

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, Hounarable 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 Section 71 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 Executive 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	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	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	16 989	19 194	19 194	1 046	7 214	9 597	(2 383)	-25%	19 194
Total Revenue (excluding capital transfers and contributions)	656 242	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	348 556	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 associate	-	-	-	-	-	-	-	-	-
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	258 147	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	306 794	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 flows									
Net cash from (used) operating	1 475 602	357 947	357 947	571 902	1 405 228	178 974	(1 226 255)	-865%	357 947
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 month/year end	1 335 942	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 Dys	151-180 Dys	181 Dys-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 %	Full Year Forecast
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	2,1029801	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	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									
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 Planning	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 Planning	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.

DC43 Harry Gwala - Table C4 Consolidated Monthly Budget Statement - Financial Performance (revenue and expenditure) - 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									
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	145 882	(11 482)	-8%	291 721
Remuneration of councillors	7 581	8 069	8 069	607	3 978	4 030	(52)	-1%	8 069
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							-		
Intra-company/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 worked 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 adjusting 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.

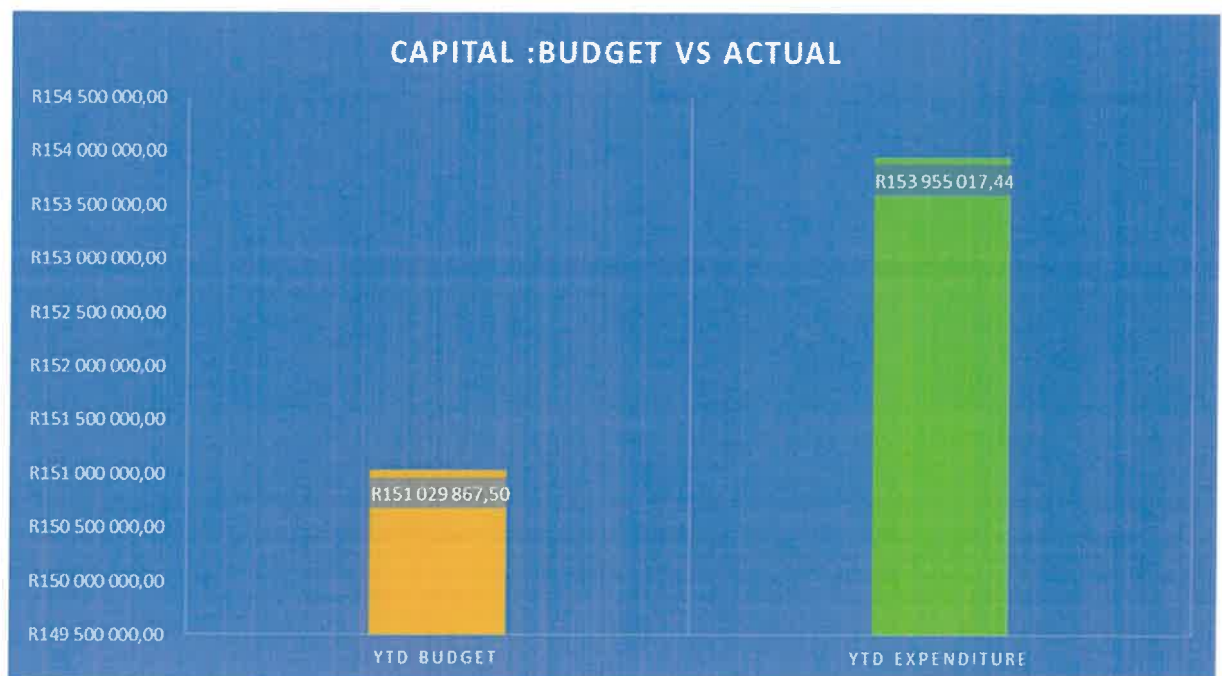
DC43 Harry Gwala - Table C5 Consolidated Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding - M06 December

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	1 068	1 687	(599)	-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	(1 262)	-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	6 094	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	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 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 Kempsondale. 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 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	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									
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	3515%	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
<i>Transfers and subsidies - Operational</i>	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 Councilors	7 581	8 059	8 059	607	3 978	4 030	(52)	-1%	8 059
<i>Depreciation and amortisation</i>	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
<i>Transfers and subsidies</i>	-	23 000	23 000	7 000	14 000	11 500	2 500	22%	23 000
Other expenditure	288 393	336 978	336 458	25 671	149 831	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	187 569	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 month/year end	1 335 942	144 795	144 795	1 537 592	1 513 558	136 789	(1 376 768)	-1006%	277 680
Debtors & creditors analysis	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-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	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									
Revenue - Functional									
<i>Governance and administration</i>	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	-	-	-	-	-	-	-	-	-
<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	-	-	-	-	-	-	-	-
Planning and development	24 064	-	-	-	-	-	-	-	-
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	992 811	992 811	259 238	633 654	496 405	137 249	28%	992 811
Expenditure - Functional									
<i>Governance and administration</i>	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
<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	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	-	-	-	-	-	-	-	-	-
<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>	-	-	-	-	-	-	-	-	-
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	2,1030371	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	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									
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 Planning	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%	20 567
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 Planning	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	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									
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	24 581	24 581	1 369	12 040	12 291	(251)	-2%	24 581
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	573 989	573 989	180 951	414 989	286 994	127 994	45%	573 989
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	699 353	699 353	189 621	477 518	349 676	127 842	37%	699 353
Expenditure By Type									
Employee related 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
Bulk purchases - electricity	-	-	-	-	-	-	-		-
Inventory consumed	58 827	39 625	40 145	8 338	24 125	19 985	4 159	21%	40 145
Debt impairment	2 907	31 530	31 530	-	-	15 765	(15 765)	-100%	31 530
Depreciation and amortisation	116 317	107 044	107 044	-	-	53 522	(53 522)	-100%	107 044
Interest	-	14	14	-	-	7	(7)	-100%	14
Contracted services	159 115	171 585	171 523	19 634	91 121	85 703	5 419	6%	171 523
Transfers and subsidies	-	23 000	23 000	7 000	14 000	11 500	2 500	22%	23 000
Irrecoverable debts written off	17 551	42 327	42 327	362	8 143	21 163	(13 021)	-62%	42 327
Operational costs	108 821	91 537	91 079	5 676	50 567	45 706	4 861	11%	91 079
Losses on Disposal of Assets	-	-	-	-	-	-	-		-
Other Losses	-	-	-	-	-	-	-		-
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	(0)	(95 364)
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	198 095	198 095	195 071	307 341	99 045	208 296	0	198 095
Income Tax							-		
Surplus/(Deficit) after income tax	241 060	198 095	198 095	195 071	307 341	99 045	208 296	0	198 095
Share of Surplus/Deficit attributable to Joint Venture							-		
Share of Surplus/Deficit attributable to Minorities							-		
Surplus/(Deficit) attributable to municipality	241 060	198 095	198 095	195 071	307 341	99 045	208 296	0	198 095
Share of Surplus/Deficit attributable to Associate							-		
Intercompany/Parent subsidiary transactions	-	-	-	-	-	-	-		-
Surplus/ (Deficit) for the year	241 060	198 095	198 095	195 071	307 341	99 045	208 296	0	198 095

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	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	(599)	-35%	3 374
Vote 05 - Summary Social Services & Development Planning	-	1 850	1 850	-	-	925	(925)	-100%	1 850
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	286 192	289 492	34 764	150 734	143 921	6 813	5%	289 492
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	(1 262)	-28%	7 316
Total Capital Expenditure	349 075	296 809	296 809	35 730	153 955	148 405	5 550	4%	296 809
Capital Expenditure - Functional Classification									
Governance and administration	12 001	12 333	12 333	1 715	4 454	6 167	(1 713)	-28%	12 333
Executive and council	-	-	-	-	-	-	-	-	-
Finance and administration	12 001	10 970	10 970	1 715	4 454	5 485	(1 031)	-19%	10 970
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	95 741	94 072	6 094	59 648	47 391	12 257	26%	94 072
Planning and development	134 763	95 741	94 072	6 094	59 648	47 391	12 257	26%	94 072
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	296 809	296 809	35 730	153 955	148 405	5 550	4%	296 809
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	-	-	-	-	-	-	-	-	-
Transfers recognised - capital	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 Capital Funding	349 075	296 809	296 809	35 730	153 955	148 405	5 550	4%	296 809

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 overspending 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	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	144 781	144 781	418 706	144 781
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	190 605	190 605	456 306	190 605
Non current assets					
Investments					
Investment property	—	—	—	—	—
Property, plant and equipment	3 218 685	3 438 072	3 438 072	3 372 640	3 438 072
Biological assets					
Living and non-living resources					
Heritage assets					
Intangible assets	296	2 327	2 327	296	2 327
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	3 440 399	3 440 399	3 372 936	3 440 399
TOTAL ASSETS	3 527 775	3 631 004	3 631 004	3 829 242	3 631 004
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	84 323	84 323	60 765	84 323
Trade and other payables from non-exchange transactions	(0)	—	—	79 410	—
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	117 744	117 744	181 694	117 744
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	148 280	148 280	216 670	148 280
NET ASSETS	3 305 231	3 482 724	3 482 724	3 612 572	3 482 724
COMMUNITY WEALTH/EQUITY					
Accumulated surplus/(deficit)	3 305 231	3 482 724	3 482 724	3 612 572	3 482 724
Reserves and funds	—	—	—	—	—
Other	—	—	—	—	—
TOTAL COMMUNITY WEALTH/EQUITY	3 305 231	3 482 724	3 482 724	3 612 572	3 482 724

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	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									
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	50 164	50 164	422 381	1 270 721	25 082	1 245 639	4966%	50 164
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	24 581	24 581	1 369	12 040	12 291	(251)	-2%	24 581
Dividends							-		
Payments									
Suppliers and employees	(971 403)	(649 849)	(649 849)	(100 007)	(574 210)	(324 924)	249 285	-77%	(649 849)
Interest	-	(54)	(54)	-	-	(27)	(27)	100%	(54)
Transfers and Subsidies							-		
NET CASH FROM/(USED) OPERATING ACTIVITIES	1 475 602	363 853	363 853	571 902	1 405 228	181 926	(1 223 302)	-672%	363 853
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	16 010	16 010	536 171	1 251 888	8 005			16 010
Cash/cash equivalents at beginning:	209 430	128 784	128 784	1 001 421	261 670	128 784			261 670
Cash/cash equivalents at month/year end:	1 335 942	144 795	144 795	1 537 592	1 513 558	136 789			277 680

2. PART 2 – SUPPORTING DOCUMENTATION

2.1 Debtors Analysis

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

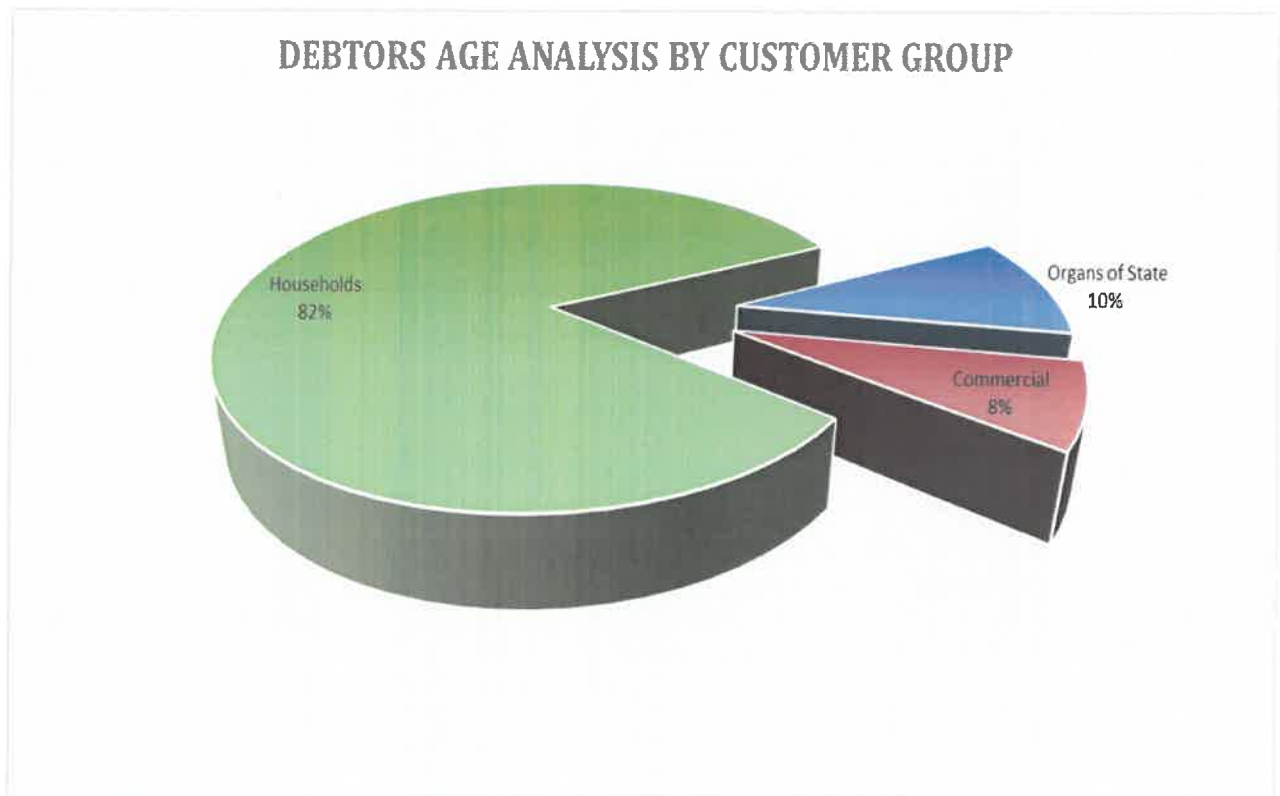
Table 2.1.1: Debtors Age Analysis by Income Source

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

Description	Budget Year 2025/26									
	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days
R thousands										
Debtors Age Analysis By Income Source										
Trade and Other Receivables from Exchange Transactions - Water	4 306	2 702	1 764	1 626	1 660	1 610	28 515	103 358	145 541	136 769
Trade and Other Receivables from Exchange Transactions - Electricity									-	-
Receivables from Non-exchange Transactions - Property Rates									-	-
Receivables from Exchange Transactions - Waste Water Management	1 682	1 056	689	635	648	629	11 140	40 378	56 857	53 430
Receivables from Exchange Transactions - Waste Management									-	-
Receivables from Exchange Transactions - Property Rental Debtors									-	-
Interest on Arrear Debtor Accounts	720	452	295	272	277	269	4 767	17 277	24 328	22 862
Recoverable unauthorised, irregular, fruitless and wasteful expenditure									-	-
Other									-	-
Total By Income Source	6 708	4 209	2 749	2 532	2 585	2 508	44 421	161 014	226 727	213 061
2024/25 - totals only	663 1127	763 2342	440 5993	420 5148	400 8915	413 6034	1 955 0058	184 314 933	234 894	216 224
Debtors Age Analysis By Customer Group										
Organs of State	4 195	2 065	823	655	780	605	7 333	5 904	22 360	15 276
Commercial	751	393	282	222	222	291	4 221	11 166	17 547	16 121
Households	1 761	1 751	1 644	1 656	1 584	1 613	32 867	143 944	186 820	181 664
Other									-	-
Total By Customer Group	6 708	4 209	2 749	2 532	2 585	2 508	44 421	161 014	226 727	213 061

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



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	NOVEMBER
		2025	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.

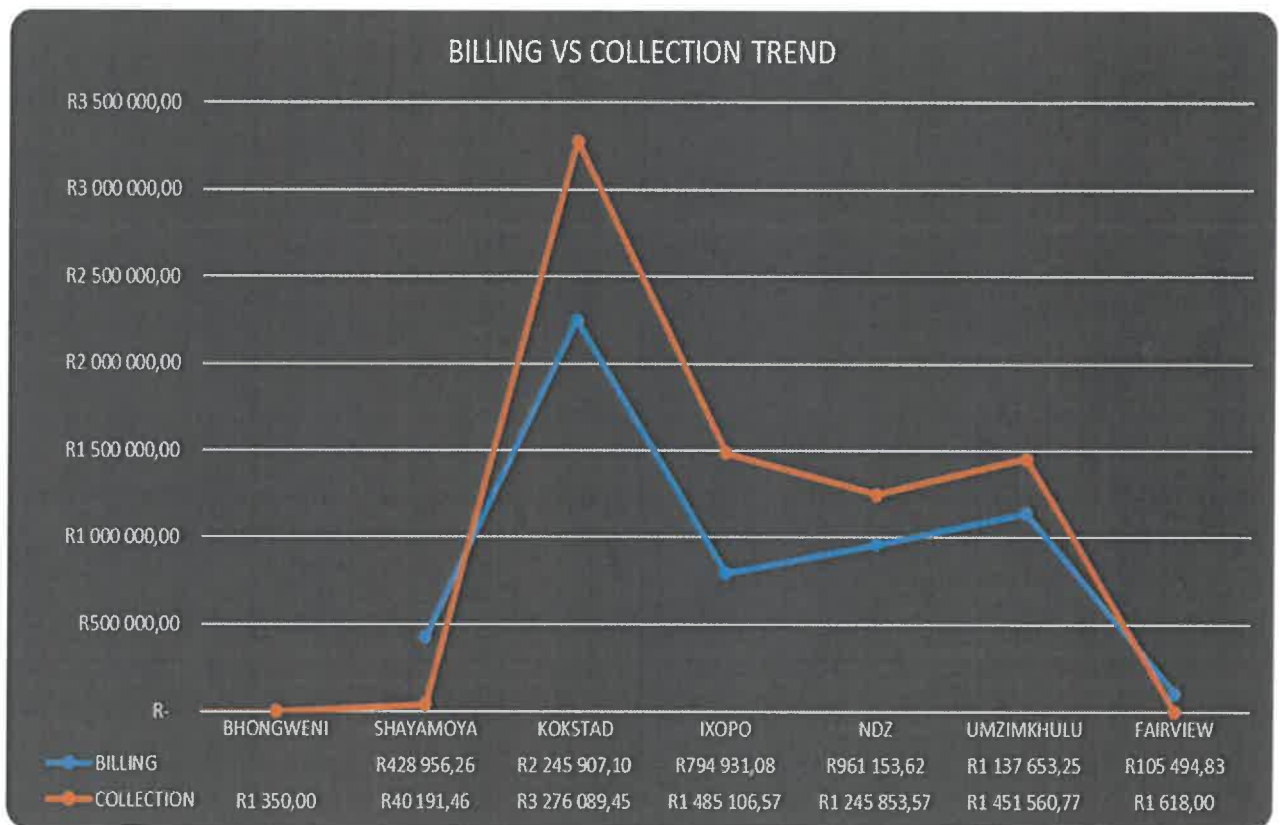
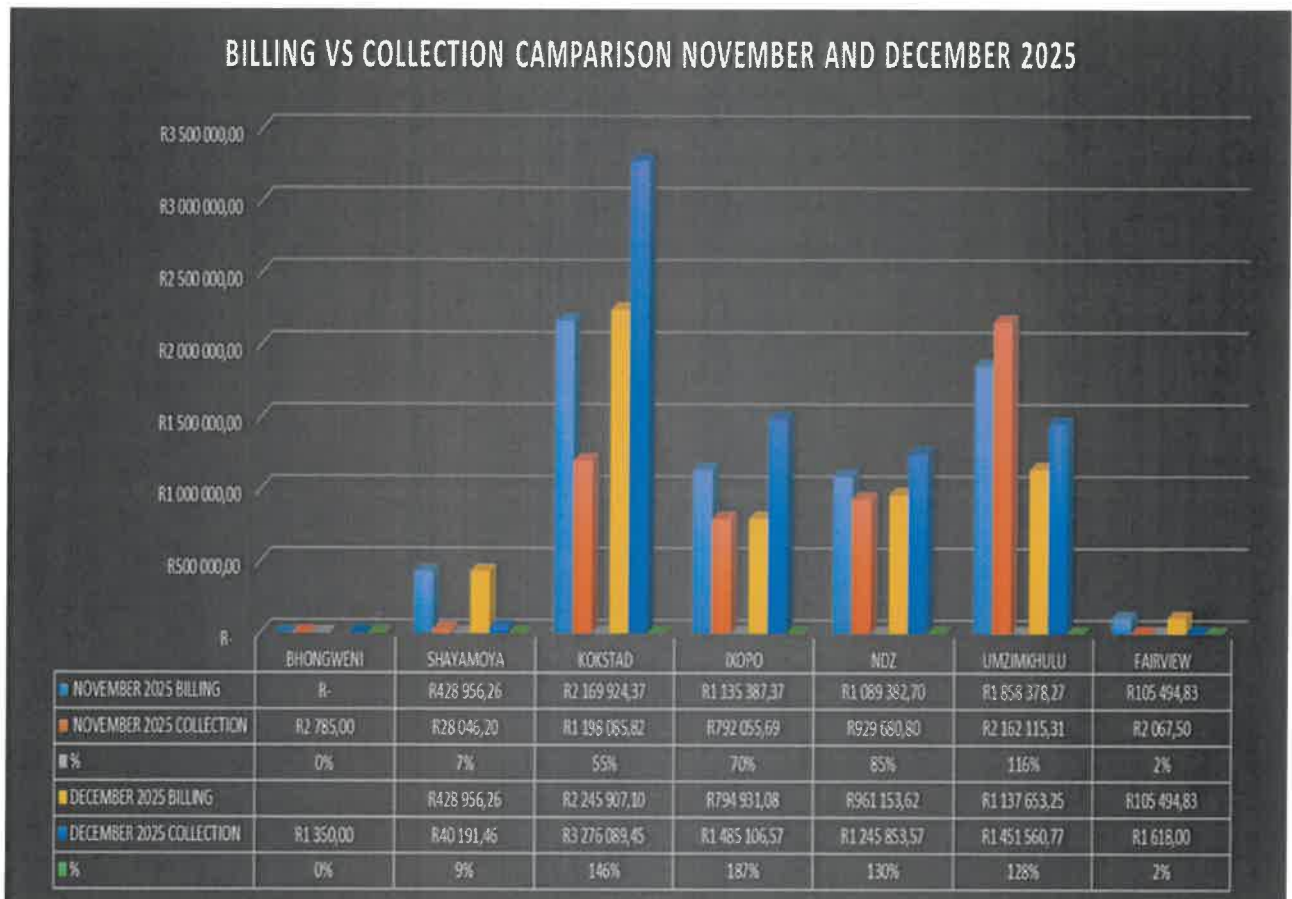


CHART 3: BILLING VS COLLECTION (COMPARISON BETWEEN NOVEMBER AND DECEMBER 2025)



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								
	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	Total
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.

DC43 Harry Gwala District Municipality Supporting Table SC5 Monthly Budget Statement - Investment Portfolio M6

Investments by maturity Name of institution & investment ID	Period of Investment	Variable or Fixed interest rate	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands	Yrs/Months						
Municipality							
First National Bank-Salaries	M	Fixed	17,517	175	(13,774)	5,100	9,018
First National Bank-Mig	M	Fixed	29,611	100	(29,349)	65,000	65,362
First National Bank-Admin Call	M	Fixed	4,425	71	(60,010)	94,397	38,883
Investec	M	Fixed	-	-	-	-	-
First National Bank-Mw-	M	Fixed	21,762	103	(13,898)	-	7,967
First National Bank-Epwp	M	Fixed	82	88	(65,000)	66,647	1,817
First National Bank-Cogta Water Interven	M	Fixed	85,877	453	(1,083)	23,619	108,866
First National Bank-Fmg	M	Fixed	1,309	6	-	-	1,315
Fnb New 76204521754	M	Fixed	55,329	-	-	-	55,329
First National Bank-Rbig	M	Fixed	1,165	5	-	-	1,170
Standard Bank- 268610053-002	M	Fixed	-	54	(22,654)	22,600	-
Standard Bank- 268610053-003	M	Fixed	-	-	-	22,600	22,600
Standard Bank- 268610053-004	M	Fixed	-	-	-	22,600	22,600
Standard Bank - 268610053-001	M	Fixed	59,716	346	-	-	60,062
Fnb 76204521754	M	Fixed	-	-	-	-	-
Fnb 76207829882	M	Fixed	-	-	-	-	-
Municipality sub-total			276,793	1,401	(205,769)	322,563	394,988

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	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									
RECEIPTS:									
Operating Transfers and Grants									
National Government:	534 708	573 989	573 989	180 951	414 989	286 994	127 994	44,6%	573 989
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-	-
Equitable Share	491 837	520 871	520 871	173 624	390 653	260 435	130 218	50,0%	520 871
Expanded Public Works Programme Integrated Grant	4 460	3 660	3 660	1 647	2 562	1 830	732	40,0%	3 660
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Local Government Financial Management Grant	1 200	1 300	1 300	88	307	650	(343)	-52,8%	1 300
Municipal Disaster Relief Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	33 363	45 548	45 548	4 225	20 100	22 774	(2 674)	-11,7%	45 548
Rural Road Asset Management Systems Grant	2 498	2 610	2 610	1 367	1 367	1 305	62	4,7%	2 610
Water Services Infrastructure Grant	1 350	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
Provincial Government:	-	-	-	-	-	-	-	-	-
Capacity Building and Other Grants	-	-	-	-	-	-	-	-	-
Other transfers and grants [insert description]	-	-	-	-	-	-	-	-	-
District Municipality:	-	23 000	23 000	-	-	11 500	(11 500)	-100,0%	23 000
Specify (Add grant description) "	-	23 000	23 000	-	-	11 500	(11 500)	-100,0%	23 000
Other grant providers:	-	-	-	-	-	-	-	-	-
Chemical Industry Seta	-	-	-	-	-	-	-	-	-
Parent Municipality	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Total Operating Transfers and Grants	534 708	596 989	596 989	180 951	414 989	298 494	116 494	39,0%	596 989
Capital Transfers and Grants									
National Government:	293 629	293 458	293 458	69 617	156 136	146 729	9 407	6,4%	293 458
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	194 979	193 458	193 458	47 120	88 704	96 729	(8 025)	-8,3%	193 458
Neighbourhood Development Partnership Grant	-	-	-	-	-	-	-	-	-
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-	-	-
Rural Road Asset Management Systems Grant	-	-	-	-	-	-	-	-	-
Water Services Infrastructure Grant	98 650	100 000	100 000	22 497	67 432	50 000	17 432	34,9%	100 000
Provincial Government:	24 064	-	-	-	-	-	-	-	-
Infrastructure Grant	24 064	-	-	-	-	-	-	-	-
District Municipality:	-	-	-	-	-	-	-	-	-
Specify (Add grant description)	-	-	-	-	-	-	-	-	-
Other grant providers:	-	-	-	-	-	-	-	-	-
[insert description]	-	-	-	-	-	-	-	-	-
Human Settlement Re-development Programme	-	-	-	-	-	-	-	-	-
Total Capital Transfers and Grants	317 693	293 458	293 458	69 617	156 136	146 729	9 407	6,4%	293 458
TOTAL RECEIPTS OF TRANSFERS & GRANTS	852 401	890 447	890 447	250 568	571 125	445 223	125 901	28,3%	890 447

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	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									
EXPENDITURE									
<u>Operating expenditure of Transfers and Grants</u>									
National Government:	610 209	658 649	658 649	53 346	275 107	329 327	(54 219)	-16,5%	658 649
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-		-
Equitable Share	569 649	600 318	600 318	48 571	250 308	300 161	(49 853)	-16,6%	600 318
Expanded Public Works Programme Integrated Grant	5 270	8 988	8 988	923	4 672	4 494	178	4,0%	8 988
Local Government Financial Management Grant	1 129	1 120	1 120	44	303	560	(257)	-45,9%	1 120
Municipal Disaster Relief Grant	-	-	-	-	-	-	-		-
Municipal Infrastructure Grant	30 815	45 613	45 613	3 449	18 636	22 807	(4 171)	-18,3%	45 613
Rural Road Asset Management Systems Grant	2 172	2 610	2 610	359	1 188	1 305	(117)	-8,9%	2 610
Water Services Infrastructure Grant	1 174	-	-	-	-	-	-		-
Provincial Government:	-	228	228	-	-	114	(114)	-100,0%	228
Capacity Building and Other Grants	-	228	228	-	-	114	(114)	-100,0%	228
District Municipality:	-	4 869	4 869	-	-	2 435	(2 435)	-100,0%	4 869
Specify (Add grant description)	-	4 869	4 869	-	-	2 435	(2 435)	-100,0%	4 869
Other grant providers:	-	-	-	-	-	-	-		-
Chemical Industry Seta	-	-	-	-	-	-	-		-
Total operating expenditure of Transfers and Grants:	610 209	663 747	663 747	53 346	275 107	331 875	(56 768)	-17,1%	663 747
<u>Capital expenditure of Transfers and Grants</u>									
National Government:	255 079	259 997	258 997	32 532	136 415	129 499	6 917	5,3%	258 997
Local Government Financial Management Grant	-	4 816	3 816	-	605	1 908	(1 303)	-68,3%	3 816
Municipal Infrastructure Grant	169 198	168 224	168 224	26 141	77 143	84 112	(6 969)	-8,3%	168 224
Regional Bulk Infrastructure Grant	-	-	-	-	-	-	-		-
Water Services Infrastructure Grant	85 882	86 957	86 957	6 390	58 667	43 478	15 189	34,9%	86 957
Provincial Government:	20 926	-	-	-	-	-	-		-
Infrastructure Grant	20 926	-	-	-	-	-	-		-
District Municipality:	-	150	150	-	-	75	(75)	-100,0%	150
Specify (Add grant description)	-	150	150	-	-	75	(75)	-100,0%	150
Other grant providers:	-	-	-	-	-	-	-		-
Total capital expenditure of Transfers and Grants	276 005	260 147	259 147	32 532	136 415	129 574	6 842	5,3%	259 147
TOTAL EXPENDITURE OF TRANSFERS AND GRANTS	886 214	923 894	922 894	85 878	411 523	461 449	(49 926)	-10,8%	922 894

2.5 Councillor and Staff Benefits

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

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

Summary of Employee and Councillor remuneration	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	A	B	C						D
Councillors (Political Office Bearers plus Other)									
Basic Salaries and Wages	5 095	5 349	5 349	428	2 695	2 675	20	1%	5 349
Pension and UIF Contributions	84	56	56	—	12	28	(17)	-58%	56
Medical Aid Contributions	2	3	3	—	(3)	2	(4)	-259%	3
Motor Vehicle Allowance	—	—	—	—	—	—	—	—	—
Cellphone Allowance	518	545	545	43	259	273	(13)	-5%	545
Housing Allowances	—	—	—	—	—	—	—	—	—
Other benefits and allowances	1 881	2 105	2 105	135	1 014	1 053	(38)	-4%	2 105
Sub Total - Councillors	7 581	8 059	8 059	607	3 978	4 030	(52)	-1%	8 059
% Increase		6,3%	6,3%						6,3%
Senior Managers of the Municipality									
Basic Salaries and Wages	5 145	5 710	5 779	363	2 169	2 886	(718)	-25%	5 779
Pension and UIF Contributions	—	4	4	—	—	2	(2)	-100%	4
Medical Aid Contributions	48	54	54	4	24	27	(3)	-10%	54
Performance Bonus	69	166	166	—	69	83	(14)	-16%	166
Motor Vehicle Allowance	1 235	1 240	1 273	102	574	635	(61)	-10%	1 273
Cellphone Allowance	109	126	126	8	47	63	(16)	-26%	126
Housing Allowances	456	418	418	21	143	209	(66)	-32%	418
Other benefits and allowances	303	328	338	20	123	168	(46)	-27%	338
Payments in lieu of leave	85	109	109	—	93	55	38	69%	109
Sub Total - Senior Managers of Municipality	7 449	8 156	8 267	518	3 242	4 129	(887)	-21%	8 267
% Increase		9,5%	11,0%						11,0%
Other Municipal Staff									
Basic Salaries and Wages	158 894	177 508	178 113	14 135	84 193	89 029	(4 836)	-5%	178 113
Pension and UIF Contributions	24 041	26 745	26 851	2 063	12 588	13 421	(833)	-6%	26 851
Medical Aid Contributions	11 462	14 199	14 243	947	5 881	7 119	(1 238)	-17%	14 243
Overtime	24 078	7 174	7 199	2 306	12 664	3 598	9 066	252%	7 199
Performance Bonus	11 323	12 138	12 120	1 152	6 245	6 061	184	3%	12 120
Motor Vehicle Allowance	9 371	21 865	20 750	648	4 120	10 426	(6 306)	-60%	20 750
Cellphone Allowance	1 131	1 187	1 198	91	563	599	(36)	-6%	1 198
Housing Allowances	647	679	679	52	328	340	(12)	-4%	679
Other benefits and allowances	5 530	6 437	6 565	467	2 817	3 277	(460)	-14%	6 565
Payments in lieu of leave	1 756	2 329	2 329	143	977	1 164	(188)	-16%	2 329
Long service awards	642	1 205	1 205	15	646	602	43	7%	1 205
Post-retirement benefit obligations	5 225	—	—	—	—	—	—	—	—
Acting and post related allowance	207	376	476	14	117	233	(117)	-50%	476
Sub Total - Other Municipal Staff	254 308	271 841	271 729	22 033	131 138	135 871	(4 732)	-3%	271 729
% Increase		6,9%	6,9%						6,9%
Total Parent Municipality	269 338	288 056	288 056	23 158	138 358	144 029	(5 671)	-4%	288 056
		6,9%	6,9%						6,9%
Unpaid salary, allowances & benefits in arrears:									
Board Members of Entities									
Basic Salaries and Wages	—	320	320	—	—	160	(160)	-100%	320
Pension and UIF Contributions	—	—	—	—	—	—	—	—	—
Medical Aid Contributions	—	—	—	—	—	—	—	—	—
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	—	9 108	9 108	—	—	4 554	(4 554)	-100%	9 108
Pension and UIF Contributions	—	1 165	1 165	—	—	583	(583)	-100%	1 165
Medical Aid Contributions	—	418	418	—	—	209	(209)	-100%	418
Performance Bonus	—	429	429	—	—	214	(214)	-100%	429
Payments in lieu of leave	—	153	153	—	—	77	(77)	-100%	153
Acting and post related allowance	—	132	132	—	—	66	(66)	-100%	132
Sub Total - Other Staff of Entities	—	11 405	11 405	—	—	5 702	(5 702)	-100%	11 405
% Increase		#DIV/0!	#DIV/0!						#DIV/0!
Total Municipal Entities	—	11 725	11 725	—	—	5 862	(5 862)	-100%	11 725
TOTAL SALARY, ALLOWANCES & BENEFITS	269 338	299 781	299 781	23 158	138 358	149 891	(11 534)	-8%	299 781
% Increase		11,3%	11,3%						11,3%
TOTAL MANAGERS AND STAFF	261 756	291 401	291 401	22 551	134 380	145 702	(11 322)	-8%	291 401

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 2025/26												2025/26 Medium Term Revenue & Expenditure Framework		
	July Outcome	August Outcome	Sept Outcome	October Outcome	Nov Outcome	Dec Outcome	January Budget	Feb Budget	March Budget	April Budget	May Budget	June Budget	Budget Year 2025/26	Budget Year +1 2026/27	Budget Year +2 2027/28
R thousands															
Cash Receipts By Source															
Property rates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Service charges - Electricity revenue	7 805	7 227	6 114	5 841	5 215	6 778	4 969	4 969	4 969	4 969	4 969	(4 195)	59 632	65 452	69 379
Service charges - Water revenue	978	858	974	845	590	1 110	994	994	994	994	994	1 605	11 932	12 920	13 695
Service charges - Waste Water Management	1 964	2 029	2 202	2 172	2 305	1 369	2 170	2 170	2 170	2 170	2 170	3 153	26 046	27 586	29 242
Interest earned - external investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest earned - outstanding debtors	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits	200	-	(24)	-	(4)	(2)	137	137	137	137	137	788	1 643	-	-
Licences and permits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Agency services	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers and Subsidies - Operational	217 029	4 042	-	-	-	175 271	47 832	47 832	47 832	47 832	47 832	(61 515)	573 969	606 254	633 881
Other revenue	305 425	79 037	213 838	144 891	104 978	422 382	5 721	5 721	5 721	5 721	5 721	(1 230 501)	68 657	71 098	66 402
Cash Receipts by Source	533 401	93 194	223 103	153 748	113 083	606 909	61 825	61 825	61 825	61 825	61 825	(1 230 654)	741 898	783 310	812 599
Other Cash Flows by Source															
Transfers and subsidies - capital (monetary allocations) (National / Provincial and District)	90 000	-	71 000	30 000	-	65 000	24 455	24 455	24 455	24 455	24 455	(84 816)	293 458	325 980	341 871
Proceeds on Disposal of Fixed and Intangible Assets	-	474	-	-	-	-	-	-	-	-	-	(474)	-	-	-
Increase (decrease) in consumer deposits	19	2	-	-	-	-	47	47	47	47	47	311	569	569	569
VAT Control (receipts)	-	-	7 914	6 378	9 743	7 498	7 646	7 646	7 646	7 646	7 646	21 993	91 758	91 758	91 758
Decrease (increase) in non-current receivables	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Cash Receipts by Source	623 420	93 669	302 017	190 126	122 826	679 407	93 974	93 974	93 974	93 974	93 974	(1 353 650)	1 127 684	1 201 617	1 246 797
Cash Payments by Type															
Employee related costs	23 483	12 404	33 171	13 112	13 144	3 315	24 212	24 212	24 212	24 212	24 212	70 854	290 541	305 719	318 018
Remuneration of councillors	357	337	339	458	332	321	672	672	672	672	672	2 558	8 059	8 482	8 928
Interest	-	-	-	-	-	-	5	5	5	5	5	32	54	57	16
Bulk purchases - Electricity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Acquisitions - water & other inventory	-	-	-	-	-	-	2 819	2 819	2 819	2 819	2 819	19 733	33 828	35 858	38 009
Contracted services	-	-	-	-	-	-	14 813	14 813	14 813	14 813	14 813	103 689	177 752	195 927	207 775
Other expenditure	109 972	50 223	53 119	87 917	67 459	92 116	13 098	13 098	13 098	13 098	13 098	(369 123)	157 174	163 776	140 125
Cash Payments by Type	133 812	62 964	86 629	101 487	80 934	95 753	55 617	55 617	55 617	55 617	55 617	(172 258)	687 409	709 819	712 871
Other Cash Flows/Payments by Type															
Capital assets	23 116	13 391	18 579	32 117	30 903	35 730	28 834	28 834	28 834	28 834	28 834	48 005	346 012	371 355	388 819
Repayment of borrowing	-	-	-	-	-	-	200	200	200	200	200	1 400	2 400	2 400	2 400
Other Cash Flows/Payments	308	375	3 802	3 437	452	4 254	833	833	833	833	833	(6 796)	10 000	13 000	14 200
Total Cash Payments by Type	157 236	76 730	109 011	137 041	112 289	135 738	85 485	85 485	85 485	85 485	85 485	(129 650)	1 025 821	1 098 574	1 118 291
NET INCREASE/(DECREASE) IN CASH HELD	466 184	16 939	193 006	53 085	10 537	543 669	8 489	8 489	8 489	8 489	8 489	(1 224 000)	101 863	105 044	128 507
Cash/cash equivalents at the month/year beginning:	261 670	727 854	744 792	937 799	990 884	1 001 421	1 545 090	1 553 579	1 562 068	1 570 556	1 579 045	1 587 533	261 670	363 533	468 577
Cash/cash equivalents at the month/year end:	727 854	744 792	937 799	990 884	1 001 421	1 545 090	1 553 579	1 562 068	1 570 556	1 579 045	1 587 533	363 533	363 533	468 577	597 083

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

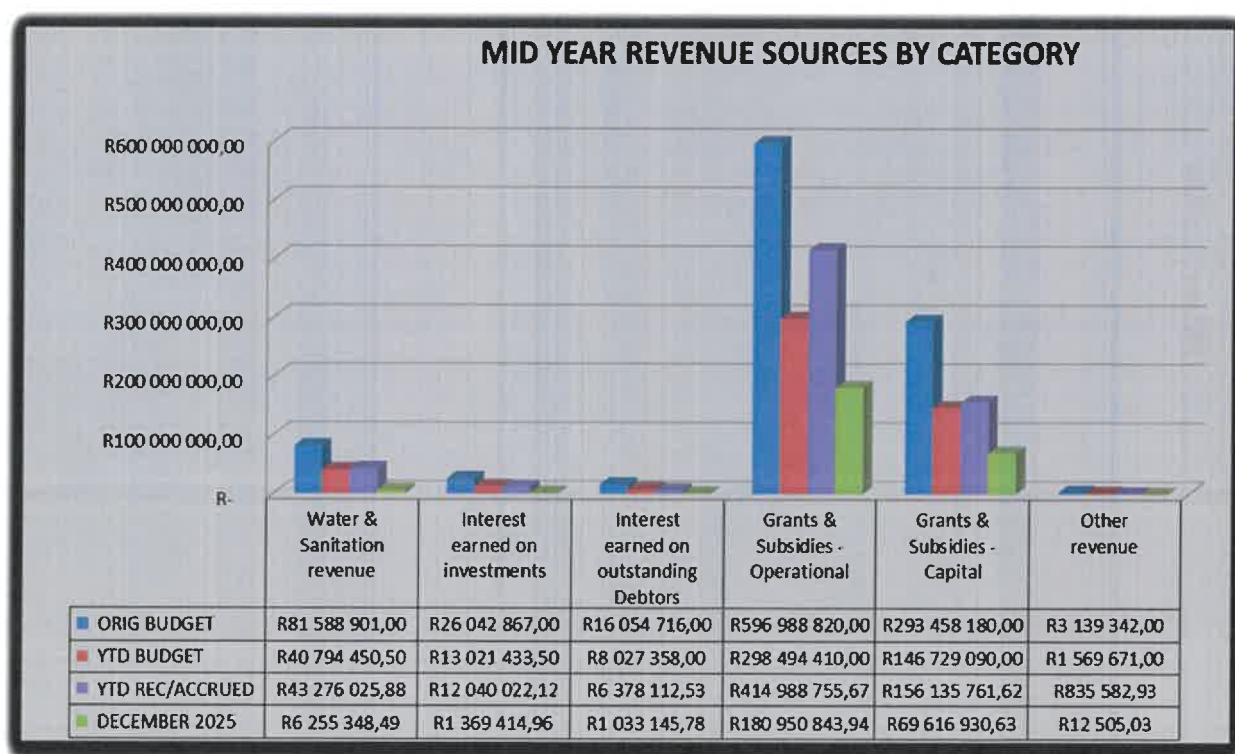
The analysis also provides a brief on the impact of this report on the adjustments budget.

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

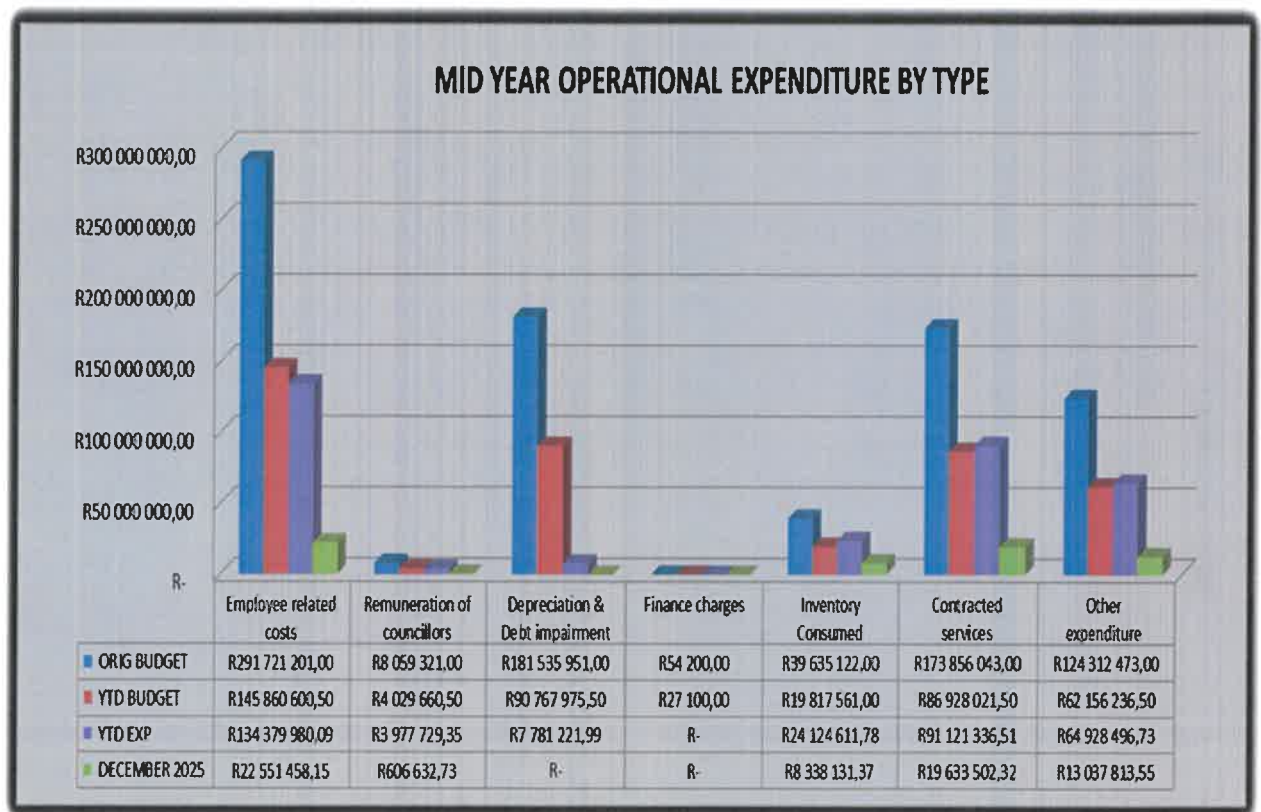
The YTD actual of other revenue is R835 583 against year-to-date budget of R1, 5million. Other revenue mainly comes from the sale of Tender Documents. Other revenue has underperformed by 47 per cent.

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.

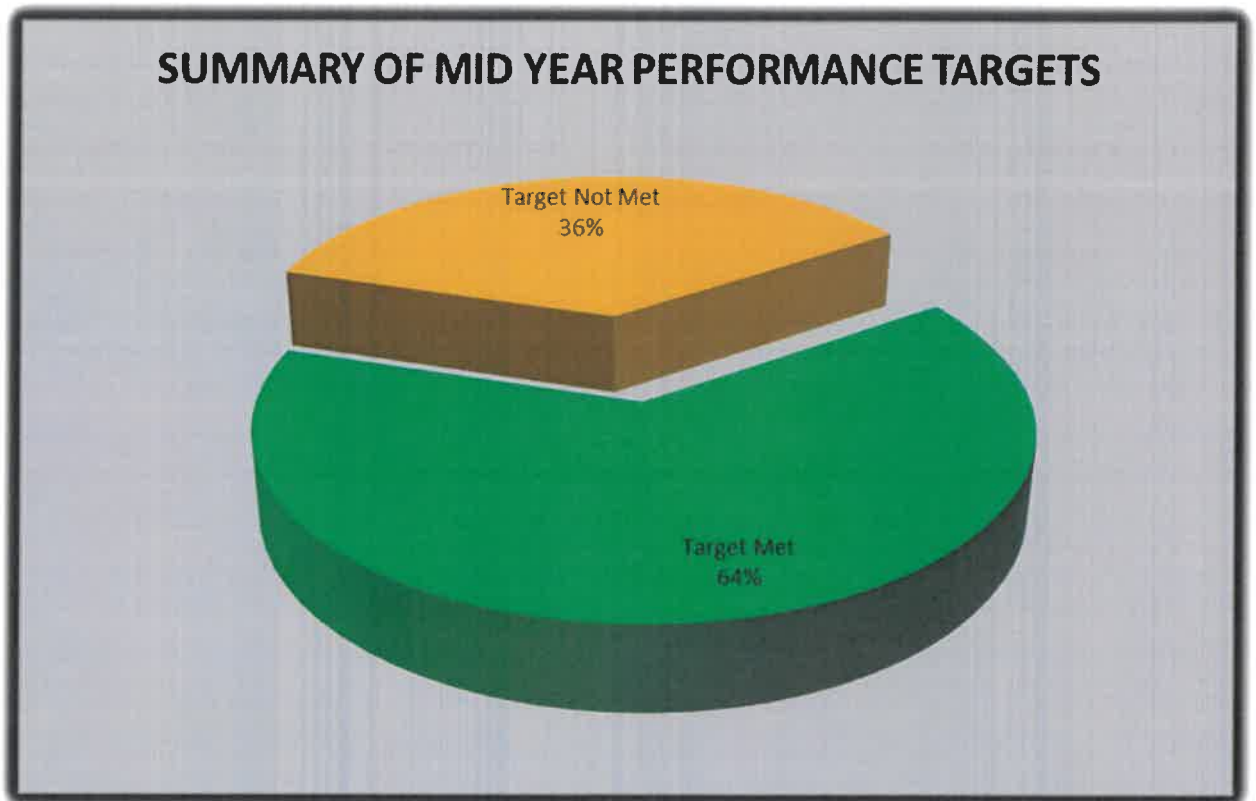


Chart 6 above provides a summary of the targets achieved or met (64%) as well the targets not met (36%). It can be stated that the performance of the municipality at midyear is above average; however, there is still more room for improvement. There are reasons why some of the targets could not be met, 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 36 targets not met.

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

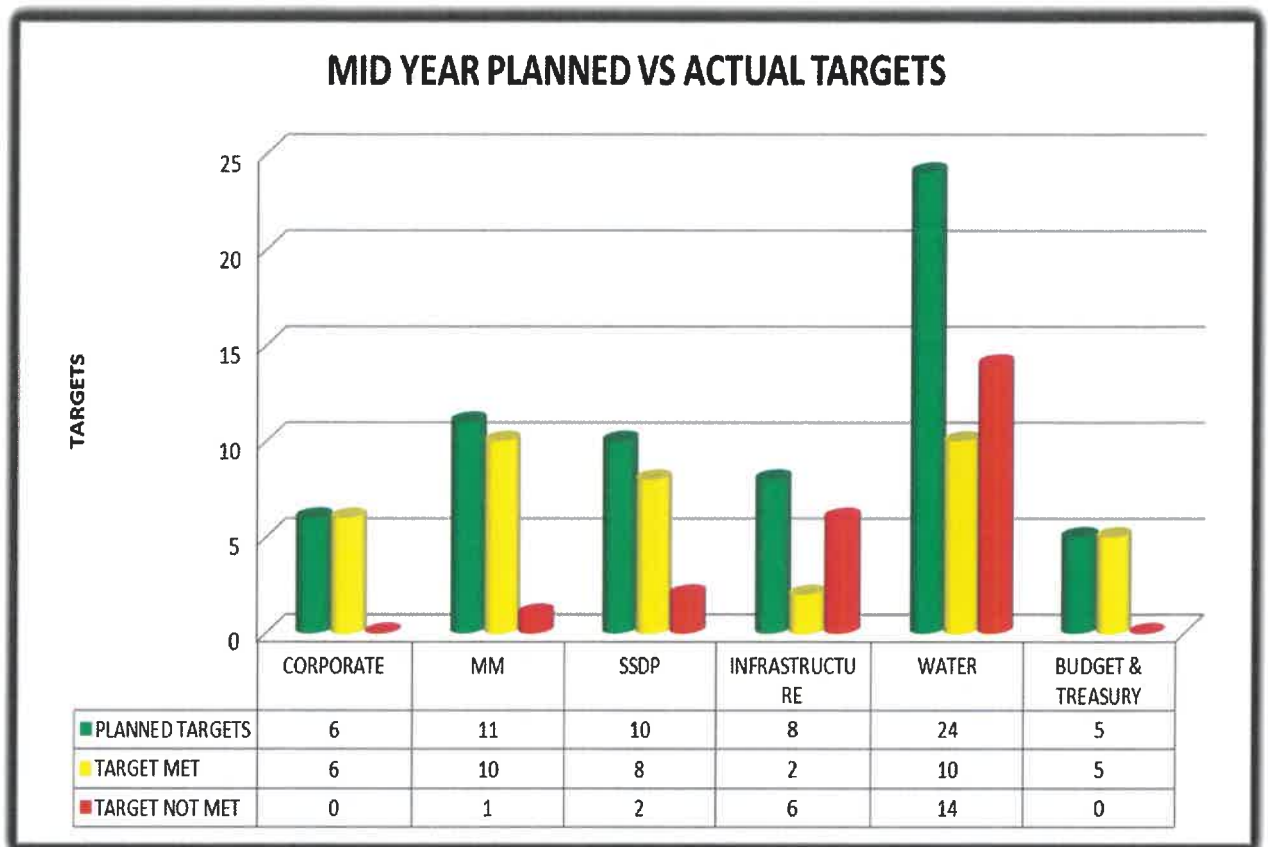
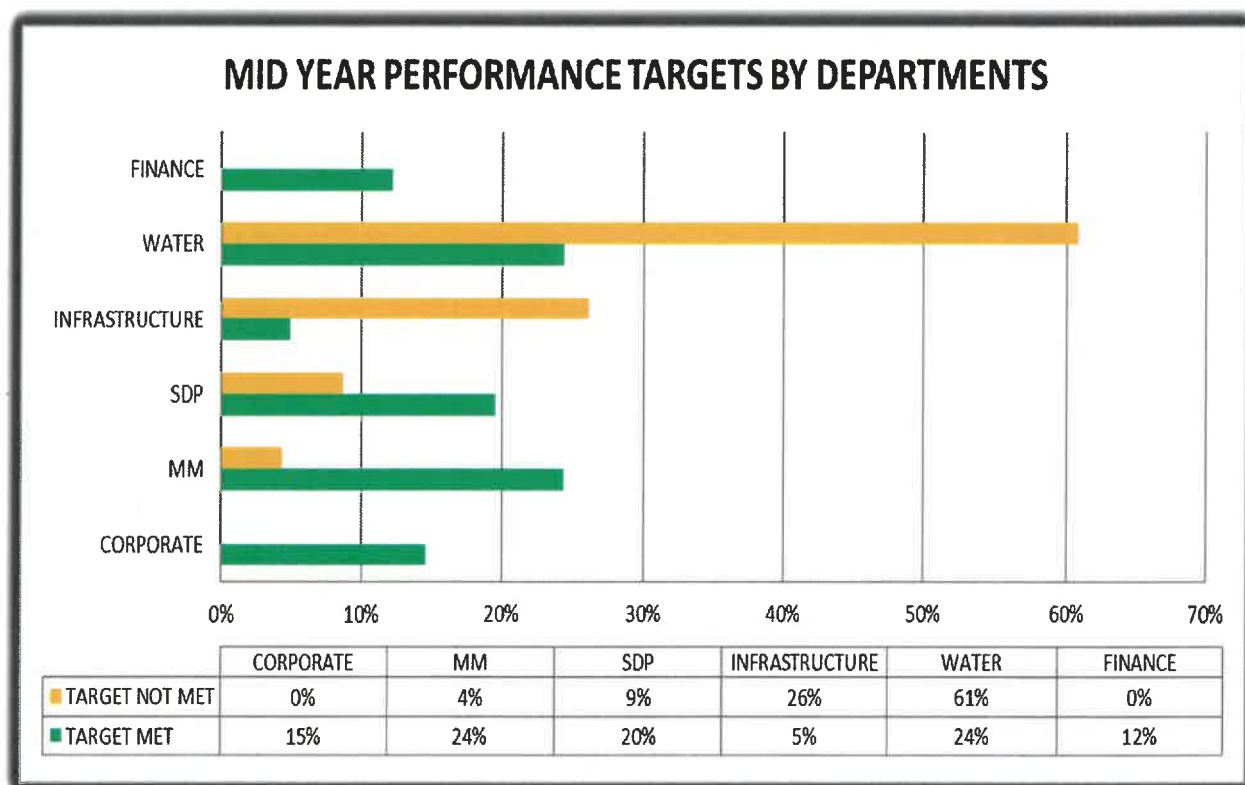
Chart 6: Departmental performance targets

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. 2 targets were achieved and 6 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:

Creighton 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 Mngumeni 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).

Reasons for underperformance:

Percentage achievement of the SDBIP quarterly key performance indicators and quarterly targets. This was as a result of underperformance by Water and Infrastructure services departments, whilst also noting a slight regression from BTO, SSDP.

Budget and Treasury Office

The department planned to achieve 5 targets by mid-term. 5 targets were achieved. Mid-Term Performance achievement is sitting at 100%. Noting improvement from 75% from quarter 1 and 100% for quarter 2.

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 addresses.

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

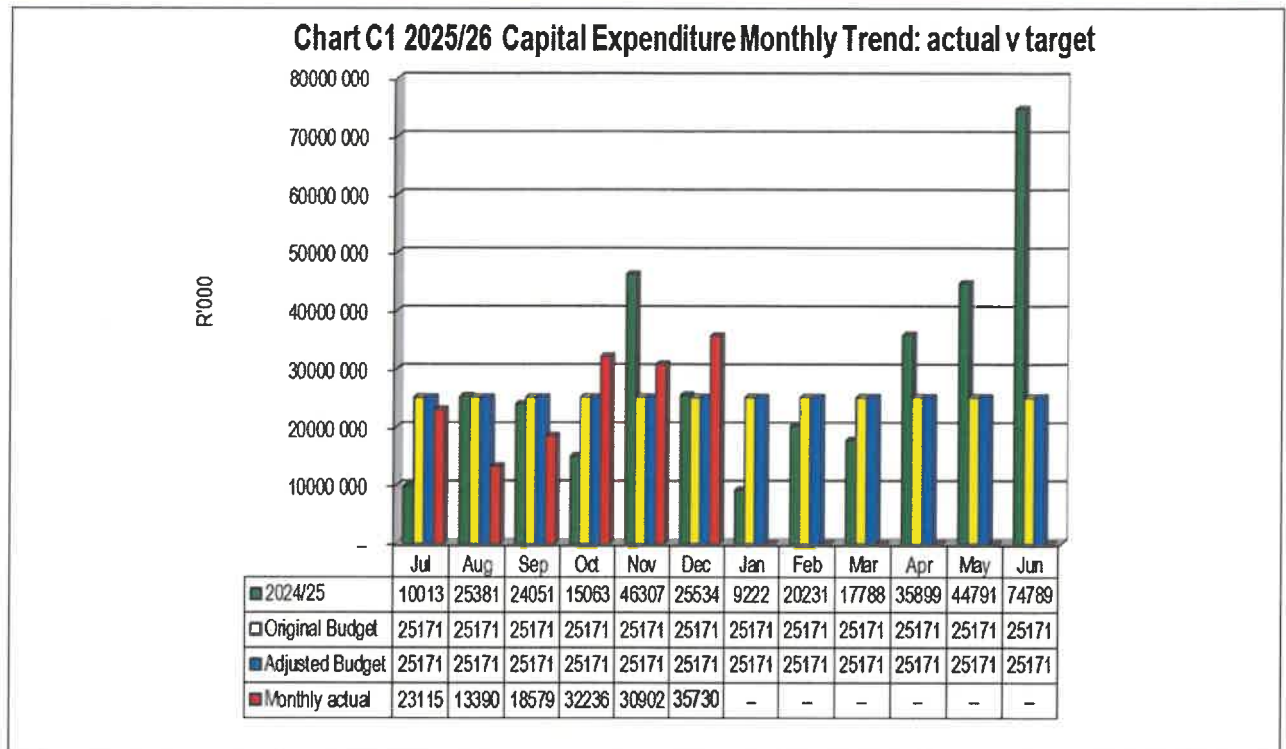
This next section looks at the performance of the capital expenditure programme. This performance is best illustrated in the charts that follow.

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	2024/25	Budget Year 2025/26							
	Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	% spend of Original Budget
R thousands									
Monthly expenditure performance trend									
July	10 014	25 172	25 172	23 116	23 116	25 172	2 056	8,2%	8%
August	25 382	25 172	25 172	13 391	13 391	50 343	36 952	73,4%	4%
September	24 052	25 172	25 172	18 579	18 579	75 515	56 936	75,4%	6%
October	15 064	25 172	25 172	32 236	32 236	100 687	68 451	68,0%	11%
November	46 308	25 172	25 172	30 903	30 903	125 858	94 955	75,4%	10%
December	25 534	25 172	25 172	35 730	35 730	151 030	115 300	76,3%	12%
January	9 222	25 172	25 172	–	–	176 202	176 202	100,0%	0%
February	20 231	25 172	25 172	–	–	201 373	201 373	100,0%	0%
March	17 788	25 172	25 172	–	–	226 545	226 545	100,0%	0%
April	35 899	25 172	25 172	–	–	251 717	251 717	100,0%	–
May	44 791	25 172	25 172	–	–	276 888	276 888	100,0%	–
June	74 789	25 171	25 171	–	–	302 060	302 060	100,0%	–
Total Capital expenditure	349 075	302 060	302 060	153 955					

Chart C1: Capital Expenditure Monthly Trend: Actual v Target



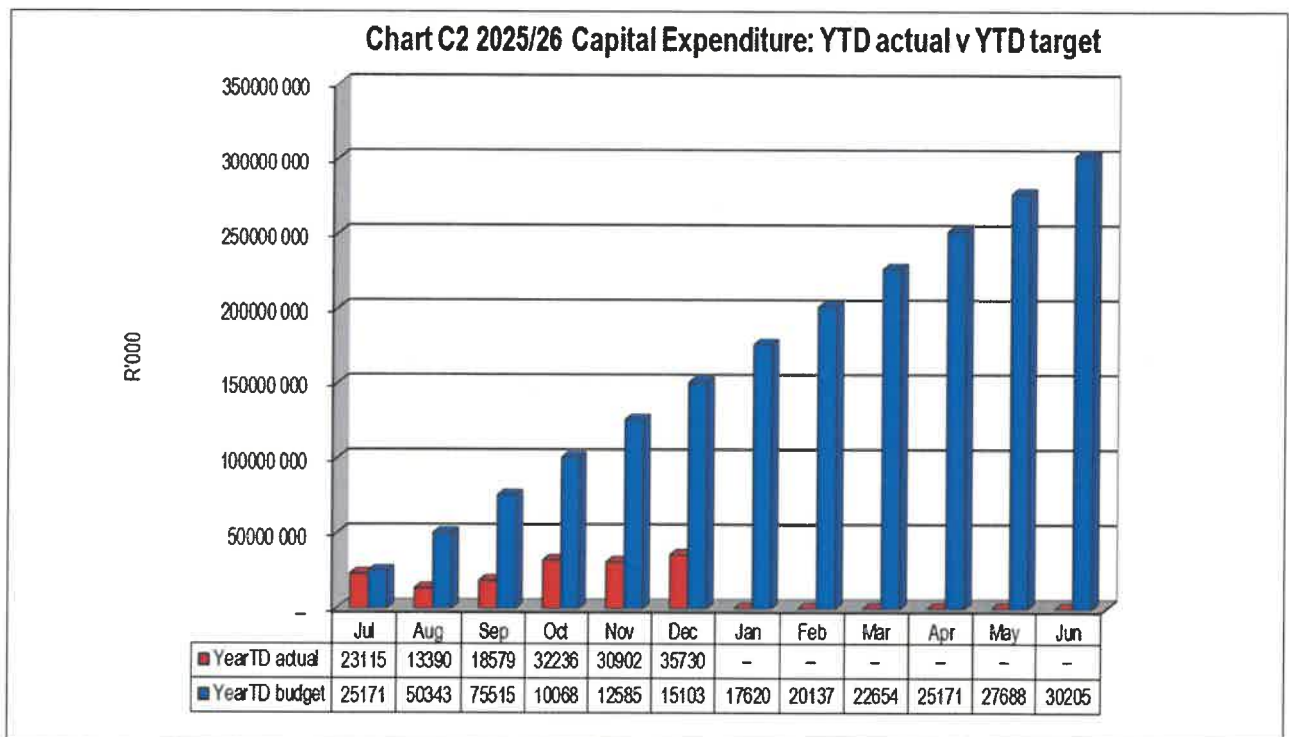
This next section looks at the performance of the capital expenditure on new assets by asset class.

DC43 Harry Gwala - Supporting Table SC13a Consolidated Monthly Budget Statement - capital expenditure on new assets by asset class - 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									
Capital expenditure on new assets by Asset Class/Sub-class									
Infrastructure	299 786	240 171	242 769	34 015	143 307	120 524	(22 783)	-18,9%	242 769
Roads Infrastructure	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Water Supply Infrastructure	279 731	239 910	239 140	32 544	140 551	119 271	(21 280)	-17,8%	239 140
Dams and Weirs	33 386	53 150	54 166	15 116	34 006	26 513	(7 494)	-28,3%	54 166
Boreholes	14 333	-	971	296	756	205	(551)	-268,5%	971
Reservoirs	-	435	435	-	-	217	217	100,0%	435
Pump Stations	32 805	87	2 387	-	-	618	618	100,0%	2 387
Water Treatment Works	-	3 300	-	-	-	825	825	100,0%	-
Bulk Mains	82 290	59 807	58 586	6 094	52 723	29 079	(23 644)	-81,3%	58 586
Distribution	116 917	123 131	122 595	11 038	53 065	61 813	8 748	14,2%	122 595
Distribution Points	-	-	-	-	-	-	-	-	-
PRV Stations	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Sanitation Infrastructure	20 055	261	3 629	1 471	2 756	1 253	(1 503)	-119,9%	3 629
Pump Station	1 234	87	87	-	-	43	43	100,0%	87
Reticulation	18 821	174	3 542	1 471	2 756	1 210	(1 547)	-127,8%	3 542
Waste Water Treatment Works	-	-	-	-	-	-	-	-	-
Other assets	2 310	8 901	8 901	-	625	4 451	3 826	86,0%	8 901
Operational Buildings	1 268	6 901	6 901	-	625	3 451	2 826	81,9%	6 901
Municipal Offices	1 268	6 901	6 901	-	625	3 451	2 826	81,9%	6 901
Capital Spares	-	-	-	-	-	-	-	-	-
Housing	1 042	2 000	2 000	-	-	1 000	1 000	100,0%	2 000
Staff Housing	1 042	2 000	2 000	-	-	1 000	1 000	100,0%	2 000
Social Housing	-	-	-	-	-	-	-	-	-
Capital Spares	-	-	-	-	-	-	-	-	-
Intangible Assets	-	955	955	-	-	477	477	100,0%	955
Servitudes	-	-	-	-	-	-	-	-	-
Licences and Rights	-	955	955	-	-	477	477	100,0%	955
Water Rights	-	-	-	-	-	-	-	-	-
Effluent Licenses	-	-	-	-	-	-	-	-	-
Solid Waste Licenses	-	-	-	-	-	-	-	-	-
Computer Software and Applications	-	955	955	-	-	477	477	100,0%	955
Load Settlement Software Applications	-	-	-	-	-	-	-	-	-
Unspecified	-	-	-	-	-	-	-	-	-
Computer Equipment	2 029	2 859	2 849	-	209	1 427	1 218	85,3%	2 849
Computer Equipment	2 029	2 859	2 849	-	209	1 427	1 218	85,3%	2 849
Furniture and Office Equipment	2 178	5 288	5 298	966	2 890	2 647	(244)	-9,2%	5 298
Furniture and Office Equipment	2 178	5 288	5 298	966	2 890	2 647	(244)	-9,2%	5 298
Machinery and Equipment	4 767	2 360	2 360	749	1 240	1 180	(60)	-5,1%	2 360
Machinery and Equipment	4 767	2 360	2 360	749	1 240	1 180	(60)	-5,1%	2 360
Total Capital Expenditure on new assets	311 070	260 534	263 132	35 730	148 272	130 706	(17 566)	-13,4%	263 132

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


22/01/2026