

Harry Gwala District Municipality



**MFMA S72 Midyear Budget & Performance Assessment
Incorporating S 52 (d) and S 71 Monthly report.**

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1. PART 1 – IN YEAR REPORT

1.1 Mayors Report

PREAMBLE

The Mayor, Honourable Councillor Z D Nxumalo

In accordance with S72 of the Municipal Finance Management Act, I submit the required statement assessing the performance of the Harry Gwala District Municipality during the first half of the 2025/26 financial year.

Section 54 of the MFMA requires the Mayor of the municipality to take certain actions on receipts of this report to ensure that the approved budget is implemented in accordance with the projections contained in the Service Delivery and Budget Implementation Plan (SDBIP).

The information and analysis contained in this report has been reviewed and it is evident that an adjustment budget (both Capital and Operational Budget) and hence adjustments to the SDBIP will be necessary.

The planned results and the comments have been included in the performance assessment report as the senior managers were requested to indicate the status as well as their remedial actions in order to achieve those planned targets.

In terms of s72 of the MFMA the budget and SDBIP projections will have to be reviewed to ensure that the planned services will be rendered within the budgetary constraints.

Municipal Manager: Mr. G.M Sineke

Municipal Manager: Harry Gwala DM

25 January 2026

Councillor: Z. D. Nxumalo

Honourable Mayor: Harry Gwala DM

25 January 2026

1.2 Executive Summary or Background

Legislative Requirements

In terms of Section 72 of the MFMA, the Accounting Officer of the Municipality is required to submit a report in the prescribed format to the mayor by the 25 January of each year, reviewing the financial performance of the municipality for the first six months of the year. This mid-year report is a critical stage in the in-year reporting cycle. As part of the review, in terms of Section 72(3), the accounting officer needs to make recommendations as to whether the SDBIP and Annual budget, i.e. Both Operational & Capital, need to be adjusted. Furthermore, Section 54(f) of the MFMA requires the mayor to consider and submit a report to Council by 31 January.

Midyear Budget & Performance Assessment

The municipality's implementation of the approved budget is best summarised in table C1 under the heading "1.4 In Year Budget statement Tables". While the operational budget expenditure has been good, accelerated implementation of the Capital projects would have to be sought in order to increase the provision of basic services to the communities. Piling outstanding consumer debts still continue to be a challenge and pose a threat to the municipality's liquidity position. A more rigorous approach is necessary to deal with this challenge.

Material Variances in the SDBIP

The performance of the Municipality, as discussed in detail under 2.6 Material Variances in the SDBIP, shows that the Municipality has managed to achieve 58% of the planned target as at midyear. It can be stated that the performance of the municipality at midyear is slightly above average; however, the departments need to improve their performance in the next remaining months.

Section 2.6 also assesses the material variances between the planned operational, capital and revenue targets an analysis which is crucial to give direction to the second half of the final year. The revenue of the municipality would have to be reviewed to for adjustments of underperformance as well as over performance and to recognise National & Provincial additional budget allocations.

REVENUE

The year-to-date actual revenue for the six months ended 31 December 2025 amounted to R633, 6m against year-to-date budget of R508, 6million which is 125% of the Year to Date (YTD) budget. Development Agency Year to Date (YTD) actual revenue generated for the first six months amounted to R 14, 7million while the projected (YTD) budget amounted to R 12, 2million. This means that the municipality entity generated 120% of the projected budgeted for the period.

OPERATIONAL EXPENDITURE

The operational budget performance at midyear was 20% below the Year-to-Date budget. An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments. The total actual YTD operating expenditure for Development agency for the first six months amounted to R8, 1million while the YTD budget for Operating Expenditure amounted to R 12, 2million. This is an indication that there were challenges in operations for the first six months which resulted in under-expenditure.

CAPITAL EXPENDITURE

As at Midyear, the capital budget was over performed by 2%. The performance for capital expenditure is more than what was anticipated which shows a great improvement compared to previous financial year. The overall capital expenditure for Agency is 5, 7% against the budget as at 31 December 2025 which is quite low. This is an indication that the allocated budget related to capital expenditure will not be spent fully come the end of the financial year and downward adjustment is needed due to the agreement that has been reached with JPP Municipality and the private owner.

An adjustment would result in both operational and capital budget adjustments.

It should be noted that the Dec Section71 and Section 52 (d), quarterly budget monitoring report will be incorporated into this report. This report is detailed to an extent that additional comments will be limited to the most important aspects.

1.3 Resolutions

The following recommendations are linked to the responsibilities of the Mayor as contained in s54 of the MFMA.

It is recommended that the Budget and Treasury Committee;

1. Notes the monthly budget statement and any other supporting documentation.
2. Notes the quarterly report on the implementation of the budget in terms of s52(d) MFMA.
3. Notes the Midyear budget & Performance assessment in terms of s72 of the MFMA.
4. Notes the Midyear budget & performance assessment report for the Harry Gwala Development Agency.
5. Prepares the adjustments budget for tabling to Council before the 25th of February 2026 in terms of Municipal Budget Regulations.
6. Revise the projections for Revenue & Expenditure in the SDBIP to reflect the adjustments to the Annual Budget.

1.4 In Year Budget Statement Tables

Monthly Budget Statements Summary

Table C1 below provides a summary of the overall performance in the municipality and is unpacked in the sections that follow.

DC43 Harry Gwala - Table C1 Consolidated Monthly Budget Statement Summary - M06 December

Description R thousands	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	76 533	81 589	81 589	6 255	43 276	40 794	2 482	6%	81 589
Investment revenue	28 012	26 043	26 043	1 369	12 040	13 021	(981)	-8%	26 043
Transfers and subsidies - Operational	534 708	596 989	596 989	180 951	414 989	298 494	116 494	0	596 989
Other own revenue	16 585	19 194	19 194	1 046	7 214	9 597	(2 383)	-25%	19 194
Total Revenue (excluding capital transfers and contributions)	656 242	723 815	723 815	189 621	477 518	361 907	115 611	32%	723 815
Employee costs	261 756	291 721	291 721	22 551	134 380	145 862	(11 482)	-8%	291 721
Remuneration of Councillors	7 581	8 059	8 059	607	3 978	4 030	(52)	-1%	8 059
Depreciation and amortisation	116 317	107 788	107 788	-	-	53 894	(53 894)	-100%	107 788
Interest	-	54	54	-	-	27	(27)	-100%	54
Inventory consumed and bulk purchases	58 827	39 635	40 155	8 338	24 125	19 970	4 154	21%	40 155
Transfers and subsidies	-	23 360	23 360	7 000	14 000	11 680	2 320	20%	23 360
Other expenditure	288 393	346 556	348 036	25 671	149 831	174 126	(24 295)	-14%	348 036
Total Expenditure	732 875	819 174	819 174	64 168	326 313	409 589	(83 276)	-20%	819 174
Surplus/(Deficit)	(76 633)	(95 360)	(95 360)	125 454	151 205	(47 682)	198 887	-417%	(95 360)
Transfers and subsidies - capital (monetary allocations)	317 693	293 458	293 458	69 617	156 136	146 729	9 407	6%	293 458
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	241 060	198 099	198 099	195 071	307 341	99 047	208 294	210%	198 099
Share of surplus/ (deficit) of associates	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	241 060	198 099	198 099	195 071	307 341	99 047	208 294	210%	198 099
Capital expenditure & funds sources									
Capital expenditure	349 075	302 060	302 060	35 730	153 955	151 030	2 925	2%	302 060
Capital transfers recognised	276 005	260 147	259 147	32 532	136 415	129 574	6 842	5%	259 147
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	73 070	41 912	42 912	3 199	17 540	21 456	(3 917)	-18%	42 912
Total sources of capital funds	349 075	302 060	302 060	35 730	153 955	151 030	2 925	2%	302 060
Financial position									
Total current assets	308 794	219 492	219 492		456 306				219 492
Total non current assets	3 218 981	3 446 443	3 446 443		3 372 936				3 446 443
Total current liabilities	187 569	121 261	121 261		181 694				121 261
Total non current liabilities	34 976	30 536	30 536		34 976				30 536
Community wealth/Equity	3 363 268	3 514 683	3 514 683		3 612 624				3 514 683
Cash flow									
Net cash from (used) operating	1 475 602	357 947	357 947	571 902	1 405 228	178 974	(1 226 255)	-685%	357 947
Net cash from (used) investing	(349 075)	(346 012)	(346 012)	(35 730)	(153 352)	(173 006)	(19 644)	11%	(346 012)
Net cash from (used) financing	(15)	(1 831)	(1 831)	-	21	(915)	(935)	102%	(1 831)
Cash/cash equivalents at the monthly/year end	1 335 542	173 682	173 682	1 537 592	1 513 558	168 629	(1 344 928)	-798%	271 775
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Ds	151-180 Ds	181 Ds-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	6 708	4 209	2 749	2 532	2 585	2 508	44 421	161 014	226 727
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

Financial Performance by Functional Classification

Table C2 provides the statement of financial performance by standard classification.

DC43 Harry Gwala - Table C2 Consolidated Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %
R thousands									
Revenue - Functional									
<i>Governance and administration</i>	523 673	551 433	551 433	175 088	403 915	275 716	128 198	46%	551 433
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	523 673	551 433	551 433	175 088	403 915	275 716	128 198	46%	551 433
Internal audit	-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>	38	18	18	9	42	9	33	374%	18
Community and social services	38	18	18	9	42	9	33	374%	18
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	24 064	23 000	23 000	-	-	11 500	(11 500)	-100%	23 000
Planning and development	24 064	23 000	23 000	-	-	11 500	(11 500)	-100%	23 000
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	426 160	442 822	442 822	84 141	229 698	221 411	8 287	4%	442 822
Energy sources	-	-	-	-	-	-	-	-	-
Water management	412 843	426 870	426 870	83 126	223 088	213 435	9 653	5%	426 870
Waste water management	13 317	15 952	15 952	1 015	6 609	7 976	(1 367)	-17%	15 952
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	-	-	-	-	-	-	-	-
Total Revenue - Functional	973 935	1 017 273	1 017 273	259 238	633 654	508 636	125 018	25%	1 017 273
Expenditure - Functional									
<i>Governance and administration</i>	268 495	308 803	308 773	26 943	149 707	154 393	(4 686)	-3%	308 773
Executive and council	35 024	52 195	52 195	1 848	18 979	26 098	(7 118)	-27%	52 195
Finance and administration	225 155	246 716	246 686	24 447	126 884	123 349	3 536	3%	246 686
Internal audit	8 316	9 892	9 892	648	3 843	4 946	(1 103)	-22%	9 892
<i>Community and public safety</i>	18 204	22 765	22 765	1 034	7 080	11 383	(4 303)	-38%	22 765
Community and social services	18 204	22 765	22 765	1 034	7 080	11 383	(4 303)	-38%	22 765
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>	200 808	217 958	217 958	14 091	54 482	108 980	(54 498)	-50%	217 958
Planning and development	200 808	217 958	217 958	14 091	54 482	108 980	(54 498)	-50%	217 958
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
<i>Trading services</i>	245 367	269 549	269 579	22 100	115 045	134 785	(19 740)	-15%	269 579
Energy sources	-	-	-	-	-	-	-	-	-
Water management	245 183	260 256	260 286	22 043	114 799	130 138	(15 339)	-12%	260 286
Waste water management	185	9 292	9 292	57	246	4 646	(4 400)	-95%	9 292
Waste management	-	-	-	-	-	-	-	-	-
<i>Other</i>	-	100	100	-	-	50	(50)	-100%	100
Total Expenditure - Functional	732 875	819 174	819 174	64 168	326 313	409 589	(83 276)	-20%	819 174
Surplus/ (Deficit) for the year	241 060	198 099	198 099	195 071	307 341	99 047	208 294	2,102 980 1	198 099

Table C2: Consolidated Monthly Budget Statement: Financial Performance, reflects the operating revenue in the standard classifications.

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2025 was R 633, 6million against a year to date budget of R 508, 6million representing over performance of 25%.

Financial Performance reflects operating expenditure in the standard classifications.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 80% against the year-to-date budget representing an under performance of 20%.

Financial Performance by Municipal Vote

Table C3 presents the same information as the table above, the difference being that it's by Municipal vote.

DC43 Harry Gwala - Table C3 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description R thousands	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	523 056	549 507	549 507	175 088	403 815	274 753	129 061	47,0%	549 507
Vote 04 - Summary Corporate Services	393	410	410	-	-	205	(205)	-100,0%	410
Vote 05 - Summary Social Services & Development Planing	38	24 479	24 479	9	42	12 240	(12 198)	-99,7%	24 479
Vote 06 - Summary Infrastructure Services	361 419	350 081	350 081	77 112	182 066	175 041	7 025	4,0%	350 081
Vote 07 - Summary Water Services	89 029	92 795	92 795	7 029	47 732	46 397	1 335	2,9%	92 795
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	973 935	1 017 273	1 017 273	259 238	633 654	508 636	125 018	24,6%	1 017 273
Expenditure by Vote									
Vote 01 - Summary Council	17 788	20 567	20 567	1 188	10 508	10 284	224	2,2%	20 567
Vote 02 - Summary Municipal Manager	27 120	31 264	31 264	1 308	12 315	15 632	(3 317)	-21,2%	31 264
Vote 03 - Summary Budget And Treasury Office	69 768	64 749	64 749	6 763	36 563	32 375	4 188	12,9%	64 749
Vote 04 - Summary Corporate Services	106 598	110 299	110 299	6 936	53 058	55 150	(2 092)	-3,8%	110 299
Vote 05 - Summary Social Services & Development Planing	55 654	97 924	97 924	9 630	32 004	48 963	(16 959)	-34,6%	97 924
Vote 06 - Summary Infrastructure Services	162 332	165 408	165 408	5 539	29 818	82 704	(52 886)	-63,9%	165 408
Vote 07 - Summary Water Services	293 615	328 964	328 964	32 804	152 048	164 482	(12 434)	-7,6%	328 964
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	732 875	819 174	819 174	64 168	326 313	409 589	(83 276)	-20,3%	819 174
Surplus/ (Deficit) for the year	241 060	198 099	198 099	195 071	307 341	99 047	208 294	210,3%	198 099

Table C3: Consolidated Monthly Budget Statement – Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The municipal directorates are Executive Council; Municipal Manager; Budget and Treasury; Corporate Services; Social Services and Development Planning; Infrastructure Services and Water Services. The operating expenditure budget is approved by Council on the municipal vote level.

Statement of financial Performance

This schedule provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2025.

Harry Gwala District Municipality

DC43 Harry Gwala - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description R thousands	2024/25	Budget Year 2025/26								
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
Revenue										
Exchange Revenue										
Service charges - Electricity							—			
Service charges - Water	63 688	68 071	68 071	5 285	36 620	34 035	2 584	8%	68 071	
Service charges - Waste Water Management	12 845	13 518	13 518	970	6 656	6 759	(102)	-2%	13 518	
Service charges - Waste management							—			
Sale of Goods and Rendering of Services	141	791	791	5	73	396	(322)	-81%	791	
Agency services							—			
Interest							—			
Interest earned from Receivables	14 599	16 055	16 055	1 033	6 378	8 027	(1 649)	-21%	16 055	
Interest from Current and Non Current Assets	28 012	26 043	26 043	1 369	12 040	13 021	(981)	-8%	26 043	
Special rating levies							—			
Operational Revenue	678	706	706	9	118	353	(234)	-66%	706	
Non-Exchange Revenue							—			
Property rates							—			
Surcharges and Taxes							—			
Fines, penalties and forfeits	786	1 643	1 643	(2)	170	821	(651)	-79%	1 643	
Licence and permits							—			
Transfers and subsidies - Operational	534 708	596 989	596 989	180 951	414 989	298 494	116 494	39%	596 989	
Interest	—	—	—	—	—	—	—	—	—	
Fuel Levy							—			
Operational Revenue	—	—	—	—	—	—	—	—	—	
Gains on disposal of Assets	—	—	—	—	474	—	474	#DIV/0!	—	
Other Gains	785	—	—	—	—	—	—	—	—	
Discontinued Operations							—			
Total Revenue (excluding capital transfers and contributions)	656 242	723 815	723 815	189 621	477 518	361 907	115 611	32%	723 815	
Expenditure By Type										
Employee related costs	261 756	291 721	291 721	22 551	134 380	145 862	(11 482)	-8%	291 721	
Remuneration of councillors	7 581	8 059	8 059	607	3 978	4 030	(52)	-1%	8 059	
Bulk purchases - electricity	—	—	—	—	—	—	—	—	—	
Inventory consumed	58 827	39 635	40 155	8 338	24 125	19 970	4 154	21%	40 155	
Debt impairment	2 907	31 530	31 530	—	—	15 765	(15 765)	-100%	31 530	
Depreciation and amortisation	116 317	107 788	107 788	—	—	53 894	(53 894)	-100%	107 788	
Interest	—	54	54	—	—	27	(27)	-100%	54	
Contracted services	159 115	173 856	173 794	19 634	91 121	86 838	4 283	5%	173 794	
Transfers and subsidies	—	23 360	23 360	7 000	14 000	11 680	2 320	20%	23 360	
Irrecoverable debts written off	17 551	42 327	42 327	362	8 143	21 163	(13 021)	-62%	42 327	
Operational costs	108 821	100 844	100 386	5 676	50 567	50 360	207	0%	100 386	
Losses on Disposal of Assets	—	—	—	—	—	—	—	—	—	
Other Losses	—	—	—	—	—	—	—	—	—	
Total Expenditure	732 875	819 174	819 174	64 168	326 313	409 589	(83 276)	-20%	819 174	
Surplus/(Deficit)	(76 633)	(95 360)	(95 360)	125 454	151 205	(47 682)	198 887	(0)	(95 360)	
Transfers and subsidies - capital (monetary allocations)	317 693	293 458	293 458	69 617	156 136	146 729	9 407	0	293 458	
Transfers and subsidies - capital (in-kind)	—	—	—	—	—	—	—	—	—	
Surplus/(Deficit) after capital transfers & contributions	241 060	198 099	198 099	195 071	307 341	99 047	208 294	0	198 099	
Income Tax							—			
Surplus/(Deficit) after income tax	241 060	198 099	198 099	195 071	307 341	99 047	208 294	0	198 099	
Share of Surplus/Deficit attributable to Joint Venture							—			
Share of Surplus/Deficit attributable to Minorities							—			
Surplus/(Deficit) attributable to municipality	241 060	198 099	198 099	195 071	307 341	99 047	208 294	0	198 099	
Share of Surplus/Deficit attributable to Associate							—			
Intercompany/Parent subsidiary transactions	—	—	—	—	—	—	—	—	—	
Surplus/ (Deficit) for the year	241 060	198 099	198 099	195 071	307 341	99 047	208 294	0	198 099	

A detailed analysis of the anomalies is provided under "2.6 Material Variances in the SDBIP"

Service charges – Currently the year-to-date collection rate is at 106%. The actual figure is based on accrued revenue. Billing is more than what was anticipated, however based on actual collection R40, 3million cash received as at 31 December 2025 excluding prepaid receipts.

Interest earned on outstanding receivables – budget is based on realistically collectible revenue while the actual figures are accrued. The accrued basis refers to billed interest and not actual cash received.

Interest earned external investments – the actual interest earned on bank accounts held by Harry Gwala District Municipality together with Development Agency has been less than what was anticipated or projected. This line item therefore does not require the adjustment during the budget adjustment.

Government grants – Equitable Share, FMG, EPWP, RRAMS, MIG, and WSIG tranches received. All DORA grants allocations for 2025/2026 have been received as per payment schedule therefore there would be no adjustment in February for 2025/2026 financial year.

CONSOLIDATED EXPENDITURE AS PER TABLE A4

Employee Related Costs – remains the largest expenditure incurred. The fixed nature of the salaries makes it difficult to reduce the level of expenditure when compared to operating expenditure. The municipality must certify prudence in the filling of vacated positions to ensure that adequate budget is available till the end of the financial year. The upward adjustments is needed due to new gazette that was issued in the beginning of December for Senior Managers. Overtime also needs to be adjusted upward since the expenditure is already more than what was anticipated and the planned strategies did not work out.

Councillor Remuneration - the budgeted expenditure for councillors is based on the previous gazette, The budget for the next six months will be sufficient for Councillors allowance since the municipality has processed the new determination for 2025/26 financial year.

Depreciation – There has been no depreciation processed to date. The year to date actual for Development agency is at 107 per cent. The original budgeted amount is currently deemed to be sufficient.

Finance costs – This is the interest on the finance leases (for rental of Municipal vehicles, printers and fax machines).

Inventory Consumed – this line item pertains to bulk water purchases from Umngeni Water and Ugu District Municipality. This also include chemicals and disaster material relief. The budget for inventory consumed appears to be insufficient for the next 6 months and adjustment would be necessary.

Contracted services – includes the Repairs and Maintenance, Security, Legal fees etc. This expenditure is linked to contractual commitments. This line item will be adjusted upward during the adjustment process as it is already more than what was projected.

Other expenditure – includes items such as fleet costs (fuel & oil, tyres, admin costs, licences), Eskom, telephone system rental, advertising etc. Based on projections to the end of the second quarter, a review of the classification of other expenditure would need to be undertaken and consider to adjust this line item upward.

Capital Expenditure

Table C5 below reports on the capital expenditures by departments (municipal vote) and also by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

Harry Gwala District Municipality

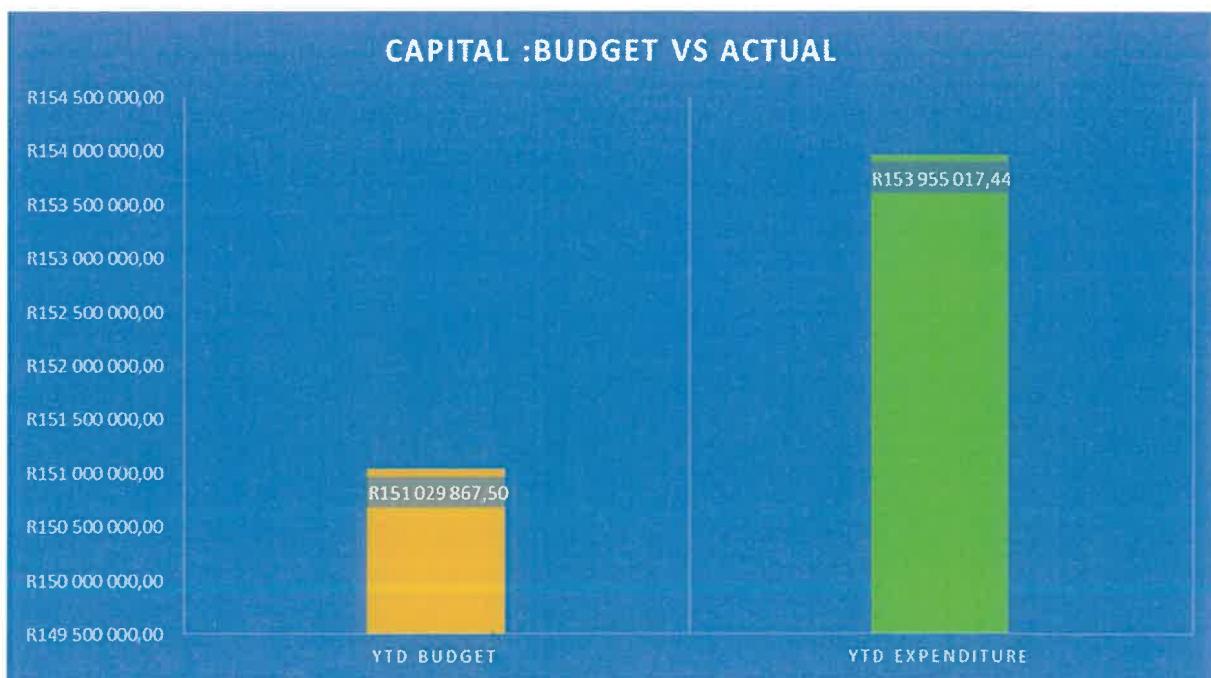
DC43 Harry Gwala - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description	2024/25		Budget Year 2025/26						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Multi-Year expenditure appropriation									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	1 364	1 364	-	-	682	(682)	-100%	1 364
Vote 03 - Summary Budget And Treasury Office	-	2 279	2 279	-	144	1 140	(995)	-87%	2 279
Vote 04 - Summary Corporate Services	11 900	3 374	3 374	749	1 088	1 687	(593)	-35%	3 374
Vote 05 - Summary Social Services & Development Planning	-	7 101	7 101	-	-	3 551	(3 551)	-100%	7 101
Vote 06 - Summary Infrastructure Services	136 524	99 656	97 986	6 094	59 648	49 348	10 300	21%	97 986
Vote 07 - Summary Water Services	198 273	177 670	182 639	27 921	89 853	90 140	(287)	0%	182 639
Total Capital Multi-year expenditure	346 697	291 443	294 743	34 764	150 734	146 547	4 187	3%	294 743
Single Year expenditure appropriation									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	180	180	-	-	90	(90)	-100%	180
Vote 04 - Summary Corporate Services	101	5 136	5 136	966	3 221	2 568	653	25%	5 136
Vote 05 - Summary Social Services & Development Planning	-	-	-	-	-	-	-	-	-
Vote 06 - Summary Infrastructure Services	-	2 000	2 000	-	-	1 000	(1 000)	-100%	2 000
Vote 07 - Summary Water Services	2 278	3 300	-	-	-	825	(825)	-100%	-
Total Capital single-year expenditure	2 378	10 616	7 316	966	3 221	4 483	(1 282)	-28%	7 316
Total Capital Expenditure	349 075	302 060	302 060	35 730	153 955	151 030	2 925	2%	302 060
Capital Expenditure - Functional Classification									
Governance and administration	12 001	17 434	17 434	1 715	4 454	8 717	(4 263)	-49%	17 434
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	12 001	16 071	16 071	1 715	4 454	8 035	(3 581)	-45%	16 071
Internal audit	-	1 364	1 364	-	-	682	(682)	-100%	1 364
Community and public safety	-	-	-	-	-	-	-	-	-
Community and social services	-	-	-	-	-	-	-	-	-
Sport and recreation	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Housing	-	-	-	-	-	-	-	-	-
Health	-	-	-	-	-	-	-	-	-
Economic and environmental services	134 763	95 891	94 222	8 094	59 648	47 466	12 182	26%	94 222
Planning and development	134 763	95 891	94 222	6 094	59 648	47 466	12 182	26%	94 222
Road transport	-	-	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-	-	-
Trading services	202 311	188 734	190 403	27 921	89 853	94 847	(4 994)	-5%	190 403
Energy sources	-	-	-	-	-	-	-	-	-
Water management	182 256	188 473	186 774	26 450	87 097	93 594	(6 497)	-7%	186 774
Waste water management	20 055	261	3 629	1 471	2 756	1 253	1 503	120%	3 629
Waste management	-	-	-	-	-	-	-	-	-
Other									
Total Capital Expenditure - Functional Classification	349 075	302 060	302 060	35 730	153 955	151 030	2 925	2%	302 060
Funded by:									
National Government	255 079	259 997	258 997	32 532	136 415	129 499	6 917	5%	258 997
Provincial Government	20 926	-	-	-	-	-	-	-	-
District Municipality	-	150	150	-	-	75	(75)	-100%	150
Transfers recognised - capital	278 005	260 147	259 147	32 532	136 415	129 574	6 842	5%	259 147
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	73 070	41 912	42 912	3 199	17 540	21 456	(3 917)	-18%	42 912
Total Capital Funding	349 075	302 060	302 060	35 730	153 955	151 030	2 925	2%	302 060

The 2025/2026 mid-year capital expenditure has overperformed by 2% from year to date to budget, there is an increase in expenditure of capital projects compared to previous financial year due to WSIG appointment of contractors and the acceleration of expenditure in Kemsdale. There is a high possibility that MIG grant will be finished before the end of financial year. The capital budget continues to be largely dependent on the National Government grants.

The chart below presents a high-level analysis of YTD capital expenditure budget against the YTD actual expenditure.

Chart 1: Midyear Capex



As at midyear, the year-to-date actual expenditure was R153, 9million against a YTD budget of R151million. In monetary terms, these figures a

represent 102% percent performance against the capital development programme as at midyear.

Table C6 displays the financial position of the municipality as at 31 December 2025.

As at midyear, the current ratio has seen a great improvement of 0.2:5 compared to 0.1:7 as at the end of the last financial year mid-year. The norm for this ratio is 2:1, meaning for every R1 of debt obligations you ought to have R2 of current assets to meet those commitments.

This ratio means that for one rand (R1) of monies owed, the municipality had three rands (R3) to meet those short-term debt obligations signalling liquidity risk.

DC43 Harry Gwala - Table C6 Consolidated Monthly Budget Statement - Financial Position - M06 December

Description	2024/25	Budget Year 2025/26			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash and cash equivalents	261 670	173 668	173 668	418 706	173 668
Trade and other receivables from exchange transactions	12 773	23 719	23 719	7 535	23 719
Receivables from non-exchange transactions	1 570	2 312	2 312	1 570	2 312
Current portion of non-current receivables	—	—	—	—	—
Inventory	963	858	858	989	858
VAT	32 125	19 165	19 165	28 002	19 165
Other current assets	(307)	(229)	(229)	(496)	(229)
Total current assets	308 794	219 492	219 492	456 306	219 492
Non current assets					
Investments	—	—	—	—	—
Investment property	—	—	—	—	—
Property, plant and equipment	3 218 685	3 443 615	3 443 615	3 372 640	3 443 615
Biological assets	—	—	—	—	—
Living and non-living resources	—	—	—	—	—
Heritage assets	—	—	—	—	—
Intangible assets	296	2 827	2 827	296	2 827
Trade and other receivables from exchange transactions	—	—	—	—	—
Non-current receivables from non-exchange transactions	—	—	—	—	—
Other non-current assets	0	0	0	0	0
Total non current assets	3 218 981	3 446 443	3 446 443	3 372 936	3 446 443
TOTAL ASSETS	3 527 775	3 665 935	3 665 935	3 829 242	3 665 935
LIABILITIES					
Current liabilities					
Bank overdraft	—	—	—	—	—
Financial liabilities	12 806	8 006	8 006	12 806	8 006
Consumer deposits	3 441	3 748	3 748	3 507	3 748
Trade and other payables from exchange transactions	148 140	86 356	86 356	60 765	86 356
Trade and other payables from non-exchange transactions	(0)	1 483	1 483	79 410	1 483
Provision	16 527	16 385	16 385	16 527	16 385
VAT	6 655	5 282	5 282	8 680	5 282
Other current liabilities	—	—	—	—	—
Total current liabilities	187 569	121 261	121 261	181 694	121 261
Non current liabilities					
Financial liabilities	(0)	—	—	(0)	—
Provision	34 976	30 536	30 536	34 976	30 536
Long term portion of trade payables	—	—	—	—	—
Other non-current liabilities	—	—	—	—	—
Total non current liabilities	34 976	30 536	30 536	34 976	30 536
TOTAL LIABILITIES	222 545	151 797	151 797	216 670	151 797
NET ASSETS	3 305 231	3 514 138	3 514 138	3 612 572	3 514 138
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)	3 305 231	3 514 138	3 514 138	3 612 572	3 514 138
Reserves and funds	—	—	—	—	—
Other	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	3 305 231	3 514 138	3 514 138	3 612 572	3 514 138

Table C7 below display the Cash Flow Statement for the mid-year.

DC43 Harry Gwala - Table C7 Consolidated Monthly Budget Statement - Cash Flow - M06 December

Description R thousands	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	—	—	—	—	—	—	—	—	—
Service charges	69 696	71 563	71 563	7 888	44 335	35 782	8 553	24%	71 563
Other revenue	1 507 396	70 300	70 300	422 381	1 270 721	35 150	1 235 571	351.5%	70 300
Transfers and Subsidies - Operational	499 995	573 989	573 989	175 271	396 342	286 994	109 348	38%	573 989
Transfers and Subsidies - Capital	341 906	293 458	293 458	65 000	256 000	146 729	109 271	74%	293 458
Interest	28 012	26 046	26 046	1 369	12 040	13 023	(983)	-8%	26 046
Dividends	—	—	—	—	—	—	—	—	—
Payments									
Suppliers and employees	(971 403)	(677 355)	(677 355)	(100 007)	(574 210)	(338 677)	235 532	-70%	(677 355)
Interest	—	(54)	(54)	—	—	(27)	(27)	100%	(54)
Transfers and Subsidies	—	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 475 602	357 947	357 947	571 902	1 405 228	178 974	(1 226 255)	-685%	357 947
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	—	—	—	—	474	—	474	#DIV/0!	—
Decrease (increase) in non-current receivables	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—
Payments									
Capital assets	(349 075)	(346 012)	(346 012)	(35 730)	(153 836)	(173 006)	(19 170)	11%	(346 012)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(349 075)	(346 012)	(346 012)	(35 730)	(153 362)	(173 006)	(19 644)	11%	(346 012)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	(15)	569	569	—	21	285	(264)	-93%	569
Payments									
Repayment of borrowing	—	(2 400)	(2 400)	—	—	(1 200)	(1 200)	100%	(2 400)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(15)	(1 831)	(1 831)	—	21	(915)	(936)	102%	(1 831)
NET INCREASE/ (DECREASE) IN CASH HELD	1 126 512	10 105	10 105	536 171	1 251 888	5 053			10 105
Cash/cash equivalents at beginning:	209 430	163 577	163 577	1 001 421	261 670	163 577			261 670
Cash/cash equivalents at month/year end:	1 335 942	173 682	173 682	1 537 592	1 513 558	168 629			271 775

There have been more expected collection levels signalled by a collection of 95%. There is delay in the replacement of faulty meters. Water restrictions was introduced for defaulting consumers. A debt collector was appointed to assist the municipality to further improve the collection of old debt. The collection level has improved a lot and the stability on the cash flow levels of the Municipality, there are great strategies in place to improve more on collection.

Interest has been as per the projections which was influenced by the fixed deposits and positive bank balance and the money that is invested in both Standard Bank and First National Bank.

Table C1 Parent Monthly Budget

Harry Gwala District Municipality

DC43 Harry Gwala - Table C1 Monthly Budget Statement Summary - M06 December

Description	2024/25		Budget Year 2025/26						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands									
Financial Performance									
Property rates	-	-	-	-	-	-	-	-	-
Service charges	76 533	81 589	81 589	6 255	43 276	40 794	2 482	6%	81 589
Investment revenue	28 012	24 581	24 581	1 369	12 040	12 291	(251)	-2%	24 581
Transfers and subsidies - Operational	534 708	573 989	573 989	180 951	414 989	286 994	127 994	0	573 989
Other own revenue	16 989	19 194	19 194	1 046	7 214	9 597	(2 383)	-25%	19 194
Total Revenue (excluding capital transfers and contributions)	656 242	699 353	699 353	189 621	477 518	349 676	127 842	37%	699 353
Employee costs	261 756	279 996	279 996	22 551	134 380	139 999	(5 619)	-4%	279 996
Remuneration of Councillors	7 581	8 059	8 059	607	3 978	4 030	(52)	-1%	8 059
Depreciation and amortisation	116 317	107 044	107 044	-	-	53 522	(53 522)	-100%	107 044
Interest	-	14	14	-	-	7	(7)	-100%	14
Inventory consumed and bulk purchases	58 827	39 625	40 145	8 338	24 125	19 965	4 159	21%	40 145
Transfers and subsidies	-	23 000	23 000	7 000	14 000	11 500	2 500	22%	23 000
Other expenditure	288 393	336 458	336 458	25 671	149 631	168 337	(18 506)	-11%	336 458
Total Expenditure	732 875	794 717	794 717	64 168	326 313	397 360	(71 047)	-18%	794 717
Surplus/(Deficit)	(76 633)	(95 364)	(95 364)	125 454	151 205	(47 684)	198 889	-417%	(95 364)
Transfers and subsidies - capital (monetary allocations)	317 693	293 458	293 458	69 617	156 136	146 729	9 407	6%	293 458
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
Surplus/(Deficit) after capital transfers & contributions	241 060	198 095	198 095	195 071	307 341	99 045	208 296	210%	198 095
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
Surplus/ (Deficit) for the year	241 060	198 095	198 095	195 071	307 341	99 045	208 296	210%	198 095
Capital expenditure & funds sources									
Capital expenditure	349 075	296 809	296 809	35 730	153 955	148 405	5 550	4%	296 809
Capital transfers recognised	276 005	259 997	258 997	32 532	136 415	129 499	6 917	5%	258 997
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	73 070	36 811	37 811	3 199	17 540	18 906	(1 366)	-7%	37 811
Total sources of capital funds	349 075	296 809	296 809	35 730	153 955	148 405	5 550	4%	296 809
Financial position									
Total current assets	308 794	190 605	190 605		456 306				190 605
Total non current assets	3 218 981	3 440 399	3 440 399		3 372 936				3 440 399
Total current liabilities	167 569	117 744	117 744		181 694				117 744
Total non current liabilities	34 976	30 536	30 536		34 976				30 536
Community wealth/Equity	3 363 268	3 483 269	3 483 269		3 612 624				3 483 269
Cash flows									
Net cash from (used) operating	1 475 602	363 853	363 853	571 902	1 405 228	181 926	(1 223 302)	-672%	363 853
Net cash from (used) investing	(349 075)	(346 012)	(346 012)	(35 730)	(153 362)	(173 006)	(19 644)	11%	(346 012)
Net cash from (used) financing	(15)	(1 831)	(1 831)	-	21	(915)	(936)	102%	(1 831)
Cash/cash equivalents at the monthly/year end	1 335 942	144 795	144 795	1 537 592	1 513 558	136 789	(1 376 768)	-100%	277 680
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Ds	151-180 Ds	181 Ds-1 Yr	Over 1Yr	Total
Debtors Age Analysis									
Total By Income Source	6 708	4 209	2 749	2 532	2 585	2 508	44 421	161 014	226 727
Creditors Age Analysis									
Total Creditors	-	-	-	-	-	-	-	-	-

Financial Performance by Functional Classification

Table C2 provides the parent statement of financial performance by standard classification.

DC43 Harry Gwala - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 December

Description R thousands	2024/25		Budget Year 2025/26						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue - Functional									
Governance and administration	523 673	549 971	549 971	175 088	403 915	274 986	128 929	47%	549 971
Executive and council	—	—	—	—	—	—	—	—	—
Finance and administration	523 673	549 971	549 971	175 088	403 915	274 986	128 929	47%	549 971
Internal audit	—	—	—	—	—	—	—	—	—
Community and public safety	38	18	18	9	42	9	33	374%	18
Community and social services	38	18	18	9	42	9	33	374%	18
Sport and recreation	—	—	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—	—	—
Housing	—	—	—	—	—	—	—	—	—
Health	—	—	—	—	—	—	—	—	—
Economic and environmental services	24 064	—	—	—	—	—	—	—	—
Planning and development	24 064	—	—	—	—	—	—	—	—
Road transport	—	—	—	—	—	—	—	—	—
Environmental protection	—	—	—	—	—	—	—	—	—
Trading services	426 160	442 822	442 822	84 141	229 698	221 411	8 287	4%	442 822
Energy sources	—	—	—	—	—	—	—	—	—
Water management	412 843	426 870	426 870	83 126	223 088	213 435	9 653	5%	426 870
Waste water management	13 317	15 952	15 952	1 015	6 609	7 976	(1 367)	-17%	15 952
Waste management	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total Revenue - Functional	973 935	992 811	992 811	259 238	633 654	496 405	137 249	28%	992 811
Expenditure - Functional									
Governance and administration	268 495	286 912	286 882	26 943	149 707	143 447	6 260	4%	286 882
Executive and council	35 024	41 939	41 939	1 848	18 979	20 970	(1 990)	-9%	41 939
Finance and administration	225 155	235 082	235 052	24 447	126 884	117 532	9 353	8%	235 052
Internal audit	8 316	9 892	9 892	648	3 843	4 946	(1 103)	-22%	9 892
Community and public safety	18 204	22 765	22 765	1 034	7 080	11 383	(4 303)	-38%	22 765
Community and social services	18 204	22 765	22 765	1 034	7 080	11 383	(4 303)	-38%	22 765
Sport and recreation	—	—	—	—	—	—	—	—	—
Public safety	—	—	—	—	—	—	—	—	—
Housing	—	—	—	—	—	—	—	—	—
Health	—	—	—	—	—	—	—	—	—
Economic and environmental services	200 808	215 491	215 491	14 091	54 482	107 746	(53 264)	-49%	215 491
Planning and development	200 808	215 491	215 491	14 091	54 482	107 746	(53 264)	-49%	215 491
Road transport	—	—	—	—	—	—	—	—	—
Environmental protection	—	—	—	—	—	—	—	—	—
Trading services	245 367	269 549	269 579	22 100	115 045	134 785	(19 740)	-15%	269 579
Energy sources	—	—	—	—	—	—	—	—	—
Water management	245 183	260 256	260 286	22 043	114 799	130 138	(15 339)	-12%	260 286
Waste water management	185	9 292	9 292	57	246	4 646	(4 400)	-95%	9 292
Waste management	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—
Total Expenditure - Functional	732 875	794 717	794 717	64 168	326 313	397 360	(71 047)	-18%	794 717
Surplus/ (Deficit) for the year	241 060	198 095	198 095	195 071	307 341	99 045	208 296	2,103 0371	198 095

Table C2: Parent Monthly Budget Statement: Financial Performance, reflects the operating revenue in the standard classifications.

The table starts by assessing the midyear revenue by department followed by an expenditure analysis. The actual year to date revenue recognised as at December 2025 was R 633, 6million against a year to date budget of R 496, 4million representing over performance of 28%.

Expenditure by standard classification presents the expenditure by the departments. The operational budget performance at midyear was 82% against the year to date budget which is under performed by 18%.

DC43 Harry Gwala - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December

Vote Description R thousands	2024/25		Budget Year 2025/26						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue by Vote									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	523 056	549 507	549 507	175 088	403 815	274 753	129 061	47,0%	549 507
Vote 04 - Summary Corporate Services	393	410	410	-	-	205	(205)	-100,0%	410
Vote 05 - Summary Social Services & Development Planing	38	18	18	9	42	9	33	374,2%	18
Vote 06 - Summary Infrastructure Services	361 419	350 081	350 081	77 112	182 066	175 041	7 025	4,0%	350 081
Vote 07 - Summary Water Services	89 029	92 795	92 795	7 029	47 732	46 397	1 335	2,9%	92 795
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Revenue by Vote	973 935	992 811	992 811	259 238	633 654	496 405	137 249	27,6%	992 811
Expenditure by Vote									
Vote 01 - Summary Council	17 788	20 567	20 567	1 188	10 508	10 284	224	2,2%	20 557
Vote 02 - Summary Municipal Manager	27 120	31 264	31 264	1 308	12 315	15 632	(3 317)	-21,2%	31 264
Vote 03 - Summary Budget And Treasury Office	69 768	64 749	64 749	6 763	36 563	32 375	4 188	12,9%	64 749
Vote 04 - Summary Corporate Services	106 598	110 299	110 299	6 936	53 058	55 150	(2 092)	-3,8%	110 299
Vote 05 - Summary Social Services & Development Planing	55 654	73 467	73 467	9 630	32 004	36 734	(4 730)	-12,9%	73 467
Vote 06 - Summary Infrastructure Services	162 332	165 408	165 408	5 539	29 818	82 704	(52 886)	-63,9%	165 408
Vote 07 - Summary Water Services	293 615	328 964	328 964	32 804	152 048	164 482	(12 434)	-7,6%	328 964
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Expenditure by Vote	732 875	794 717	794 717	64 168	326 313	397 360	(71 047)	-17,9%	794 717
Surplus/ (Deficit) for the year	241 060	198 095	198 095	195 071	307 341	99 045	208 296	210,3%	198 095

Table C3: Monthly Budget Statement – Financial Performance, reflects the operating revenue and operating expenditure by municipal vote. The

municipal directorates are Executive Council; Municipal Manager; Budget and Treasury; Corporate Services; Social Services and Development Planning; Infrastructure Services and Water Services. The operating expenditure budget is approved by Council on the municipal vote level.

DC43 Harry Gwala - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description R thousands	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue									
Exchange Revenue									
Service charges - Electricity							—		
Service charges - Water	59 302	56 944	56 944	5 095	33 163	28 472	4 691	16%	56 944
Service charges - Waste Water Management	13 256	14 252	14 252	839	6 477	7 126	(649)	-9%	14 252
Service charges - Waste management							—		
Sale of Goods and Rendering of Services	178	663	663	1	65	331	(266)	-80%	663
Agency services							—		
Interest							—		
Interest earned from Receivables	16 536	16 655	16 655	1 285	7 573	8 328	(755)	-9%	16 655
Interest from Current and Non Current Assets	21 988	16 035	16 035	837	13 737	8 017	5 720	71%	16 035
Licence and permits							—		
Operational Revenue	1 241	404	404	128	307	202	105	52%	404
Non-Exchange Revenue									
Property rates							—		
Surcharges and Taxes							—		
Fines, penalties and forfeits	478	—	—	—	786	—	786	#DIV/0!	—
Licence and permits							—		
Transfers and subsidies - Operational	477 532	512 493	512 493	163 946	377 978	256 247	121 731	48%	512 493
Interest	—	—	—	—	—	—	—		—
Fuel Levy							—		
Operational Revenue	—	—	—	—	—	—	—		—
Gains on disposal of Assets	—	—	—	—	—	—	—		—
Other Gains	1 374	—	—	—	—	—	—		—
Discontinued Operations							—		
Total Revenue (excluding capital transfers and contributions)	591 885	617 445	617 445	172 131	440 086	308 722	131 364	43%	617 445
Expenditure By Type									
Employee related costs	256 039	265 764	265 764	21 772	125 967	132 883	(6 916)	-5%	265 764
Remuneration of councillors	6 932	8 606	8 606	605	3 632	4 303	(471)	-11%	8 606
Bulk purchases - electricity	—	—	—	—	—	—	—		—
Inventory consumed	33 598	36 740	36 740	3 542	15 928	18 370	(2 442)	-13%	36 740
Debt impairment	10 796	—	—	—	—	—	—		—
Depreciation and amortisation	236 930	101 010	101 010	—	—	50 505	(50 505)	-100%	101 010
Interest	2	15	15	—	—	7	(7)	-100%	15
Contracted services	122 694	149 165	148 875	16 542	82 143	74 508	7 636	10%	148 875
Transfers and subsidies	—	—	—	—	—	—	—		—
Irrecoverable debts written off	29 995	31 908	31 908	23	8 022	15 954	(7 932)	-50%	31 908
Operational costs	91 283	102 239	102 529	13 160	64 745	51 194	13 551	26%	102 529
Losses on Disposal of Assets	1 190	—	—	—	—	—	—		—
Other Losses	—	—	—	—	—	—	—		—
Total Expenditure	789 459	695 447	695 447	55 643	300 638	347 725	(47 087)	-14%	695 447
Surplus/(Deficit)	(197 574)	(78 002)	(78 002)	116 489	139 448	(39 003)	178 451	(0)	(78 002)
Transfers and subsidies - capital (monetary allocations)	332 319	318 124	323 856	—	105 117	160 495	(55 378)	(0)	323 856
Transfers and subsidies - capital (in-kind)	—	—	—	—	—	—	—		—
Surplus/(Deficit) after capital transfers & contributions	134 745	240 121	245 854	116 489	244 565	121 492	123 073	0	245 854
Income Tax							—		
Surplus/(Deficit) after income tax	134 745	240 121	245 854	116 489	244 565	121 492	123 073	0	245 854
Share of Surplus/Deficit attributable to Joint Venture							—		
Share of Surplus/Deficit attributable to Minorities							—		
Surplus/(Deficit) attributable to municipality	134 745	240 121	245 854	116 489	244 565	121 492	123 073	0	245 854
Share of Surplus/Deficit attributable to Associate							—		
Intercompany/Parent subsidiary transactions	—	—	—	—	—	—	—		—
Surplus/ (Deficit) for the year	134 745	240 121	245 854	116 489	244 565	121 492	123 073	0	245 854

Table C5 below reports on the capital expenditures by departments (municipal vote) and by standard classification. The bottom part of the schedule looks at the funding sources of the capital projects.

DC43 Harry Gwala - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 December

Vote Description R thousands	2023/24	Budget Year 2024/25							Full Year Forecast
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
<u>Multi-Year expenditure appropriation</u>									
Vote 01 - Summary Council	-	-	-	-	-	-	-	-	-
Vote 02 - Summary Municipal Manager	-	-	-	-	-	-	-	-	-
Vote 03 - Summary Budget And Treasury Office	-	-	-	-	-	-	-	-	-
Vote 04 - Summary Corporate Services	4 385	9 480	12 480	658	6 268	5 490	778	14%	12 480
Vote 05 - Summary Social Services & Development Planning	986	600	600	-	-	300	(300)	-100%	600
Vote 06 - Summary Infrastructure Services	78 007	122 732	118 076	11 244	38 824	60 202	(21 378)	-36%	118 076
Vote 07 - Summary Water Services	226 226	184 460	206 600	13 632	101 262	97 765	3 497	4%	206 600
Vote 15 - Other	-	-	-	-	-	-	-	-	-
Total Capital Multi-year expenditure	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757
Total Capital Expenditure	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757
<u>Capital Expenditure - Functional Classification</u>									
<i>Governance and administration</i>	4 385	9 480	12 480	658	6 268	5 490	778	14%	12 480
Executive and council								-	
Finance and administration	4 385	9 480	12 480	658	6 268	5 490	778	14%	12 480
Internal audit								-	
<i>Community and public safety</i>	986	600	600	-	-	300	(300)	-100%	600
Community and social services	986	600	600	-	-	300	(300)	-100%	600
Sport and recreation								-	
Public safety								-	
Housing								-	
Health								-	
<i>Economic and environmental services</i>	60 631	120 895	115 106	11 244	35 423	58 830	(23 407)	-40%	115 106
Planning and development	60 631	120 895	115 106	11 244	35 423	58 830	(23 407)	-40%	115 106
Road transport								-	
Environmental protection								-	
<i>Trading services</i>	243 602	186 297	209 570	13 632	104 662	99 137	5 526	6%	209 570
Energy sources								-	
Water management	178 637	176 093	165 775	9 281	87 155	90 637	(3 482)	-4%	185 775
Waste water management	64 965	10 204	23 796	4 351	17 507	8 500	9 007	106%	23 796
Waste management								-	
<i>Other</i>								-	
Total Capital Expenditure - Functional Classification	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757
<u>Funded by:</u>									
National Government	298 048	276 629	274 647	24 513	129 993	137 819	(7 826)	-6%	274 647
Provincial Government	-	-	6 967	-	-	1 742	(1 742)	-100%	6 967
District Municipality	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	298 048	276 629	281 614	24 513	129 993	139 561	(9 568)	-7%	281 614
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	11 555	40 643	56 143	1 021	16 381	24 196	(7 836)	-32%	56 143
Total Capital Funding	309 604	317 272	337 757	25 534	146 353	163 757	(17 404)	-11%	337 757

Capital expenditure typically includes vehicles, computer, equipment, Office furniture's, etc. which are funded by internal contributions. It also includes expenditure on water and sanitation infrastructure funded by external funds such as MIG. Capital expenditure reflects underspending for the mid-year ending 31 December 2025. The 2025/2026 year to date actual capital expenditure amounting to R153, 9million against year-to-date budget of R151million representing 102% of the year-to-date budget.

Table C6 displays the financial position of the municipality as at 31 December 2025.

DC43 Harry Gwala - Table C6 Monthly Budget Statement - Financial Position - M06 December

Description	2023/24	Budget Year 2024/25			
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands					
ASSETS					
Current assets					
Cash and cash equivalents	209 430	124 710	124 710	448 960	124 710
Trade and other receivables from exchange transactions	12 036	29 605	29 605	12 953	29 605
Receivables from non-exchange transactions	2 312	2 311	2 311	2 312	2 311
Current portion of non-current receivables	–	–	–	–	–
Inventory	858	759	759	866	759
VAT	19 164	36 188	21 436	26 312	21 436
Other current assets	(229)	2	2	(231)	2
Total current assets	243 572	193 575	178 823	491 171	178 823
Non current assets					
Investments					
Investment property	–	–	–	–	–
Property, plant and equipment	2 996 864	3 439 263	3 459 748	3 143 218	3 459 748
Intangible assets	313	1 223	1 223	313	1 223
Trade and other receivables from exchange transactions					
Non-current receivables from non-exchange transactions					
Other non-current assets	0	0	0	0	0
Total non current assets	2 997 178	3 440 486	3 460 971	3 143 531	3 460 971
TOTAL ASSETS	3 240 750	3 634 061	3 639 794	3 634 702	3 639 794
LIABILITIES					
Current liabilities					
Bank overdraft	–	–	–	–	–
Financial liabilities	12 806	8 006	8 006	12 806	8 006
Consumer deposits	3 179	3 522	3 522	3 378	3 522
Trade and other payables from exchange transactions	86 935	84 509	84 509	84 497	84 509
Trade and other payables from non-exchange transactions	10 500	–	–	158 068	–
Provision	16 385	17 142	17 142	16 385	17 142
VAT	5 282	7 402	7 402	9 343	7 402
Other current liabilities	–	–	–	–	–
Total current liabilities	135 087	120 580	120 580	284 477	120 580
Non current liabilities					
Financial liabilities	(0)	–	–	(0)	–
Provision	30 536	29 399	29 399	30 536	29 399
Long term portion of trade payables	–	–	–	–	–
Other non-current liabilities	–	–	–	–	–
Total non current liabilities	30 536	29 399	29 399	30 536	29 399
TOTAL LIABILITIES	165 623	149 979	149 979	315 013	149 979
NET ASSETS	3 075 127	3 484 082	3 489 815	3 319 689	3 489 815
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)	3 262 762	3 487 037	3 487 037	3 319 689	3 487 037
Reserves and funds	–	–	–	–	–
Other	–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	3 262 762	3 487 037	3 487 037	3 319 689	3 487 037

Table C7 below display the Cash Flow Statement for the mid-year.

DC43 Harry Gwala - Table C7 Monthly Budget Statement - Cash Flow - M06 December

Description R thousands	2023/24		Budget Year 2024/25						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES									
Receipts									
Property rates	6	—	—	—	—	—	—	—	—
Service charges	62 324	62 194	62 194	3 875	37 247	31 097	6 149	20%	62 194
Other revenue	1 805 797	68 324	86 092	56 636	695 074	43 046	652 028	1515%	86 092
Transfers and Subsidies - Operational	473 045	512 493	512 493	163 946	374 948	256 247	118 701	46%	512 493
Transfers and Subsidies - Capital	326 130	318 124	323 856	97 952	255 714	161 928	93 786	58%	323 856
Interest	21 988	17 435	17 435	837	13 738	8 717	5 020	58%	17 435
Dividends	—	—	—	—	—	—	—	—	—
Payments									
Suppliers and employees	(888 412)	(633 686)	(649 296)	(66 258)	(485 178)	(324 648)	160 530	-49%	(649 296)
Interest	—	(142)	(142)	—	—	(71)	(71)	100%	(142)
Transfers and Subsidies	—	—	—	—	—	—	—	—	—
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 800 878	344 742	352 632	256 988	891 543	176 316	(715 227)	-406%	352 632
CASH FLOWS FROM INVESTING ACTIVITIES									
Receipts									
Proceeds on disposal of PPE	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current receivables	—	—	—	—	—	—	—	—	—
Decrease (increase) in non-current investments	—	—	—	—	—	—	—	—	—
Payments									
Capital assets	(309 604)	(322 312)	(342 797)	(25 534)	(146 353)	(171 398)	(25 045)	15%	(342 797)
NET CASH FROM/(USED) INVESTING ACTIVITIES	(309 604)	(322 312)	(342 797)	(25 534)	(146 353)	(171 398)	(25 045)	15%	(342 797)
CASH FLOWS FROM FINANCING ACTIVITIES									
Receipts									
Short term loans	—	—	—	—	—	—	—	—	—
Borrowing long term/refinancing	—	—	—	—	—	—	—	—	—
Increase (decrease) in consumer deposits	(355)	(569)	(569)	—	—	(285)	285	-100%	(569)
Payments									
Repayment of borrowing	—	(2 400)	(2 400)	—	—	(1 200)	(1 200)	100%	(2 400)
NET CASH FROM/(USED) FINANCING ACTIVITIES	(355)	(2 969)	(2 969)	—	—	(1 485)	(1 485)	100%	(2 969)
NET INCREASE/ (DECREASE) IN CASH HELD	1 490 920	19 481	6 866	231 454	745 189	3 433			6 866
Cash/cash equivalents at beginning:	124 641	136 856	136 856	723 166	209 430	136 856			209 430
Cash/cash equivalents at month/year end:	1 615 561	156 316	143 722	954 620	954 620	140 289			216 297

2. PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

The table presented below summarises the Debtors Age Analysis as at Midyear.

Table 2.1.1: Debtors Age Analysis by Income Source

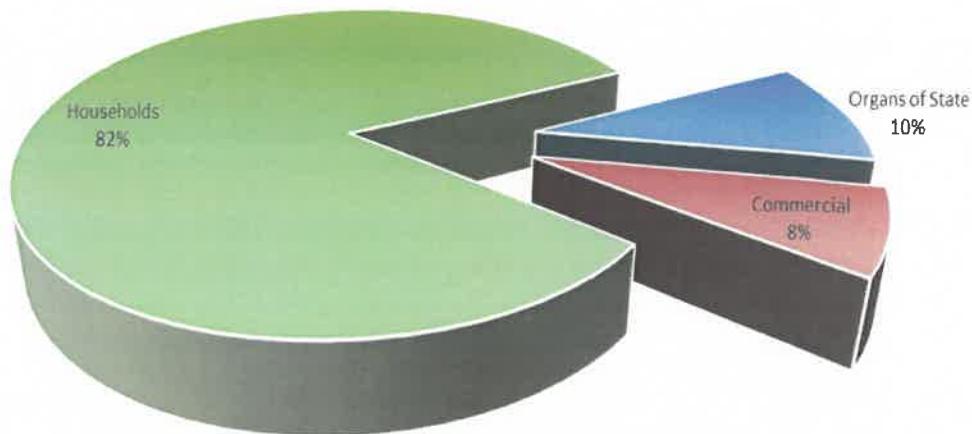
DC43 Harry Gwala - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 December

Description R thousands	Budget Year 2024/25									Total over 90 days
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Ds	151-180 Ds	181 Ds-1 Yr	Over 1Yr	Total	
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	4 257	4 899	2 828	2 699	2 573	2 655	12 555	118 316	150 784	138 799
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	1 663	1 914	1 105	1 055	1 005	1 037	4 905	46 221	58 905	54 224
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	712	819	473	451	430	444	2 099	19 777	25 205	23 201
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
Total By Income Source	6 631	7 632	4 406	4 205	4 009	4 136	19 559	184 315	234 894	216 224
2023/24 - totals only	0	0	0	0	0	0	0	0	-	-
Debtors Age Analysis By Customer Group										
Organs of State	3 464	4 191	1 347	1 257	862	1 504	4 126	6 303	23 055	14 053
Commercial	680	615	390	310	624	271	1 875	12 703	17 466	15 781
Households	2 487	2 826	2 668	2 638	2 523	2 361	13 559	165 309	194 372	186 391
Other									-	-
Total By Customer Group	6 631	7 632	4 406	4 205	4 009	4 136	19 559	184 315	234 894	216 224

Table 2.1.2 analyses consumer debt by Category. A further analysis in the form of a chart is provided below.

Debtors Age Analysis by Customer Group

DEBTORS AGE ANALYSIS BY CUSTOMER GROUP



The information presented in the chart above ranks total debt owed to the municipality from highest to the lowest,

- ✓ Households: 82%
- ✓ Government 10%
- ✓ Business 8%

The chart above shows that for each debtor type the amounts owing to the municipality have increased on a year-to-year basis.

The table that follows below unpacks the revenue receipts per Local Municipality in the District

Revenue receipts per Area:

AREA	AMOUNT	DECEMBER 2025	NOVEMBER 2025
Unallocated receipts	R 122 890	2%	1%
Bhongweni	R 1 350	0%	0%
Shayamoya	R 40 191	1%	1%
Kokstad	R 3 276 089	43%	23%
Ixopo	R 1 485 107	19%	15%
NDZ	R 1 245 854	16%	18%
Umzimkulu	R 1 451 561	19%	42%
Fairview	R 1 618	0%	0%
TOTAL RECEIPTS			
INCL VAT	R 7 624 660	100%	100%

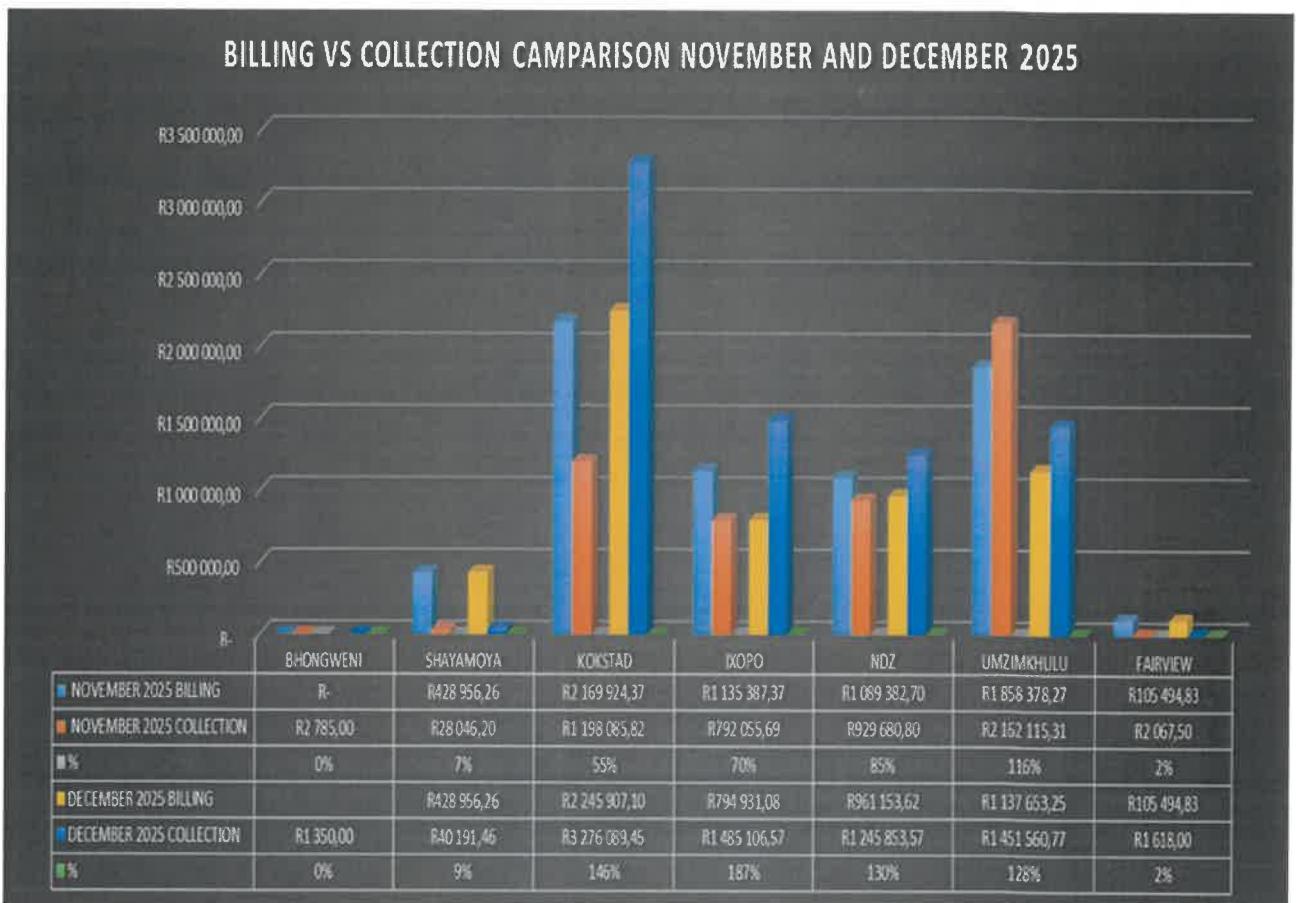
The table above presents the cash receipts from consumer debtors in each of the detailed areas as well as the comparative receipts for the previous month. The total cash collected for December 2025 is R7, 6million, prepaid is R 1, 2million.Total cash collected including prepaid is R 8, 8million. The total billing for the mid-year is R 38, 2million against collection of R 40, 3million representing 105 per cent excluding prepaid receipts

BILLING VS COLLECTION TREND FOR DECEMBER 2025

The chart that follows below shows the comparison between billing and collection trend for the period ending 31 December 2025.



CHART 3: BILLING VS COLLECTION (COMPARISON BETWEEN NOVEMBER AND DECEMBER 2025)



Debtors age analysis per service

The municipality's total outstanding debtors amounted to R 226,726,874 as at 31 December 2025 compared with the R 228,140,538 as at 30 November 2025. Current debt represents 3% of the total outstanding debt compared with the 4% of November 2025; 30 days and older debt 2% compared with the 2% for November 2025; 60 days and older debt 1% compared with the 1% of November 2025; and 90 days 1% compared with the 1% of November 2025; 120 days to History and older 93% compared with the 92% for December 2025.

Current debt increased with R 2,107,455 to R 226,726,874 in the month ending 31 December compared with the R 228,140,538 as at 30 November 2025; 30 days + debt decreased with R 1,345,371; 60 days + decreased with R 2,364; 90 days + debt decreased with R 148,608 and 120 + days and older debt as at 31 December 2025 has increased with R 1,381,870 to R 210,528,695 compared with the R 209,146,825 for November 2025.

Debtors age analysis per debtor type

Business debtors owes the municipality R 17,004,534 (8%); Municipal debtors R 852,000 (0%); domestic debtors R 171,732,220 (76%); Government accounts R 21,466,983 (9%); Indigent debtors R 9,172,978 (4%); Deceased R 1,385,014 (1%) and other debtors R 5,113,146 (2%) of the total outstanding debt of R 226,726,874.

2.2 Creditors Analysis

Table SC presents the aged creditors as at 31 December 2025

DC43 Harry Gwala - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description R thousands	Budget Year 2023/24								Total
	0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	
Creditors Age Analysis By Customer Type									
Bulk Electricity									-
Bulk Water									-
PAYE deductions									-
VAT (output less input)									-
Pensions / Retirement deductions									-
Loan repayments									-
Trade Creditors	95	74	205	734	-	-	-	-	1 108
Auditor General									-
Other									-
Total By Customer Type	95	74	205	734	-	-	-	-	1 108

2.3 Investment Portfolio Analysis

The following information presents the cash at bank and short-term investments balances broken down per investment type as at 31 December 2025.

CASH AND INVESTMENT REGISTER AS AT 31 DECEMBER 2024

Investments by maturity Name of institution & investment ID R thousands	Period of Investment Yrs/Months	Type of Investment	Variable or Fixed interest rate	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
Municipality								
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	1 172	6	-	-	1 178
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	1 259	27	(19 782)	97 952	79 456
FIRST NATIONAL BANK	M	ADMN CALL	Fixed	220	1	-	24 000	24 221
FIRST NATIONAL BANK	M	FIXED DEPOSIT	Fixed	55 466	353	-	-	55 819
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	1 148	6	-	-	1 154
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	68 383	385	-	14 546	83 314
FIRST NATIONAL BANK	M	CALL ACCOUNT	Fixed	1 905	10	-	-	1 915
FIRST NATIONAL BANK	M	FIXED DEPOSIT	Fixed	1 225	6	-	-	1 232
FNB BANK	M	FIXED DEPOSIT	Fixed	51 234	-	-	-	51 234
FNB BANK	M	FIXED DEPOSIT	Fixed	-	-	-	22 000	22 000
FNB BANK	M	FIXED DEPOSIT	Fixed	-	-	-	22 000	22 000
FNB BANK	M	FIXED DEPOSIT	Fixed	-	-	-	22 000	22 000
STANDARD BANK	M	FIXED DEPOSIT	Fixed	55 009	105	-	-	55 115
FNB BANK	M	CURRENT ACCOUNT	Fixed	22 086	-	(15 653)	-	6 433
Municipality sub-total				259 108	900	(35 435)	202 498	427 070
TOTAL INVESTMENTS AND INTEREST				259 108	900	(35 435)	202 498	427 070

2.4 Allocation and Grant receipts and Expenditure

Table SC 6 displays information relating to grant receipts.

DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M06 December

Description	2023/24	Budget Year 2024/25								
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands										
RECEIPTS:										
<u>Operating Transfers and Grants</u>										
National Government:	477 532	512 493	512 493	163 946	377 978	256 247	121 731	47,5%	512 493	
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-	
Equitable Share	463 631	491 837	491 837	163 946	368 878	245 918	122 960	50,0%	491 837	
Expanded Public Works Programme Integrated Grant	5 823	4 460	4 460	-	1 888	2 230	(342)	-15,3%	4 460	
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-	
Local Government Financial Management Grant	1 200	1 200	1 200	-	323	600	(277)	-46,1%	1 200	
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-	
Municipal Infrastructure Grant	4 487	12 498	12 498	-	6 069	6 249	(181)	-2,9%	12 498	
Rural Road Asset Management Systems Grant	2 391	2 498	2 498	-	819	1 249	(430)	-34,4%	2 498	
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-	
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	
Provincial Government:	-	130	130	-	-	65	(65)	-100,0%	130	
Capacity Building and Other Grants	-	130	130	-	-	65	(65)	-100,0%	130	
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-	
District Municipality:	-	20 000	20 000	-	-	10 000	(10 000)	-100,0%	20 000	
Specify (Add grant description)	-	20 000	20 000	-	-	10 000	(10 000)	-100,0%	20 000	
Other grant providers:	-	-	-	-	-	-	-	-	-	
Chemical Industry Seta	-	-	-	-	-	-	-	-	-	
Parent Municipality	-	-	-	-	-	-	-	-	-	
Unspecified	-	-	-	-	-	-	-	-	-	
Total Operating Transfers and Grants	477 532	532 623	532 623	163 946	377 978	266 312	111 666	41,9%	532 623	
<u>Capital Transfers and Grants</u>										
National Government:	332 319	318 124	315 844	-	105 117	158 492	(53 375)	-33,7%	315 844	
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-	
Municipal Infrastructure Grant	242 319	218 124	215 844	-	79 646	108 492	(28 845)	-26,6%	215 844	
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-	
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-	-	-	
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-	
Water Services Infrastructure Grant	90 000	100 000	100 000	-	25 470	50 000	(24 530)	-49,1%	100 000	
Provincial Government:	-	-	8 013	-	-	2 003	(2 003)	-100,0%	8 013	
Infrastructure Grant	-	-	8 013	-	-	2 003	(2 003)	-100,0%	8 013	
District Municipality:	-	-	-	-	-	-	-	-	-	
Specify (Add grant description)	-	-	-	-	-	-	-	-	-	
Other grant providers:	-	-	-	-	-	-	-	-	-	
[insert description]	-	-	-	-	-	-	-	-	-	
Human Settlement Re-development Programme	-	-	-	-	-	-	-	-	-	
Total Capital Transfers and Grants	332 319	318 124	323 856	-	105 117	160 495	(55 378)	-34,5%	323 856	
TOTAL RECEIPTS OF TRANSFERS & GRANTS	809 852	850 747	856 480	163 946	483 095	426 807	56 288	13,2%	856 480	

It is clear from the chart above that the bulk of the grants received by the municipality are from the National Treasury.

Table SC7 track the expenditure on Conditional grant funding.

DC43 Harry Gwala - Supporting Table SC7(1) Monthly Budget Statement - transfers and grant expenditure - M06 December

Description R thousands	2023/24	Budget Year 2024/25							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	680 056	632 656	632 656	51 306	244 150	316 330	(72 180)	-22,8%	632 656
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	662 032	608 896	608 896	49 967	229 996	304 450	(74 454)	-24,5%	608 896
Expanded Public Works Programme Integrated Grant	7 177	7 751	7 751	739	4 108	3 875	232	6,0%	7 751
Local Government Financial Management Grant	1 200	1 012	1 012	94	412	506	(94)	-18,6%	1 012
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	7 569	12 498	12 498	506	8 922	6 249	2 673	42,8%	12 498
Rural Road Asset Management Systems Grant	2 079	2 498	2 498	-	713	1 249	(536)	-42,9%	2 498
Water Services Infrastructure Grant	-	-	-	-	-	-	-	-	-
Provincial Government:	-	1 400	1 400	-	-	700	(700)	-100,0%	1 400
Capacity Building and Other Grants	-	1 400	1 400	-	-	700	(700)	-100,0%	1 400
District Municipality:	-	5 587	5 587	-	-	2 794	(2 794)	-100,0%	5 587
Specify (Add grant description)	-	5 587	5 587	-	-	2 794	(2 794)	-100,0%	5 587
Other grant providers:	-	-	-	-	-	-	-	-	-
Chemical Industry Seta	-	-	-	-	-	-	-	-	-
Total operating expenditure of Transfers and Grants:	680 056	639 643	639 643	51 306	244 150	319 823	(75 673)	-23,7%	639 643
Capital expenditure of Transfers and Grants									
National Government:	298 048	276 629	274 647	24 513	129 993	137 819	(7 826)	-5,7%	274 647
Local Government Financial Management Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	214 739	189 673	187 690	17 202	100 520	94 341	6 179	6,5%	187 690
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	83 310	86 957	86 957	7 311	29 473	43 478	(14 005)	-32,2%	86 957
Provincial Government:	-	-	6 967	-	-	1 742	(1 742)	-100,0%	6 967
Infrastructure Grant	-	-	6 967	-	-	1 742	(1 742)	-100,0%	6 967
District Municipality:	-	315	315	-	-	158	(158)	-100,0%	315
Specify (Add grant description)	-	315	315	-	-	158	(158)	-100,0%	315
Other grant providers:	-	-	-	-	-	-	-	-	-
Total capital expenditure of Transfers and Grants	298 048	276 944	281 929	24 513	129 993	139 718	(9 726)	-7,0%	281 929
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	978 105	916 587	921 572	75 819	374 143	459 542	(85 399)	-18,6%	921 572

2.5 Councillor and Staff Benefits

Table SC8 presents the expenditure of councillor and staff benefits at midyear.

Harry Gwala District Municipality

DC43 Harry Gwala - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 December

Summary of Employee and Councillor remuneration R thousands	2023/24		Budget Year 2024/25						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	A	B	C						D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	4 566	4 658	4 658	418	2 588	2 329	259	11%	4 658
Pension and UIF Contributions	133	578	578	2	27	289	(262)	-91%	578
Medical Aid Contributions	33	197	197	0	2	98	(97)	-98%	197
Cellphone Allowance	547	566	566	43	259	283	(24)	-8%	566
Other benefits and allowances	1 633	2 607	2 607	142	956	1 304	(347)	-27%	2 607
Sub Total - Councillors	6 932	8 606	8 606	605	3 832	4 303	(471)	-11%	8 606
% Increase		24,1%	24,1%						24,1%
Senior Managers of the Municipality									
Basic Salaries and Wages	5 777	4 759	4 759	458	2 750	2 380	370	16%	4 759
Pension and UIF Contributions	—	4	4	—	—	2	(2)	-100%	4
Medical Aid Contributions	48	51	51	4	24	25	(1)	-5%	51
Performance Bonus	55	181	181	—	69	91	(21)	-23%	181
Motor Vehicle Allowance	1 056	918	918	113	623	459	164	36%	918
Cellphone Allowance	110	119	119	10	58	59	(1)	-2%	119
Housing Allowances	394	336	336	46	277	168	109	65%	336
Other benefits and allowances	259	299	299	26	157	149	7	5%	299
Payments in lieu of leave	—	384	384	—	—	192	(192)	-100%	384
Sub Total - Senior Managers of Municipality	7 699	7 052	7 052	657	3 958	3 526	432	12%	7 052
% increase		8,4%	8,4%						8,4%
Other Municipal Staff									
Basic Salaries and Wages	148 363	154 317	154 317	13 612	78 106	77 159	947	1%	154 317
Pension and UIF Contributions	22 634	24 096	24 096	2 007	11 772	12 048	(277)	-2%	24 096
Medical Aid Contributions	10 905	11 412	11 412	888	5 435	5 706	(271)	-5%	11 412
Overtime	21 207	22 492	22 092	1 939	11 471	11 046	425	4%	22 092
Performance Bonus	10 668	10 909	10 909	1 024	5 314	5 454	(140)	-3%	10 909
Motor Vehicle Allowance	19 940	23 900	23 900	775	4 888	11 950	(7 062)	-58%	23 900
Cellphone Allowance	1 086	1 316	1 316	96	563	658	(95)	-14%	1 316
Housing Allowances	652	784	784	53	326	392	(66)	-17%	784
Other benefits and allowances	6 044	7 716	7 716	465	2 789	3 858	(1 069)	-28%	7 716
Payments in lieu of leave	1 020	657	657	192	1 025	329	697	212%	657
Long service awards	1 312	1 277	1 277	30	196	639	(442)	-69%	1 277
Post-retirement benefit obligations	4 175	—	—	—	—	—	—	—	—
Acting and post related allowance	335	235	235	22	123	117	5	4%	235
Sub Total - Other Municipal Staff	248 340	258 713	258 713	21 115	122 009	129 357	(7 349)	-6%	258 713
% increase		4,2%	4,2%						4,2%
Total Parent Municipality	262 971	274 370	274 370	22 376	129 799	137 186	(7 387)	-5%	274 370
		4,3%	4,3%						4,3%
Unpaid salary, allowances & benefits in arrears:									
Board Members of Entities									
Basic Salaries and Wages	—	320	320	—	—	160	(160)	-100%	320
Sub Total - Executive members Board	—	320	320	—	—	160	(160)	-100%	320
% Increase		#DIV/0!	#DIV/0!						#DIV/0!
Other Staff of Entities									
Basic Salaries and Wages	—	7 400	7 400	—	—	3 700	(3 700)	-100%	7 400
Pension and UIF Contributions	—	23	23	—	—	12	(12)	-100%	23
Payments in lieu of leave	—	50	50	—	—	25	(25)	-100%	50
Acting and post related allowance	—	50	50	—	—	25	(25)	-100%	50
Sub Total - Other Staff of Entities	—	7 523	7 523	—	—	3 762	(3 762)	-100%	7 523
% Increase		#DIV/0!	#DIV/0!						#DIV/0!
Total Municipal Entities	—	7 843	7 843	—	—	3 922	(3 922)	-100%	7 843
TOTAL SALARY, ALLOWANCES & BENEFITS	262 971	282 213	282 213	22 376	129 799	141 108	(11 308)	-8%	282 213
% increase		7,3%	7,3%						7,3%
TOTAL MANAGERS AND STAFF	256 039	273 287	273 287	21 772	125 967	136 645	(10 678)	-8%	273 287

2.6 Actual and Revised Targets

Table SC9 presents the actual and revised targets for cash receipts.

DC43 Harry Gwala - Supporting Table SC9 Monthly Budget Statement - actuals and revised targets for cash receipts - M06 December

Description	Budget Year 2024/25												2024/25 Medium Term Revenue & Expenditure Framework				
	July	August	September	October	November	December	Outcome	January	February	March	April	May	Budget	Budget	Budget	Budget	
R thousands													Budget Year 2024/25	Budget Year 2024/25	Budget Year +1 2025/26	Budget Year +2 2026/27	
Cash Receipts By Source																	
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Service charges - Electricity revenue	7 440	5 500	6 413	4 205	5 967	3 334	4 136	4 136	4 136	4 136	4 136	4 136	(3 806)	40 632	57 392	60 204	
Service charges - Water revenue	586	1 123	631	656	942	541	1 047	1 047	1 047	1 047	1 047	1 047	2 838	12 562	13 316	13 969	
Rental of facilities and equipment	1 623	1 240	2 592	3 894	3 552	837	1 504	1 504	1 504	1 504	1 504	1 504	(3 207)	18 053	17 170	17 986	
Interest earned - external investments	-	0	-	-	-	-	-	-	-	-	-	-	(0)	-	-	-	
Interest earned - outstanding debtors	-	-	69	717	-	-	-	-	-	-	-	-	(736)	-	-	-	
Fines, penalties and forfeits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Agency services	204 332	4 063	-	-	2 007	163 946	42 708	42 708	42 708	42 708	42 708	42 708	(75 983)	512 493	551 850	558 086	
Transfers and Subsidies - Operational	116 275	69 008	248 324	95 916	108 129	56 636	7 174	7 174	7 174	7 174	7 174	7 174	(614 057)	86 092	65 516	71 406	
Other revenue	330 955	80 933	258 028	105 399	120 497	225 294	56 563	56 563	56 563	56 563	56 563	56 563	(725 021)	678 832	705 044	751 671	
Cash Receipts By Source																	
Other Cash Flows by Source																	
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	80 718	-	39 497	37 547	-	97 952	26 988	26 988	26 988	26 988	26 988	26 988	(86 798)	323 856	314 221	343 324	
Borrowing long term/re-financing	-	-	-	-	-	-	(47)	(47)	(47)	(47)	(47)	(47)	(32)	(569)	(504)	(640)	
Increase (decrease) in consumer deposits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
VAT Control (receipts)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Cash Receipts by Source	411 573	80 933	297 525	142 946	120 497	323 246	83 510	83 510	83 510	83 510	83 510	83 510	(732 151)	1 002 119	1 018 661	1 034 355	
Cash Payments by Type																	
Employee related costs	21 247	19 687	12 730	31 494	20 903	179	22 801	22 801	22 801	22 801	22 801	22 801	53 394	273 607	289 914	307 186	
Remuneration of councillors	330	310	-	313	518	-	717	717	717	717	717	717	3 233	8 606	9 122	9 670	
Interest	-	-	-	-	-	-	12	12	12	12	12	12	33	142	150	158	
Bulk purchases - Electricity	-	-	-	-	-	-	2 590	2 590	2 590	2 590	2 590	2 590	-	-	32 510	34 103	
Acquisitions - water & other inventory	-	-	-	-	-	-	13 072	13 072	13 072	13 072	13 072	13 072	91 506	156 867	200 140	217 336	
Contracted services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Transfers and subsidies - other municipalities	34 484	60 932	66 297	48 985	93 106	65 202	15 262	15 262	15 262	15 262	15 262	15 262	(282 141)	183 147	154 054	160 885	
Transfers and subsidies - other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other expenditure	56 062	80 933	79 343	80 783	114 228	65 380	54 454	54 454	54 454	54 454	54 454	54 454	(55 825)	653 449	685 891	729 317	
Cash Payments by Type																	
Other Cash Flows/Payments by Type																	
Capital assets	10 014	25 382	24 052	15 064	46 308	25 534	28 586	28 586	28 586	28 586	28 586	28 586	53 611	342 797	360 803	324 437	
Repayment of borrowing	-	-	-	-	-	-	200	200	200	200	200	200	1 400	2 400	2 400	2 400	
Other Cash Flows/Payments	350	950	1 828	4 168	-	878	1 250	1 250	1 250	1 250	1 250	1 250	577	15 000	15 000	15 000	
Total Cash Payments by Type	65 325	107 260	105 223	99 985	160 336	91 792	84 470	84 470	84 470	84 470	84 470	84 470	(40 238)	1 013 646	1 004 194	1 071 155	
NET INCREASE/(DECREASE) IN CASH HELD	345 448	(26 327)	192 302	42 951	(40 339)	231 454	(961)	(961)	(961)	(961)	(961)	(961)	(751 914)	(11 527)	14 467	23 200	
Cash/cash equivalents at the month/year beginning:	209 130	554 579	529 251	720 554	723 166	954 620	953 659	952 659	951 738	950 777	949 817	948 917	197 903	197 903	197 903	212 371	
Cash/cash equivalents at the month/year end:	554 579	528 251	720 554	763 504	723 166	954 620	953 659	952 659	951 738	950 777	949 817	948 917	235 571	235 571	235 571	235 571	

2.7 Material Variances to the SDBIP

The following section analyses material variances between the actual targets as at Midyear and the budget for the same period. This report analyses each major component under following headings;

- ✓ Revenue by Source
- ✓ Operational Expenditure by Type, and
- ✓ Capital Expenditure
- ✓ Financial Position
- ✓ Cash Flows

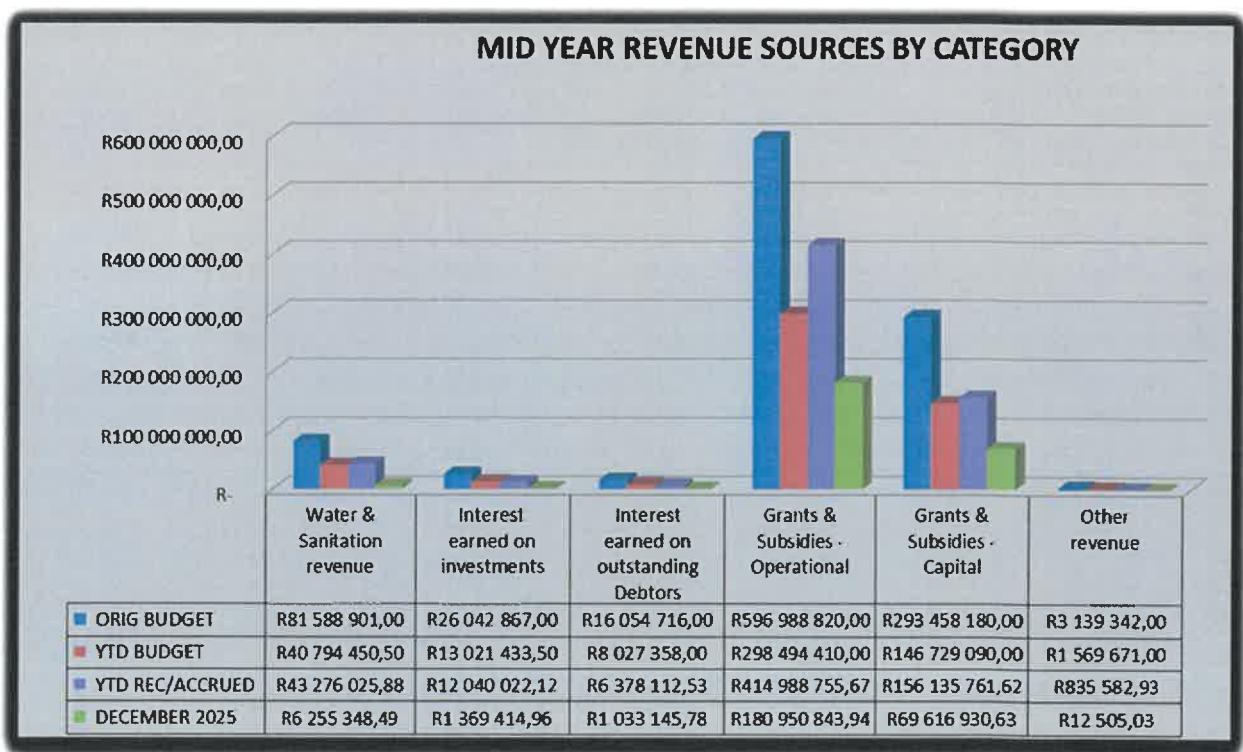
The analysis also provides a brief on the impact of this report on the adjustments budget.

The last section under this heading analyses the actual targets against the planned targets as at 31 December 2025.

REVENUE

The chart displays a comparison between the midyear revenue budget and the performance against this budget as depicted in the form of Year to date (YTD) Actual figures. It should be emphasised that the information presented relates to "performance" rather than "cash movements" in terms of the revenue items listed below. This accounting principle relating to municipal performance is best illustrated in the analysis that follows.

Chart 3: Revenue Analysis



Water & Sanitation Charges

The year-to-date **actual** water & sanitation charges (**billing**) as at 31 December 2025 was R43, 2million against a year to date **budget** of R40, 7million. This represents over performance in municipal billing by 6%.

However, this percentage measures the municipal performance in terms of the ability to bill consumers that are receiving services from the municipality and **is not** a measure of the ability to collect outstanding consumer accounts.

Adjustment Budget Implications: The performance of service charges for the mid-year is more than what was anticipated therefore upward adjustment is needed.

Interest Earned on External Investments

The actual interest earned on external investments as at midyear is less than what was anticipated by 8%.

Adjustment Budget Implications: No adjustment is required.

Transfers Recognised - Operational

The operational grants revenue of R414, 9million against a year-to-date budget of R298, 4million is largely attributable to the YTD equitable share received of R390, 6million while the balance relates to conditions met on conditional grant funding.

Adjustment Budget Implications: No adjustment budget is necessary.

Transfers Recognised – Capital

The actual R156, 1million (against a YTD budget of R146, 7million) represent the conditions met in capital expenditures against the conditional grant allocation received. This amount represents 6% under performance in Conditional Capital grant funding expenditures.

Adjustment Budget Implications: No adjustment budget is needed. According to the expenditure as at 31 December 2025 the municipality managed to spend more than 50 per cent for conditional grants and is in a position to fully spend the capital grants by end June 2025.

Other Revenue

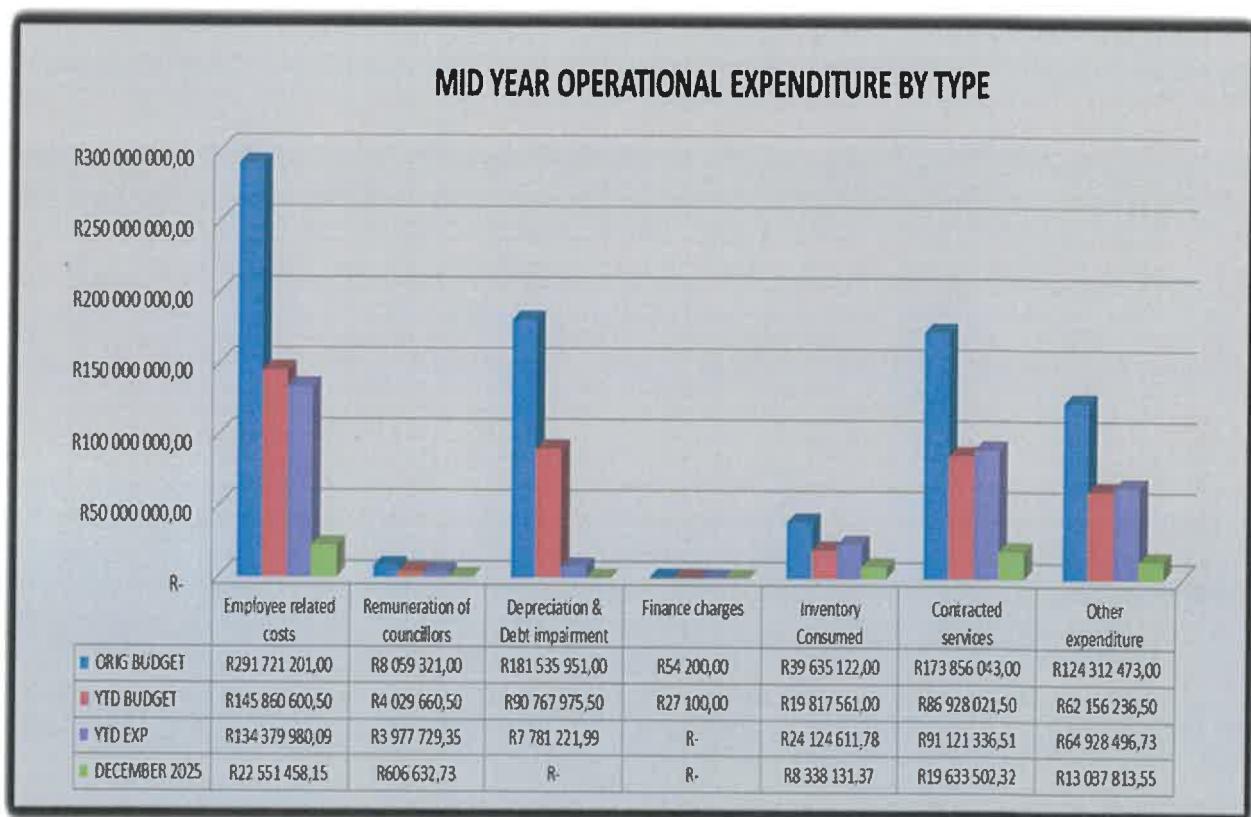
The YTD actual of other revenue is R835 583 against year-to-date budget of R1, 5million. Other revenue mainly comes from the sale of Tender Documents. Other revenue has underperformed by 47 per cent.

Adjustment Budget Implications: A downward adjustment would be necessary.

OPERATIONAL EXPENDITURE

The chart below presents the YTD operational expenditure movements against the YTD budgets. An analysis of each expenditure line item category and the implications on the adjustments budget is discussed below.

Chart 4: Midyear Opex



Employee Related Costs

The year-to-date budget for employee related costs is R145, 8million against a year to date actual of R134, 3million. Employee related costs under performed by 8% or R11, 4million.

Adjustment Budget Implications: Due to employee related costs related to post health care obligations and long service awards that are non-cash items arise from actuarial valuations. employee related costs need to be adjusted upward to cater the non-cash items as stated. The budgeted expenditure for Senior Managers is based on the previous gazette, there is a new gazette that has been issued by the end of mid-term that resulting to upward adjustment on employee related costs.

Remuneration of Councillors

The remuneration of councillor's expenditure as at 31 December 2025 was R3, 9million against a year to budget of R4million representing performance of 99 per cent of the planned budget. The municipality is spending according to what was anticipated.

Adjustment Budget Implications: No adjustment is required.

Finance Charges

As at midyear, there is a year a date budget of R27 100k. There was no movement in the month ending December 2025.

Adjustment Budget Implications: None

Inventory Consumed

The expenditure on Inventory consumed has overperformed by 22 per cent at mid-year. The year-to-date actual amounting to R24, 1million against year-to-date budget of R19, 8million. A review of this budget would be required. The budget for bulk water purchases was underbudgeted on the initial budget since there was outstanding debt that was due to UGU District Municipality because of the dispute on the water readings as well as estimated billing by UGU due to the unavailability of well-functioning bulk meters.

Adjustment Budget Implications: An upward adjustment is necessary.

Contracted Services

An over expenditure of 5% was reported at mid-year. The increase is due to repairs and maintenance as the municipal infrastructure is ageing and original budget was not enough to spend for the whole financial year.

A review of the categorisation of expenditures contained in this classification is required.

Adjustment Budget Implications: An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

Other Expenditure

An over expenditure of 4% was reported at mid-year. The municipality is required to implement cost containment measures to avoid unauthorised expenditure at the end of financial year. A review of the classification of other expenditure would need to be undertaken.

Adjustment Budget Implications: An analysis of the non-priority and priority line items would have to be done to assess the need and extent of the adjustments.

Performance assessment

The Mid-Year Performance Assessment Report is an important instrument which allows the municipality to learn and appreciate the extent to which planned targets have been met. But of critical importance is the fact that the findings of the assessment allow the municipality to quickly detect challenges and bottlenecks that may prohibit the successful implementation of projects, particularly in the long- run. It further affords the municipality an opportunity to change the strategies used especially when the planned targets were not met within the agreed timeframe, budget and standards.

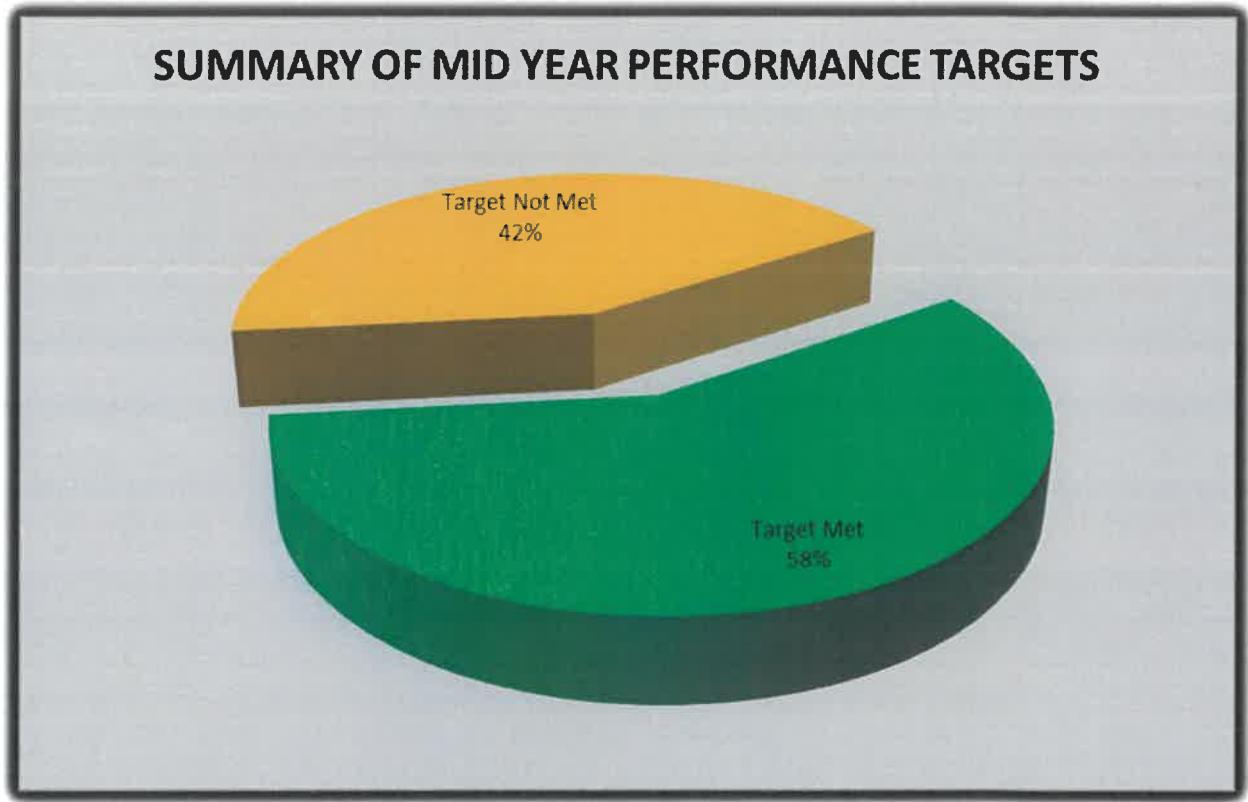


Chart 6 above provides a summary of the targets achieved or met (58%) as well the targets not met (42%). It can be stated that the performance of the municipality at midyear is above average; however, there is still more room for improvement. There are reasons why some of the targets could not be met, and as such, the Performance Management unit has listed all the possible challenges that have hindered/ contributed to non-performance or non-implementation of the 42 targets not met.

Chart 6 below provides an analysis of the planned targets versus the targets achieved and the ones not met.

Chart 6: Departmental performance targets

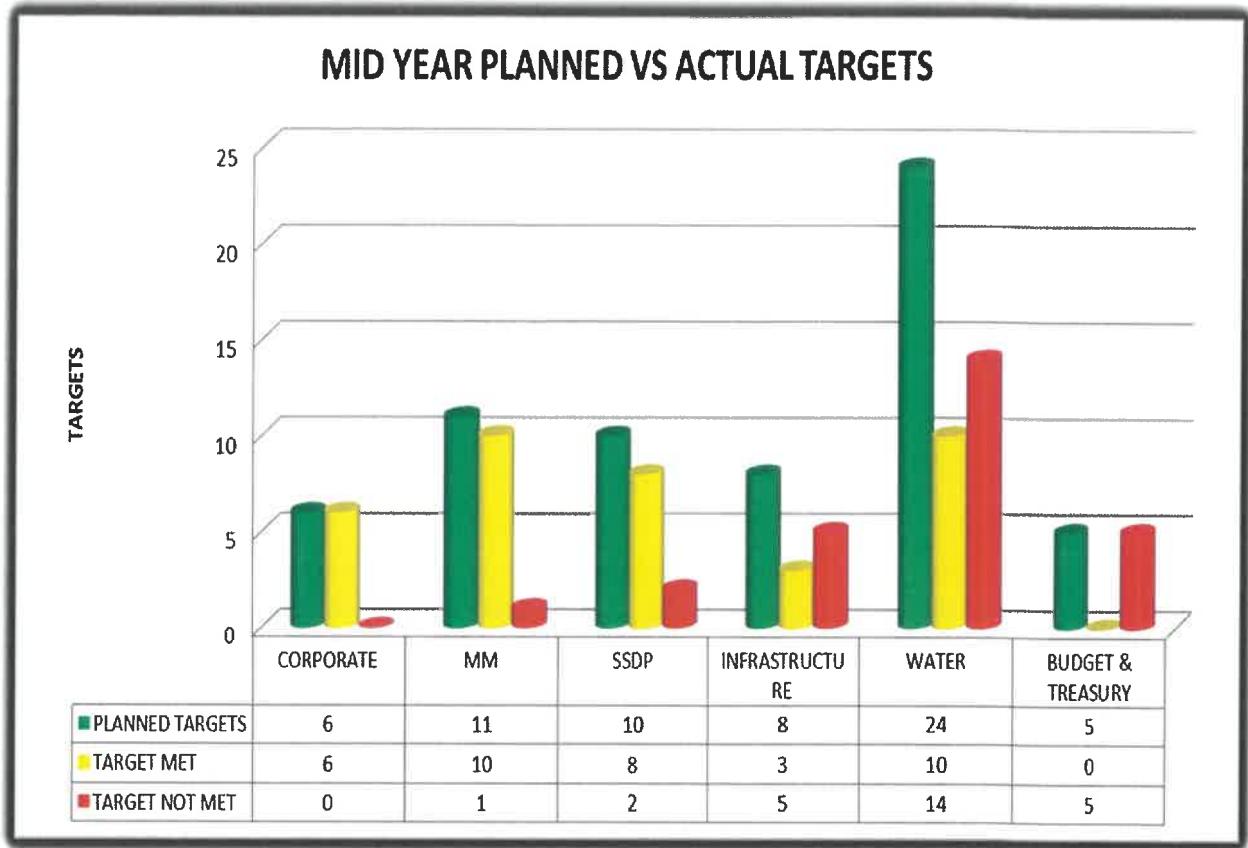
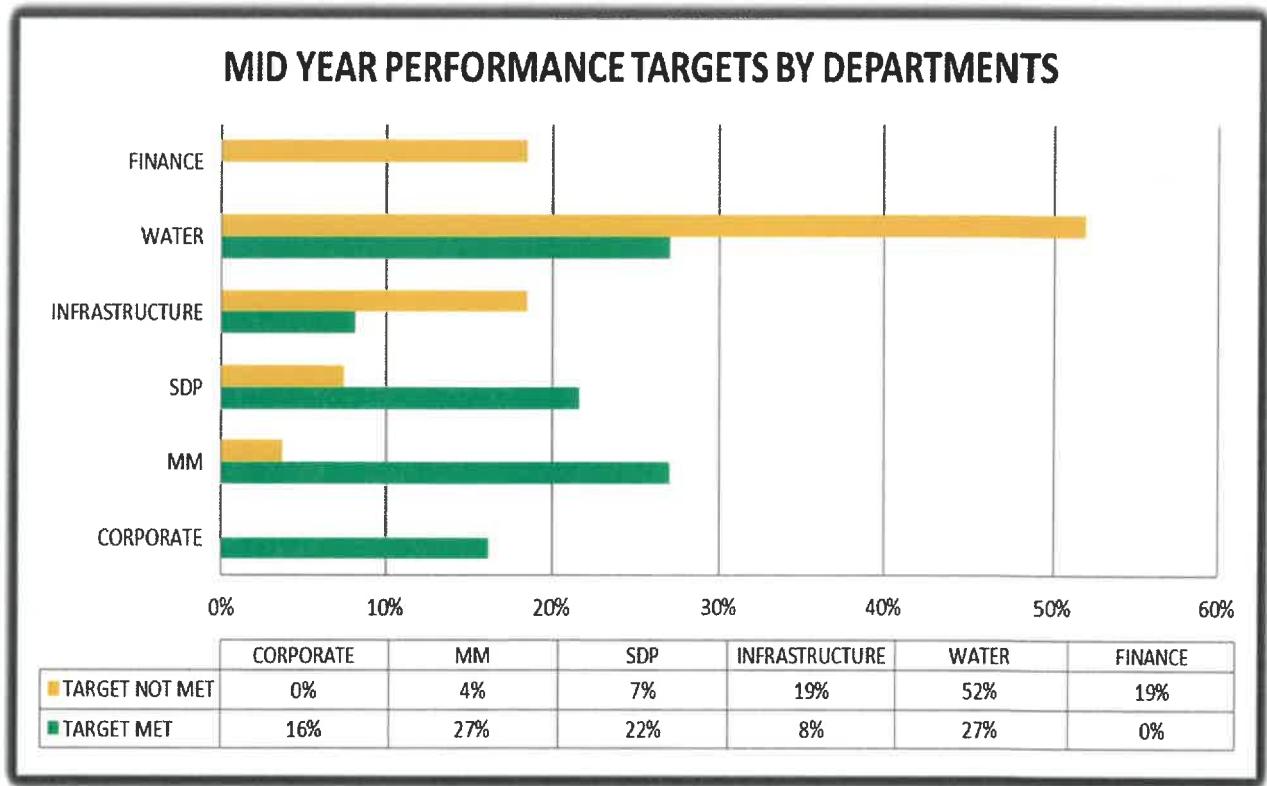


Chart 7 below analyses the extent to which performance targets, in percentage terms, were met by ranking departments from the highest (achieved) to the lowest.

Chart 7: Performance targets Departments



Below, the PMS unit has further rendered possible remedies to all the challenges as we move the second half of the year.

Key Challenges

Infrastructure Services

The department planned to achieve 8 targets by mid-term. 3 targets were achieved and 5 not achieved. Mid-Term Performance achievement is sitting at 37,5%. Noting a regression from 50% quarter 1 to 40% quarter 2. Listed below are the reasons why there is a regression from Infrastructure Services

Challenges:

Creigton Water Supply Pipes: The construction period has been extended on this project from 26 November 2025 to 30 April 2026. This extension

was due to bad weather conditions that have been registered and claimed by the contractor as well as land legal matters that have since been resolved through Executive Interventions.

MIG Expenditure: Appeals on the appointment of a panel of consultants. This has caused delays in the design phase of the projects. Some projects that were approved by the MBPAC in February 2025, still do not have consultants to do the designs.

Office Buildings – Repairs & Maintenance: The tenders for appointment of the service provider and Material Supply have been nonresponsive, therefore it will be re-advertised. There has been constant communication between the Department, SCM and Bid Committees towards getting these two tenders advertised again but there has been delays.

Corrective Measures:

- **Creighton Water Supply Pipes:** The Extension of Time has been presented to Council and the Approval has been communicated to the Service Provider.
- **MIG Expenditure:** Greater Mnqumeni Phase 6.2 Rising Main Project is now on Intention to Award. Greater Summerfield Thembeni Line and Mahagu Sanitation will be advertised in Q3.
- **Office Buildings:** With the appointment of the New SCM Manager, the adverts for office building service provider will be prioritised in Q3.

Water Services

The department planned to achieve 24 targets by mid-term. 10 were achieved and 14 were not achieved. Mid-Term Performance achievement

is sitting at 41,67%. Noting a slight improvement from 40% in the first quarter to 46,66% in the second quarter.

Challenges:

- Refurbishment and upgrade of the water infrastructure in Shayamoya:
 1. Delays in material orders from the Contractor in relation to the Pumpstation.
 2. Deviation of activities from the submitted programme of works and project plan from the Contractor.
- Refurbishment and upgrade of the water infrastructure in Machunwini water supply: Deviation of activities from the submitted programme of works and project plan from the Contractor A revised programme was submitted and catch-up plan. Rain delays and suitable material were recorded as major factors affecting the progress at the abstraction.
- Refurbishment and upgrade of the water infrastructure in Mkhohlwa Mdayane Water Supply Projects: Deviation of activities from the submitted programme of works and project plan from the Contractor.
- Yellow Plant Procurement: The delays emanated from the shortage of funds for the procurement of the yellow plant. The budgeted amount was decreased and insufficient for this project. Follow up with the supplier when the order has been issued.
- Wastewater Quality: Shortage of Process Controller leading to WWTW operating themselves at night. This leads to poor effluent quality.

- Technical Feasibility Reports: Delay in finalisation of the Panel of Consultants which were earmarked to undertake the compilation of business plans and technical feasibility reports. The delays were caused by the appeals by the Bidders which could only be finalized in December 2025.
- Designs and Drawings: Delay in finalisation of the Panel of Consultants which were earmarked to undertake the designs of the intended projects (Shayamoya and Bhongweni Phase 2).

Corrective Measures:

1. Refurbishment and upgrade of the infrastructure and upgrade of water infrastructure in Shayamoya:
 - The Contractor has initiated the Mechanical & Electrical material orders related to the Pumpstation in order to complete it within the project timelines.
 - A revised programme was submitted which also indicated that the activities related to the pumpstation have been shifted towards to end of the project April 2026.
2. Refurbishment and upgrade of the water infrastructure in Machunwini Water Supply Project: An extension of time was granted in order to undertake all necessary activities at the abstraction.
3. Refurbishment and upgrade of the water infrastructure in Mkhohlwa Mdayane Water Supply Project: A revised programme was submitted and catch-up plan.
4. Wastewater Quality: Prioritise filling of vacant posts for Process Controllers and allocate process controllers to WWTW that services communities 24 hours a day.

5. Technical Feasibility Reports: The panel of consultants has finally been concluded at the end of quarter 2, draft tender documents have been prepared to solicit relevant Consultant on project basis. This process is likely to be concluded by February / March 2025 thereafter business plans and technical reports will be submitted to DWS for funding purposes. Therefore, this activity can only be achieved in quarter 4.
6. Designs and Drawings: Since the panel has since been concluded, the process of allocating relevant professional service providers to individual projects is earmarked to be concluded by Mid-March thereafter the allocated Consultant can commence with the design work which can be completed by June 30th, 2026.

Social Services and Development Planning

The department planned to achieve 10 targets by mid-term. 8 targets were achieved and 2 were not achieved. Mid-Term Performance achievement is sitting at 80%. Noting that the SSDP performance has regressed by 100% from the first quarter to 67% from the second quarter.

Challenges:

- Summer Cup: The event was postponed due to the Foot & Mouth Disease following concerns raised by the farmers' association.
- Land Summit: The event was prepared for and plannery meetings convened which included the team from the office of the Minister for Land Affairs and Rural Development.

Corrective Measures:

- Summer Cup: The event to be considered after the outbreak has been controlled by the Dept of Agriculture and cases have been managed in the province.
- Land Summit: a date was set with the office of the Minister, invitations were circulated including confirmations of bookings, however the office of the Minister wrote to the Municipality stating the nonavailability of the Minister which then led to postponement of the Summit. The Land Summit will be done in the 3rd Quarter.

Corporate Services

The department planned to achieve 6 targets by mid-term. 6 targets were achieved. Mid-Term Performance achievement is sitting at 1000%. Noting consistency between Q1 and Q2 performance, both at 100%.

Office of the Municipal Manager

The department planned to achieve 11 targets by mid-term. 10 targets were achieved and 1 was not achieved. Mid-Term Performance achievement is sitting at 90,91%. Noting a slight improvement from 88,88% (Q1) to 90% (Q2).

Budget and Treasury Office

The department planned to achieve 5 targets by mid-term. PMS could not do further verification as there has not been any submission for the second quarter.

Noting that the BTO Quarter 2/Mid Term performance report that was due on the 19th of December 2025 has not yet been received and will be updated once the report was submitted to PMS.

Challenges:

No performance information has been submitted for the second quarter, that resulted to PMS not being able to conduct verification and analyse the reports supported with evidence. However, the following were the activities applicable for the reporting period:

DEBT COLLECTION: No information has been submitted.

PROCESSING OF PAYMENTS WITHIN 30 DAYS: Noting that this was not achieved in the first quarter. Awaiting the second quarter performance information to assess the extent to which this has been addressed.

Corrective Measures:

- The performance report will be updated once the information is submitted to PMS by Budget and Treasury Office.

2.8 Capital Programme Performance

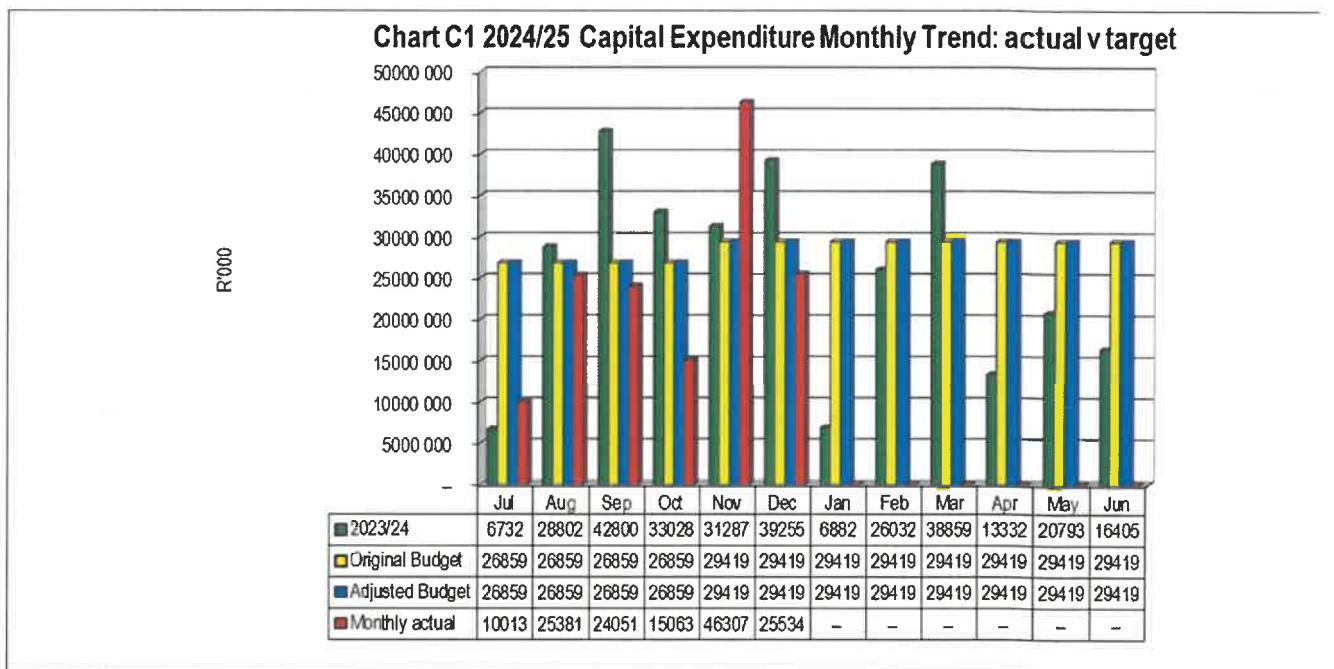
This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

Chart C1 below display a comparison between the previous year's capital expenditure performances to that of the current year for the period under review. A comparison between the monthly expenditure for the periods July to December 2025 and the planned monthly targets is also displayed.

DC43 Harry Gwala - Supporting Table SC12 Consolidated Monthly Budget Statement - capital expenditure trend - M06 December

Month R thousands	2023/24		Budget Year 2024/25						
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance	% spend of Original Budget
Monthly expenditure performance trend									
July	6 733	26 859	26 859	10 014	10 014	26 859	16 846	62,7%	3%
August	28 802	26 859	26 859	25 382	25 382	53 719	28 337	52,8%	7%
September	42 801	26 859	26 859	24 052	24 052	80 578	56 526	70,2%	7%
October	33 028	26 859	26 859	15 064	15 064	107 437	92 373	86,0%	4%
November	31 288	29 420	29 420	46 308	46 308	136 857	90 549	66,2%	14%
December	39 255	29 420	29 420	25 534	25 534	166 277	140 743	84,6%	7%
January	6 883	29 420	29 420	—	—	195 697	195 697	100,0%	0%
February	26 032	29 420	29 420	—	—	225 117	225 117	100,0%	0%
March	38 859	29 420	29 420	—	—	254 537	254 537	100,0%	0%
April	13 333	29 420	29 420	—	—	283 957	283 957	100,0%	—
May	20 793	29 420	29 420	—	—	313 377	313 377	100,0%	—
June	16 406	29 420	29 420	—	—	342 797	342 797	100,0%	—
Total Capital expenditure	304 213	342 797	342 797	146 353					

Chart C1: Capital Expenditure Monthly Trend: Actual v Target



This next section looks at the performance of the capital expenditure on new assets by asset class.

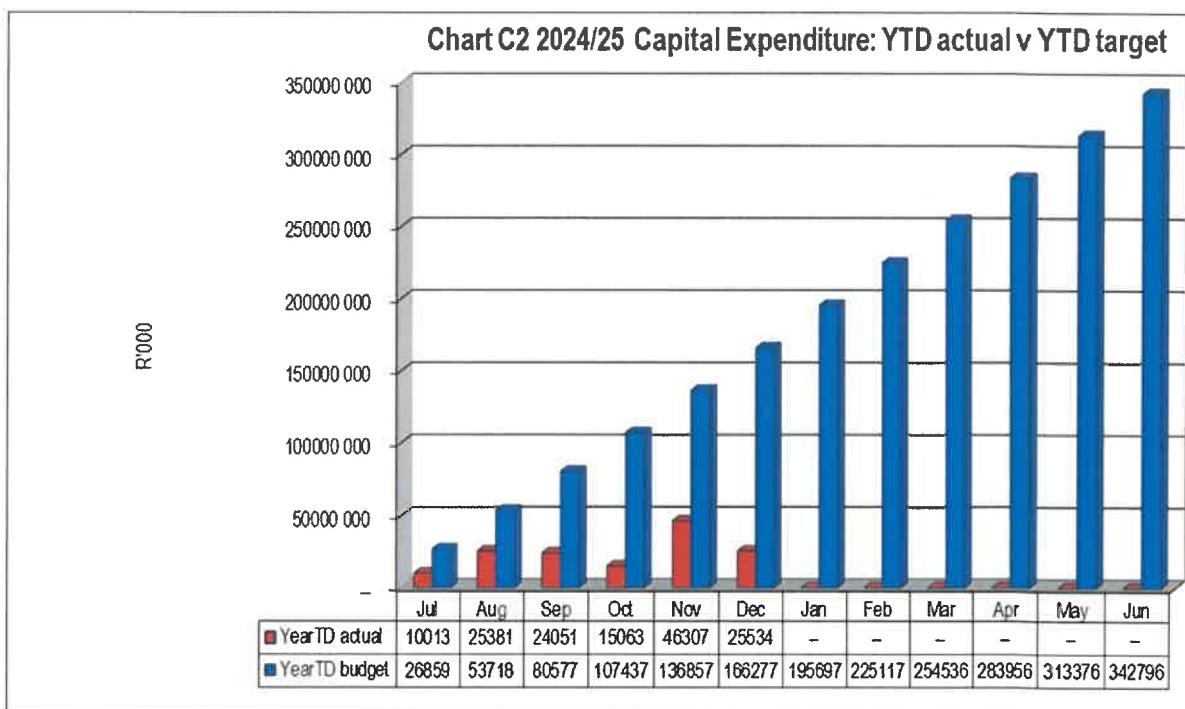
Harry Gwala District Municipality

DC43 Harry Gwala - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - M06 December

Description R thousands	2023/24	Budget Year 2024/25								
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast	
Capital expenditure on new assets by Asset Class/Sub-class										
Infrastructure	284 128	282 223	292 330	20 943	129 500	143 468	13 968	9,7%	292 330	
Roads Infrastructure	-	-	-	-	-	-	-	-	-	
Capital Spares										
Water Supply Infrastructure	219 163	270 019	265 834	16 592	109 716	133 793	24 078	18,0%	265 834	
Dams and Weirs	24 469	59 786	51 269	4 208	21 753	27 764	6 010	21,6%	51 269	
Boreholes	3 346	-	-	-	-	-	-	-	-	
Reservoirs	-	-	-	-	-	-	-	-	-	
Pump Stations	18 006	29 516	30 516	583	20 037	15 008	(5 029)	-33,5%	30 516	
Water Treatment Works	-	-	-	-	-	-	-	-	-	
Bulk Mains	50 385	95 999	82 765	7 311	27 204	44 521	17 318	38,9%	82 765	
Distribution	122 957	84 718	101 284	4 490	40 722	46 501	5 779	12,4%	101 284	
Distribution Points										
PRV Stations										
Capital Spares	-	-	-	-	-	-	-	-	-	
Sanitation Infrastructure	64 965	12 204	26 496	4 351	19 785	9 675	(10 110)	-104,5%	26 496	
Pump Station	12 051	1 739	1 234	-	1 234	743	(491)	-66,0%	1 234	
Reticulation	52 914	5 217	22 562	4 351	16 273	6 945	(9 328)	-134,3%	22 562	
Waste Water Treatment Works	-	2 000	2 700	-	2 278	1 175	(1 103)	-93,8%	2 700	
Outfall Sewers	-	-	-	-	-	-	-	-	-	
Toilet Facilities	-	3 248	-	-	-	812	812	100,0%	-	
Capital Spares	-					-	-	-	-	
Other assets	-	6 250	6 250	-	-	3 125	3 125	100,0%	6 250	
Operational Buildings	-	4 250	4 250	-	-	2 125	2 125	100,0%	4 250	
Municipal Offices	-	4 250	4 250	-	-	2 125	2 125	100,0%	4 250	
Capital Spares										
Housing	-	2 000	2 000	-	-	1 000	1 000	100,0%	2 000	
Staff Housing	-	2 000	2 000	-	-	1 000	1 000	100,0%	2 000	
Biological or Cultivated Assets	-	-	-	-	-	-	-	-	-	
Biological or Cultivated Assets										
Intangible Assets	-	796	796	-	-	398	398	100,0%	796	
Servitudes										
Licences and Rights	-	796	796	-	-	398	398	100,0%	796	
Computer Software and Applications	-	796	796	-	-	398	398	100,0%	796	
Computer Equipment	943	2 000	2 000	-	-	1 000	1 000	100,0%	2 000	
Computer Equipment	943	2 000	2 000	-	-	1 000	1 000	100,0%	2 000	
Furniture and Office Equipment	2 306	4 980	4 980	-	1 562	2 490	927	37,2%	4 980	
Furniture and Office Equipment	2 306	4 980	4 980	-	1 562	2 490	927	37,2%	4 980	
Machinery and Equipment	1 306	2 588	5 588	-	1 499	2 044	545	26,7%	5 588	
Machinery and Equipment	1 306	2 588	5 588	-	1 499	2 044	545	26,7%	5 588	
Transport Assets	986	600	600	-	-	300	300	100,0%	600	
Transport Assets	986	600	600	-	-	300	300	100,0%	600	
Total Capital Expenditure on new assets	289 670	299 437	312 544	20 943	132 561	152 825	20 264	13,3%	312 544	

The chart below, on the other hand, track the capital expenditure's cumulative balances budget versus actual. It is clearly that expenditure started on a rather slower trend but showed acceleration towards the end of the mid-year.

Chart C2: Capital Expenditure: YTD Actual v YTD Target



In order for the municipality to reach its annual targets in the capital development programme, expenditure in this budget would have to maintained or increased at the trends experienced in December 2025.

2.9 Municipal Manager's Quality's Certification

Quality Certificate

I, Gamakulu Ma'art Sineke, the Municipal Manager of Harry Gwala District Municipality, hereby certify that –

- the monthly budget statement
- quarterly report on the implementation of the budget and financial state affairs of the municipality
- mid-year budget and performance assessment

The performance for the month of **31 December** of **2025** has been prepared in accordance with the Municipal Finance Management Act and regulations made under that Act.

Print name Gamakulu Ma'art Sineke

Municipal Manager of **Harry Gwala District Municipality (DC43)**

Signature 

Date 13/01/2026