijima	EC139	6 600	139 657	48 952	97 305	-	97 305	0.9 months
Chris Hani	DC13	10 136	172 869	120 934	62 070	-	62 070	0.0 months
Total Chris Hani		50 748	616 960	237 953	429 755	10 000	398 957	
Elundini	EC141	36 738	32 124	16 267	52 595	-	52 595	0 months
Senqu	EC142	5 430	505 799	21 639	489 590	-	489 590	4 months
Walter Sisulu	EC145	4 404	49 744	10 892	43 256	-	43 256	0 months
Joe Gqabi	DC14	3 108	135 776	45 929	92 955	-	92 955	2 months
Total Joe Gqabi		49 680	723 443	94 727	678 396	-	678 396	
Ngquza Hills	EC153	232 760	132 163	28	364 894	-	364 894	35 months
Port St Johns	EC154	939	135 839	21 350	115 428	-	115 428	21 months
Nyandeni	EC155	33 418	581 763	17 772	597 409	-	597 409	67 months
Mhlonlto	EC156	1 894	102 937	7 987	96 844	-	96 844	8 months
King Sabata Dalindyebo	EC157	1 628	60 646	(4 705)	66 979	-	66 979	2 months
O .R. Tambo	DC15	-	-	-	-	-	-	-
Total O .R. Tambo		270 639	1 013 348	42 433	1 241 553	-	1 241 553	
Dr Beyers Naude	EC101	3 403	44 008	25 683	21 728	-	21 728	0 months
Blue Crane Route	EC102	13 782	64 288	31 728	46 342	-	46 342	2 months
Makana	EC104	15 995	49 119	28 489	36 625	-	36 625	4 months
Ndlambe	EC105	5 613	90 178	85 325	181 116	-	181 116	3 month
Sundays River Valley	EC106	1 050	45 773	18 983	27 840	-	27 840	1 month
Kouga	EC108	34 094	153 767	34 713	153 148	-	153 148	6 month
Kou-Kamma	EC109	9 186	8 380	15 412	2 154	-	2 154	0 months
Sarah Baartman	DC10	22 265	184 221	-	206 486	-	206 486	16 months
Total Sarah Baartman		105 388	639 734	240 332	675 440	-	675 440	
Sub-Total Excl Metros		1 009 868	6 674 533	1 074 651	6 780 400	10 000	6 749 603	
Buffalo City	BUF	-	-	-	-	-	-	-
Nelson Mandela Bay	NMA	-	-	-	-	-	-	-
Sub-Total Metros		-	-	-	-	-	-	
Total Eastern Cape		1 009 868	6 674 533	1 074 651	6 780 400	10 000	6 749 603	



61. At 30 September 2025, the total cash available for operations amounted as reported by all delegated municipalities amounted to R6.9 billion. This is after taking into account the total unspent conditional transfers of just over R1 billion – i.e based on the conditional grants that were transferred at 30 September 2025.
62. The analysis of table 13 above reveals that the liquidity positions of 16 delegated municipality is very weak and does not adhere to the Treasury norm. These municipalities are at a risk of not honouring various financial obligations as they become due and this is likely to contribute to interest and penalties, bad credit records and possible interruption to service delivery.
63. Municipalities in Alfred Nzo and OR Tambo districts had more favorable cash balances than municipalities in other districts. In terms of other districts, Sarah Baartman, Amathole and Chris Hani districts had 4 municipalities per each district that failed to meet the cost coverage ratio for the quarter ended 30 September 2025. The Joe Gqabi district had 2 municipalities that failed to meet the requirement. The PT continues to provide support to these municipalities and this involves the targeted approach on revenue management.

G. mSCoA IMPLEMENTATION

64. The accounting officer of a municipality is required to, by no later than 10 working days after the end of each month, submit to the mayor of the municipality and the relevant Provincial Treasury in the prescribed format the statutory monthly reporting for the municipality, which includes the electronic monthly mSCoA transactional information submissions.
65. At 30 September 2025, stage 1 validation status of the Eastern Cape Province is reflected in **Table 14** below:

Table 14: Status of Schedule of Submissions - stage 1(month 03)

#	MUNICIPALITY	STATUS OF SUBMISSION	#	MUNICIPALITY	STATUS OF SUBMISSION	#	MUNICIPALITY	STATUS OF SUBMISSION
1	Buffalo City	Submitted/Successful	14	Raymond Mhlaba	Submitted/Successful	27	Mhlonlo	Submitted/Successful
2	Nelson Mandela Bay	Submitted with errors	15	Chris Hani	Submitted/Successful	28	Ngquza Hills	Submitted/Successful
3	Alfred Nzo	Submitted/Successful	16	Emalahleni (EC)	Submitted/Successful	29	Nyandeni	Submitted/Successful
4	Matatiele	Submitted/Successful	17	Engcobo	Submitted/Successful	30	O R Tambo	Submitted/Successful
5	Mbizana	Submitted/Successful	18	Enoch Mgijima	Submitted/Successful	31	Port St Johns	Submitted/Successful
6	Ntabankulu	Submitted/Successful	19	Intsika Yethu Inxuba	Submitted/Successful	32	Blue Crane Route	Submitted/Successful
7	Umzimvubu	Submitted/Successful	20	Yethemba	Submitted/Successful	33	Dr Beyers Naude	Submitted/Successful
8	Amahlathi	Submitted/Successful	21	Sakhisizwe	Submitted/Successful	34	Kou-Kamma	Submitted/Successful
9	Amathole	Submitted/Successful	22	Elundini	Submitted/Successful	35	Kouga	Submitted/Successful
10	Great Kei	Submitted/Successful	23	Joe Gqabi	Submitted/Successful	36	Makana	Submitted/Successful
11	Mbhashe	Submitted/Successful	24	Senqu	Submitted/Successful	37	Ndlambe	Submitted/Successful
12	Mnquma	Submitted/Successful	25	Walter Sisulu King Sabata	Submitted/Successful	38	Sarah Baartman Sundays River	Submitted/Successful
13	Ngqushwa	Submitted/Successful	26	Dalindyebo	Submitted/Successful	39	Valley	Submitted/Successful

Source: LG database



66. We note that all 39 municipalities managed to submit the monthly reports/data strings within 10 working days as required by section 71 of the MFMA.

67. **Table 15** below shows stage 2 validations. Subsequent to the receipt of the monthly mSCoA transactional data strings, National Treasury Local Government Portal conducts segment validation of the data strings to ensure that municipalities have applied the correct segments based on predetermined rules.

Table 15: Stage 2 validations

Month 03 (September 2025) Stage 2 validations								
#	MUNICIPALITY	STATUS OF VALIDATION	#	MUNICIPALITY	STATUS OF VALIDATION	#	MUNICIPALITY	STATUS OF VALIDATION
1	Buffalo City	Successful (Phase 2)	14	Raymond Mhlaba	Successful (Phase 2)	27	Mhlonlo	Successful (Phase 2)
2	Nelson Mandela Bay	Submitted with errors	15	Chris Hani	Successful (Phase 2)	28	Ngquza Hills	Successful (Phase 2)
3	Alfred Nzo	Successful (Phase 2)	16	Emalahleni (EC)	Successful (Phase 2)	29	Nyandeni	Successful (Phase 2)
4	Matatiele	Successful (Phase 2)	17	Engcobo	Successful (Phase 2)	30	O R Tambo	Successful (Phase 2)
5	Mbizana	Successful (Phase 2)	18	Enoch Mgijima	Successful (Phase 2)	31	Port St Johns	Successful (Phase 2)
6	Ntabankulu	Successful (Phase 2)	19	Intsika Yethu Inxuba	Successful (Phase 2)	32	Blue Crane Route	Successful (Phase 2)
7	Umzimvubu	Successful (Phase 2)	20	Yethemba	Successful (Phase 2)	33	Dr Beyers Naude	Successful (Phase 2)
8	Amahlathi	Successful (Phase 2)	21	Sakhisizwe	Submitted with errors	24	Kou-Kamma	Successful (Phase 2)
9	Amathole	Successful (Phase 2)	22	Elundini	Successful (Phase 2)	35	Kouga	Successful (Phase 2)
10	Great Kei	Successful (Phase 2)	23	Joe Gqabi	Successful (Phase 2)	36	Makana	Successful (Phase 2)
11	Mbhashe	Successful (Phase 2)	24	Senqu	Submitted with errors	27	Ndlambe	Successful (Phase 2)
12	Mnquma	Successful (Phase 2)	25	Walter Sisulu King Sabata Dalindyebo	Successful (Phase 2)	38	Sarah Baartman Sundays River	Successful (Phase 2)
13	Ngqushwa	Successful (Phase 2)	26			39	Valley	Submitted with errors

Source: GOMUNI portal

68. 04 municipalities have been assessed to have uploaded data strings that have been assessed to have errors. The affected municipalities have been advised to correct the discrepancies that have been identified.

H. CONCLUSION

69. Given the challenges identified, the following most immediate interventions are required as tabulated below:

CHALLENGES IDENTIFIED	INTERVENTION AREA	ANTICIPATED IMPACT/OUTCOME
Under-collection of revenue on municipal services.	Strengthening of support around revenue management in the municipalities that are under intervention into section 139 of the Constitution, those that adopted unfunded budgets and the 07 municipalities participating in the Municipal Debt Relief Programme	Improvement in the collection rate of municipalities which ultimately result in improved cashflow; Installation of SMART meters to identified municipalities in order to curb electricity losses due to by-passing and also to improve revenue collection. At 30 September 2025, 04 municipalities had been approved for support in installation of SMART electricity meters. It is anticipated



CHALLENGES IDENTIFIED	INTERVENTION AREA	ANTICIPATED IMPACT/OUTCOME
	<p>Continue with the Revenue Management Forum as a platform for all municipalities in the province to share best practices on common challenges;</p> <p>Technical Advisor support on various aspects of the revenue management chain – i.e cost reflective tariffs, valuation roll reconciliations, completeness of billing and tightening of credit control policies and by-laws of municipalities to give effect to revenue management.</p>	<p>that this installation will improve the collection rate of these supported municipalities. WSLM also embarked on a project for SMART meters and the project is expected to be completed in December 2025.</p> <p>Streamlined activities in the revenue chain of municipalities;</p> <p>Levying of tariffs that take into account the cost of providing services to municipalities.</p> <ul style="list-style-type: none"> • Reduction in debt owed by Government and Commercial Consumers; • Ultimate reduction in debt owed by household consumers; • Through participation in the Municipal Debt Relief Programme, municipalities are to benefit from efficiencies and best practices associated with the programme.
<p>Creditors that are not paid within 30 days of receiving an invoice – particularly for bulk services</p>	<p>The Municipal Debt Relief Programme coordinated by the NT presents an opportunity for municipalities whose accounts are in arrears with ESKOM to have the debt written off.</p> <p>Negotiation of favourable payment terms between municipalities and DWS</p>	<p>For those municipalities that participate in the Municipal Debt Relief Programme, the write off, of the ESKOM debt will provide a huge relief to the finances. As at 30 September 2025, Makana, Amahlathi and Raymond Mhlaba’s overall compliance with Municipal Debt Relief conditions was deemed adequate. The write off approval for all 03 municipalities has been finalized and the letters have been issued. An attempt was made to request National Treasury to consider writing off the first 1/3rd for Walter Sisulu municipality. This attempt has not been successful and will be pursued as the payment rate for the ESKOM account improves.</p> <p>Some of the annual budgets which have been unfunded for years are likely to be funded as the result of write off that have been approved;</p> <p>There is anticipated improvement in revenue collection as this area is one of the</p>



CHALLENGES IDENTIFIED	INTERVENTION AREA	ANTICIPATED IMPACT/OUTCOME
		<p>requirements imposed on municipalities to participate in the programme.</p> <p>The ECPT is also assisting some of the municipalities that are indebted to the water boards to negotiate favourable terms of repayment.</p> <p>Reduction of DWS debt over a period of 3 – 5 years for ADM, ORTDM, CHDM & SRVM. These municipalities were supported to negotiate with DWS to suppress interest for it to be written off after the capital is paid up.</p> <p>At 30 September 2025, 4 municipalities in the province have been approved – i.e Makana, Chris Hani, OR Tambo and Sundays River Valley.</p>



RECOMMENDATIONS

70. In light of the above issues identified and some of the interventions to improve the state of municipal finances, it is recommended that the MEC :

- a. **Note** the content of the report;
- b. **Note** various interventions done by PT in collaboration with sector departments in assisting municipalities to expedite spending on infrastructure conditional grants.

Ikhwezi Lomso greetings: Serving with Honesty, Humility and Integrity

PREPARED:

ofree

Mr. O FREE

DEPUTY DIRECTOR: MFG

DATE: 06/11/2025

REVIEWED:

[Signature]

MR. N BOMVANE

DIRECTOR: MFG

DATE: 06/11/2025

SUBMITTED:

[Signature]

MR. T PHOGOLE

CHIEF DIRECTOR: MFG

DATE: 06 November 2025

SUPPORTED:

[Signature]

Ms. N TUNGATA

DEPUTY DIRECTOR GENERAL: MFG

DATE: 14/11/2025

RECOMMENDED:

[Signature]

MR. D MAJEKE

HEAD OF DEPARTMENT

DATE: 21/11/2025

APPROVED:

[Signature]

MR. M.G MVOKO (MPL)

MEMBER OF THE EXECUTIVE COUNCIL: FINANCE

DATE: 24/11/2025



ANNEXURE A: CONSOLIDATED OPERATING REVENUE & EXPENDITURE AS 30 SEPTEMBER 2025

Part1: Operating Revenue and Expenditure

R thousands	2025/26						2024/25		Q4 of 2024/25 to Q4 of 2025/26
	Budget		First Quarter		Year to Date		Fourth Quarter		
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	
Operating Revenue and Expenditure									
Operating Revenue	54 874 201	55 037 980	18 941 552	34,5%	18 941 552	34,4%	7 684 843	93,4%	(100,0%)
Exchange Revenue									
Service charges - Electricity	13 038 944	13 038 944	3 938 277	30,2%	3 938 277	30,2%	3 035 214	98,9%	(100,0%)
Service charges - Water	6 053 886	6 053 886	1 072 504	17,7%	1 072 504	17,7%	1 346 392	89,0%	(100,0%)
Service charges - Waste Water Management	2 192 562	2 192 562	481 334	22,0%	481 334	22,0%	503 119	89,5%	(100,0%)
Service charges - Waste Management	1 502 382	1 502 382	379 248	25,2%	379 248	25,2%	313 845	92,6%	(100,0%)
Sale of Goods and Rendering of Services	591 597	591 597	129 958	22,0%	129 958	22,0%	123 394	73,5%	(100,0%)
Agency services	112 734	112 734	24 671	21,9%	24 671	21,9%	31 165	39,1%	(100,0%)
Interest	-	-	-	-	-	-	-	-	-
Interest earned from Receivables	2 192 309	2 192 309	612 994	28,0%	612 994	28,0%	661 267	127,9%	(100,0%)
Interest earned from Current and Non Current Assets	1 106 848	1 106 848	181 368	16,4%	181 368	16,4%	344 134	89,0%	(100,0%)
Dividends	-	-	-	-	-	-	-	-	-
Rent on Land	2 368	2 368	84	3,5%	84	3,5%	590	174,6%	(100,0%)
Rental from Fixed Assets	150 046	150 046	37 843	25,2%	37 843	25,2%	28 167	92,2%	(100,0%)
Licence and permits	90 708	90 708	19 064	21,0%	19 064	21,0%	15 943	91,4%	(100,0%)
Special rating levies	15 436	15 436	4 789	31,0%	4 789	31,0%	-	-	-
Operational Revenue	643 362	643 362	49 808	7,7%	49 808	7,7%	56 762	41,5%	(100,0%)
Non-Exchange Revenue									
Property rates	7 839 207	7 839 207	5 585 867	71,3%	5 585 867	71,3%	630 905	94,8%	(100,0%)
Surcharges and Taxes	129 027	129 027	12 167	9,4%	12 167	9,4%	27 598	126,8%	(100,0%)
Fines, penalties and forfeits	240 945	240 945	39 829	16,5%	39 829	16,5%	50 993	60,3%	(100,0%)
Licences or permits	44 085	44 085	13 791	31,3%	13 791	31,3%	9 938	100,0%	(100,0%)
Transfer and subsidies - Operational	16 773 928	16 931 205	6 001 304	35,8%	6 001 304	35,4%	(215 269)	92,9%	(100,0%)
Interest	386 236	386 236	61 729	16,0%	61 729	16,0%	126 604	89,1%	(100,0%)
Fuel Levy	1 660 020	1 660 020	266 014	16,0%	266 014	16,0%	549 337	76,0%	(100,0%)
Operational Revenue	21 605	21 605	22 676	105,0%	22 676	105,0%	18 267	383,0%	(100,0%)
Gains on disposal of Assets	24 091	24 643	3 747	15,6%	3 747	15,2%	13 948	18,2%	(100,0%)
Other Gains	27 163	29 163	2 486	9,2%	2 486	8,5%	12 528	812,1%	(100,0%)
Discontinued Operations	34 711	38 660	-	-	-	-	-	-	-
Operating Expenditure	55 439 442	55 585 908	10 735 704	19,4%	10 735 704	19,3%	10 936 533	84,6%	(100,0%)
Employee related costs	16 478 726	16 469 217	3 348 714	20,3%	3 348 714	20,3%	3 200 899	89,7%	(100,0%)
Remuneration of councillors	836 916	836 951	175 769	21,0%	175 769	21,0%	170 372	89,1%	(100,0%)
Bulk purchases - electricity	13 410 893	13 407 043	3 178 400	23,7%	3 178 400	23,7%	2 811 060	99,7%	(100,0%)
Inventory consumed	1 824 814	1 820 215	225 748	12,4%	225 748	12,4%	280 066	64,3%	(100,0%)
Debt impairment	5 296 376	5 310 978	564 732	10,7%	564 732	10,6%	520 834	38,6%	(100,0%)
Depreciation and amortisation	4 263 663	4 271 770	748 257	17,5%	748 257	17,5%	1 364 191	117,0%	(100,0%)
Interest	247 982	247 982	92 648	37,4%	92 648	37,4%	114 569	124,7%	(100,0%)
Contracted services	6 155 924	6 222 069	966 794	15,7%	966 794	15,5%	1 195 994	67,8%	(100,0%)
Transfers and subsidies	557 711	561 589	143 965	25,8%	143 965	25,6%	142 341	94,2%	(100,0%)
Irrecoverable debts written off	1 061 591	1 061 591	155 042	14,6%	155 042	14,6%	146 868	73,7%	(100,0%)
Operational costs	4 704 535	4 788 292	1 101 586	23,4%	1 101 586	23,0%	912 930	79,7%	(100,0%)
Losses on disposal of Assets	86 709	74 410	810	9%	810	1,1%	51 644	126,0%	(100,0%)
Other Losses	513 601	513 801	33 239	6,5%	33 239	6,5%	24 764	28,1%	(100,0%)
Surplus/(Deficit)	(565 241)	(547 928)	8 205 848	-	8 205 848	-	(3 251 690)	-	-
Transfers and subsidies - capital (monetary allocations)	7 891 398	7 952 356	1 058 236	13,4%	1 058 236	13,3%	1 299 411	52,9%	(100,0%)
Transfers and subsidies - capital (in-kind)	-	-	126	-	126	-	723	1 679,9%	(100,0%)
Surplus/(Deficit) after capital transfers and contributions	7 326 157	7 404 428	9 264 209	-	9 264 209	-	(1 951 556)	-	-
Income Tax	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after income tax	7 326 157	7 404 428	9 264 209	-	9 264 209	-	(1 951 556)	-	-
Share of Surplus/Deficit attributable to Joint Venture	-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) attributable to municipality	7 326 157	7 404 428	9 264 209	-	9 264 209	-	(1 951 556)	-	-
Share of Surplus/Deficit attributable to Associate	-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions	-	-	16 522	-	16 522	-	2 957	68,5%	(100,0%)
Surplus/(Deficit) for the year	7 326 157	7 404 428	9 280 731	-	9 280 731	-	(1 948 599)	-	-



ANNEXURE B: CONSOLIDATED CAPITAL REVENUE & EXPENDITURE - 30 SEPTEMBER 2025

Part 2: Capital Revenue and Expenditure

R thousands	2025/26						2024/25		Q4 of 2024/25 to Q4 of 2025/26
	Budget		First Quarter		Year to Date		Fourth Quarter		
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	
Capital Revenue and Expenditure									
Source of Finance	10 164 898	10 351 977	1 629 447	16,0%	1 629 447	15,7%	2 899 372	69,9%	(100,0%)
National Government	7 216 070	7 256 690	1 346 102	18,7%	1 346 102	18,5%	2 186 650	74,2%	(100,0%)
Provincial Government	345 788	357 749	(16 259)	(4,7%)	(16 259)	(4,5%)	67 502	29,4%	(100,0%)
District Municipality	63 609	63 609	446	,7%	446	,7%	1 211	2,4%	(100,0%)
Transfers and subsidies - capital (monetary alloc)(Departm Agencies,HH,PE	44 489	44 974	2 234	5,0%	2 234	5,0%	20 165	72,3%	(100,0%)
Transfers recognised - capital	7 669 955	7 723 021	1 332 522	17,4%	1 332 522	17,3%	2 275 528	70,1%	(100,0%)
Borrowing	234 623	235 452	1 684	,7%	1 684	,7%	25 242	50,7%	(100,0%)
Internally generated funds	2 260 319	2 393 504	295 241	13,1%	295 241	12,3%	598 602	70,9%	(100,0%)
Capital Expenditure Functional	10 206 585	10 393 665	1 708 325	16,7%	1 708 325	16,4%	2 907 925	71,1%	(100,0%)
Municipal governance and administration	702 598	757 509	194 669	27,7%	194 669	25,7%	162 007	97,7%	(100,0%)
Executive and Council	26 692	26 692	3 519	13,2%	3 519	13,2%	2 574	45,4%	(100,0%)
Finance and administration	672 983	727 895	190 523	28,3%	190 523	26,2%	157 741	100,3%	(100,0%)
Internal audit	2 923	2 923	626	21,4%	626	21,4%	1 692	7,4%	(100,0%)
Community and Public Safety	1 021 586	1 076 980	117 083	11,5%	117 083	10,9%	326 632	67,4%	(100,0%)
Community and Social Services	249 753	259 178	31 376	12,6%	31 376	12,1%	158 095	67,3%	(100,0%)
Sport And Recreation	166 216	180 455	22 439	13,5%	22 439	12,4%	44 349	89,9%	(100,0%)
Public Safety	137 519	150 848	12 602	9,2%	12 602	8,4%	33 653	54,3%	(100,0%)
Housing	458 134	474 373	49 629	10,8%	49 629	10,5%	87 015	64,3%	(100,0%)
Health	9 964	12 125	1 037	10,4%	1 037	8,6%	3 520	50,7%	(100,0%)
Economic and Environmental Services	3 814 353	3 853 415	657 590	17,2%	657 590	17,1%	1 375 001	68,3%	(100,0%)
Planning and Development	1 021 947	1 025 169	159 299	15,6%	159 299	15,5%	367 712	67,0%	(100,0%)
Road Transport	2 791 406	2 827 246	498 291	17,9%	498 291	17,6%	1 007 289	68,8%	(100,0%)
Environmental Protection	1 000	1 000	-	-	-	-	-	-	-
Trading Services	4 599 902	4 637 615	737 860	16,0%	737 860	15,9%	1 031 170	70,5%	(100,0%)
Energy sources	724 045	713 330	123 968	17,1%	123 968	17,4%	246 897	70,8%	(100,0%)
Water Management	3 010 089	3 042 074	518 680	17,2%	518 680	17,1%	616 884	75,4%	(100,0%)
Waste Water Management	681 818	685 124	89 529	13,1%	89 529	13,1%	135 360	56,1%	(100,0%)
Waste Management	183 951	197 087	5 683	3,1%	5 683	2,9%	32 029	53,6%	(100,0%)
Other	68 145	68 145	1 124	1,6%	1 124	1,6%	13 116	65,1%	(100,0%)



ANNEXURE C: CONSOLIDATED CASH RECEIPTS & PAYMENTS – 30 SEPTEMBER 2025

Part 3: Cash Receipts and Payments

R thousands	2025/26								Q4 of 2024/25 to Q4 of 2025/26
	Budget		First Quarter		Year to Date		Fourth Quarter		
	Main appropriation	Adjusted Budget	Actual Expenditure	1st Q as % of Main appropriation	Actual Expenditure	Total Expenditure as % of adjusted budget	Actual Expenditure	Total Expenditure as % of adjusted budget	
Cash Flow from Operating Activities									
Receipts	51 787 778	49 229 734	13 622 361	26,3%	13 622 361	27,7%	5 533 779	87,1%	(100,0%)
Property rates	3 827 533	3 827 533	1 166 142	30,5%	1 166 142	30,5%	342 657	53,0%	(100,0%)
Service charges	21 067 000	20 732 544	1 891 360	9,0%	1 891 360	9,1%	2 100 944	78,5%	(100,0%)
Other revenue	3 902 014	4 079 350	3 300 424	84,6%	3 300 424	80,9%	2 168 073	173,3%	(100,0%)
Transfers and Subsidies - Operational	15 684 193	14 413 476	4 694 503	29,9%	4 694 503	32,6%	387 631	90,2%	(100,0%)
Transfers and Subsidies - Capital	6 148 768	5 074 061	2 410 131	39,2%	2 410 131	47,5%	379 484	73,9%	(100,0%)
Interest	1 158 270	1 102 770	159 800	13,8%	159 800	14,5%	154 990	30,0%	(100,0%)
Dividends	-	-	-	-	-	-	-	-	-
Payments	(44 399 824)	(42 701 303)	(7 299 679)	16,4%	(7 299 679)	17,1%	(4 611 894)	59,2%	(100,0%)
Suppliers and employees	(43 929 583)	(42 229 634)	(7 250 682)	16,5%	(7 250 682)	17,2%	(4 584 700)	59,5%	(100,0%)
Finance charges	(144 856)	(144 856)	(3 962)	2,7%	(3 962)	2,7%	2	8,7%	(100,0%)
Transfers and grants	(325 386)	(326 813)	(45 034)	13,8%	(45 034)	13,8%	(27 195)	36,9%	(100,0%)
Net Cash from/(used) Operating Activities	7 387 954	6 528 431	6 322 682	85,6%	6 322 682	96,8%	921 885	185,1%	(100,0%)
Cash Flow from Investing Activities									
Receipts	44 362	43 614	5 053	11,4%	5 053	11,6%	(588 460)	620,7%	(100,0%)
Proceeds on disposal of PPE	36 362	35 614	13 618	37,5%	13 618	38,2%	65 624	211,2%	(100,0%)
Decrease (increase) in non-current debtors (not used)	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables	8 000	8 000	-	-	-	-	(149 474)	12,0%	(100,0%)
Decrease (increase) in non-current investments	-	-	(8 565)	-	(8 565)	-	(504 610)	-	(100,0%)
Payments	(8 151 277)	(6 845 048)	(1 602 710)	19,7%	(1 602 710)	23,4%	(1 733 109)	64,3%	(100,0%)
Capital assets	(8 151 277)	(6 845 048)	(1 602 710)	19,7%	(1 602 710)	23,4%	(1 733 109)	64,3%	(100,0%)
Net Cash from/(used) Investing Activities	(8 106 914)	(6 801 434)	(1 597 657)	19,7%	(1 597 657)	23,5%	(2 321 569)	68,5%	(100,0%)
Cash Flow from Financing Activities									
Receipts	115 730	115 281	3 694	3,2%	3 694	3,2%	101 419	61,2%	(100,0%)
Short term loans	-	-	-	-	-	-	(853)	-	(100,0%)
Borrowing long term/refinancing	100 000	100 000	-	-	-	-	105 000	77,8%	(100,0%)
Increase (decrease) in consumer deposits	15 730	15 281	3 694	23,5%	3 694	24,2%	(2 728)	(58,6%)	(100,0%)
Payments	(53 962)	(54 475)	(27 619)	51,2%	(27 619)	50,7%	(12 718)	124,2%	(100,0%)
Repayment of borrowing	(53 962)	(54 475)	(27 619)	51,2%	(27 619)	50,7%	(12 718)	124,2%	(100,0%)
Net Cash from/(used) Financing Activities	61 768	60 806	(23 925)	(38,7%)	(23 925)	(39,3%)	88 701	23,4%	(100,0%)
Net Increase/(Decrease) in cash held	(657 193)	(212 197)	4 701 100	(715,3%)	4 701 100	(2 215,4%)	(1 310 982)	565,1%	(100,0%)
Cash/cash equivalents at the year begin:	11 586 999	11 586 999	8 754 099	75,6%	8 754 099	75,6%	26 920 788	43,9%	(49,0%)
Cash/cash equivalents at the year end:	10 929 806	11 374 802	13 735 886	125,7%	13 735 886	120,8%	25 608 192	186,6%	(46,4%)



ANNEXURE D: DEBT OWED TO THE AMATOLA WATER BOARD – 30 SEPTEMBER 2025

Name of Municipality	Current	30 days	60 days	90 days	120 days+	Total	Attribution
Buffalo City Municipality	44 291 227	-	-	(1 617)	(164)	44 289 446	10%
Amathole District Municipality	37 519 997,39	15 748 143,03	16 035 733,98	(41 135 948,16)	342 239 819,46	370 407 745,70	85%
Ndlambe Municipality	1 252 775,94	-	-	-	-	1 252 775,94	0%
Joe Gqabi District Municipality	698,33	738,79	738,79	-	80 918,10	83 094,01	0%
OR Tambo District Municipality	12 667 995,02	-	8 154 233,17	(1 466,36)	(3 380,04)	20 817 381,79	5%
Makana Municipality O&M Contract	4 127,82	4 366,90	4 366,90	3 495,93	531 970,37	548 327,92	0%
Ndlambe Municipality	43 350,33	-	-	-	(106,99)	43 243,34	0%
Dr Beyers Naude Municipality	-	-	2 142,84	1 859,87	134 446,35	138 449,06	0%
Koukama	14 450,11	14 450,11	-	-	-	28 900,22	0%
Blue Crane	14 450,11	-	-	(51,17)	926,04	15 324,98	0%
Total Debtors book	95 809 071,60	15 767 698,83	24 197 215,68	(41 133 727,21)	342 984 429,69	437 624 688,59	100%



ANNEXURE E: DEBT OWED TO ESKOM – 30 SEPTEMBER 2025

INFORMATION REQUIRED IN TERMS OF SECTION 41 OF THE MUNICIPAL FINANCE MANAGEMENT ACT, 2003

REPORTING MONTH :

September-2025

Section 41(2)(b) : Amounts owing and the age profile of outstanding amounts relating to Bulk Electricity Sales

Name of Municipality	Current	31 - 60 days	61 - 90 days	90 days+	Total
EASTERN CAPE	1 343 722 042	211 133 433	189 959 601	4 930 493 959	6 675 309 035
1 ALFRED NZO DISTRICT MUNICIPALITY	1 123 361	0	0	0	1 123 361
2 AMAHLATHI LOCAL MUNICIPALITY	14 521 383	0	1 245 179	84 467 979	100 234 541
3 AMATHOLE DISTRICT MUNICIPALITY	2 532 981	2 782 628	1 990 803	0	7 306 412
4 BLUE CRANE ROUTE LOCAL MUNICIPALITY	15 772 442	22 024 737	21 680 284	167 380 984	226 858 447
5 BUFFALO CITY METROPOLITAN MUNICIPALITY	311 504 750	1 023 035	0	0	312 527 785
6 CHRIS HANI DISTRICT MUNICIPALITY	3 209 953	3 466 547	251 757	0	6 928 257
7 DR BEYERS NAUDE LOCAL MUNICIPALITY	42 428 837	26 600 225	24 309 955	751 438 197	844 777 214
8 ELLUNDINI LOCAL MUNICIPALITY	5 914 937	6 498 327	0	0	12 413 264
9 EMALAHLENI LOCAL MUNICIPALITY (EC)	1 832 996	0	0	0	1 832 996
10 ENGOCHO LOCAL MUNICIPALITY	392 900	0	0	0	392 900
11 ENOCH MGJIMA LOCAL MUNICIPALITY	63 061 856	85 586 448	81 889 609	1 658 223 565	1 888 761 479
12 GREAT KEI LOCAL MUNICIPALITY	1 989 290	117 626	7 645	0	2 114 561
13 INGOLUZA HILL LOCAL MUNICIPALITY	467 626	0	0	0	467 626
14 INTSIKA YETHU LOCAL MUNICIPALITY	657 355	0	0	0	657 355
15 INXUBA YETHEMBA LOCAL MUNICIPALITY	19 453 214	24 222 791	23 049 702	752 505 024	819 230 731
16 JOE QGABI DISTRICT MUNICIPALITY	910 384	0	0	0	910 384
17 KING SABATA DALINDYEBO LOCAL MUNICIPALITY	51 799 539	0	0	313 692 021	365 490 560
18 KOUGA LOCAL MUNICIPALITY	44 470 360	0	0	0	44 470 360
19 KOU-KAMMA LOCAL MUNICIPALITY	683 962	284 824	3	0	968 788
20 MAKANA LOCAL MUNICIPALITY	24 748 527	0	0	131 273 571	156 022 098
21 MATATIELE LOCAL MUNICIPALITY	10 862 793	238 679	25 092	0	11 126 564
22 MBASHE LOCAL MUNICIPALITY	36 319	0	0	0	36 319
23 MBIZANA LOCAL MUNICIPALITY	6 547 222	1 636	0	1	6 548 858
24 MHLONTLO LOCAL MUNICIPALITY	528 577	0	0	0	528 577
25 MNQUMA LOCAL MUNICIPALITY	461 498	440 624	595 841	896 390	2 394 353
26 NDLAMBE LOCAL MUNICIPALITY	11 034 275	0	0	0	11 034 275
27 NELSON MANDELA BAY METROPOLITAN MUNICIPALITY	654 598 355	87 801	0	34	654 686 190
28 NGQUSHWA LOCAL MUNICIPALITY	0	0	0	0	0
29 NTHABANKULU LOCAL MUNICIPALITY	26 370	0	0	0	26 370
30 NYANDENI LOCAL MUNICIPALITY	50 791	0	0	0	50 791
31 O R TAMBO DISTRICT MUNICIPALITY	1 872 338	261 614	0	0	2 133 952
32 PORT ST JOHNS LOCAL MUNICIPALITY	417 183	0	0	0	417 183
33 RAYMOND MHLABA LOCAL MUNICIPALITY	12 244 539	185 407	163 639	299 786 582	312 380 166
34 SAKHISIZWE LOCAL MUNICIPALITY	-91 786	0	0	0	-91 786
35 SENQU LOCAL MUNICIPALITY	8 306 122	0	0	0	8 306 122
36 SUNDAYS RIVER VALLEY LOCAL MUNICIPALITY	5 819 774	7 150 683	5 816 910	20 713 573	39 500 940
37 UMZIMVUBU LOCAL MUNICIPALITY	148 386	166 532	131 692	0	446 610
38 WALTER SISULU LOCAL MUNICIPALITY	23 383 663	29 993 270	28 801 489	750 116 040	832 294 462

Total debt is made up of		
Total Capital	Total VAT	Total Interest
5 064 618 925	755 848 093	854 842 016
976 796	146 519	45
82 440 858	12 966 130	5 427 552
5 973 021	895 130	438 261
168 810 786	25 321 618	32 726 042
271 757 157	40 763 574	7 055
5 909 115	886 367	132 775
628 658 167	94 093 982	122 025 065
10 791 471	1 618 721	3 072
1 436 127	396 869	0
341 652,54	51 247,88	0
1 449 769 573	216 875 094	222 116 813
1 838 749	275 812	0
406 632	60 995	0
571 613	85 742	0
602 133 485	89 929 854	127 167 392
791 621	118 743	0
238 220 120	35 565 432	91 704 996
38 669 878	5 800 482	0
841 230	126 185	1 373
123 651 993	18 223 341	14 146 783
9 675 273	1 451 291	0
31 581	4 737	0
5 694 658	854 199	1
459 633	68 945	0
2 051 252	307 678	35 423
5 595 022	1 439 253	0
569 285 523	85 392 829	7 838
0	0	0
22 930	3 440	0
44 167	6 625	0
1 749 180	262 377	122 396
362 608	54 391	183
204 851 321	29 649 053	77 879 792
-79 814	-11 972	0
7 276 748	1 029 376	0
30 118 916	4 517 838	4 864 187
385 497	57 825	3 288
589 104 386	87 158 371	156 031 704

ANNEXURE F: DEBT OWED TO THE DEPARTMENT OF WATER & SANITATION – 30 SEPTEMBER 2025

Table 6: WSP AGE ANALYSIS AS AT 30 SEPTEMBER 2025

BP Name	Current	30+ Days	60+ Days	90+ Days	120+ Days	150+ Days	180+ Days	Total
AMATHOLE	8 791 445,90	5 718 749,36	-	2 781 267,90	3 266 463,28	2 555 689,83	155 835 645,60	178 949 261,87
CHRIS HANI DISTRICT MUNICIPALITY	10 570 883,46	(3 904 503,43)	-	3 643 043,10	3 380 234,77	2 774 057,29	105 537 860,74	122 001 575,93
ALFRED NZO DISTRICT MUNICIPALITY	1 689 102,13	650 655,61	-	1 502 090,62	560 293,77	472 451,83	7 296 893,68	12 171 487,64
JOE QGABI DISTRICT MUNICIPALITY	2 255 014,40	(2 106 222,60)	-	1 777,81	10 851,11	13 377,65	878 209,51	1 053 007,88
OR TAMBO DISTRICT MUNICIPALITY	6 538 298,62	6 674 714,04	(26,65)	(2 777 118,23)	24 496,34	4 608 376,04	30 169 262,47	45 238 002,63
NELSON MANDELA BAY MUNICIPALITY	43 793 676,02	6 595 357,26	-	992 517,32	992 517,32	992 517,32	2 594 576,68	55 961 161,92
KOUGA MUNICIPALITY	382 091,19	259 369,20	-	148 749,24	131 537,73	113 294,00	3 934 388,00	4 969 429,36
MAKANA MUNICIPALITY	950 888,86	1 593 595,23	-	1 030 431,71	849 748,20	1 134 501,92	70 939 400,44	76 498 566,36
BLUE CRANE ROUTE	1 346 818,16	(813 974,47)	-	53 970,53	180 980,46	262 598,38	2 409 406,87	3 439 799,93
BEYERS NAUDE LOCAL MUNICIPALITY	358 152,50	74 455,79	-	37 212,13	37 243,66	37 212,13	2 751 487,06	3 295 763,27
KOU-KAMMA MUNICIPALITY	10 639,69	7 144,72	-	3 572,36	3 572,36	3 572,36	207 228,29	235 729,78
NDLAMBE MUNICIPALITY	36 020,37	51 935,42	-	25 967,71	25 967,71	25 967,71	215 342,62	381 201,54
SUNDAYS RIVER VALLEY MUNICIPALITY	1 030 300,88	1 704 353,97	-	1 027 502,38	769 202,21	1 107 024,66	63 554 949,93	69 193 334,03
BUFFALO CITY MUNICIPALITY	9 717 016,02	9 219 698,83	-	4 395 190,74	5 301 613,25	4 298 874,12	9 732 191,51	42 664 584,47
TOTAL DEBT OF EC MUNICIPLITIES	87 489 283,52	25 728 416,09	(26,65)	12 867 718,90	15 536 265,75	18 401 058,82	456 330 507,60	616 353 224,03

