COMPLETING THE A3-PIAP TEMPLATE: FREQUENTLY ASKED QUESTIONS

Purpose: To provide immediate detailed responses to queries raised
Ordering: Most recently addressed (highest FAQ number) first
References: Addendum sections / indicator definition numbers / excel template lines & columns
Version date: 31st March 2025

FAQ No.	12	Ref	Statement in Ministers Budget Speech
Query	**If six metropolitan municipalities have met the minimum requirements to participate in financial performance incentive grant (a) which two metropolitan municipalities failed to meet the minimum requirements, and (b) which criteria was not met by the non-qualifying metropolitan municipalities?**		
Response	Two (2) of the eight (8) metros did not meet eligibility requirements for the water and sanitation sector of the reform, namely Nelson Mandela Bay and Ekurhuleni. Two (2) of the eight (8) metros did not meet eligibility requirements for the electricity sector of the reform, namely Nelson Mandela Bay and Mangaung. As per guidance issued by the National Treasury, each metro was expected to have submitted, in respect of the water and sanitation and electricity and energy trading services, a council-approved trading services turnaround strategy, an institutional road map as well as a business and investment plan, to be accepted into the reform for that trading service. Nelson Mandela Bay did not submit these documents for both water and sanitation and energy and electricity. Ekurhuleni did not submit these documents for water and sanitation. Mangaung did not submit these documents for electricity and energy.		

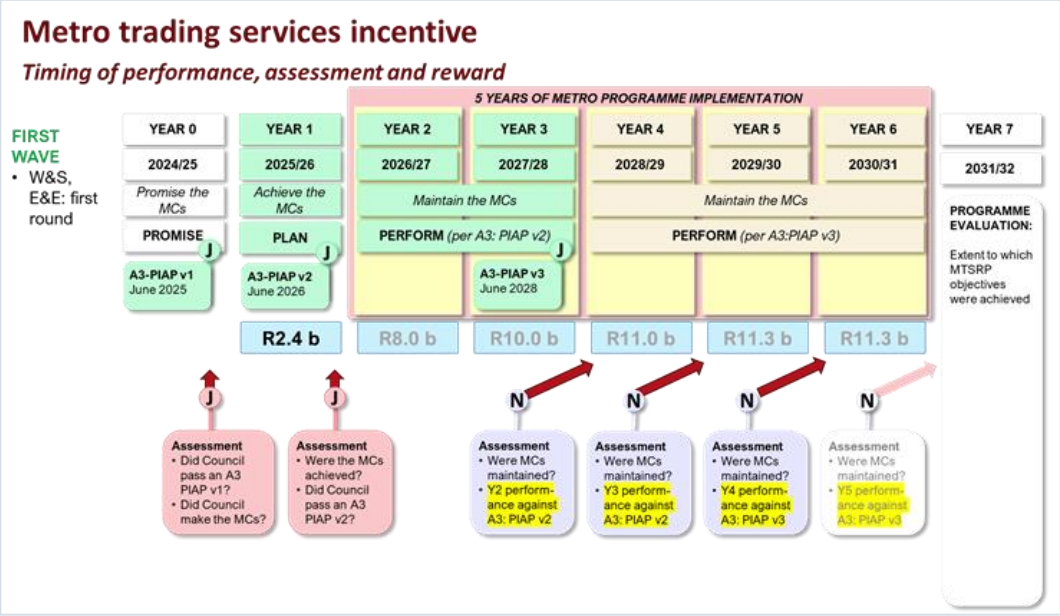
FAQ No.	11	Reference	DORB, page 44 on "UDFG"
Query	**Please advise on how these UFDG allocations should be shared and spent by metros? At this stage I have been advised it is to be spent on NRW reduction programmes.**		
Response	The UDFG figures in the table cover NDPG CG, PEP, PPPSG and BFI for Johannesburg and eThekwini. NDPP is preparing allocation letters accordingly. There is currently NO allocation for the MTS component under UDFG in the 2025/26 national budget. The figures for R2.4bn MTS component (DORB annexure W1, Page 68, Table W1.33) are provisional and will be finalised in the national adjustment budget.		

National Treasury (Vote 8)	Urban Development Financing Grant	To promote spatially transformed cities with financially sustainable trading services that are able to meet their service delivery mandates; to support metropolitan municipalities with resilient infrastructure investment, including programme and project preparation to enable them to leverage additional concessionary and commercial loan finance to enhance sustainable infrastructure investment.	

TOTAL	9 249 964	9 819 273	9 327 122
Buffalo City	48 500	39 200	45 160
City of Cape Town	182 100	129 200	112 191
City of Ekurhuleni	182 011	120 819	124 200
City of Johannesburg	140 208	694 847	641 335
City of Tshwane	151 868	87 052	117 764
eThekwini	221 753	218 697	219 313
Mangaung	48 396	37 000	38 600
Nelson Mandela Bay	48 800	38 606	44 537
TOTAL	1 023 636	1 365 421	1 343 100

FAQ No.	10	Ref	F1: OCCR
Query	**Please clarify that interest on outstanding debtors, interest on investment and interest on loans should be excluded from calculations of OCCR**		
Response	For the purposes of the OCCR indicator, interest in all forms is excluded from the calculations — interest earned on customer debt — interest earned from investments (and anything else) — all interest expenses (on loans, or anything else)		

FAQ No.	9	Reference	Guidance Note Addendum, Paragraph 6.2
Query	**Please explain how performance will impact upon incentive allocations?**		
Response	*Paragraph 6.2 and the associated diagram unfortunately misleadingly conflates decision processes on incentive awards and incentive disbursements, and should be disregarded in favour of the following:* Once strategy implementation is fully underway (years 4, 5 and 6), incentive allocations for any specific year will depend upon metro performance against numerical targets set and applicable for *two years* earlier. This must be assessed after financial year-end, early enough to enter the budget process for the specific year. The earliest that can fully apply is for Year 4 (2028/29), based on assessed performance in Year 2 (2026/27). This arrangement will therefore determine incentive allocations for Years 4, 5 & 6. Independent assessments will be conducted annually, to confirm that minimum commitments remain in place, and to assess performance against targets.		



While the programme is ramping up, however, special arrangements are necessary to determine the provisional incentive allocations for Years 1, 2 and 3,

YEAR 1: Metro Councils who in Year 0 (2024/25, i.e. by the end of this municipal financial year), pass a satisfactory A3 PIAP v1 with minimum commitments, will be awarded **the Year 1 allocation as finalised** with the national Adjustments Budget.

- Draft submissions from participating metros were reviewed during mid-year engagements (~February), and final submissions will similarly be assessed during benchmarking engagements (~April).
- Assessment and independent confirmation will be undertaken and submitted to the National Treasury.

YEARS 2 & 3: Metro Councils who in Year 1 (2025/26, i.e. by the end of June 2026) achieve the eight minimum commitments and pass a satisfactory A3 PIAP v2, will be awarded **the Year 2 and Year 3 allocations** as finalised.

- Planned spending for those years will by then be based upon well-substantiated business turnaround and financial strategies.
- Draft and final submissions will be reviewed and assessed during mid-year and benchmarking engagements, and final submissions to metro Council will need NT approval.
- Assessment and independent confirmation will be undertaken and submitted to the National Treasury prior to the finalisation of metro Council budgets for Year 2.

FAQ No.	8	Reference	Budget Circular, Annexure W1
Query	**What is the basis for the indicative incentive allocations published in Annexure W1?**		
Response	• The indicative incentive allocations per metro per financial year per are based on poverty-weighted population formula. Annexure W1 sets out indicative figures which represent the maxima potentially available to metros currently participating in the programme, based on the assessed status of each metro trading services strategy as at 15th January 2025 (they include solid waste management from Year 2 (2026/7)). • They are not yet actual budget allocations. Firm announcements regarding Year 1 (2025/26) incentive grant budget allocations will be included in the national adjustment budget in October 2025, and confirmed in allocation letters. Metros will accommodate these incentive allocations in their own adjustment budgets as soon as possible and by 28th February 2026 at the latest.		

FAQ No.	7	Reference	Programme costing and funding sheet
Query	**Can we submit a budget per programme rather than per set of indicators? Some programmes will address issues across a few different indicator sets.** • **Is this the intent behind stating 'programmes'? Can we tag each of the programmes in order show which indicators they deliver on – would that deliver the 'narrative report' requirement?** • **Further – what format is the narrative report intended to be in? Can we just include a table per above? Or do you want it in a narrative format?**		
Response	Yes, budget for reform action plans or initiatives may well impact multiple indicators. • The intent of asking for one-word names (try and avoid `programmes' in favour of `reform action plans') is to make it possible to reference the several indicators that the action plan will impact. • But the other purpose of the narrative report is for metros to highlight any changes in approach or direction since the A, A1 and A2 documents were approved, given that the A3: PIAP is going to Council. • The core purpose of the narrative report is to supplement the A3-PIAP by specifying the reform initiatives that are envisaged (the one-word names), how they will improve performance (the indicators), what they will cost and how they will be funded (costing and funding sheet).		

FAQ No.	6	Reference	E2 Vending efficiency
Query	**Where an alternative technical solution is deemed more suitable and cost effective, i.e. having prepaid meetings for all low consuming Small Power Users rather than AMIs installed, can this be motivated for in the plan due next year?**		
Response	Yes, provided it will contribute to improving performance as measured by the indicators		

FAQ No	5	Reference	M7 Financial Transparency, A2 mSCoA compliance
Query	**Is the expectation that we would have mSCoA compliance for the utility's separate AFS or for the municipal AFS as a whole?**		
Response	The utility's financials must be mSCoA compliant, although for Model 2 that is not possible without overall metro compliance (since business unit financials will be prepared as part of metro financials). There is no expectation to have a separate system.		

FAQ No.	4	Reference	M5 Budget alignment
Query	**Can we only spend funding we receive from the performance grant in Nov 2025 on items that are in the budget for 2025/2026? M5 only makes budget alignment a requirement by 2026/27.**		
Response	• Yes, budget alignment is only a requirement from 2026/27. • During the planning year (2025/26), metros must achieve the minimum commitments, but will not be held to the spending plans, their funding, and associated indicator targets provided in A3-PIAP v1, which are treated as indicative (metros will be held to everything in the A3-PIAP v2). • However it would clearly be positive for metros to demonstrate as much alignment as early as possible.		

FAQ No.	3	Reference	M3 SPoMA structure
Query	**In cases where the only a micro-structure organisational review is required, and the City Manager has the delegated authority to approve micro-restructuring, presumably a Council resolution is not required?**		
Response	Yes, in such cases the City Manager decision in terms of his/her delegations is sufficient (please include the overall Council delegation to the City Manager on this matter). Council resolutions may not always be necessary, and political / administrative accountability lines should not be blurred. Reports can be submitted for noting in terms of normal metro practice.		

FAQ No.	2	Reference	E2 Vending efficiency
Query	**Where a benchmark is not feasible (for example – vending efficiency at 100% as there will always be some minor down time for updates etc.), can an alternative benchmark be proposed based on experience and evidence-based planning and included in the plan due next year?**		
Response	• Metros should set their targets based on their understanding of what is realistic and possible. • `Benchmarks' as the term is used in the templates must however be adjusted for all metros at once: your point will be noted for inclusion in this process.		

FAQ No.	1	Reference	Minimum commitments M1- M7
Query	**Minimum commitments definitions (M1 – M7) in the Excel template are misaligned**		
Response	Noted: a corrected template has been issued		