



Agenda point 8.2 – Financial portfolio – Cllr. Blacki Zwart

Councillor Maritz welcomed Councillor Blacki to the meeting.

Councillor Maritz explained to Councillor Blacki that there was no question on the group.

Mr. Abbie Nieuwoudt asks if we can work through his reports quickly.

Mr. Nieuwoudt says he hasn't used all the Section 80, he was thinking about whether it would have an impact on the budget.

Mr. Nieuwoudt will begin by Fruitless, wasteful and Irregular Expenditure, and then Councillor Blacki can answer him...

The law says "Any political office-bearer or official of a municipality who deliberately or negligently committed, made or authorized a fruitless and wasteful expenditure, is liable for that expenditure"

Mr. Albie Nieuwoudt ask Cllr. Black to make note of this, around the MPAC.

What about the irregular expenditures?

In the case of irregular of fruitless and wasteful expenditure, is after investigation by council committee, certified irrecoverable and written off by council. If not, then it needs to be referred to MPAC the finance committee. Report on Fruitless and Wasteful Expenditure for April 2025 of 2024/2025 financial period amounting to R18 859 642.23 He assumes that it accumulates numbers and not just for the month because if it's for the month then it's screeching.

The main reason this is the interest charged on outstanding balance of Eskom Holding and Rand water accounts.

The question regarding this is in case the interest what fruitless and wasteful expenditure accumulates R18 million is what has happened to the Eskom debt relief programme, which has been reported to be successful and works and we pay.

In the midyear report Blacki mentioned that it was equitable shares and before it was reported the issue regarding Rand water reduce water and the pressure that it was decided by the parliament from the portfolio committee that the equitable share R45 million per quaternary would be withheld and paid directly to Rand water as part of the agreement. The Eskom if the board stays with the agreement and pays the interest. Then the interest rate cannot increase by 18.8 million something in the report is not making any sense.

The question regarding this what about the equitable share the R45 million is it been paid has it been paid, if it was paid why is there such high interest?

On the Irregular Expenditure is a bit worse than fruitless and wasteful, fruitless and wasteful is interest or outstanding debt to it you can't do anything. On the irregular expenditure, the auditor general flagged 6 projects. That MPAC needs to investigate. The recommendation in Section 80 is 100% correct. The question Mr. Albie had here is how MPAC function in die Report states do that the board has appointed consultant to support MPAC. He finds it strange MPAC is the oversight committee, political committee outstanding from board members. It is very strange that a private institution should be appointed to do the political part of the work. Cllr. Blacki please explain this to us.

Mr. Jaco van der Merwe had a question about the interest for Rand water against, what rate is rand water been paid on the outstanding debt?

Mr. Nieuwoudt continued with his question by going to the Revenue report.

The section 71 and the Revenue management complement each other.

He is doing the Revenue report first, according to the report are the collection rate for April 49,43% against the budget of 60% the nett debtor's days has also increased to 2222 days, so money is owed for debtors. The Gross debtors stand on R6 billion. According to the tables provided it show that the collection rate in the townships single digit is and still are despite the "rand to rand" or Nngwe ka Nngwe incentive scheme initiated and proudly displayed on council website by the executive mayor. Tendencies of this have horribly devastated the debtor. In Fochville is the payment figure 52% where it was 100% all the months before. Kokosi collection rate 2% and Greenspark 1%. These figures are a clear indication of Merafong dismal failure in credit control, despite the financial recovery plan initiatives, which is clearly also a total failure.

This is one of the items in the financial recovery plan that debt collection needs to be done. Mr. Nieuwoudt stated that he doesn't think these amounts are correct. He thinks the city clerk needs to have a look at the billing.

The pay point at Kokosi and Greenspark are still closed. They are still busy with upgrades; this has been going on for months. No money has been collected at the said pay points. The other pay point we can see has been getting some money from.

The challenges from the billing system were acknowledged in the previous report but no cause of any corrective measures and time frames are mentioned, indicating that the section has no clear plan on action to instruct the service provider (CCG) to rectify such. It seems that management is relying on the service provider to identify and correct challenges with the system, which was supposed to have necessary functionalities in the first place. This matter has just disappeared out of all the reports. What is happening with this?

The billing is still a problem in town.

30 thousand water meters and 5 thousand electricity meters were issued to the meter readers for reading, of which 4 thousand electricity meters were successfully read and 1 thousand meters that could not be read. 22 111 water meters were successfully read, and 8 thousand meters could not be read. This is a huge problem this brings him back to the billing, if the meters could not be read how could there be a billing? This is not highlighted in the report not even mentioned in the report. "No wonder that Merafong is in financial distress"

20 prepaid meters out of a total of 31 prepaid meters (65%) were non purchasing meters in the last 90 days. These meters are suspected to have been tampered with.

This while the MM hired people and told us the TID process that was in November 2024 all the bridged meters will be sorted out has not happened.

We are in June 2025 and there are still 20 thousand meters that is still not buying electricity. This only show that the administration is not taking this matter seriously.

Theirs a table include in Mr. Nieuwoudt report. Fochville has 300 non-purchasing meters this is unfortunately not according to wards. This was over 500 meters.

Then the TID proses total number of meters KRN 2 remains 21 447 out of the total meter population of 31 573 which represents 68% and 10 126 meters remains on KRN 1. The 10 126 meters is not making sense to Mr. Nieuwoudt. Then their needs to be more bridged meters otherwise the bridged meters will only be 10 126.

No credit control will be done in the townships. There is no political will on the part of the council to address this electrical theft.

A total of 743 demand notices were issued for the month of April 2025, demand notices were preceded by a total of 1 266 SMS sent out to consumers informing them of their arrears account. 254 disconnections were carried out and 85 reconnections were carried out. This was only in town not in the townships.

Then in October 2024 report, a total of 2 648 notices were issued for the month, with a total value of R227 09 million of arrears. This was made up of notices for purpose of hand over for debt collectors and for disconnection. No where in the report is it said how much one has paid and how much is still outstanding. No action was taken in Greenspark, Kokosi, Khutsong and Wedela, or mention. Mr. Nieuwoudt think this is unacceptable to the people that is paying every month.

Our total debtor book stands on R6.7 billion and the debtor's book grew by 1% which represents an increase of R77.6 million to the debtor's book from the previous month's balances.

In short cllr. Blacki this is the matters we are looking for answers:

- Meters
- The payments
- Credit control
- TID proses
- Effect of the Billing
- Budget

On the Section 71 report the adjustment budget figure of the report however is indicated as R2 464 217 000 and differs from the figure that was in the table. The year to date says it is 87.85% we still got one month to go. The adjustment budget is not going to reach its target. The original budget for the year was R2 754 357 according to the table. The adjustment budget decreased to R2 347 723 120 from the original budget but according to the report, the revenue budget was increased due to higher property rates. This statement is therefore incorrect and should be clarified.

Operating Expenditure – 76% below the pro rata budget.

Salaries – 83.6%

Staff overtime – 91.28%

The above figures remain a serious concern seeing that the municipality has appointed service providers to assist in this regard. The culture of non-payment continues unabated in Merafong and that service providers and the municipality fail to execute their mandate. The collection rate is reported as 49% against a budgeted figure of 60%

Merafong owe Eskom R1 273 345 233.17

Rand Water – R1 327 360 239.87

It is reported that Fruitless and wasteful expenditure of R18 859 62.23 were incurred for the month of April 2025. This seems incorrect and probably an accumulate figure

Irregular expenditure incurred during the month of April 2025 amount to R118 996 114.77 which is probably an accumulated figure.

The Budget

Section 24 (2) states Approving measurable performance objectives for revenue from each revenue source and for each vote in the budget.

Everyone has got a project, the expenses are tied to a project. This is not in the budget. We do not know how many there are for maintenance.

We do not know if they are going to do something in Ward 14. The previous year they did not do anything in Ward 14. The public has donated money for some projects.

According to the report, the Mayoral Imbizo on stakeholders and public participation have been concluded in the month of May 2025 – The IDP was held on 30 April 2025.

This was not an informed afternoon, no cllr. or public person, questions was answered or allowed to ask questions.

The macro-economic forecast pertaining to CPI inflation for the 2025/2026 financial year is 4.3% and should be used as an indicator when setting tariff increases.

The Municipality's credit control is being implemented as the Municipal Systems Act urges the collection of all money due to them and to implement a credit control and debt collection policy.

The policy is consistent with rates and tariffs and comply with the MSA's provisions. Section 96 of the MSA specifically requires municipalities to adopt, maintain, and implement a credit control and debt collection policy to ensure revenue collection.

This above statement is clearly blatantly false based on the municipal finance report.

It is further stated that considering the Municipality being unable to meet its payment obligations to Eskom and Rand water and other creditors, it is imperative that the municipality must maximise revenue generating potential and collect what is due to it concurrently, eliminate wasteful and non-core spending. Provision of R25 million has been made in the 2025/2026 budget for installation of Smart Meters, alongside a public procurement process currently in place to obtain proposal from the public to cover.

Theirs no mention of how many smart meters they received.

Infrastructure financing of the acquisition an installation of water and electricity prepaid meters Infrastructure financing development and expansion of bulk infrastructure for water and electricity. Capital raising to service outstanding accounts with Rand Water an Eskom to ensure uninterrupted utility services.

This has got nothing to do with Smart meters.

Merafong is under Section 139 of the MFMA and the Financial Recovery Plan was developed and approved by council in June 2024.

The operating revenue for 2025/2026 financial year is budgeted at R2 861 416 985 (R2.8 billion) which is an increaser of 21.88% from the R2 347 723 120 (R2.3 billion) 2024/2025 adjusted budget.

The municipality anticipates collection rate of 75% in the 2025/2026 financial year. This is totally unrealistic and not based on any calculations.

Please read Mr. Nieuwoudt report for more information.

Cllr. Blacki said that most of this question we will not get answers for.

Cllr. Blacki is agreeing with Mr. Nieuwoudt connection with all this matters in this report.

Cllr. Blacki said this is an unfunded budget

Cllr. Blacki will follow up and if it is possible he will give feedback.