UTHUKELA
UMKHANDLU WESIFUNDA
DISTRIKSMUNISIPALITEIT
DISTRICT MUNICIPALITY

2025/26
MID TERM BUDGET ASSESSMENT REPORT

TABLE OF CONTENTS

	PAGE
Glossary	3
Legislative Framework	4
SECTION 1 _In- year Budget statements	
Mayors Report	5
Executive summary	5
In-year budget statement tables	8
SECTION 2_Supporting documents	
Debtors Analysis	31
Creditors Analysis	35
Investment Portfolio	37
Grants Management	39
Employee Related Costs & Remuneration of Councillors	41
Financial Ratios	43
Indigent Management	47
Recommendations	48
Municipal Manager's quality certificate	50
Annexures	51

GLOSSARY

Annual Budget – Prescribed in section 16 of the MFMA - the formal means by which a Municipality approve official budget for the next three years.
Adjustment Budget – Prescribed in section 28 of the MFMA – the formal means by which a Municipality may revise its annual budget during the year.
Capital Expenditure - Spending on assets such as land, buildings and machinery. Any capital expenditure must be reflected as an asset on the Municipality's balance sheet and must be included in the asset register.
Cash Flow Statement – A statement showing when actual cash will be received and spent by the Municipality. Payments do not always coincide with budgeted expenditure timings **–** for example, when an invoice is received by the Municipality it is shown as expenditure in the month it is received, even though it may not be paid in the same period.
DORA – Division of Revenue Act. Annual legislation that shows the total allocations made by national to provincial and local government (see Allocations / Transfers).
Equitable Share – A general grant paid to municipalities. It is predominantly targeted to help with free basic services.
GRAP – Generally Recognised Accounting Practice. The new standard for municipal accounting.
IDP – Integrated Development Plan. The main strategic planning document of the Municipality
MBRR – Local Government: Municipal Finance Management Act (56/2003): Municipal Budget and Reporting Regulations dated April 2009.
MFMA **–** The Municipal Finance Management Act – Act No. 56 of 2003. The principal piece of legislation relating to municipal financial management.
mSCOA – Municipal Standard Chart of Accounts.
MTREF – Medium Term Revenue and Expenditure Framework. A medium-term financial plan, usually 3 years, based on a fixed first year and indicative further two years' budget allocations. Also includes details of the previous and current years' financial position.
Vote – One of the main segments into which a budget is divided.
MIG- Municipal Infrastructure Grant
WSIG- Water Services Infrastructure grant

PURPOSE & LEGISTLATIVE REQUIREMENT

The purpose of the report is to inform council of the municipality's mid-year actual performance for the Mid-year financial year against the approved budget in compliance with section 72 of the Municipal Finance Management Act, 56 of 2003.

As instructed by the Local Government: Municipal Finance Management Act No.56 of 2009, Chapter 8 on roles of municipal officials, section 72, the Accounting Officer must assess the half yearly performance of the municipality and this is required to be done by 25th January every year to be submitted to the Mayor, National and Provincial Treasuries.

The strategic objective of this report is to ensure good governance, financial viability and management of optimal organisational development and transformation to execute its mandate.

In terms of Section 72 of the Municipal Finance Management Act, 56 of 2003

1. "The accounting officer of the municipality must by 25 January of each year-

(a) Assess the performance of the municipality during the first half of the financial year, taking into account-
   - (i) the monthly statements referred to in section 71 for the first half of the financial year;
   - (ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets, and performance indicators set in the service delivery and budget implementation plan;
   - (iii) the past year's annual report, and progress on resolving problems identified in the annual report.

b) Submit a report on such assessment to-

i) The mayor of the municipality

ii) The National Treasury and

iii) The relevant provincial treasury

2. The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

The accounting officer must, as part of the review-

(a) make recommendations as to whether an adjustments budget is necessary; and

(b) Recommend revised projections for the revenue and expenditure to the extent that this may be necessary.

PART 1 – MAYORS REPORT

1.1 The midyear review section 72 report is a report that gives a clear view on the state or performance of the Municipality as at midyear or first six months of the financial year as well as the year-to-date performance. Among the impacts that are challenging the Municipality, is the cash flow challenge currently being experienced by the municipality due to among other things declining collection, historic expenditure patterns, high water losses and high rate of indigents within the municipal boundaries. The low spending on grants due to delays in capital projects is also a weakness of the municipality. The unemployment rate of the people within the borders of Uthukela is also a huge crisis that the municipality is faced with.

Management within local government has a significant role to play in strengthening the link between the citizen and government's overall priorities and spending plans. The goal should be to enhance service delivery aimed at improving the quality of life for all people within the UThukela District Municipality. Budgeting is primarily about the choices that the municipality has to make between competing priorities and fiscal realities. The challenge is to do more with the available resources. We need to remain focused on the effective delivery of the core municipal services through the application of efficient and effective service delivery mechanisms.

PART 1 - EXECUTIVE SUMMARY

1.1 Introduction

The figures presented in this report are for the first six months ended 31 December 2025.

1.2 Consolidated Performance

Revenue by source

The municipality's approved revenue budget amounts to **R 1 077 billion**. The mid-year revenue recognised for the first six months ended 31 December 2025 is **R 669 million** (excluding capital transfers). This results in a positive variance of **24%** of the approved revenue budget. This is due to the transfers and grants received in the first six months and auction fees that was received in the first six months of the financial year.

As at 31 December 2025 the municipality recognised revenue above the 50% performance that is expected for the first six month of the financial year.

Operating and Capital Expenditure by type

The municipality's approved operational expenditure budget of **R 1 054** billion and approved capital expenditure budget is **R273 623** million. The mid-year actual expenditure as at 31 December 2025 on operational expenditure is **R 342 396 million,** this results in a **25%** negative variance of the approved operating budget. The under performance is due mainly to the municipality being unfunded as there are financial constraints and having to make quite a few cuts to strive for a funded position. The non- cash items are only done as at year end

The mid-year actual expenditure as at 31 December 2025 on capital expenditure is **R44 001** million resulting a variance of 68% negative variance. MIG was changed from the three trenches to cost reimbursive basis, so the municipality ha s received far less as originally anticipated. There are also delays in the water infrastructure grant, which has also led to under performance.

- The MIG capital funding for the financial year is **R219 159 million**. At mid-year an amount of **R51 347** million had been transferred. The spending at the end of 31 December 2025 is **R 36 634 million (incl. VAT)** which represents **71%** of allocation received and expenditure to date.
- The WSIG of **R 100 000** million was allocated at mid-year R70 000 million had been received. The grant reflects **R 10 687 million** spending at the end of 31 December 2025 which represent **15% of allocation received and spent to date**

1.3 Material variances from SDBIP (Service Delivery and Budget Implementation Plan).

The Service Delivery and Budget Implementation Plan (SDBIP) performance of the municipality will be explained in a report prepared by the performance unit, situated in the Office of the Municipal Manager.

The variances on the SDBIP will also be part of this report on non-financial information for the period started 1 July 2025 to 31 December 2025.

1.4 Annual Report

The draft annual report for the 2025/26 financial year will be tabled to Council on the 30th of January 2026.

1.5 Remedial or corrective steps

After assessing the performance of the municipality for the six months, an adjustments budget will be tabled to Council in February on the operational revenue and expenditure to address major variances that have been noted at midterm. Together with the adjustments budget a report on the revised Service Delivery and Budget implementation Plan will also be taken to council for approval.

PART 2- IN YEAR BUDGET STATEMENT TABLES

Table C1

DC23 Uthukela - 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	280 382	329 805	–	20 852	149 902	164 903	(15 001)	-9%	329 805
Investment revenue	6 613	6 163	–	491	3 292	3 081	211	7%	6 163
Transfers and subsidies - Operational	650 924	665 135	–	201 639	476 332	332 567	143 765	43%	665 135
Other own revenue	75 820	76 290	–	6 164	39 627	38 145	1 482	4%	76 290
Total Revenue (excluding capital transfers and contributions)	**1 013 739**	**1 077 393**	**–**	**229 146**	**669 153**	**538 696**	**130 457**	**24%**	**1 077 393**
Employee costs	404 820	406 233	–	30 949	213 397	203 117	10 280	5%	406 233
Remuneration of Councillors	6 284	6 219	–	521	3 213	3 109	104	3%	6 219
Depreciation and amortisation	89 413	83 303	–	7 718	45 881	41 651	4 229	10%	83 303
Interest	19 234	6 721	–	–	77	3 361	(3 283)	-98%	6 721
Inventory consumed and bulk purchases	106 642	68 790	–	557	10 346	34 395	(24 049)	-70%	68 790
Transfers and subsidies	–	3 600	–	–	–	1 800	(1 800)	-100%	3 600
Other expenditure	705 355	479 627	–	16 113	69 483	239 814	(170 331)	-71%	479 627
Total Expenditure	**1 331 747**	**1 054 493**	**–**	**55 859**	**342 396**	**527 246**	**(184 850)**	**-35%**	**1 054 493**
Surplus/(Deficit)	**(318 009)**	**22 900**	**–**	**173 288**	**326 757**	**11 450**	**315 307**	**2754%**	**22 900**
Transfers and subsidies - capital (monetary allocations)	267 242	311 791	–	45 774	47 321	155 896	(108 574)	-70%	311 791
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers &	**(50 767)**	**334 691**	**–**	**219 061**	**374 078**	**167 346**	**206 733**	**124%**	**334 691**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(50 767)**	**334 691**	**–**	**219 061**	**374 078**	**167 346**	**206 733**	**124%**	**334 691**
Capital expenditure & funds sources									
Capital expenditure	**0**	**273 623**	**–**	**10 785**	**44 001**	**136 812**	**(92 811)**	**-68%**	**273 623**
Capital transfers recognised	(4 349)	271 123	–	10 960	44 001	135 562	(91 561)	-68%	271 123
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	–	**2 500**	–	**(175)**	–	**1 250**	**(1 250)**	**-100%**	**2 500**
Total sources of capital funds	**(4 349)**	**273 623**	**–**	**10 785**	**44 001**	**136 812**	**(92 811)**	**-68%**	**273 623**
Financial position									
Total current assets	310 043	564 462	–		597 215				564 462
Total non current assets	3 551 722	3 546 961	–		3 550 002				3 546 961
Total current liabilities	1 334 557	1 110 005	–		1 243 442				1 110 005
Total non current liabilities	41 595	51 558	–		41 595				51 558
Community wealth/Equity	**2 485 612**	**2 949 860**	**–**		**2 862 179**				**2 949 860**
Cash flows									
Net cash from (used) operating	870 883	283 836	–	237 132	607 937	141 918	(466 019)	-328%	283 836
Net cash from (used) investing	218 668	(273 623)	–	(10 457)	(45 941)	(136 812)	(90 871)	66%	(273 623)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**1 095 361**	**(131 839)**	**–**	**–**	**572 871**	**(136 945)**	**(709 816)**	**518%**	**21 088**
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	32 029	33 746	28 992	24 584	26 366	22 828	22 448	1 093 088	1 284 081
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

Table C1 is a financial performance summary and provides a concise overview of uThukela District municipality's performance from all major financial perspectives (operating, capital expenditure, financial position and cash flow).

Table C2

reflects the financial performance per standard classification, the majority of This is due to the equitable recognized under the Finance Department and the grants received under Technical Department.

Choose name from list - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M06 - December

Description	Ref	2024/25	Budget Year 2025/26							
		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD	Full Year
R thousands	1								%	
Revenue - Functional										
Governance and administration		**651 947**	**734 345**	–	**198 983**	**476 357**	**367 173**	109 185	30%	**734 345**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		651 947	734 345	–	198 983	476 357	367 173	109 185	30%	734 345
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**3 652**	**49**	–	**2 382**	**4 471**	**25**	4 446	18117%	**49**
Community and social services		3 608	–	–	–	–	–	–		–
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		43	49	–	2 382	4 471	25	4 446	18117%	49
Economic and environmental services		–	–	–	–	–	–	–		–
Planning and development		–	–	–	–	–	–	–		–
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**625 383**	**654 790**	–	**73 555**	**235 647**	**327 395**	**(91 748)**	-28%	**654 790**
Energy sources		–	–	–	–	–	–	–		–
Water management		625 383	654 790	–	73 555	235 647	327 395	(91 748)	-28%	654 790
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	–	–	–	–	–	–		–
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**1 280 981**	**1 389 184**	–	**274 920**	**716 475**	**694 592**	**21 883**	**3%**	**1 389 184**
Expenditure - Functional										
Governance and administration		**280 693**	**375 156**	–	**15 168**	**107 493**	**187 578**	(80 085)	-43%	**375 156**
Executive and council		52 568	56 174	–	4 271	28 613	28 087	526	2%	56 174
Finance and administration		228 125	318 982	–	10 897	78 880	159 491	(80 611)	-51%	318 982
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**62 817**	**58 102**	–	**4 602**	**26 920**	**29 051**	(2 131)	-7%	**58 102**
Community and social services		26 539	9 390	–	975	7 124	4 695	2 429	52%	9 390
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		36 278	48 712	–	3 627	19 796	24 356	(4 560)	-19%	48 712
Economic and environmental services		**16 259**	**28 023**	–	**1 416**	**8 670**	**14 012**	(5 341)	-38%	**28 023**
Planning and development		16 259	28 023	–	1 416	8 670	14 012	(5 341)	-38%	28 023
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**971 978**	**593 212**	–	**34 673**	**199 313**	**296 606**	**(97 293)**	-33%	**593 212**
Energy sources		–	–	–	–	–	–	–		–
Water management		971 978	593 212	–	34 673	199 313	296 606	(97 293)	-33%	593 212
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	–	–	–	–	–	–		–
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	**1 331 747**	**1 054 493**	–	**55 859**	**342 396**	**527 246**	**(184 850)**	**-35%**	**1 054 493**
Surplus/ (Deficit) for the year		**(50 767)**	**334 691**	–	**219 061**	**374 078**	**167 346**	**206 733**	**124%**	**334 691**

Table C3

Reflects operating revenue and expenditure performance per municipal vote. The Operating expenditure per municipal vote reflects more budget under water and other departments.

Choose name from list - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 -

Vote Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD %	Full Year
Revenue by Vote	1									
Vote 1 - MAYOR AND MM		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICES		602	326	–	44	52	163	(111)	-67.9%	326
Vote 3 - BUDGET AND TREASURY		649 345	734 020	–	198 939	476 305	367 010	109 295	29.8%	734 020
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)		–	–	–	–	–	–	–		–
Vote 5 - WSA& HEALTH SERVICES		43	49	–	2 382	4 471	25	4 446	18117.4%	49
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		618 377	654 790	–	73 555	235 647	327 395	(91 748)	-28.0%	654 790
Vote 7 -		–	–	–	–	–	–	–		–
Vote 8 -		–	–	–	–	–	–	–		–
Vote 9 -		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**1 268 367**	**1 389 184**	**–**	**274 920**	**716 475**	**694 592**	**21 883**	**3.2%**	**1 389 184**
Expenditure by Vote	1									
Vote 1 - MAYOR AND MM		52 568	56 174	–	4 271	28 613	28 087	526	1.9%	56 174
Vote 2 - CORPORATE SERVICES		144 596	145 768	–	5 912	37 221	72 884	(35 662)	-48.9%	145 768
Vote 3 - BUDGET AND TREASURY		83 529	171 528	–	4 985	41 658	85 764	(44 105)	-51.4%	171 528
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)		42 798	37 413	–	2 390	15 794	18 707	(2 912)	-15.6%	37 413
Vote 5 - WSA& HEALTH SERVICES		36 278	50 399	–	3 627	19 796	25 199	(5 403)	-21.4%	50 399
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		971 978	593 212	–	34 673	199 313	296 606	(97 293)	-32.8%	593 212
Vote 7 -		–	–	–	–	–	–	–		–
Vote 8 -		–	–	–	–	–	–	–		–
Vote 9 -		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**1 331 747**	**1 054 493**	**–**	**55 859**	**342 396**	**527 246**	**(184 850)**	**-35.1%**	**1 054 493**
Surplus/ (Deficit) for the year	2	**(63 380)**	**334 691**	**–**	**219 061**	**374 078**	**167 346**	**206 733**	**123.5%**	**334 691**

2.1Monthly budget statements

2.1.1 Table C4: Monthly Budget Statement Summary

ANALYSIS OF OPERATING REVENUE (JULY 2025- DECEMBER 2025) EXCLUDING CAPITAL TRANSFERS

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - December

Description	Ref	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		260 786	308 162	–	19 152	139 282	154 081	(14 799)	-10%	308 162
Service charges - Waste Water Management		19 596	21 643	–	1 700	10 620	10 822	(202)	-2%	21 643
Service charges - Waste management		–	–	–	–	–	–	–		–
Sale of Goods and Rendering of Services		597	554	–	22	1 805	277	1 528	552%	554
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		71 605	74 157	–	6 097	36 705	37 078	(374)	-1%	74 157
Interest from Current and Non Current Assets		6 613	6 163	–	491	3 292	3 081	211	7%	6 163
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		–	–	–	–	–	–	–		–
Licence and permits		–	–	–	–	–	–	–		–
Special Rating Levies		–	–	–	–	–	–	–		–
Operational Revenue		3 223	1 069	–	44	848	534	313	59%	1 069
Non-Exchange Revenue								–		
Property rates		–	–	–	–	–	–	–		–
Surcharges and Taxes		–	–	–	–	–	–	–		–
Fines, penalties and forfeits		394	511	–	1	271	255	15	6%	511
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		650 924	665 135	–	201 639	476 332	332 567	143 765	43%	665 135
Interest		–	–	–	–	–	–	–		–
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Assets		–	–	–	–	–	–	–		–
Other Gains		–	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and		**1 013 739**	**1 077 393**	**–**	**229 146**	**669 153**	**538 696**	**130 457**	**24%**	**1 077 393**

Service Charges

The budgeted service charges for water amounted to R308 162 million of which R139 million was billed at mid-year. This equates to 45% of actual versus budget. This resulted in a -10% variance. Prepaid meters income had originally been budgeted for under this line item, however, have been costed under sundry debtors and showing on the line-item sale of goods, this will be corrected. The municipality has a service provider that is currently busy with data cleansing, more prepaid meters are also being installed to enhance revenue collection. This line item will be adjusted

The budgeted amount for wastewater was set at R21 643 million. The municipality had billed R10 620 million at mid-year resulting a variance of -2%. The variance is minor, however will be adjusted accordingly.

Sale of Goods and services

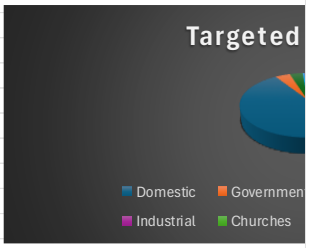
The budget for this service was R554 thousand, and the revenue realised at mid-year was R1 805 million. This results in a positive variance of 552%. This will impact positively on the revenue realised. This is due to prepaid sales income that was originally budgeted for as water sales. This will be adjusted in the adjustments budget.

Isandiso Pipelines and Engineering Prepaid Meter Rollout - Progress Report

Overview;

The installation of smart prepaid water meter aims to improve revenue protection by providing a smart metering system that ensures precise measurement and billing, significantly reducing revenue losses due to inaccuracies and theft. It also aims to improve the billing accuracy as the automated meter reading eliminates human errors and provides realtime data, resulting in fair and transparent billing for consumers, whilst enhancing customer service as the smart meters allows for prompt detection of issues, such as leaks or outages, and facilitates quicker response times, improving overall service quality. For further iteration, refer to annexure a pertaaining to the actual implementation plan by Isandiso.

Inception date:	**26-Feb-25**				
Rollout Date	**18-Oct-25**	as per list addressing issues raised during the Audit.			
Targeted Rollout:	**37794**		**Targeted Recovery**	**R**	**1 288 703 306.31**
Domestic	33611		Domestic	R	1 170 645 619.82
Government	1681		Government	R	54 193 785.16
Business	1881		Business	R	47 841 580.38
Trusts	356		Trusts	R	6 736 826.46
Industrial	16		Industrial	R	4 768 725.54
Churches	219		Churches	R	3 741 098.99
Other	28		Other	R	747 075.14
IDC Estate	2		IDC Estate	R	28 594.82



To Date 709 new metres have been installed

Interest earned on receivables

The budgeted amount on this line item was R74 157 million, the actual billing at mid-year was R36 705 million this resulted in a -1% variance. The variance is minor but does indicate a drop in the budgeted collection rate. The municipality has been struggling to collect old debts in the past, however new focused operations such as the Vala- Vula operation are aimed at addressing this issue. Improvement has been noted in recovering of old debts.

Interest from current and non-current assets

The budgeted amount on this line item was R 6 163 million, as at midyear R 3 292 had been billed, resulting in a positive variance of 7%. The municipality was able to keep investments for longer periods due to not spending and implementing cost containment measures. This will be adjusted accordingly.

Operational Revenue

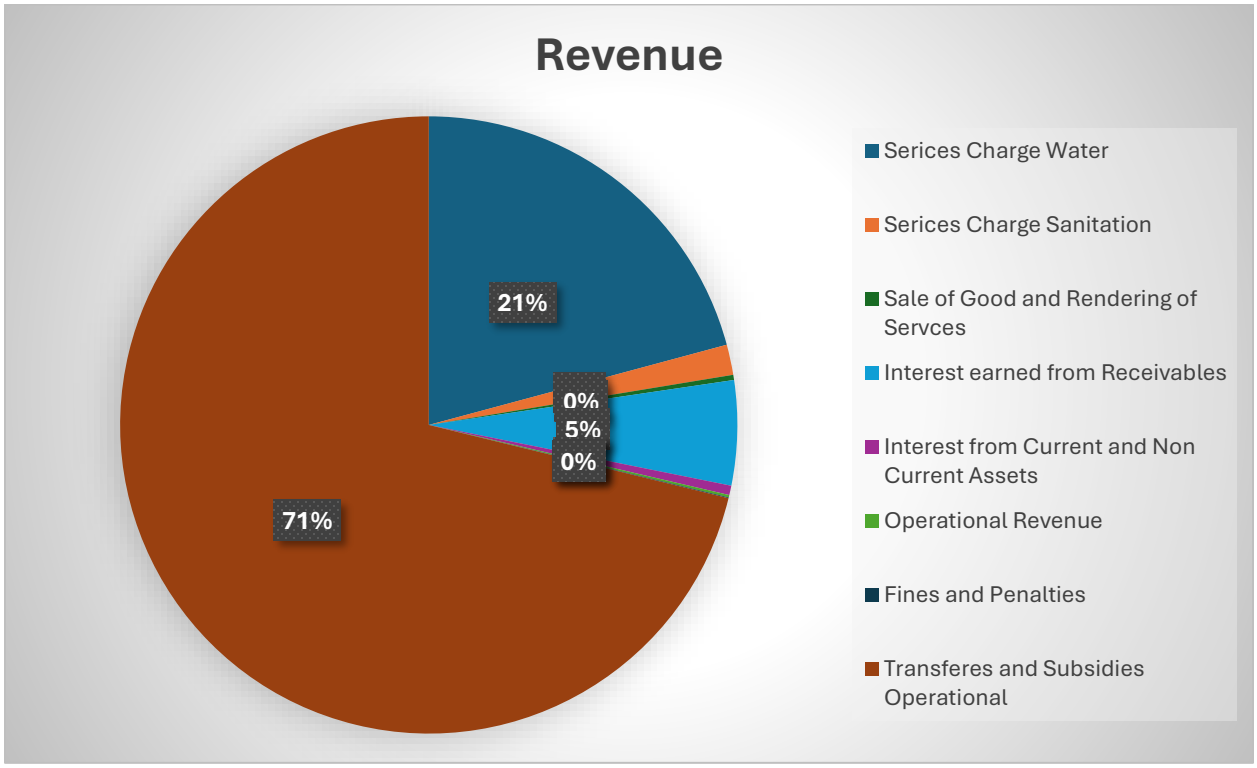
The budgeted amount on this line item was R 1069 million, as at midyear an amount of R 848 had been realised resulting in a positive variance of 59%. This is due to auction fees that had not been budgeted for. This will be adjusted in the adjustments budget.

Fines and Penalties

The total budget was R511 thousand, the municipality managed to collect fines to the value of R271 thousand at mid-year, this has resulted in a positive variance of 6%. This will impact positively on the adjustment budget. The municipality often struggles to budget accurately for this line item due to inconsistencies in the issuing of fines and penalties. However further investigations are being made and constant consulting with the issuing department. This will be adjusted accordingly.

Transfers and Subsidies - Operational

The budget for operating grants was set at R665 135 million. At mid-year R476 332 resulting in a positive variance of 43%. This is due to the receipt of two tranches of the equitable share totalling R469 326 million at mid-year



1.2 Table C4: Monthly Budget Statement – Operating expenditure (standard classification)

ANALYSIS OF OPERATING EXPENDITURE FROM JULY 2025- DECEMBER 2025

Choose name from list - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 - December

Description	Ref	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 By Type										
Employee related costs		404 820	406 233	–	30 949	213 397	203 117	10 280	5%	406 233
Remuneration of councillors		6 284	6 219	–	521	3 213	3 109	104	3%	6 219
Bulk purchases - electricity		–	–	–	–	–	–	–		–
Inventory consumed		106 642	68 790	–	557	10 346	34 395	(24 049)	-70%	68 790
Debt impairment		(59 329)	83 782	–	–	–	41 891	(41 891)	-100%	83 782
Depreciation and amortisation		89 413	83 303	–	7 718	45 881	41 651	4 229	10%	83 303
Interest		19 234	6 721	–	–	77	3 361	(3 283)	-98%	6 721
Contracted services		247 369	124 962	–	14 338	39 944	62 481	(22 537)	-36%	124 962
Transfers and subsidies		–	3 600	–	–	–	1 800	(1 800)	-100%	3 600
Irrecoverable debts written off		260 435	83 782	–	–	–	41 891	(41 891)	-100%	83 782
Operational costs		254 130	187 100	–	1 760	29 524	93 550	(64 026)	-68%	187 100
Losses on Disposal of Assets		2 749	–	–	15	15	–	15	#DIV/0!	–
Other Losses		–	–	–	–	–	–	–		–
Total Expenditure		**1 331 747**	**1 054 493**	**–**	**55 859**	**342 396**	**527 246**	**(184 850)**	**-35%**	**1 054 493**

Expenditure by Type

Employee related expenditure

For the six months ended 31 December 2025 employee costs amounted to **R 213 397 million** against budget amount of **R 406 233 million** this results in a 5**%** positive variance of the budgeted amount. Overtime remains a problem faced by the municipality however strict regulations on the approval and qualification of employees who are getting a salary above the threshold has been revisited and reviewed. Overtime has also been allocated to only the water department. This line item will be adjusted in the adjustments budget.

DECEMBER 2025 SALARIES

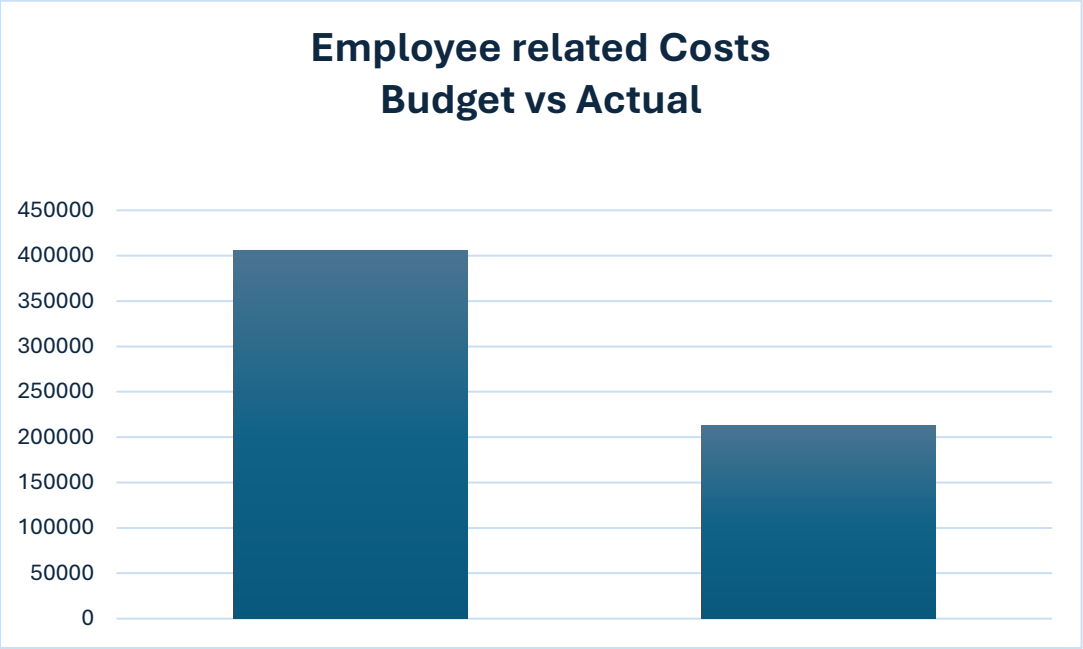
CODE	COMPANY	SALARY COST	NETT SALARIES	FNB ONLINE	REJECTED SALARIES			COSTING	COSTING		
101	COUNCILLORS				-	COSTED SAL		-	-	-	
102	FINANCE				-	COSTED SAL		-	-	-	
103	COPORATE				-	COSTED SAL		-	-	-	
104	MM OFFICE				-	COSTED SAL		-	-	-	
105	SOCIAL				-	COSTED SAL		-	-	-	
106	TECHNICAL				-	COSTED SAL		-	-	-	
107	HEALTH				-	COSTED SAL		-	-	-	
108	WATER				-	COSTED SAL		-	-	-	
109	POST RETIREMENT					COSTED SAL		-	-	-	
UTHUKELA	COMBINED	32 400 544.10	18 592 842.42	17 579 228.49	1 013 613.93	COSTED SAL		-	-	32 400 544.10	
		32 400 544.10	18 592 842.42	17 579 228.49	1 013 613.93					-	

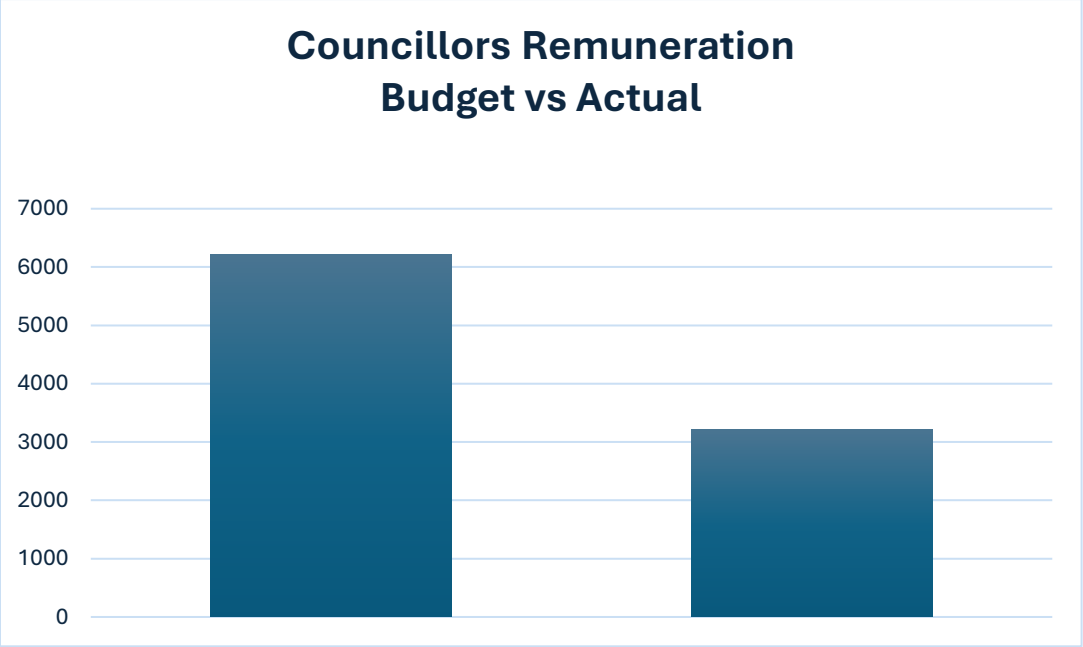
OVERTIME ANALYSIS FOR THE PERIOD JULY 2025 TO JUNE 2026

	JULY 2025	AUGUST 2025	SEPTEMBER 2025	OCTOBER 2025	NOVEMBER 2025	DECEMBER 2025	JANUARY 2026	FEBRUARY 2026	MARCH 2026	APRIL 2026	MAY 2026	JUNE 2026
STANDBY ALLOWANCE												
FINANCE	R 4 968.93	R -	R 5 217.90	R 10 435.79	R 5 217.90	R -	R -	R -	R -	R -	R -	R -
MM OFFICE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
CORPORATE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
HEALTH	R -	R 10 149.04	R -	R 10 149.04	R 10 806.55	R 10 149.04	R -	R -	R -	R -	R -	R -
WATER	R 611 793.34	R 630 188.62	R 701 022.22	R 620 999.51	R 657 911.25	R 540 579.76	R -	R -	R -	R -	R -	R -
SOCIAL	R 8 009.12	R 8 410.35	R 8 410.35	R 7 208.87	R -	R -	R -	R -	R -	R -	R -	R -
TOTAL STANDBY ALLOWANCE	R 624 771.39	R 648 748.01	R 714 650.47	R 648 793.21	R 673 935.70	R 550 728.80	R -	R -	R -	R -	R -	R -
	JULY 2025	AUGUST 2025	SEPTEMBER 2025	OCTOBER 2025	NOVEMBER 2025	DECEMBER 2025	JANUARY 2026	FEBRUARY 2026	MARCH 2026	APRIL 2026	MAY 2026	JUNE 2026
OVERTIME												
FINANCE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
SOCIAL	R 102 539.00	R 80 119.64	R 83 081.66	R 100 085.69	R -	R -	R -	R -	R -	R -	R -	R -
TECHNICAL SERVICES	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
AWARDS / PREVIOUS	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
HEALTH	R -	R -	R 10 149.04	R -	R 3 945.06	R -	R -	R -	R -	R -	R -	R -
MM OFFICE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
WATER	R 1 368 335.56	R 1 178 775.60	R 1 639 003.80	R 1 200 704.85	R 665 272.44	R 487 630.99	R -	R -	R -	R -	R -	R -
CORPORATE	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
TOTAL OVERTIME	R 1 470 874.56	R 1 258 895.24	R 1 732 234.50	R 1 300 790.54	R 669 217.50	R 487 630.99	R -	R -	R -	R -	R -	R -
NIGHT SHIFT / SHIFT ALLOWANCE												
WATER	R 263 334.43	R 298 926.29	R 273 050.87	R 274 167.47	R 275 601.83	R 272 809.55	R -	R -	R -	R -	R -	R -
SOCIAL	R 42 434.40	R 42 434.40	R 39 176.04	R 42 434.40	R 39 176.04	R 42 434.40	R -	R -	R -	R -	R -	R -
CORPORATE SERVICES	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -	R -
TOTAL NIGHT SHIFT / SHIFT ALLOWAN	R 305 768.83	R 341 360.69	R 312 226.91	R 316 601.87	R 314 777.87	R 315 243.95	R -	R -	R -	R -	R -	R -
GRAND TOTAL	R 2 401 414.78	R 2 249 003.94	R 2 759 111.88	R 2 266 185.62	R 1 657 931.07	R 1 353 603.74	R -	R -	R -	R -	R -	R -

Remuneration of Councillors

Remuneration of Councillors amounted to **R 3 213 million** for the period ended 31st December 2025 against budget of **R 6 219 million,** this represents **3%**. This is due to the councillor's remuneration being approved for an increase by Cogta as councillors had not been getting an increase for years. This line item will be adjusted accordingly





Debt impairment and bad debt written off

Currently the municipality accounts for Debt impairment at the end of the financial year, no expenditure is reflected for the period of six months.

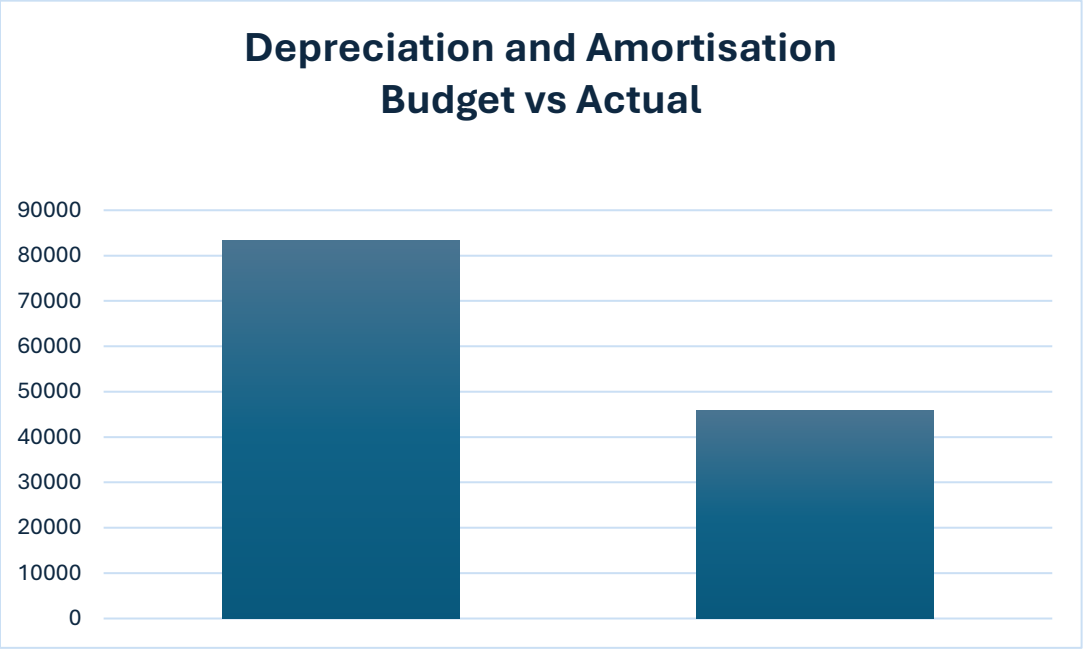
It must be noted that debt impairment testing, and calculation is done at the financial year end and only at the time are journal entries processed onto the financial system and this journal only accrue in the 13th period on the financial system, therefore no expenditure will reflect for under for this category and Bad debts are written off upon Council's approval.

The council to note that the above non-cash provisions are required in terms of GRAP which are normally calculated at year end.

The municipality will however attach a calculated report which will be used for the mid-year AFS.

Depreciation and amortisation

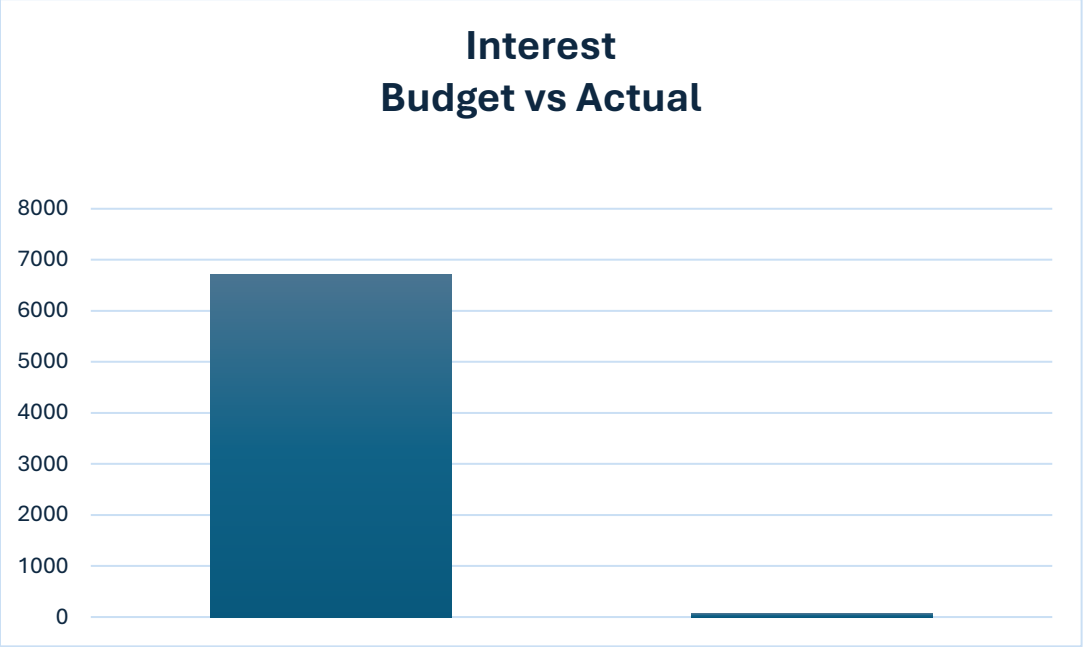
Expenditure on depreciation and asset Impairment amounted to **R 45 881 million** as at 31 December 2025**,** which reflects a variance of **10%** which is above the performance for the mid-term period. However quite a few vehicles have been auctioned. This line item was under budgeted and will be adjusted in the adjustments budget.



Finance charges

The expenditure relating to interest charges as at 31 December 2025 is R 77 thousand against a budget of R 6721 million, which represents a variance of -98%. Interest normally is from Eskom and DWS as the biggest contributors. The municipality has been paying eskom on time which has

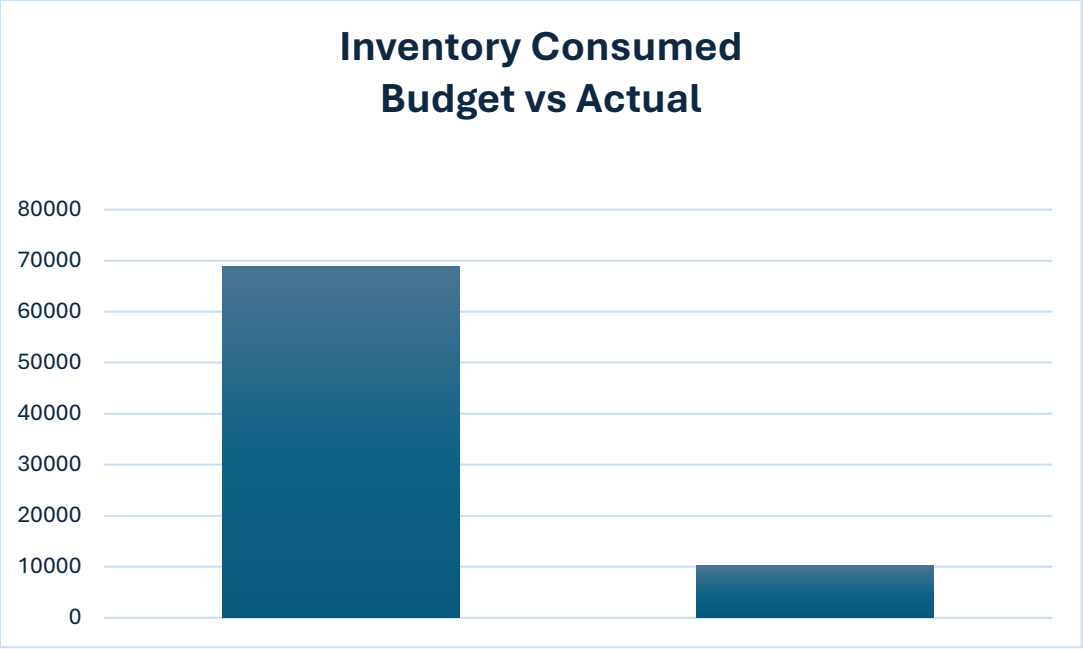
resulted in a saving. The municipality also has an arrangement with DWS which if followed will minimise the interest expense drastically. This line item will be adjusted in the adjustments budget.



Inventory Consumed and Other Material

Expenditure on inventory consumed which includes our bulk purchases amounted to **R 10 346 million** for the midterm period ended December 2025 against approved budget of **R 68 790 million** this represents a negative variance of **-70%** and below the expected performance for the midterm. This can be attributed to the saving that the municipality is making on chemicals as strict controls and regulations were implemented. The municipality is still not getting all DWS invoices timeously, however engagements are ongoing as the municipality has entered into a debt relief programme with DWS. This line item will be adjusted in the adjustments budget.

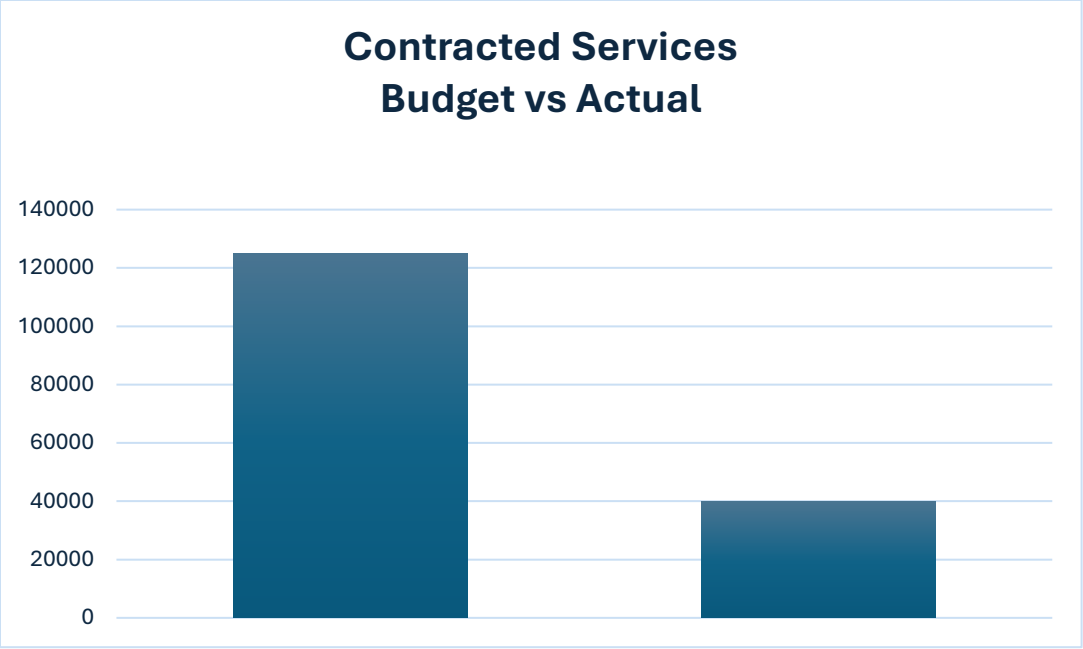
INVENTORY CONSUMED	Budget	Spent	nding expenditi	Available
Printing and Stationery 100/260300				–
Stationery (300/260340)	100	9	70	21
Stationery (105/260340)	100	–	–	100
Stationery (405/260340)		–	–	–
Fuel & Oil. (510/260180)	10 000	3 785	1 251	4 963
OM Chemicals	20 000	3 758	6 524	9 718
Laboratory Chemicals				–
Cleaning materials (200/260090)	300	–	–	300
Stationery (510/260340)	100	–	–	100
Stationery (200/260340)	200	0	–	200
Expenditure:Inventory Consumed:Water	37 190	2 794	–	34 397
Disaster relief stock	800	–	345	455
				–
TOTAL	**68 790**	**10 346**	**8 190**	**50 254**



Contracted Services

Expenditure on contracted services amounted to **R 39 944 million** for the period ended 31 December 2025 against approved budget of **R 124 962 million** this represents **-36%** of the budget for this category and is less than the expected performance for the period necessary adjustment will be made if necessary. It reflects under spending at mid-year due to timing of projects. There are also certain annual projects for which the expenditure will only be considered closer to year end. Low spending electrical maintenance, and indigent management system. The municipality has financial constraints and cost containment had to applied to remedy the situation. Repairs to pumps has also been allocated to be funded by the MIG grant.

CONTRACTED SERVICES	Budget	Spent	nding expendit	Available
screening services	100			100
Maintenance of buildings and facilities (200/235011)	1 500	2	488	1 009
Training	300	76	223	1
Doctors Examinations (200/260343)	200	–	31	169
membership fees				–
Security (200/235525)	25 045	9 534	394	15 117
Quality Control Sample Water NLA (SABS) (408/260527)	–			–
Health Professional Council of South Africa	200			200
Wellness Event	–			–
Vaccinations	1 000			1 000
Technical Services EPWP (510)	2 093	750	–	1 343
Pipelines & portable water maintenance (510/235100)	15 000		9 658	5 342
Contracted Services:Consultants and Professional Services:Bu	2 918	603	–	2 315
Vehicle Repairs Outsourced. (510/235080)	8 000	3 044	2 640	2 316
Repairs to Pumps (510/235120)Pipelines & portable water maintenance	39 000	13 960	19 337	5 702
Electrical (510/255045)	1 000	36		964
Disaster Risk Reduction Programs				–
Business and Advisory:Business and Financial Management	5 000	1 563	1 917	1 520
Outstanding Debt - Collection Fees (300/225001)	500	161	–	339
Computer Programs (300/260)	8 834	3 523	230	5 081
Job Evaluation (200/260218)				–
SMME Fair	–			–
Workhops/Training/Stakeholder Engagements	–			–
Internal Lab. Accredit. (408/260136)	–			–
Chemical Analysis Laboratory	1 700	680	446	574
Legal Fees (200/260240)	6 000	994	668	4 338
Operation Sukuma Sakhe unit	–			–
GIS. Programmes (405/406360)	825	–	707	118
strategic planning session	–			–
Audit Committee (105/260027)	373	51	–	322
Maintenance Grass cutting				–
FMG Expenditure	2 000	1 363	–	637
VIP security	5 168	3 653	720	795
Green/blue drop	–		–	–
TOTAL	**126 755**	**39 994**	**37 461**	**49 301**

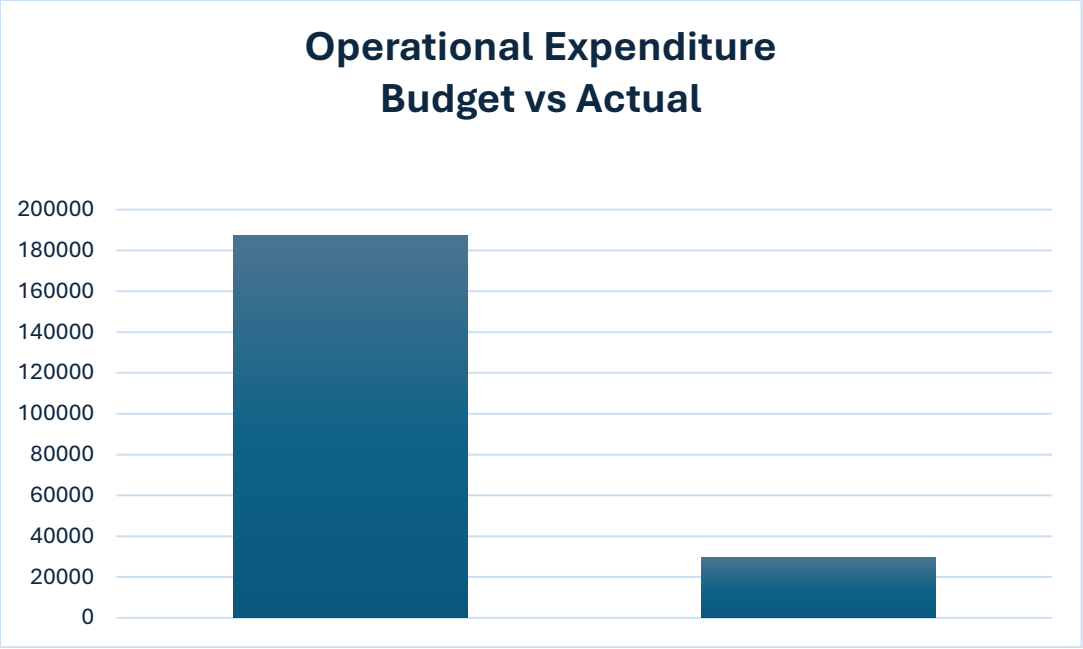


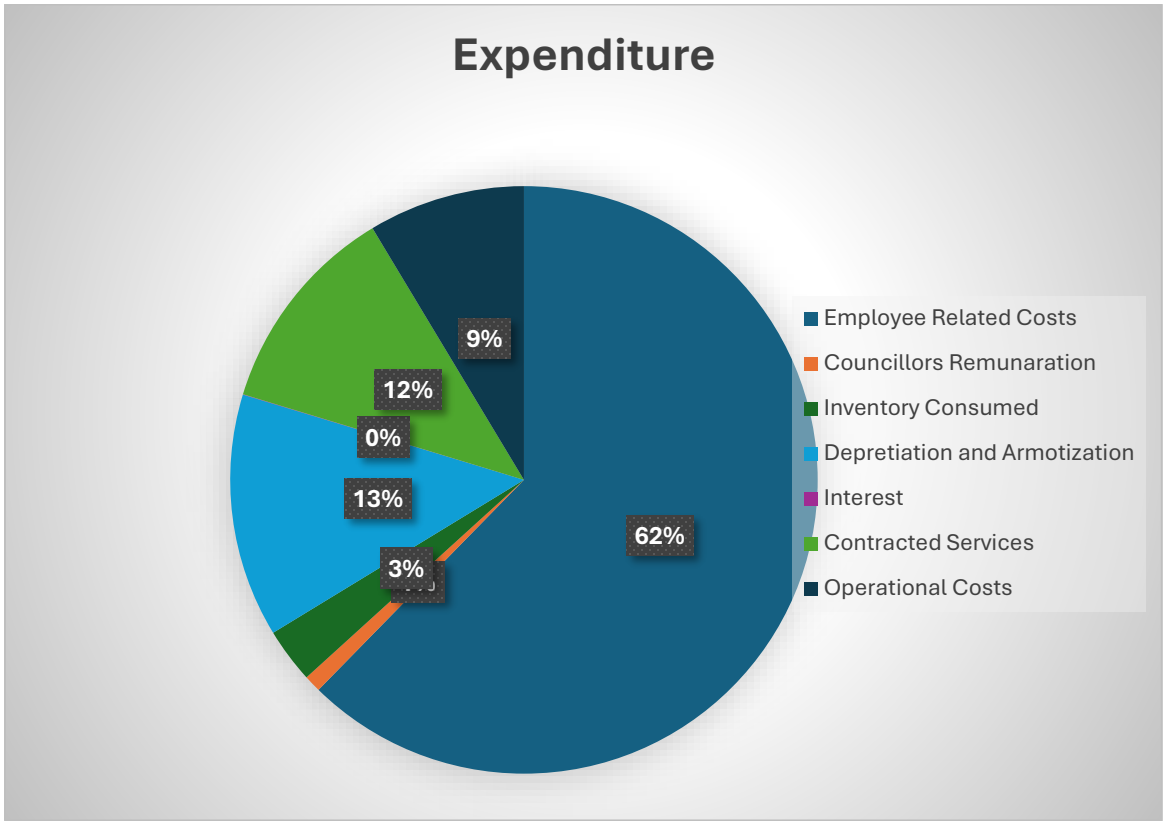
Other Expenditure

Operational expenditure for the six months' period ended 31 December 2025 amounted to **R 29 524 million** against approved budget of **R 187 100 million** and represents **-68 %** of the budget

The other expenditure reflects an under spending as at December 2025 based on the 6 months' projection. This also results on unexpected circumstances, contributions to provision that are normally recognised towards the end of the financial year and those line items that are technically undertaken upon the finalization of annual financial statements remain the main contributors in this variance, another factor to this is the timeous costing of Eskom debit orders which is not done timeously. The municipality is also not paying the local LMs for electricity which is showing as a saving whilst is not, however the municipality is having engagements to finalise payment arrangements as it cannot afford to pay. This line item will adjusted in the adjustments budget.

OPERATIONAL COST	Budget	Spent	nding expendit	Available
Skills Levy - Asset Management (300/260530)	1 743	852	–	891
SALGA Levy (200/260435)	4 842	–	–	4 842
Rental Office Machines. (200/260442)	800	282	300	218
Renting of Offices (200/260443)		–	–	–
Subsistance & Travel. (200/260534)	3 682	51		3 631
Telephone (200/260540)	1 691	1 156	–	535
Advertising (200/260020)	300	76	223	0
Electricity and water (municipal services) (200/255940)	42 851	100	–	42 751
Subsistance & Travel. (408/260534)	2 826	775		2 051
Protective Clothing (408/260347)	4 000	524	3 448	28
Pauper Burial GE	500	–	124	376
Operational Cost:Travel and Subsistence:Domestic:Transport w				–
Subsistance & Travel. (510/260534)	476	1 981		(1 505)
Expenditure: Operational Cost: Skills Development Fund Levy	184			184
Subsistance & Travel. (510/260534)	72			72
Expenditure: Operational Cost: Indigent Relief		206		(206)
Free Basic Services. (510/260147)	–			–
Electricity (510/255040)	100 190	18 039	–	82 151
Plant & Equipment Hire (510/235510)	7 000	994	4 524	1 482
Bank Charges (300/260047)	193	12	0	181
Subsistance & Travel. (200/260534)	50			50
In-Service Training (200/260216)		275	–	
Subsistance and Travel Laboratory services	285	15		270
TRAVEL AND SUBSISTANCE	67	37		30
Vehicle Licencing - Fleet Management (300/260552)	800	607		193
Subsistance & Travel. (405/260534)	60	26		34
Subsistance & Travel. (105/260534)	81	129		(48)
Insurance (105/235500)	5 000	–	–	5 000
Accommodation (105/260534)	500	141	273	86
Subsistance & Travel - Risk Management (105/260534)	33	1 694		(1 661)
Interest Other (300/030002)				–
Subsistance & Travel. - Communications DEpartment (105/26053	726	18		708
Assets Expensed				–
Auditor General	4 698			4 698
MIG Top slice	7 367	1 533	–	5 834
				–
TOTAL	**191 017**	**29 524**	**8 892**	**152 877**


Operational Expenditure
Budget vs Actual
200000
180000
160000
140000
120000
100000
80000
60000
40000
20000
0


Expenditure
9%
12%
0%
13%
3%
62%
Employee Related Costs
Councillors Remunaration
Inventory Consumed
Depretiation and Armotization
Interest
Contracted Services
Operational Costs

		Major cost drivers				
		Budget	Revised Funding Plan	Actual	pending	Total Expenditure	Projection
employee related cost		406 232 775.00	401 380 907.00	213 397 000.00		213 397 000.00	426 794 000.00
electricity eskom		100 190 090.86	100 190 090.86	18 039 307.00		18 039 307.00	36 078 614.00
electricity LMs		42 851 010.43	42 851 010.43	100 000.00		100 000.00	200 000.00
DWS		37 190 421.33	37 190 421.33	2 793 904.00		2 793 904.00	5 587 808.00
Repairs to pumps		39 000 000.00	29 833 000.00	13 960 205.92	15 373 830.46	29 334 036.38	58 668 072.76
Security		25 045 056.00	25 045 056.00	9 533 574.55	3 943 851.06	13 477 425.61	26 954 851.22
Chemicals		20 000 000.00	10 000 000.00	3 757 600.00	6 524 120.50	10 281 720.50	20 563 441.00
Pipelines		15 000 000.00	15 000 000.00	-	9 658 164.43	9 658 164.43	19 316 328.86
Fuel and oil		10 000 000.00	10 000 000.00	3 785 349.00	1 251 293.00	5 036 642.00	10 073 284.00
Vehicle maintenace		8 000 000.00	8 000 000.00	3 044 095.00	2 640 024.56	5 684 119.56	11 368 239.12
Plant Hire		7 000 000.00	4 000 000.00	994 134.00	2 914 407.50	3 908 541.50	7 817 083.00
Employee related cost		406 232 775.00	401 380 907.00	213 397 000.00			
Inventory consumed		68 790 000.00	58 790 421.33	10 346 000.00			
contracted service		124 962 000.00	110 470 331.59	39 944 000.00			
Operational costs		187 100 000.00	175 308 366.85	29 534 000.00			

2.1.5 Table C5: Monthly Budget Statement – Capital Expenditure (municipal vote, standard classificaion and funding)

Choose name from list - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M06 - December

Vote Description	Ref	2024/25	Budget Year 2025/26							
		Audited	Original	Adjusted	Monthly	YearTD actual	YearTD	YTD	YTD	Full Year
R thousands	1								%	
Multi-Year expenditure appropriation	2									
Vote 1 - MAYOR AND MM		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICES		–	–	–	–	–	–	–		–
Vote 3 - BUDGET AND TREASURY		–	–	–	–	–	–	–		–
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)		–	–	–	–	–	–	–		–
Vote 5 - WSA& HEALTH SERVICES		–	–	–	–	–	–	–		–
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		–	–	–	–	–	–	–		–
Vote 7 -		–	–	–	–	–	–	–		–
Vote 8 -		–	–	–	–	–	–	–		–
Vote 9 -		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	–	–	–	–	–	–	–		–
Single Year expenditure appropriation	2									
Vote 1 - MAYOR AND MM		–	–	–	–	–	–	–		–
Vote 2 - CORPORATE SERVICES		–	2 500	–	(175)	–	1 250	(1 250)	-100%	2 500
Vote 3 - BUDGET AND TREASURY		–	–	–	–	–	–	–		–
Vote 4 - SOCIAL SERVICES(PLANNING&ECONOMIC DEV)		–	–	–	–	–	–	–		–
Vote 5 - WSA& HEALTH SERVICES		–	–	–	–	–	–	–		–
Vote 6 - 500 - WATER, SANITATION AND TECHNICAL SERVICES		0	271 123	–	10 960	44 001	135 562	(91 561)	-68%	271 123
Vote 7 -		–	–	–	–	–	–	–		–
Vote 8 -		–	–	–	–	–	–	–		–
Vote 9 -		–	–	–	–	–	–	–		–
Vote 10 -		–	–	–	–	–	–	–		–
Vote 11 -		–	–	–	–	–	–	–		–
Vote 12 -		–	–	–	–	–	–	–		–
Vote 13 -		–	–	–	–	–	–	–		–
Vote 14 -		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	0	273 623	–	10 785	44 001	136 812	**(92 811)**	**-68%**	273 623
Total Capital Expenditure		**0**	**273 623**	**–**	**10 785**	**44 001**	**136 812**	**(92 811)**	**-68%**	**273 623**
Capital Expenditure - Functional Classification										
Governance and administration		–	**2 500**	–	**(175)**	–	**1 250**	(1 250)	-100%	**2 500**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		–	2 500	–	(175)	–	1 250	(1 250)	-100%	2 500
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		–	–	–	–	–	–	–		–
Community and social services		–	–	–	–	–	–	–		–
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		–	–	–	–	–	–	–		–
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
Economic and environmental services		–	–	–	–	–	–	–		–
Planning and development		–	–	–	–	–	–	–		–
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**0**	**271 123**	**–**	**10 960**	**44 001**	**135 562**	(91 561)	-68%	**271 123**
Energy sources		–	–	–	–	–	–	–		–
Water management		0	271 123	–	10 960	44 001	135 562	(91 561)	-68%	271 123
Waste water management		–	–	–	–	–	–	–		–
Waste management		–	–	–	–	–	–	–		–
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**0**	**273 623**	**–**	**10 785**	**44 001**	**136 812**	**(92 811)**	**-68%**	**273 623**
Funded by:										
National Government		(4 349)	271 123	–	10 960	44 001	135 562	(91 561)	-68%	271 123
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		**(4 349)**	**271 123**	**–**	**10 960**	**44 001**	**135 562**	**(91 561)**	**-68%**	**271 123**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		–	2 500	–	(175)	–	1 250	(1 250)	-100%	2 500
Total Capital Funding		**(4 349)**	**273 623**	**–**	**10 785**	**44 001**	**136 812**	**(92 811)**	**-68%**	**273 623**

The municipality's approved capital expenditure budget amounts **R 273 623 million (vat exclusive)** and the expenditure incurred as of 31 December 2025 amounted to **R 44 001 million** this represents a negative variance of **-68%** of the budget. The variance of a result of delayed expenditure on capital projects but this will improve during the financial year end.

The appointment for some projects has been made and other service provider waiting for the letter of award to be issued to successful contractors, the expenditure is expected to improve in quarter 3 and 4.

MIG capital projects	Vat Inclusive	vat exclusive
Ekuvukeni Regional Bulk Water Supply - Upgrade Oliphantskop	18 000 000.00	15 652 173.91
IE Okhahlamba Ward 2 3 14 Bulk Water Supply & Reticulation	20 500 000.00	17 826 086.96
DISTRICT WIDE VIP TOILETS	20 042 687.81	17 428 424.18
Weenen/Ezitendeni Sanitation Phase 1B sewer retic	20 500 000.00	17 826 086.96
Bhekuzulu Ephangwini Water Supply (Phase 5 7 8)	56 315 763.00	48 970 228.70
Refurbishment and upgrade projects	10 300 000.00	8 956 521.74
Kwanobamba/Ezitendeni (Weenen) water supp and retic	17 000 000.00	14 782 608.70
CE Langkloof WTW & Bulk Reticulation Network Project	18 206 891.00	15 832 079.13
CE Bergville WTW & Bulk Water Supply Phase 1	10 076 098.00	8 761 824.35
Umhlumayo Extension	20 850 000.00	18 130 434.78
	211 791 439.81	**184 166 469.40**

WSIG capital projects	Vat inclusive	Vat Exclusive
Steadville WCDM	15 000 000.00	13 043 478.26
CE Ezakheni WCDM Project	7 000 000.00	6 086 956.52
IE Ladysmith AC Pipe Replacement Project	18 000 000.00	15 652 173.91
SPRING PROTECTION DISTRICT WIDE	20 000 000.00	17 391 304.35
Bergville AC replacement	15 000 000.00	13 043 478.26
Zwelisha/Moyeni Uograde	10 000 000.00	8 695 652.17
Citi-OS Water Infrastructure	15 000 000.00	13 043 478.26
	100 000 000.00	**86 956 521.74**

2.1.6 Table C6: Monthly Budget Statement – Financial Position

Table C6 reflects on the financial position of the municipality.

Choose name from list - Table C6 Monthly Budget Statement - Financial Position - M06 - December

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		10 875	(131 839)	–	209 704	(131 839)
Trade and other receivables from exchange transactions		94 608	252 200	–	213 086	252 200
Receivables from non-exchange transactions		79	424 642	–	79	424 642
Current portion of non-current receivables		3 514	–	–	3 514	–
Inventory		16 915	19 360	–	22 887	19 360
VAT		180 103	–	–	144 100	–
Other current assets		3 949	99	–	3 845	99
Total current assets		**310 043**	**564 462**	**–**	**597 215**	**564 462**
Non current assets						
Investments		–	–	–	–	–
Investment property		–	–	–	–	–
Property, plant and equipment		3 551 348	3 544 778	–	3 549 637	3 544 778
Biological assets		–	–	–	–	–
Living and non-living resources		–	–	–	–	–
Heritage assets		–	–	–	–	–
Intangible assets		374	408	–	365	408
Trade and other receivables from exchange transactions		–	1 726	–	–	1 726
Non-current receivables from non-exchange transactions		–	48	–	–	48
Other non-current assets		–	–	–	–	–
Total non current assets		**3 551 722**	**3 546 961**	**–**	**3 550 002**	**3 546 961**
TOTAL ASSETS		**3 861 765**	**4 111 422**	**–**	**4 147 217**	**4 111 422**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		59	–	–	59	–
Consumer deposits		20 816	20 851	–	21 242	20 851
Trade and other payables from exchange transactions		1 009 175	990 069	–	849 331	990 069
Trade and other payables from non-exchange transactions		(428)	2 784	–	72 222	2 784
Provision		46 575	42 192	–	46 575	42 192
VAT		258 361	29 010	–	254 014	29 010
Other current liabilities		–	25 099	–	–	25 099
Total current liabilities		**1 334 557**	**1 110 005**	**–**	**1 243 442**	**1 110 005**
Non current liabilities						
Financial liabilities		–	–	–	–	–
Provision		18 935	51 558	–	18 935	51 558
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		22 660	–	–	22 660	–
Total non current liabilities		**41 595**	**51 558**	**–**	**41 595**	**51 558**
TOTAL LIABILITIES		**1 376 153**	**1 161 563**	**–**	**1 285 038**	**1 161 563**
NET ASSETS	2	**2 485 612**	**2 949 860**	**–**	**2 862 179**	**2 949 860**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		2 485 612	2 949 860	–	2 862 179	2 949 860
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**2 485 612**	**2 949 860**	**–**	**2 862 179**	**2 949 860**

2.1.7 Table C7: Monthly Budget Statement – Cash flow

Choose name from list - Table C7 Monthly Budget Statement - Cash Flow - M06 - December

Description	Ref	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	1									
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		–	–	–	–	–	–	–		–
Service charges		125 443	131 922	–	9 235	76 705	65 961	10 744	16%	131 922
Other revenue		17 704	70 622	–	2 277	16 264	35 311	(19 047)	-54%	70 622
Transfers and Subsidies - Operational		627 950	665 135	–	198 088	473 021	332 567	140 454	42%	665 135
Transfers and Subsidies - Capital		303 673	311 791	–	33 259	121 347	155 896	(34 549)	-22%	311 791
Interest		6 068	6 163	–	491	3 292	3 081	211	7%	6 163
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(209 956)	(898 197)	–	(6 218)	(82 692)	(449 099)	366 406	-82%	(898 197)
Interest		–	–	–	–	–	–	–		–
Transfers and Subsidies		–	(3 600)	–	–	–	(1 800)	1 800	-100%	(3 600)
NET CASH FROM/(USED) OPERATING ACTIVITIES		**870 883**	**283 836**	**–**	**237 132**	**607 937**	**141 918**	**(466 019)**	**-328%**	**283 836**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		218 668	(273 623)	–	(10 457)	(45 941)	(136 812)	90 871	-66%	(273 623)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**218 668**	**(273 623)**	**–**	**(10 457)**	**(45 941)**	**(136 812)**	**(90 871)**	**66%**	**(273 623)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		**1 089 551**	**10 213**	**–**	**226 676**	**561 996**	**5 106**			**10 213**
Cash/cash equivalents at beginning:		5 810	(142 052)	–		10 875	(142 052)			10 875
Cash/cash equivalents at month/year end:		1 095 361	(131 839)	–		572 871	(136 945)			21 088

As of the 31st of December 2025, there has been a slight improvement in the collection rate as there is a positive variance of 16 %more than what was originally anticipated. The municipality is focusing on strategies like Vala- Vula to encourage consumers to pay.

There are however still challenges with the creditors age analysis with results in incorrect data strings for suppliers and employees which in turn overstates the cash balance. The municipality is engaging with the system vendor to assist with such gaps.

PART 3- SUPPORTING DOCUMENTATION

3.1 Debtor's analysis

Supporting Table SC3

Choose name from list - Supporting Table SC3 Monthly Budget Statement - aged debtors - M06 - December

Description		Budget Year 2025/26											
R thousands	NT Code	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	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	23 878	26 209	21 012	17 587	19 407	15 622	15 491	777 006	916 212	845 114	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	1 819	1 355	1 913	1 084	1 140	1 382	1 446	48 772	58 911	53 824	–	–
Receivables from Exchange Transactions - Waste Management	1600	–	–	–	–	–	–	–	–	–	–	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–	–	–	–
Interest on Arrear Debtor Accounts	1810	6 279	6 165	6 053	5 897	5 802	5 803	5 489	259 995	301 484	282 986	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	54	18	15	16	16	20	22	7 314	7 474	7 388	–	–
Total By Income Source	**2000**	**32 029**	**33 746**	**28 992**	**24 584**	**26 366**	**22 828**	**22 448**	**1 093 088**	**1 284 081**	**1 189 313**	–	–
2024/25 - totals only		28 916	26 669	24 988	22 963	22 851	22 035	25 072	1 132 754	1 306 249	**1 225 675**	–	–
Debtors Age Analysis By Customer Group													
Organs of State	2200	3 140	2 759	3 441	1 323	1 351	1 091	2 942	53 483	69 530	60 190	–	–
Commercial	2300	5 130	2 562	3 032	2 341	2 501	2 380	2 101	56 313	76 358	65 634	–	–
Households	2400	23 760	28 425	22 518	20 920	22 514	19 357	17 405	983 292	1 138 193	1 063 489	–	–
Other	2500	–	–	–	–	–	–	–	–	–	–	–	–
Total By Customer Group	**2600**	**32 029**	**33 746**	**28 992**	**24 584**	**26 366**	**22 828**	**22 448**	**1 093 088**	**1 284 081**	**1 189 313**	–	–

The total debt book as at 31 December 2025 amounted to R 1.2 billion. The debt above 120 days is R 1 164 million

. The municipality has been struggling to collect debts on overdue account. Debt is made up of the below. The municipality implements the credit control collection policy and debt which is aimed at zero tolerance of unpaid accounts from businesses.

Residential debt:

R 1.1 billion

Commercial debt

R 76,3 million

Government debt

R 69.5 million

Other nil

Top 30 Debtors

ACCOUNT HOLDER NAME	OUTSTANDING TOTAL BALANCE
ALFRED DUMA LOCAL MUNICIPALITY STEADVILLE HOST	10 982 565.42
LIEBENBERG LC	8 038 198.96
NESTLE (SOUTH AFRICA) (PTY) LT	6 189 295.37
ALFRED DUMA LOCAL MUNICIPALITY SWIMMING POOL	2 689 857.24
UTHUKELA DISTRICT MUNICIPALITY	2 619 411.46
MADUNA D/P 781 GZ	2 451 286.19
NORTHERN NATAL ABBATTOIR	2 402 484.22
NTOKOZWENI COMMUNITY LAND TRUS	2 276 498.05
ESKOM HOLDINGS S O C LTD DISTR	1 915 308.92
ALFRED DUMA MUNICIPALITY	1 805 051.33
MCITSHENI PRIMARY SCHOOL	1 786 466.18
ALFRED DUMA MUNICIPALITY COMMUNITY HALL	1 772 610.35
ALFRED DUMA MUNICIPALITY TOILETS &MUSEUM	1 718 708.76
GANGAT E.M	1 705 501.39
COLLEGE OF EDUCATION A SECTION	1 664 052.93
ITHALA DEV FINANCE CORP.	1 609 566.12
ALFRED DUMA LOCAL MUNICIPALITY PLAZA CENTRE	1 551 140.20
MAJOLA 1507 AB	1 533 887.10
PROVINSIALE HOSPITAAL	1 447 422.66
HAVANA LIFESTYLE PROPRIETY LIMITED	1 271 585.66
PEERBHAY A.G.H	1 261 326.64
FAMILEE TRADING CC	1 209 385.12
JAJBHAY I	1 204 285.11
LUDICK (MAINT.GRANT) C.T.	1 169 353.91
MASONITE AFRICA LTD .	1 141 923.08
THE MUTUAL HALL TRUST 30601	1 124 536.21
ZUMA A	1 122 205.16
J&J BHIKA FARMING	1 075 786.87
MCHUNU Z.F.	1 072 551.17
TASTY EATS	1 059 605.09
TOTALS	**68 871 856.87**

Top 10 Debtors consolidated

TOP 10 DEBTORS AS AT DECEMBER 2025	
ACCOUNT HOLDER NAME	**OUTSTANDING BALANCE**
ALFRED DUMA LOCAL MUNICIPALITY STEADVILLE HOST	18 714 881.97
LIEBENBERG LC	8 038 198.96
NESTLE (SOUTH AFRICA) (PTY) LT	6 189 295.37
UTHUKELA DISTRICT MUNICIPALITY	2 619 411.46
MADUNA D/P 781 GZ	2 451 286.19
NORTHERN NATAL ABBATTOIR	2 402 484.22
NTOKOZWENI COMMUNITY LAND TRUS	2 276 498.05
ESKOM HOLDINGS S O C LTD DISTR	1 915 308.92
MCITSHENI PRIMARY SCHOOL	1 786 466.18
GANGAT E.M	1 705 501.39

Bank Balances

The following reflects bank balances at 31 December 2025

DESCRIPTION	EPTEMBER 2025	OCTOBER 2025	NOVEMBER 2025	DECEMBER 2025
FNB MAIN ACCOUNT 62252306280	18 826 885.67	43 738 673.99	12 192 643.33	38 952 856.44
FNB WATER ACCOUNT 62253072385	0	0	0	0
	18 826 885.67	43 738 673.99	**12 192 643.33**	**38 952 856.44**
Total cash held	**38 952 856.44**			

CONSUMER DEBTORS - PAYMENTS VS BILLING AS AT 31 DECEMBER 2025

MONTH	BILLING	MONTHS	RECIEPTS	RECOVERY RATE %
June 2025	33 211 174.89	July 2025	14 897 040.86	44.86%
July 2025	30 095 395.54	Aug 2025	12 680 913.95	42.14%
August 2025	32 712 258.81	September 2025	10 008 705.32	30.60%
September 2025	33 453 530.35	October 2025	17 490 038.33	52.28%
October 2025	36 391 997.79	November 2025	16 180 896.33	44.46%
November 2025	32 606 603.14	December 2025	9 741 322.33	29.88%
TOTAL	**198 470 960.52**		**80 998 917.12**	40.81%

Column1	Column2	Column3	Column4	Column5
BILLING - JUNE - DECEMBER 2025		198 470 960.52		
RECIEPTS - JUNE-DECEMBER 2025		80 998 917.12		
DIFFERENCE		**117 472 043.40**	41%	

As at 31 December 2025 the municipality had R 38 952 million in the main bank account.

The attached table has been attached to show the fluctuations in our collection rate; it must be noted that the average collection rate stood at 41% in December 2025. The original collection

rate on the adopted budget was 40%. The average collection rate will improve as December was a short month, collection for January are expected to double.

3.2 Creditors analysis

Supporting Table SC4

DC23 Uthukela - Supporting Table SC4 Monthly Budget Statement - aged creditors - M06 December

Description	NT Code	Budget Year 2025/26								
R thousands		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	0100									-
Bulk Water	0200									-
PAYE deductions	0300									-
VAT (output less input)	0400									-
Pensions / Retirement deductions	0500									-
Loan repayments	0600									-
Trade Creditors	0700	80 403	7 259	18 009	13 999	702 394				822 063
Auditor General	0800									-
Other	0900									-
Total By Customer Type	1000	8 873	19 518	7 690	18 340	416 243	-	-	-	822 063

The municipality paid cannot pay some creditors within 30 days for the midterm period ended 31st December 2025. The municipality is making an extra effort that creditors are paid within 30 days as per MFMA.

The SC4 of the attached report is not pulled directly from the system. The municipality has not been able to fully utilise the creditors record module on Munsoft. The concerned incumbents could not be sent for training on the system. The municipality when faced with financial constraints was unable to fully fund all Mscoa training. However top management has re directed the focus on trainings realising the impact on financial report. To correct the credibility of reporting the municipality has been submitting the full creditors listing to Provincial Treasury. The same document is attached as an annexure to this report for the end of December 2025.

Top 10 unpaid creditors

TOP TEN CREDITORS ANALYSIS AS AT 31 DECEMBER 2025	
SUPPLIER	AMOUNT
DWS	176 676 639.56
UMNGENI WATER	151 300 860.50
RASP	137 069 158.00
ALFRED DUMA	82 159 545.71
INKOSI LANGALIBALELE	53 319 507.90
SALGA	12 679 569.23
LUNASISI IDEAS	11 430 301.43
MGAZI ENGINEERING	8 361 102.76
MAXPROF MAXIMUM	5 714 725.35
GOING PLACES	5 336 493.00

The municipality has payment arrangements with the top 3 creditors in place; it further wants to make payment arrangements with the local municipalities and other creditors as this will assist with the funding plan.

Top 10 Paid Creditors

Grants

-4 661 380.01	ECA
-2 720 226.18	SINETHEMBA
- 983 467.35	NICKELODIA
- 809 887.50	PAWACONS
- 503 322.17	R AND D
- 461 321.89	DLV

Other creditor

-5 916 851.92	ESKOM
-5 281 047.25	ZNMS
-3 644 938.69	LUKHWISHI
-3 512 549.69	INSIKAYAMA
-3 235 235.00	GOING
-1 705 273.06	DIDO
-1 551 405.33	LETHOKUHLE
-1 257 500.00	INSIKAY
-1 026 985.37	ZAMISANANI

3.3 Investment Management

SHORT TERM DEPOSIT REGISTER 01/12/2025 to 31/12/2025

Opening balance as at 1 December 2025	R	8 184 782.54
Closing balance as at 31 December 2025	R	105 914 126.45

INVESTMENT ACCOUNT		OPENING BALANCE 01/12/2025	INVESTED 01/12/2025 TO 31/12/2025	DATE	DISINVESTED 01/12/2025 TO 31/12/2025	DATE	INTEREST ACCRUED 01/12/2025 TO 31/12/2025	DATE	CHARGES PAID 01/12/2025 TO 31/12/2025	DATE	CLOSING BALANCE 31/12/2025
GRANTS FNB 62283176644 INTEREST RATE 6.65%	MONEY MARKET INVESTMENT FNB	452 650.46					1 922.22	01/01/2026			454 572.68
FLEET AUCTION FNB 63081036759 INTEREST RATE 8.10%	CALL DEPOSIT ACCOUNT FNB DISASTER RELIEF GRANT	7 597 464.11			7 563 000.00	01/12/2025	188.80	31/12/2025			34 652.91
GRANTS FNB 63081030496 INTEREST RATE 8.10%	CALL DEPOSIT ACCOUNT FNB FLEET AUCTION	42 484.27					232.73	31/12/2025			42 717.00
GRANTS 037881184698/000001 INTEREST RATE 8.20%	CALL DEPOSIT ACCOUNT NEDBANK	33.91					0.31	01/01/2026			34.22
GRANTS 1100433766501 INTEREST RATE 7.75%	CALL DEPOSIT ACCOUNT INVESTEC	0.00	105 000 000.00	19/12/2025			289 972.60	01/01/2026			105 289 972.60
GRANTS 9403733855 INTEREST RATE 7.20%	INVESTMENT TRACKER ABSA	0.00									0.00
GRANTS 9396828771 INTEREST RATE 8.90%	INVESTMENT TRACKER ABSA SALARIES	0.00						20/11/2025			0.00
GRANTS 9399819816 INTEREST RATE 7.70%	LIQUIDITY PLUS ABSA	0.00						20/11/2025			0.00
EQUITY SHARE 068455364-006 INTEREST RATE 8.40%	48 HOUR NOTICE ACCOUNT STANDARD	92 149.79					77.25	01/12/2025			92 227.04
		8 184 782.54	105 000 000.00	0.00	7 563 000.00	0.00	292 393.91		0.00		105 914 176.45

DC23 - Uthukela Supporting Table SC5 Monthly Budget Statement - Investment portfolio - M06 December

Investments by maturity Name of institution & investment ID	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands					
Municipality					
FNB	8 093	2	(7 563)	–	532
NEDBANK	0	0	–	–	0
INVESTEC	–	290	–	105 000	105 290
ABSA					–
STANDARD BANK	92	0			92
TOTAL INVESTMENTS AND INTEREST	8 185	292	(7 563)	105 000	105 914

The municipality had total investments amounting to **R 105 million** as of 31 December 2025.

The municipality invests surplus funds to maximize the interest and to have cash readily available when needed and is done in line with the Cash Management and Investments policy.

Bank Account withdrawals

BANK ACCOUNT WITHDRAWALS NOT IN TERMS OF AN APPROVED BUDGET

national treasury
Department: National Treasury
REPUBLIC OF SOUTH AFRICA

Municipal Finance Management Act, section 11(4)

Consolidated Quarterly Report for period 01 October 2025 to 31 December 2025

NAME OF MUNICIPALITY: UTHUKELA DISTRICT MUNICIPALITY (DC23)

Date	Payee	Amount in R'000	Description and Purpose	Authorised by (name)
1. Section 11(b) - Expenditure authorised by the MEC for finance in terms of section 26 (4) when a municipality has failed to approve a budget by 30 June;				
		0		
2. Section 11(c) - Unforeseeable and unavoidable expenditure authorised by the mayor in terms of section 29 (1);				
3. Section 11(d) -Payments from a trust, charitable or relief fund without budget appropriation in terms of section 12(4);				
		0		
4. Section 11(e) - Payments to a person or organ of state of money received by the municipality on behalf of that person or organ of state, including (i) money collected by the municipality on behalf of that person or organ of state by agreement; or (ii) any insurance or other payments received by the municipality for that person or organ of state;				
		0		
5. Section 11(f) - Refund money incorrectly paid into a bank account;				
		0		
6. Section 11(g) - Refund guarantees, sureties and security deposits;				
		0		
7. Section 11(h) - Payments for cash management and investment purposes in accordance with section 13;				
		0	Investment of surplus funds - October 2025	L. Jili & P. Koortzen
		7 491 086	Investments of surplus funds - November 2025	L. Jili & P. Koortzen
		105 000 000	Investment of surplus funds - December 2025	L. Jili & P. Koortzen
8. Section 11(i) - To defray increased expenditure on a multi-year capital project in terms of section 31;				
9. Section 11(j) - Payments for such other purposes as may be prescribed from time-to-time.				
		74 654 121.60	Creditors payments and employee costs for the month of October 2025	L. Jili & P. Koortzen
		88 768 960.16	Creditors payments and employee costs for the month of November 2025	L. Jili & P. Koortzen
		121 295 093.18	Creditors payments and employee costs for the month of December 2025	L. Jili & P. Koortzen

DISTRIBUTION	
1. Did the Accounting Officer table in Council a consolidated report of all withdrawals within 30 days after the end of the quarter;	YES / NO
2. Date the consolidated report was tabled; and	DATE : / /20
3. Was the copy of the consolidated report of all withdrawals submitted to the Auditor General	YES / NO

3.4 Grant receipts and expenditure

3.4.1 Supporting Table Grant Register

UTHUKELA DISTRICT MUNICIPALITY
GRANT REGISTER - 2025/26
Summary of Grants received, expenditure & Funds available as at 31 DECEMBER 2025

			Pre-Audited Balance as at	Budget Amount 2025/26	Received	Spent & transferred to income			Closing Balance/ Unspent
	Name of Grant owner	Grant Type	01/07/2025		2025/26	2025/26	% Spent on total allocation	% Spent on received amount	2025/26
G3.101	EX Mthembu	MUNICIPAL INFRASTRUCTURE GRANT	0.00	219 159 000.00	51 347 000.00	36 634 284.68	17%	71%	**14 712 715.32**
G3.102	EX Mthembu	WATER & SANITATION INFRASTRUCTURE GRANT	0.00	100 000 000.00	70 000 000.00	10 687 151.84	11%	15%	**59 312 848.16**
G3.105	EX Mthembu	RURAL ROAD ASSET MANAGEMENT SYSTEM	102.92	2 918 000.00	2 043 000.00	603 209.70	21%	30%	**1 439 893.22**
G3,109	EX Mthembu	MUNICIPAL DISASTER RELIEF	0.00	0.00	4 200 000.00	4 200 000.00	0%	100%	**0.00**
G3.106	EX Mthembu	EPWP INTERGRATED GRANT	0.00	2 093 000.00	1 465 000.00	929 815.04	44%	63%	**535 184.96**
G3.107	B Ndlovu	FINANCE MANAGEMENT GRANT	0.00	2 000 000.00	2 000 000.00	1 363 340.26	68%	68%	**636 659.74**
G3.108	O Mnguni	LG SETA	282 333.95	212 745.74	212 745.74	348 620.00	0%	70%	**146 459.69**
			282 436.87	**326 382 745.74**	**131 267 745.74**	**54 766 421.52**	**17%**	**72%**	**76 783 761.09**

The transfers recognised represents the allocations as promulgated in the National and Provincial Division of revenues. Other trenches allocated to be received during the midterm have been received. MiG is now on a cost reimbursive basis. As at 31 December 2025 R 76 783 million remained unspent.

3.4.2 Supporting Table Grant Income

GRANTS REGISTER
NATIONAL AND PROVINCIAL GRANTS RECEIVED
JULY 2025 TO JUNE 2026

	SCHEDULED PAYMENT DATE	DESCRIPTION	AMOUNT BUDGETED	AMOUNT AS PER NT PAYMENT SCHEDULES	AMOUNT RECEIVED	DATE RECEIPTED	RECEIPT NUMBER	NOT YET RECEIVED
1) MUNICIPAL INFRASTRUCTURE GRANT (MIG)	04/07/2025	MUNICIPAL INFRASTRUCTURE GRANT	219 159 000.00	63 642 000.00	8 507 000.00	05/09/2025	1743998	
	26/09/2025	MUNICIPAL INFRASTRUCTURE GRANT		61 660 000.00	9 581 000.00	08/10/2025	1751844	
	05/12/2025	MUNICIPAL INFRASTRUCTURE GRANT		54 790 000.00	12 784 000.00	05/12/2025	1763200	
	20/03/2025	MUNICIPAL INFRASTRUCTURE GRANT		39 067 000.00	0.00			
			219 159 000.00	219 159 000.00	30 872 000.00			188 287 000.00
2) RURAL ROAD ASSET MANAGEMENT (RRAM)	22/08/2025	RURAL ROAD ASSET MANAGEMENT SYSTEM	2 918 000.00	2 043 000.00	2 043 000.00	05/09/2025	1743999	
	10/02/2026	RURAL ROAD ASSET MANAGEMENT SYSTEM		875 000.00	0.00			
			2 918 000.00	2 918 000.00	2 043 000.00			875 000.00
3) REGIONAL BULK SCHEME IMPLEMENTATION GRANT			0.00	0.00	0.00			
DRIEFONTEIN BULK				0.00	0.00			
			0.00	0.00	0.00			0.00
4) EQUITY SHARE	07/07/2025	EQUITY SHARE	650 756 000.00	271 148 000.00	271 148 000.00	18/07/2025	1733232	
	09/12/2025	EQUITY SHARE		216 919 000.00	198 088 000.00	18/12/2025	1766073	
	11/03/2026	EQUITY SHARE		162 689 000.00	0.00			
			650 756 000.00	650 756 000.00	469 236 000.00			181 520 000.00
5) MUNICIPAL WATER SERVICES INFRASTRUCTURE	24/07/2025	WSIG	100 000 000.00	40 000 000.00	40 000 000.00	24/07/2025	1735150	
	27/10/2025	WSIG		30 000 000.00	30 000 000.00	28/10/2025	1754662	
	02/03/2026	WSIG		30 000 000.00	0.00			
			100 000 000.00	100 000 000.00	70 000 000.00			30 000 000.00
6) MUNICIPAL SYSTEMS IMPROVEMENT GRANT		MUNICIPAL SYSTEMS IMPROVEMENT GRANT	0.00	0.00	0.00			
				0.00	0.00			
				0.00	0.00			
			0.00	0.00	0.00			0.00
7) FINANCIAL MANAGEMENT GRANT (FMG)	26/08/2025	LOCAL GOVERNMENT FINANCE MANAGEMENT	2 000 000.00	2 000 000.00	2 000 000.00	05/09/2025	1744001	
			2 000 000.00	2 000 000.00	2 000 000.00			0.00
8) EXPANDED PUBLIC WORKS INCENTIVE GRANT	01/08/2025	EXPANDED PUBLIC WORKS GRANT	2 093 000.00	523 000.00	523 000.00	13/08/2025	1739659	
	07/11/2025	EXPANDED PUBLIC WORKS GRANT		942 000.00	942 000.00	11/11/2025	1758067	
	06/02/2026	EXPANDED PUBLIC WORKS GRANT		628 000.00	0.00			
			2 093 000.00	2 093 000.00	1 465 000.00			628 000.00
9) DPSS - SHARED SERVICES		SHARED SERVICES GRANT	0.00	0.00	0.00			
			0.00	0.00	0.00			0.00
10) LGSETA		L520709736 LGSETA SD	0.00	0.00	212 745.74	20/11/2025	1759569	
		L520709736 LGSETA SD	0.00	0.00	0.00			
		L520709736 LGSETA SD	0.00	0.00	0.00			
		L520709736 LGSETA SD	0.00	0.00	0.00			
			0.00	0.00	212 745.74			0.00
11) NODAL PLAN GRANT		KZNCOGTA Q24-DBNO:001108182	0.00	0.00	0.00			
			0.00	0.00	0.00			0.00
12) DISASTRE MANAGEMENT		DISASTER MANAGEMENT GRANT	0.00	0.00	0.00			
		DISASTER MANAGEMENT GRANT		0.00	0.00			
			0.00	0.00	0.00			0.00
13) MASIFFICATION GRANT		/KZNCOGTA Q24-DBNO:001115LDC000D01600011	0.00	0.00	0.00			
		/KZNCOGTA Q24-DBNO 001110LDC000D016000019		0.00	0.00			
			0.00	0.00	0.00			0.00
			976 926 000.00	976 926 000.00	575 828 745.74			
		BUDGETED GRANTS AND SUBSIDIES 2025/2026			976 926 000.00			
		ACTUAL GRANTS RECEIVED 2025/2026			575 828 745.74			
		VARIANE BUDGET VS ACTUAL			-401 097 254.26			
	OPERATIONAL GRANTS				474 956 745.74			
	CAPITAL GRANTS				100 872 000.00			
					575 828 745.74			
	CONDITIONAL GRANTS				106 592 745.74			
	UNCONDITIONAL GRANTS				469 236 000.00			
					575 828 745.74			

Grant Income is reflected above the municipality has been transferred a total of R575 million at the end of December 2025.

3.5 Expenditure on councilor and staff related expenditure

Supporting Table SC8

Choose name from list - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - M06 - December

Summary of Employee and Councillor remuneration	Ref	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										
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		5 572	3 929	–	462	2 858	1 965	893	45%	3 929
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		74	1 799	–	7	45	900	(855)	-95%	1 799
Cellphone Allowance		638	490	–	52	311	245	66	27%	490
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Sub Total - Councillors		**6 284**	**6 219**	**–**	**521**	**3 213**	**3 109**	**104**	**3%**	**6 219**
% increase	4		**-1.0%**							**-1.0%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		4 810	14 455	–	386	1 984	7 228	(5 244)	-73%	14 455
Pension and UIF Contributions		7	57	–	1	3	29	(26)	-89%	57
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		432	–	–	82	309	–	309	#DIV/0!	–
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		–	1 500	–	15	15	750	(735)	-98%	1 500
Other benefits and allowances		–	–	–	–	–	–	–		–
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	–	–	–	–	–	–		–
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		**5 249**	**16 012**	**–**	**484**	**2 311**	**8 006**	**(5 695)**	**-71%**	**16 012**
% increase	4		**205.1%**							**205.1%**
Other Municipal Staff										
Basic Salaries and Wages		256 758	259 753	–	21 900	134 552	129 876	4 676	4%	259 753
Pension and UIF Contributions		41 941	46 798	–	3 639	21 929	23 399	(1 470)	-6%	46 798
Medical Aid Contributions		11 268	11 700	–	986	5 910	5 850	60	1%	11 700
Overtime		27 475	24 000	–	803	8 815	12 000	(3 185)	-27%	24 000
Performance Bonus		20 584	19 192	–	14	21 291	9 596	11 695	122%	19 192
Motor Vehicle Allowance		18 643	13 782	–	1 760	10 599	6 891	3 708	54%	13 782
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		1 094	1 099	–	98	607	549	58	11%	1 099
Other benefits and allowances		9 697	10 034	–	560	3 910	5 017	(1 108)	-22%	10 034
Payments in lieu of leave		9 514	2 200	–	596	2 755	1 100	1 655	150%	2 200
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	1 012	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		1 585	1 664	–	109	718	832	(114)	-14%	1 664
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Other Municipal Staff		**399 571**	**390 221**	**–**	**30 465**	**211 086**	**195 111**	**15 975**	**8%**	**390 221**
% increase	4		**-2.3%**							**-2.3%**
Total Parent Municipality		**411 104**	**412 452**	**–**	**31 471**	**216 610**	**206 226**	**10 384**	**5%**	**412 452**

Board Members of Entities										
Basic Salaries and Wages		–	–	–	–	–	–	–		–
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Board Fees	5	–	–	–	–	–	–	–		–
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations		–	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	–	–	–	–	–	–		–
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Executive members Board	2	–	–	–	–	–	–	–		–
% increase	4									
Senior Managers of Entities										
Basic Salaries and Wages		–	–	–	–	–	–	–		–
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	–	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	–	–	–	–	–	–		–
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–		–
% increase	4									
Other Staff of Entities										
Basic Salaries and Wages		–	–	–	–	–	–	–		–
Pension and UIF Contributions		–	–	–	–	–	–	–		–
Medical Aid Contributions		–	–	–	–	–	–	–		–
Overtime		–	–	–	–	–	–	–		–
Performance Bonus		–	–	–	–	–	–	–		–
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		–	–	–	–	–	–	–		–
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		–	–	–	–	–	–	–		–
Payments in lieu of leave		–	–	–	–	–	–	–		–
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations		–	–	–	–	–	–	–		–
Entertainment		–	–	–	–	–	–	–		–
Scarcity		–	–	–	–	–	–	–		–
Acting and post related allowance		–	–	–	–	–	–	–		–
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–		–
% increase	4									
Total Municipal Entities		–	–	–	–	–	–	–		–
TOTAL SALARY, ALLOWANCES & BENEFITS		**411 104**	**412 452**	**–**	**31 471**	**216 610**	**206 226**	**10 384**	**5%**	**412 452**
% increase	4		**0.3%**							**0.3%**
TOTAL MANAGERS AND STAFF		**404 820**	**406 233**	**–**	**30 949**	**213 397**	**203 117**	**10 280**	**5%**	**406 233**

Employee Related costs and Remuneration of Councilors total budget is **R 412 million;** expenditure of **R 216 610 million** was incurred for the six months' period ended 31 December 2025.

Total salary benefits reflect a variance of **5%** expenditure performance the slight variance is due to councillors being approved for an increase and the backpay that was effected.

Financial ratios

FINANCIAL RATIO	MIDYEAR	COMMENTS ON RATIOS
Capital Expenditure to Total Expenditure (10%-20%)	Total Capital Expenditure / (Total Expenditure (Total Operating Expenditure +Capital Expenditure) x 100 44 001/ (342 944 + 44 001) x 100 10 785/ 66 644x 100 **=11%**	This ratio is used to assess the level of Capital Expenditure to Total Expenditure, which indicates the prioritization of expenditure towards current operations versus future capacity in terms of municipal services. The ratio 11 % as shown on the calculations is within an acceptable norm, which confirms that for midyear ending in December 2025 the spending on Capital is still good. The norm ranges from 10% to 20%
Creditors Payment Period> 30 days (= 0)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) x 365 days 822 063 000 / 734 401 000 x 365 days **= 405 days**	This ratio indicates the average numbers of the days taken for Trade Creditors to be paid. The municipality ratio is 405 days, it takes to pay its creditors.

		Due to liquidity challenges, it is evident that the municipality is struggling to pay its creditors within the legislated time frame (within 30 days). The municipality should improve in managing working capital and cash flow to honor their financial obligation when it's due.
Cash Coverage Ratio	(Cash and Cash Equivalents – Unspent Conditional Grants- Overdraft + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortization and Provision for Bad Debts, Impairment and Loss on Disposal of Assets) (38 952 856.44– 84 387 015.76– 0 + 76 783 761.09/ 887 408 000) **= 7 months**	The ratio is adjusted for Unspent Conditional Grants as the cash is not available for normal Municipal day-to- day operational expenditure but rather reserved for Grant related expenditure. The municipality ratio is -0.06 months. The normal range is between 1 month and 3 months.
Net Operating Surplus Margin	(Total Operating Revenue – Total Operating Expenditure) / Total Operating Revenue x 100 669 153 – 342 944/ 669 153 x 100 **=48%**	Net Operating Surplus Margin Net profit margin, or simply net margin, measures how much net income or profit a municipality generates a percentage of its revenue.

		Based on the calculation's municipality ratios is 48% for the end of Quarter two
Remuneration (Employee Related Costs and Councilor's Remuneration as % of Total Operating Expenditure)	Remuneration (Employee Related Costs and Councilor's Remuneration) / Total Operating Expenditure x 100 (213 397+ 3213) / 342 944 x 100 **=63%**	The ratio measures the extent of Remuneration to Total Operating Expenditure Employee-related costs and the councilor's remuneration ratio amount to 63% of the total operating expenditure which is above the MFMA circular 71 recommended norm of 25% - 40%
Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x 100 39 944 / 342 396x 100 **=11.66%**	This ratio measures the extent to which the municipality resources are committed towards contracted services to perform municipal related functions The municipality ratio for contracted services is 11% which is more than the acceptable norm of 2% and 5% in this Quarter

INDIGENT MANAGEMENT

The total budget for the 2025/26 financial year was R6 million. The indigent register for the 2025/26 has 1600 beneficiaries registered to date the municipality updates this register on an ongoing basis. A total of R 206 thousand has been incurred as expenditure for indigent benefits as follows for the month ended 31 December 2025: The indigent register will be attached to this document as an annexure.

3.6 Material variances to the service delivery and budget implementation plan

Choose name from list - Supporting Table SC1 Material variance explanations - M06 - December

Ref	Description	Variance	Reasons for material deviations	Remedial or corrective steps/remarks
	R thousands			
1	**Revenue**			
	Service charges Water and Operational Transfers		The municipality has challenges with its billing system, resulting in inaccurate billing. The municipality received its equitable share and the split on original budget was not done correctly for the three trenches	The municipality has contracted a service provider that assists with data cleansing to correct the billing system The operational transfers split will be corrected in the adjustments budget.
	Sale of Goods	6	The municipality costed a prepaid meter proceeds incorrectly instead of service charges water	A journal will be effected to correct this miasllocation
	Interest from Current and non current assets	0	The municipality had underbudgeted as it cannot keep investmemts for longer periods of time to generate enough interest	This will be corrected in the adjustments budget
	Operational Revenue, and Fines and Penalities		The municipality received proceeds from auction of assets which was	The auction fees will be factored in the adjustments budget as well as the fines
2	**Expenditure By Type**			
	Inventory consumed	- 1	municipality does not receive invoices on time.Chemicals has also dropped significantly	The municipality is having engagements with DWS to try and assist with Invoices
	Debt impairment , bad debt written off and transfer	- 1	the agency on a need basis and the split was not done correctly on the original budget.	Non cash items will be done bi annually for mid year financials
	Depreciation	- 0	This line item was under budgeted as the municipality bought new fleet towards the end of last financial year.	This item will be adjusted to consider the new assets that were bought
	Interest	- 1	Invoices for DWS are not received timeously, however the municipall	The municipality prioritises eskom invoices therfore interest has been minimised. The municipality has an arrangement with DWS which will reduce inteest from old debt.
	Contracted service	- 0	The municipality is operating on an unfunded budget, certain line exp	This will be adjusted accordingly
	Operatuonal cost	(0)	Cost containment measures were applied, however electricity invoice	This will be adjusted accordingly and all eskom invoices will be costed timeously.
3	**Capital Expenditure**			
	Governance and administration	- 100	Due to funding position of the municipality, capital expenditure has als	This will be adjusted accordingly until municipality is in a better funding position
	Water management	(0)	The municipality is on a cost reimbursive basis with the MIG grant, an	Monitoring of contracts has been prioritised and all projects will be fast tracked
4	**Financial Position**			
			The municipality has challenges with a few datastrings	The municipality has engaged the system vendor to assist In challenges with datastrings to e
5	**Cash Flow**			
	receipts		was underbudgeted as there was no prior reference. Other expenditure is mostly vat strings that are not pulling correctly.Transferes operatuonal the split was not done correctly for	This will be corrected in the adjustments budget. The municipality has engagements with ser
	payments		The suppliers and employees strings are not pulling correctly as C4 i	The municipality has engagements with the system vendor to assist with the data strings that
			The agency is paid on a needs baisis and the split was done correctl	The monthly split will be adjusted accordingly
6	**Measureable performance**			
	Debt to equity		The municipality has quite a lot of debt compared to its equity	The municipality into payment arrangement with its 3 biggest creditors and trying to have mo
	Current ratio		The municipality has current liabities of over double its current assets	The municipality have revenue enhamcement strategies in place to up its collection
	liquidity ratio		The municipality is below the norm as it has quite a lot of liabilities whe	The municipality is trying to build up reserves as well as pay all its liabilities
7	**Municipal Entities**			

The performance on implementation of the service delivery and budget implementation plan is dealt with separately on the non-financial performance report.

3.7 Recommendations

It is recommended that.

1. Council takes note of the mid-year budget performance report in terms of section 72 of the Municipal Finance Management Act.
2. Council takes note that an adjustments budget will be tabled for consideration, considering the midterm performance.

3.9 MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **Langelihle Jili** Municipal Manager of uThukela District Municipality, hereby certify that the Mid-term Performance Assessment report and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act, and that the Performance Assessment has been done properly to ensure that is a true reflection of what has taken place with effect from 01 July 2025 to 31 December 2025 and is consistent with the Integrated Development Plan, Budget and SDBIP of the municipality.

This report will be submitted to the Mayor by 25/01/2025 as required by the Municipal Finance Management Act, Section 72 and acknowledges receipt as signed below.

Print Name **Langelihle Jili**

Municipal Manager of uThukela District Municipality DC23

4. ANNEXURES

4.1. C SCHEDULE_MIDTERM 2025

4.2 Creditors listing December 2025

4.3. Bank Recon December 2025

4.4. Grant Register December 2025

4.5. Budget Funding Plan Progress report December 2025

4.6. SDBIP Progress Report Dember 2025

4.7. Indigent Register

4.8. Irregular Expenditure Register

4.9. SCM Report