

---

# **NQUTHU MUNICIPALITY**

## **2025/26**

---



## **2025-26**

# **SECTION 72 MID-YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT**

# TABLE OF CONTENTS

## PART 1 – IN-YEAR REPORT

1.1 MAYORS REPORT .....	3
1.2 RESOLUTIONS .....	8
1.3 EXECUTIVE SUMMARY.....	8
1.4 IN-YEAR BUDGET STATEMENT TABLES .....	10

## PART 2 – SUPPORTING DOCUMENTATION

2.1 DEBTOR'S ANALYSIS .....	21
2.2 CREDITOR'S ANALYSIS .....	23
2.3 INVESTMENT PORTFOLIO ANALYSIS .....	27
2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE.....	29
2.5 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS .....	30
2.6 SCM REPORTS .....	31
2.7 MATERIAL VARIANCES TO SDBIP .....	33
2.8 MUNICIPAL MANAGER'S QUALITY CERTIFICATE.....	35

## PART 3: 2025/26 HALF-YEARLY PERFORMANCE ASSESSMENT..... Page 37-69

### List of Tables

Table 1 MBRR Table C1 -Monthly Budget Statement Summary .....	10
Table 2 MBRR Table C2 _ Monthly Financial Performance (standard Classification .....	13
Table 3 MBRR Table C3 -Financial Performance (revenue and expenditure by municipal vote) .....	14
Table 4 MBRR Table C4 -Financial Performance (revenue and expenditure) .....	15
Table 5 MBRR Table C5 -Capital expenditure (municipal vote and funding).....	18
Table 6 MBRR Table C6 -Financial Position .....	19
Table 7 MBRR Table C7 - Cash Flow .....	20

### ACCRONYMS

MBRR – Municipal Budget Reporting Regulations  
 YTD – Year to Date  
 RMC – Risk Management Committee  
 SDBIP - Service Delivery Budget Implementation Plan  
 MFMA – Municipal Finance Management Act (Act 56 of 2003)  
 IYR- In Year Reporting

## **1.1. MAYOR'S REPORT TO COUNCIL**

### **The 2025/26 Mid-year Performance Assessment (Section 72(1) of the Local Government: Municipal Finance Management Act No. 56 of 2003**

In accordance with Section 72(1)(a) and 52(d) of the Local Government: Municipal Finance Management Act No. 56 of 2003 (MFMA) and regulations made under the Act; it is a privilege to present to the council of Nquthu Local Municipality the Mid-year Performance Report for the first half of the financial year (1 July 2025 to 31 December 2025).

Nquthu Municipality continues carries out the directive as envisaged in Section 195 of the Constitution of the Republic of South Africa, to govern municipality's administration in line with being responsive to the needs of the local community. The council continually delivers to the local community the accurate information with high level of transparency regarding the programmes and projects that the municipality implements as approved in the budget. The council engages the local community in public participation sessions to enhance and augment its' development orientated administration. The plan of action seeks to ensure that priority projects which are addressing community needs are considered for implementation particularly the infrastructure projects that impact the betterment of livelihood of the local community specifically the construction and maintenance of roads, electrification of households and all other projects that have been prioritised by the municipality in its' IDP document.

The municipality is a grant dependent municipality, notwithstanding the municipality's' capacity to bill property rates, refuse collection and electricity sales revenue, there is nonetheless a challenge in collecting sufficient revenue to cover all the operational and capital needs of the municipality in the long run. The municipality continues to engage in financial support seeking initiatives both in public and private sector domains. In this assertion the municipality has kept an upward trajectory in budgeting appropriately, which results in investing of surplus funds that yield interest on investment for the municipality. This practice of investing surplus funds has been done for an extensive period and the municipality balances on investment are entailed in this report.

The Office of Auditor General concluded audit in November, the municipality has received yet again unqualified audit opinion, this audit report proffers the municipality the opportunity to reflect on matters and findings as raised by the Auditor General. An actionable plan that speaks directly to the findings is being formulated to assist the municipality towards achieving the target of clean administration. The clean administration statement is attached to all council agenda documents to instil the culture of clean administration and conscientize officials and councillors on matters of good governance.

I wish to strongly emphasise that the ward-based need analysis will be conducted continuously to ensure that the budget for special community programmes, youth programmes and LED projects is aligned to the needs of the community, and in all areas where possible the budgeted services must be delivered to the needy communities within the budget year. Service Delivery and Budget Implementation Plan (SDBIP) will be reviewed and revised to further align key performance indicators, development priorities and targets with the adjusted budget as will be determined in the 2025/2026 adjustment budget. I further highlight that the budget should always be fully funded.

### **Challenges noted in the first half of the year 2025-26**

**During the first half of the year, the notable challenges are as highlighted below:**

- The municipality's operational and capital expenditure requires constant monitoring as the impact of growing expenditure affect the investment accounts negatively leading to depleting reserves. However, there is significant reduction in withdrawals when compared to previous year in the same period given that only R500 thousand rands were withdrawn in comparison to R30.7 million rands withdrawn last year. The municipality enforce measures to stabilise the municipality's reserves, to increase own generated revenues and to apply for other relevant grant funding from respective spheres of government.
- There is notable surge in destruction and damage to community hall properties built by the municipality. Such devastating practice by community members requires strict

security measures from the municipality to safeguard the assets, thus contributing to already steep cost-driver of security services.

- Electricity costs for bulk and auxiliary accounts for halls and other municipal premises are increasing. The management has engaged intensively with ESKOM in trying to revert all conventional meters to prepaid, however there is slow progress.
- There is an upward trajectory in casualties which are reported by the Office of Disaster Management within the municipality. The impact of climate change is evident in our municipality, and this regresses the efforts made by the municipality to improve service delivery specifically the road infrastructure. Due to urgency attached to disaster relief programmes, the municipality struggles to acquire sufficient budget however the municipality strives to aid affected families timely in this regard and assistance from partners such as Vodacom is of great value. Disaster relief programmes need much bigger budget and disaster relief grants are not released instantly owing to tedious processes that disaster grant entail such as assessments of disaster and other processes.
- Low revenue collection due to default by government departments. On a yearly basis the municipality expects revenue from the Department of Public Works this year however the projections do not match the actual cash receipts. There is no payment from Ingonyama Trust debt to date, this puts a strain on the municipal budget on basis that the original budget incorporates all billable accounts in estimating the actual collection.

### **Annual report outlined the following issues**

- Improving integrated development planning processes to ensure that the IDP is a living document that all stakeholders, both internal and external, understand and support.
- Implement AG action plan to reverse the audit outcome achieved in previous year.
- Maintenance of existing assets such as buildings and roads. Safeguarding of assets requires attention to prolong the lifespan of assets and reduce renovation costs.
- Developing and implementing Public Participation Plan to ensure that public participation activities are well coordinated to avoid duplication and ensure efficiency.

- Encourage and maintain long standing partnership with Bornem Municipality of Belgium, Assupol, and Gift of the Givers to enhance performance in waste management, local economic development, poverty alleviation, disaster relief and early childhood development.

### **Progress in resolving issues raised in the prior year annual report & audit report**

- The main issue raised by AG related to an unclear method to calculate the actual performance which render affected indicators unverifiable. Affected indicators were revisited during mid-year review and business process to redesign and to align with the actual operational processes in ensuring that supporting information is available and credible. There was also an extensive exercise conducted with affected departments to ensure that all reported information is supported by credible supporting evidence
- Improving contract management and project management to prevent project implementation delays caused by incompetent or poor performing service providers.
- Enforce discipline and implement consequence management to ensure adherence to set policies and procedures and improve performance.
- Taking full advantage of the data and information generated by risk management registers, audit reports and, Audit Committee guidance to identify gaps and weaknesses that must be addressed to ensure effective and efficient municipal processes in order to improve performance. Audit action plan has been formulated, executable actions with timelines are indicated for ease of monitoring and evaluation, the action plan address shortfalls noted by Auditor General, the municipality will implement remedial actions where applicable and implement plan of action to ensure that repetition of similar queries do not occur.

### **Recommendation whether adjustment budget is necessary or not:**

- The background and facts stated above supports the need for the adjustment budget. I therefore fully recommend that the adjustment budget be tabled for council approval,

the adjustment of the budget will allow the municipality to move excess funds from projects where there is available budget yet the need to expense is no longer material to projects that have no budget yet the need to expense from these projects is high, and to release committed funds that will not be used on certain projects. The municipality is mindful of all operational and capital expenses incurred thus far with specific attention to projects that have exhausted funds.

- The savings from events that will no longer take place, should be re-directed to projects of priority as well as unforeseen projects (disaster relief, plant hire and re-gravelling of access roads) should be given attention and be considered for budget. Software licences, security management, insurance cover, fleet repairs, Eskom services and other projects that are crucial for daily running of the council should be budgeted fully to cover the expenses for the remaining period of the financial year.
- I wish to put emphasis on maintaining the funded budget position when adjusting the budget. Provincial Treasury always discourages unfunded budget, whether it is original, adjustment or draft budget, therefore the adjustment budget of the council of Nquthu Municipality must be funded.

---

IL Shabalala

Honourable Mayor: Nquthu Municipality

## 1.2. PART1 IN-YEAR REPORT

- **Resolutions**

### **Section 72 Mid-year budget and performance assessment resolutions**

Budget and assessment report is tabled before council for consideration by Council. Hereunder are the resolutions in terms of the Municipal Budget and Reporting Regulations to be considered by Council:

- That the Council note mid-term budget assessment as required in terms of S (72) MFMA.
- That the Council note the finding and recommendations as detailed in Mayors 'report be considered when preparing adjustment budget.
- That the Council note that the Accounting Officer acting in accordance with S72(3) MFMA recommends that adjustment budget in terms of S (28) MFMA is necessary
- That the Council note that all budget-related documents must be placed on the website by the Accounting Officer not later than five days after tabling in the council or on the date on which it must be made public, whichever occurs first.

## 1.3. EXECUTIVE SUMMARY

### **Purpose**

The objective of this report is to report assessment by the accounting officer on performance of the municipality during the first half of the financial year that is 01 July 2025 to 31 December 2025, and to make recommendations as to whether an adjustment budget is necessary and recommend revised projections for revenue and expenditure to the extent that this may be necessary.

The purpose of this report is to comply with Sections 52(d) and 72 of the Municipal Finance Management Act (MFMA), and Sections 33 and 34 of the Municipal Budget and Reporting Regulations as promulgated in the Government Gazette No 32141 of 17 April 2009, which requires that specific financial particulars be reported on and in the formats prescribed. The report also provides a high-level overview of the organisations' financial viability and sustainability.

### **Municipality consolidated performance**

This report provides details of budget implementation and budget monitoring thereof. Charts and tables extracted from the C-schedule are well detailed under monthly budget statement in year reporting thereby providing narration to crucial line items relating to revenue and expenditure. This report compares the actual results of operating income and expenditure as well as capital expenditure for the first six months against budgeted income and expenditure.

Thorough administrative exercise by senior and middle management will be performed with an intention to review all revenue and expenditure items for consideration in the adjustment budget. The budget steering committee oversee that all departments, divisions and sections are engaged in the process of reviewing budget allocation.

### **Remedial steps to align projected expenditure and revenue**

Adjustment budget will serve as remedial or corrective step to align projections of revenue to actuals of expenditure and ensuring that revenue and expenditure remain within the municipality's budget.

### **Potential impact of the national adjustment budget**

National adjustment budget by National Treasury entails the opportunity to make permissible revisions to the national budget thus additional allocations that are made to fund disaster related projects, furthermore projects pertaining to reconstructing and rehabilitating infrastructure damaged by floods in within our province of KwaZulu Natal and other provinces. The municipality has been impacted harshly by severe weather conditions and has since funded the re-gravelling of access roads through own funding. The municipality was also granted disaster management grant in February / March 2025.

## **2. Legal Requirement**

In terms of section 52(d) of the MFMA, the accounting officer of a 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 the monthly statements referred to in section 71 for the first half of the financial year, 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 and the past year's annual report, and progress on resolving problems identified in the annual report; and
- (b) submit a report on such assessment to the mayor of the municipality, the National Treasury, and the relevant provincial treasury.

**1.4. IN-YEAR BUDGET STATEMENT TABLES – Budget Statement Table C1**

KZN242 Nquthu - 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
<b>R thousands</b>									
<b>Financial Performance</b>									
Property rates	57 450	62 160	62 160	6 161	36 909	31 080	5 829	19%	62 160
Service charges	34 539	39 560	39 560	2 916	19 074	19 780	(706)	-4%	39 560
Investment revenue	8 907	8 150	8 150	65	2 331	4 075	(1 744)	-43%	8 150
Transfers and subsidies - Operational	215 489	215 536	215 423	62 501	143 815	108 386	35 429	0	215 423
Other own revenue	18 424	33 333	33 333	709	5 343	16 666	(11 323)	-68%	33 333
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>334 809</b>	<b>358 739</b>	<b>358 626</b>	<b>72 353</b>	<b>207 473</b>	<b>179 988</b>	<b>27 485</b>	<b>15%</b>	<b>358 626</b>
Employee costs	111 037	124 644	124 644	3	48 168	62 321	(14 153)	-23%	124 644
Remuneration of Councillors	15 731	15 974	15 974	-	6 378	7 987	(1 609)	-20%	15 974
Depreciation and amortisation	40 486	37 000	37 000	-	-	18 500	(18 500)	-100%	37 000
Interest	199	0	0	-	-	0	(0)	-100%	0
Inventory consumed and bulk purchases	46 149	42 916	42 916	5 328	23 696	21 458	2 238	10%	42 916
Transfers and subsidies	4 328	5 454	5 454	689	1 288	2 727	(1 439)	-53%	5 454
Other expenditure	119 176	107 080	107 080	12 676	52 918	53 540	(622)	-1%	107 080
<b>Total Expenditure</b>	<b>337 105</b>	<b>333 068</b>	<b>333 068</b>	<b>18 696</b>	<b>132 448</b>	<b>166 533</b>	<b>(34 086)</b>	<b>-20%</b>	<b>333 068</b>
<b>Surplus/(Deficit)</b>	<b>(2 296)</b>	<b>25 671</b>	<b>25 558</b>	<b>53 657</b>	<b>75 025</b>	<b>13 454</b>	<b>61 571</b>	<b>458%</b>	<b>25 558</b>
Transfers and subsidies - capital (monetary allocations)	53 269	37 961	37 961	-	10 994	18 981	(7 987)	-42%	37 961
Transfers and subsidies - capital (in-kind)	-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>50 972</b>	<b>63 632</b>	<b>63 519</b>	<b>53 657</b>	<b>86 020</b>	<b>32 435</b>	<b>53 585</b>	<b>165%</b>	<b>63 519</b>
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>	<b>50 972</b>	<b>63 632</b>	<b>63 519</b>	<b>53 657</b>	<b>86 020</b>	<b>32 435</b>	<b>53 585</b>	<b>165%</b>	<b>63 519</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>(8 810)</b>	<b>55 592</b>	<b>56 092</b>	<b>19 261</b>	<b>36 639</b>	<b>27 246</b>	<b>9 393</b>	<b>34%</b>	<b>56 092</b>
Capital transfers recognised	16 908	32 250	32 250	2 518	16 033	16 125	(92)	-1%	32 250
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	(25 717)	23 342	23 842	16 743	20 606	11 121	9 485	85%	23 842
<b>Total sources of capital funds</b>	<b>(8 810)</b>	<b>55 592</b>	<b>56 092</b>	<b>19 261</b>	<b>36 639</b>	<b>27 246</b>	<b>9 393</b>	<b>34%</b>	<b>56 092</b>
<b>Financial position</b>									
Total current assets	151 764	202 537	202 537	-	218 620	-	-	-	202 537
Total non current assets	749 814	799 814	800 314	-	818 986	-	-	-	800 314
Total current liabilities	72 138	111 751	111 751	-	89 614	-	-	-	111 751
Total non current liabilities	1 508	875	875	-	1 508	-	-	-	875
Community wealth/Equity	810 579	826 293	826 293	-	860 465	-	-	-	826 293
<b>Cash flows</b>									
Net cash from (used) operating	(16 438)	81 222	81 222	38 391	26 191	63 979	37 788	59%	81 222
Net cash from (used) investing	-	(101 890)	(101 890)	-	-	(50 945)	(50 945)	100%	(101 890)
Net cash from (used) financing	-	-	-	-	-	-	-	-	-
<b>Cash/cash equivalents at the month/year end</b>	<b>76 095</b>	<b>50 727</b>	<b>50 727</b>	<b>38 391</b>	<b>100 421</b>	<b>84 429</b>	<b>(15 992)</b>	<b>-19%</b>	<b>53 562</b>
<b>Debtors &amp; creditors analysis</b>									
	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
<b>Debtors Age Analysis</b>									
Total By Income Source	3 438	1 053	595	352	339	286	260	15 107	21 430
<b>Creditors Age Analysis</b>									
Total Creditors	1 420	399	900	11	98	-	132	-	2 960

**Total Revenue**

The YTD actual revenue is R207 million rands compared to R179.9 million rands for the year to date budget. There is an overall variance of 15% which is positive. The variance mainly emanates from billing for property rates to Public Works who accounts more than 75% of our property rates revenue. The other revenue sources like interest income from investments and miscellaneous own revenue items were below anticipated revenue and will be revised during adjustment budget. The transfers and subsidies present a significant revenue contribution of

R215 million rands in terms of the budget and R143 million rands is the year-to-date actual figure. The grants received by the municipality were in terms of payment schedule issued by Treasury and there were no grants that were withheld. The municipality is grant dependent and more than 75% of our revenue is received from grants.

### **Total expenditure**

Total expenditure actual to date figure is R 132 million rands while the year-to-date budget amounts to R166 million and therefore the overall expenditure is within budget limits. Expenditures is incurred as per procurement plan approved by municipality. Although there are savings in the first six months, these are due to expenditure that will be procured in the third and fourth quarter. There are certain expenditures that are significantly below or above anticipated expenditure and will be revised in the adjustment budget. Employee costs and other expenditure line items are the highest cost drivers thereby reflecting R48 million rands and R52 million rands year to date expenditure respectively. The other item expenditure line items entail operating expenditure items such as contracted services, fuel and oil, and other operational costs items.

### **Capital expenditure and fund sources**

Total budget for capital expenditure amounts to R55 million rands inclusive of both inhouse funded and grant funded capital projects. The actual overall YTD expenditure is R36 million rands resulting in 34% variance. There was slow progress experienced on certain capital projects funded by MIG grant and therefore resulting in underspending from the projected 75% where the municipality would receive additional MIG funding. The municipality has intervened to accelerate progress and spending and grant would be fully utilised before financial year end. There were no challenges experienced with inhouse funded capital projects. Internally generated funding shows R23.8 million rands budget against the spending of R20 million rands yielding 85% variance such variance represents accelerated expenditure patterns for in-house funding. Reporting timelines are observed with care to avoid withholding of funds by the National Treasury.

## **Cash flows**

Net cash from (used) from operating activities YTD actual amounts to R126 million rands, while net cash from (used) investing activities amounts to R0 rands. Net cash from (used) financing activities YTD actual amounts to R0 rands. The municipality utilise the invested funds to fund investing and financing activities since there are no borrowings given the status of depleting levels from investments. Investment register is enclosed to on Part two of this report to show investment activities as well as withdrawal transactions from various investments accounts.

## **Allocations received (National & Provincial grants)**

DORA allocations for 2025/2026 financial year (operational & capital) have been received in trenches, the total amount received stands at R51.4 million rands excluding equitable share as per the grant register attached on Part 2 of this report. Equitable share allocation was received in quarter one and two in different trenches.

## **Disposal Management**

During the first half of the financial year (2025/26), no assets were identified to be disposed as contemplated in S14 MFMA, however asset verification is underway to enable accurate calculation of depreciation as well as identifying assets that are no longer in a good working condition.

## **Deviations**

A list of all deviations from SCM processes is submitted monthly to council through the SCM Regulation 6 report.

**Budget Statement Table C2**

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

KZN242 Nquthu - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - 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
<b>R thousands</b>	1									
<b>Revenue - Functional</b>										
<i>Governance and administration</i>		318 055	301 691	301 691	69 242	194 443	150 846	43 598	29%	301 691
Executive and council		46 128	37 961	37 961	-	10 994	18 981	(7 986)	-42%	37 961
Finance and administration		271 927	263 730	263 730	69 242	183 449	131 865	51 584	39%	263 730
Internal audit		-	-	-	-	-	-	-	-	-
<i>Community and public safety</i>		6 647	2 011	4 249	105	2 021	2 518	(497)	-20%	4 249
Community and social services		4 570	25	2 263	2	1 266	1 525	(259)	-17%	2 263
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		2 077	1 986	1 986	103	756	993	(237)	-24%	1 986
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		5 338	25 017	25 017	16	761	12 509	(11 748)	-94%	25 017
Planning and development		242	25 017	25 017	16	761	12 509	(11 748)	-94%	25 017
Road transport		5 096	-	-	-	-	-	-	-	-
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		58 037	67 980	65 629	2 990	21 241	33 096	(11 854)	-36%	65 629
Energy sources		55 820	65 245	62 894	2 722	19 676	31 728	(12 052)	-38%	62 894
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		2 217	2 735	2 735	268	1 565	1 368	197	14%	2 735
<i>Other</i>	4	-	-	-	-	-	-	-	-	-
<b>Total Revenue - Functional</b>	2	388 077	396 700	396 587	72 353	218 467	198 968	19 499	10%	396 587
<b>Expenditure - Functional</b>										
<i>Governance and administration</i>		176 326	173 377	173 377	6 883	59 894	86 688	(26 794)	-31%	173 377
Executive and council		31 410	33 804	33 804	819	14 817	16 902	(2 085)	-12%	33 804
Finance and administration		141 634	136 656	136 656	5 455	42 245	68 328	(26 083)	-38%	136 656
Internal audit		3 282	2 917	2 917	609	2 832	1 458	1 374	94%	2 917
<i>Community and public safety</i>		34 872	39 359	39 359	1 567	15 325	19 679	(4 355)	-22%	39 359
Community and social services		17 229	22 384	22 384	893	7 314	11 192	(3 878)	-35%	22 384
Sport and recreation		-	-	-	-	-	-	-	-	-
Public safety		17 643	16 975	16 975	674	8 011	8 488	(477)	-6%	16 975
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<i>Economic and environmental services</i>		34 052	34 745	34 745	6 563	21 110	17 372	3 738	22%	34 745
Planning and development		18 009	20 433	20 433	6 147	15 343	10 217	5 126	50%	20 433
Road transport		16 042	14 311	14 311	417	5 768	7 156	(1 388)	-19%	14 311
Environmental protection		-	-	-	-	-	-	-	-	-
<i>Trading services</i>		92 942	85 587	85 587	3 682	36 118	42 794	(6 675)	-16%	85 587
Energy sources		76 485	68 757	68 757	3 682	28 716	34 379	(5 663)	-16%	68 757
Water management		-	-	-	-	-	-	-	-	-
Waste water management		2 159	1 963	1 963	-	1 864	982	883	90%	1 963
Waste management		14 298	14 867	14 867	-	5 539	7 433	(1 895)	-25%	14 867
<i>Other</i>		-	-	-	-	-	-	-	-	-
<b>Total Expenditure - Functional</b>	3	338 192	333 068	333 068	18 696	132 448	166 533	(34 086)	-20%	333 068
<b>Surplus/ (Deficit) for the year</b>		49 885	63 632	63 519	53 657	86 020	32 435	53 585	1.6520616	63 519

**Budget Statement Table C3**

**Table C3**

**KZN242 Nquthu - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M06 December**

Vote Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>Revenue by Vote</b>										
	1									
Vote 1 - Office Of The Municipal Manager		46 128	37 961	37 961	-	10 994	18 981	(7 986)	-42.1%	37 961
Vote 2 - Planning and Economic Development		50	25 274	25 274	1	688	12 637	(11 949)	-94.6%	25 274
Vote 3 - Budget and Treasury		271 755	262 824	262 824	69 165	183 195	131 412	51 783	39.4%	262 824
Vote 4 - Corporate and Community Service		6 399	7 037	6 924	194	3 328	4 137	(809)	-19.5%	6 924
Vote 5 - Technical Services		63 745	63 604	63 604	2 992	20 261	31 802	(11 541)	-36.3%	63 604
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-
Vote 7 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Revenue by Vote</b>	2	<b>388 077</b>	<b>396 700</b>	<b>396 587</b>	<b>72 353</b>	<b>218 467</b>	<b>198 968</b>	<b>19 499</b>	<b>9.8%</b>	<b>396 587</b>
<b>Expenditure by Vote</b>										
	1									
Vote 1 - Office Of The Municipal Manager		17 811	19 356	19 356	1 417	10 272	9 678	594	6.1%	19 356
Vote 2 - Planning and Economic Development		18 009	20 413	20 413	6 147	15 343	10 207	5 136	50.3%	20 413
Vote 3 - Budget and Treasury		87 160	91 518	91 518	1 796	17 605	45 759	(28 154)	-61.5%	91 518
Vote 4 - Corporate and Community Service		62 932	71 130	71 130	3 681	32 166	35 565	(3 399)	-9.6%	71 130
Vote 5 - Technical Services		114 326	94 591	94 591	4 132	40 547	47 295	(6 748)	-14.3%	94 591
Vote 6 - Council And General		17 119	17 739	17 739	27	7 566	8 870	(1 304)	-14.7%	17 739
Vote 7 - Community & Social Services		19 185	16 302	16 302	1 497	8 259	8 151	108	1.3%	16 302
Vote 8 - Corporate Services		1 650	2 019	2 019	-	690	1 009	(319)	-31.6%	2 019
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Expenditure by Vote</b>	2	<b>338 192</b>	<b>333 068</b>	<b>333 068</b>	<b>18 696</b>	<b>132 448</b>	<b>166 533</b>	<b>(34 086)</b>	<b>-20.5%</b>	<b>333 068</b>
<b>Surplus/ (Deficit) for the year</b>	2	<b>49 885</b>	<b>63 632</b>	<b>63 519</b>	<b>53 657</b>	<b>86 020</b>	<b>32 435</b>	<b>53 585</b>	<b>165.2%</b>	<b>63 519</b>

## Monthly Budget Statement\_ Financial Performance

### Table C4 Municipality Financial Performance

Provides information on the planned revenue and operational expenditures against the actual results for the period ending 31 December 2025

This report analyses each major component under following headings;

- Revenue by Source
- Operational Expenditure by Type

KZN242 Nquthu - 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
<b>R thousands</b>										
<b>Revenue</b>										
<b>Exchange Revenue</b>										
Service charges - Electricity		32 858	37 183	37 183	2 699	17 814	18 592	(777)	-4%	37 183
Service charges - Water		-	-	-	-	-	-	-	-	-
Service charges - Waste Water Management		-	-	-	-	-	-	-	-	-
Service charges - Waste management		1 681	2 377	2 377	217	1 260	1 189	71	6%	2 377
Sale of Goods and Rendering of Services		810	236	236	8	128	118	11	9%	236
Agency services		-	-	-	-	-	-	-	-	-
Interest		19	0	0	-	-	0	(0)	-100%	0
Interest earned from Receivables		778	1 171	1 171	65	390	586	(196)	-33%	1 171
Interest from Current and Non Current Assets		8 907	8 150	8 150	65	2 331	4 075	(1 744)	-43%	8 150
Dividends		-	-	-	-	-	-	-	-	-
Rent on Land		-	-	-	-	-	-	-	-	-
Rental from Fixed Assets		860	1 043	1 043	100	841	522	320	61%	1 043
Licence and permits		-	-	-	-	-	-	-	-	-
Special rating levies		-	-	-	-	-	-	-	-	-
Operational Revenue		649	25 331	25 331	55	1 070	12 665	(11 595)	-92%	25 331
<b>Non-Exchange Revenue</b>										
Property rates		57 450	62 160	62 160	6 161	36 909	31 080	5 829	19%	62 160
Surcharges and Taxes		-	-	-	-	-	-	-	-	-
Fines, penalties and forfeits		1 425	4 463	4 463	52	394	2 231	(1 837)	-82%	4 463
Licence and permits		862	1 088	1 088	74	453	544	(91)	-17%	1 088
Transfers and subsidies - Operational		215 489	215 536	215 423	62 501	143 815	108 386	35 429	33%	215 423
Interest		3 633	0	0	356	2 066	0	2 066	#####	0
Fuel Levy		-	-	-	-	-	-	-	-	-
Operational Revenue		-	-	-	-	-	-	-	-	-
Gains on disposal of Assets		9 386	0	0	-	-	0	(0)	-100%	0
Other Gains		-	0	0	-	-	0	(0)	-100%	0
Discontinued Operations										
<b>Total Revenue (excluding capital transfers and contributions)</b>		<b>334 809</b>	<b>358 739</b>	<b>358 626</b>	<b>72 353</b>	<b>207 473</b>	<b>179 988</b>	<b>27 485</b>	<b>15%</b>	<b>358 626</b>
<b>Expenditure By Type</b>										
Employee related costs		111 037	124 644	124 644	3	48 168	62 321	(14 153)	-23%	124 644
Remuneration of councillors		15 731	15 974	15 974	-	6 378	7 987	(1 609)	-20%	15 974
Bulk purchases - electricity		45 257	40 870	40 870	3 682	19 880	20 435	(555)	-3%	40 870
Inventory consumed		891	2 046	2 046	1 645	3 816	1 023	2 793	273%	2 046
Debt impairment		16 949	-	-	-	-	-	-	-	-
Depreciation and amortisation		40 486	37 000	37 000	-	-	18 500	(18 500)	-100%	37 000
Interest		199	0	0	-	-	0	(0)	-100%	0
Contracted services		59 228	51 147	51 219	4 209	26 241	25 598	643	3%	51 219
Transfers and subsidies		4 328	5 454	5 454	689	1 288	2 727	(1 439)	-53%	5 454
Irrecoverable debts written off		1 184	15 000	15 000	0	154	7 500	(7 346)	-98%	15 000
Operational costs		39 118	40 933	40 861	8 467	26 524	20 442	6 081	30%	40 861
Losses on Disposal of Assets		2 693	0	0	-	-	0	(0)	-100%	0
Other Losses		5	0	0	-	-	0	(0)	-100%	0
<b>Total Expenditure</b>		<b>337 105</b>	<b>333 068</b>	<b>333 068</b>	<b>18 696</b>	<b>132 448</b>	<b>166 533</b>	<b>(34 086)</b>	<b>-20%</b>	<b>333 068</b>
<b>Surplus/(Deficit)</b>										
Transfers and subsidies - capital (monetary allocations)		53 269	37 961	37 961	-	10 994	18 981	(7 987)	(0)	37 961
Transfers and subsidies - capital (in-kind)		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>		<b>50 972</b>	<b>63 632</b>	<b>63 519</b>	<b>53 657</b>	<b>86 020</b>	<b>32 435</b>	<b>53 585</b>	<b>0</b>	<b>63 519</b>
Income Tax		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) after income tax</b>		<b>50 972</b>	<b>63 632</b>	<b>63 519</b>	<b>53 657</b>	<b>86 020</b>	<b>32 435</b>	<b>53 585</b>	<b>0</b>	<b>63 519</b>
Share of Surplus/Deficit attributable to Joint Venture		-	-	-	-	-	-	-	-	-
Share of Surplus/Deficit attributable to Minorities		-	-	-	-	-	-	-	-	-
<b>Surplus/(Deficit) attributable to municipality</b>		<b>50 972</b>	<b>63 632</b>	<b>63 519</b>	<b>53 657</b>	<b>86 020</b>	<b>32 435</b>	<b>53 585</b>	<b>0</b>	<b>63 519</b>
Share of Surplus/Deficit attributable to Associate		-	-	-	-	-	-	-	-	-
Intercompany/Parent subsidiary transactions		-	-	-	-	-	-	-	-	-
<b>Surplus/ (Deficit) for the year</b>		<b>50 972</b>	<b>63 632</b>	<b>63 519</b>	<b>53 657</b>	<b>86 020</b>	<b>32 435</b>	<b>53 585</b>	<b>0</b>	<b>63 519</b>

**REVENUE BY SOURCE**

**Property rates**

The property rates YTD actual figure stands at R 36.9 million rands which is slightly higher than R31.6 million rands reported on the same in the previous year, significant increase in property rates revenue is noted as the budget amount increase to R62 million rands from R51.4 million rands in the previous year.

**Service charges-electricity**

The actual revenue from service charges electricity is R17.8 million rands which indicate much increase from previous year's actual YTD figures whereby R14.7 million rands was recognised.

**Interest from Current and Non-Current Assets**

YTD Actual of R2.3 million rands compared to R3.8 million rands the previous year shows a slight decline on current and non-current assets investments. There is a noticeable decline in the interest earned over the past few years due to budgeted expenditure to cover service delivery needs.

**Transfers and subsidies**

Transfers and subsidies as allocated in the DoRA has been received in December, all conditions required for release of the equitable share were met. The municipality will receive the last tranche payment of the equitable share in March. Other grants i.e. MIG, INEP, MFMG, EPWP, etc are detailed in the grant register affixed hereto, on Part2.

**EXPENDITURE BY TYPE****Employment related costs**

The YTD actual for employee relates costs reflects budget underspending, however the municipality is aware of journal file issue with payroll ledger update. Accurate employee related costs expenditure is shown in Part 2 of this document due to incomplete data transfer between the two different systems used by the municipality for financial management and payroll management, so far only expenditure amounting to R48.1 million rands is captured to the financial system instead of R56.3 million rands pertaining to employee costs

### **Remuneration of Councillor's**

An amount of R6.3 million rands reflects as per the information available on the financial system instead of the actual figure of R7.6 million rands in relation to councillor allowances. The manual schedule on councillor remuneration is attached on Part 2 of the report with accurate figures.

### **Debt impairment**

The YTD actuals and budget reflect R0 amounts, the actuals will be finalised toward the end of quarter four, however budget figures will be reviewed during the budget adjustment window to ensure sufficient budget is kept for all non-cash items in the budget.

### **Depreciation & asset impairment**

The YTD actuals reflect R0 amounts, the actuals will be prepared during the compilation of interim AFS. The budgeted figure in this regard is R37 million rands. Asset verification process for mid-year is underway; the verifications teams will start in January to visit various sites and perform asset count and verification.

### **Bulk purchases**

The YTD actual is R19.8 million rands compared to R21.9 million rands reported in the previous year. The YTD budget figure has increased to accommodate ESKOM price hikes as approved by NERSA. The electricity bill is increasing, and the municipality is currently trying to curb community halls bill through conversion to prepaid electricity for all community halls.

### **Monthly Budget Statement\_ Capital Expenditure Table C5 Capital Expenditure:**

KZN242 Nquthu - 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 Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>	1									
<b>Multi-Year expenditure appropriation</b>	2									
Vote 1 - Office Of The Municipal Manager		-	0	0	-	-	0	(0)	-100%	0
Vote 2 - Planning and Economic Development		-	0	0	-	-	0	(0)	-100%	0
Vote 3 - Budget and Treasury		-	348	348	-	-	174	(174)	-100%	348
Vote 4 - Corporate and Community Service		876	0	0	-	-	0	(0)	-100%	0
Vote 5 - Technical Services		(21 574)	50 191	51 930	19 127	36 505	25 344	11 161	44%	51 930
Vote 6 - Council And General		709	0	0	-	-	0	(0)	-100%	0
Vote 7 - Community & Social Services		-	-	-	-	-	-	-	-	-
Vote 8 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital Multi-year expenditure</b>	4,7	(19 989)	50 539	52 278	19 127	36 505	25 518	10 987	43%	52 278
<b>Single Year expenditure appropriation</b>	2									
Vote 1 - Office Of The Municipal Manager		-	0	0	-	-	0	(0)	-100%	0
Vote 2 - Planning and Economic Development		-	348	348	-	-	174	(174)	-100%	348
Vote 3 - Budget and Treasury		-	0	0	-	-	0	(0)	-100%	0
Vote 4 - Corporate and Community Service		98	0	0	-	-	0	(0)	-100%	0
Vote 5 - Technical Services		11 081	4 705	3 465	134	134	1 554	(1 420)	-91%	3 465
Vote 6 - Council And General		-	-	-	-	-	-	-	-	-
Vote 7 - Community & Social Services		-	0	0	-	-	0	(0)	-100%	0
Vote 8 - Corporate Services		-	-	-	-	-	-	-	-	-
Vote 9 - [NAME OF VOTE 9]		-	-	-	-	-	-	-	-	-
Vote 10 - [NAME OF VOTE 10]		-	-	-	-	-	-	-	-	-
Vote 11 - [NAME OF VOTE 11]		-	-	-	-	-	-	-	-	-
Vote 12 - [NAME OF VOTE 12]		-	-	-	-	-	-	-	-	-
Vote 13 - [NAME OF VOTE 13]		-	-	-	-	-	-	-	-	-
Vote 14 - [NAME OF VOTE 14]		-	-	-	-	-	-	-	-	-
Vote 15 - [NAME OF VOTE 15]		-	-	-	-	-	-	-	-	-
<b>Total Capital single-year expenditure</b>	4	11 179	5 053	3 814	134	134	1 728	(1 594)	-92%	3 814
<b>Total Capital Expenditure</b>		(8 810)	55 592	56 092	19 261	36 639	27 246	9 393	34%	56 092
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		1 585	0	0	-	-	0	(0)	-100%	0
Executive and council		709	0	0	-	-	0	(0)	-100%	0
Finance and administration		876	0	0	-	-	0	(0)	-100%	0
Internal audit		-	-	-	-	-	-	-	-	-
<b>Community and public safety</b>		(15 043)	26 372	25 133	769	2 959	12 388	(9 429)	-76%	25 133
Community and social services		(20 862)	23 407	22 168	634	2 825	10 905	(8 081)	-74%	22 168
Sport and recreation		5 721	2 965	2 965	134	134	1 482	(1 348)	-91%	2 965
Public safety		98	0	0	-	-	0	(0)	-100%	0
Housing		-	-	-	-	-	-	-	-	-
Health		-	-	-	-	-	-	-	-	-
<b>Economic and environmental services</b>		(1 678)	28 805	30 544	18 493	33 680	14 651	19 029	130%	30 544
Planning and development		(8 652)	348	348	-	-	174	(174)	-100%	348
Road transport		6 974	28 457	30 197	18 493	33 680	14 477	19 203	133%	30 197
Environmental protection		-	-	-	-	-	-	-	-	-
<b>Trading services</b>		6 326	414	414	-	-	207	(207)	-100%	414
Energy sources		575	0	0	-	-	0	(0)	-100%	0
Water management		-	-	-	-	-	-	-	-	-
Waste water management		-	-	-	-	-	-	-	-	-
Waste management		5 752	414	414	-	-	207	(207)	-100%	414
<b>Other</b>		-	-	-	-	-	-	-	-	-
<b>Total Capital Expenditure - Functional Classification</b>	3	(8 810)	55 592	56 092	19 261	36 639	27 246	9 393	34%	56 092
<b>Funded by:</b>										
National Government		16 908	32 250	32 250	2 518	16 033	16 125	(92)	-1%	32 250
Provincial Government		(0)	0	0	-	-	0	(0)	-100%	0
District Municipality		-	-	-	-	-	-	-	-	-
Transfers and subsidies - capital (monetary allocations) (Nat/ Prov Deparim Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporabns, Higher Educ Institutions)		-	-	-	-	-	-	-	-	-
<b>Transfers recognised - capital</b>		16 908	32 250	32 250	2 518	16 033	16 125	(92)	-1%	32 250
<b>Borrowing</b>	6	-	-	-	-	-	-	-	-	-
<b>Internally generated funds</b>		(25 717)	23 342	23 842	16 743	20 606	11 121	9 485	85%	23 842
<b>Total Capital Funding</b>		(8 810)	55 592	56 092	19 261	36 639	27 246	9 393	34%	56 092

Table C5 reflects that the technical department is the custodian of capital projects, furthermore the budget is allocated to road construction projects, funding for capital projects is received from national government as well as internally through fund investment and interest generation.

## FINANCIAL POSITION Table 6 Table C6 displays the financial position of the municipality for the period ending 31 December 2025

KZN242 Nquthu - 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
<b>R thousands</b>	1					
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and cash equivalents		74 230	51 849	51 849	123 989	51 849
Trade and other receivables from exchange transactions		9 988	10 218	10 218	9 729	10 218
Receivables from non-exchange transactions		36 308	84 007	84 007	49 909	84 007
Current portion of non-current receivables		-	-	-	-	-
Inventory		23 272	1 369	1 369	23 187	1 369
VAT		7 912	55 029	55 029	11 751	55 029
Other current assets		54	66	66	54	66
<b>Total current assets</b>		<b>151 764</b>	<b>202 537</b>	<b>202 537</b>	<b>218 620</b>	<b>202 537</b>
<b>Non current assets</b>						
Investments		-	-	-	-	-
Investment property		53 255	39 384	39 384	53 255	39 384
Property, plant and equipment		696 480	760 348	760 848	765 652	760 848
Biological assets		-	-	-	-	-
Living and non-living resources		-	-	-	-	-
Heritage assets		79	79	79	79	79
Intangible assets		-	3	3	-	3
Trade and other receivables from exchange transactions		-	-	-	-	-
Non-current receivables from non-exchange transactions		-	-	-	-	-
Other non-current assets		-	0	0	-	0
<b>Total non current assets</b>		<b>749 814</b>	<b>799 814</b>	<b>800 314</b>	<b>818 986</b>	<b>800 314</b>
<b>TOTAL ASSETS</b>		<b>901 577</b>	<b>1 002 350</b>	<b>1 002 850</b>	<b>1 037 606</b>	<b>1 002 850</b>
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Bank overdraft		-	-	-	-	-
Financial liabilities		20	20	20	20	20
Consumer deposits		2 216	1 803	1 803	2 233	1 803
Trade and other payables from exchange transactions		55 342	49 725	49 725	32 515	49 725
Trade and other payables from non-exchange transactions		49	0	0	37 295	0
Provision		13 375	13 054	13 054	13 375	13 054
VAT		1 136	47 149	47 149	4 175	47 149
Other current liabilities		-	-	-	-	-
<b>Total current liabilities</b>		<b>72 138</b>	<b>111 751</b>	<b>111 751</b>	<b>89 614</b>	<b>111 751</b>
<b>Non current liabilities</b>						
Financial liabilities		(20)	(20)	(20)	(20)	(20)
Provision		1 529	896	896	1 529	896
Long term portion of trade payables		-	-	-	-	-
Other non-current liabilities		-	0	0	-	0
<b>Total non current liabilities</b>		<b>1 508</b>	<b>875</b>	<b>875</b>	<b>1 508</b>	<b>875</b>
<b>TOTAL LIABILITIES</b>		<b>73 646</b>	<b>112 626</b>	<b>112 626</b>	<b>91 122</b>	<b>112 626</b>
<b>NET ASSETS</b>	2	<b>827 931</b>	<b>889 724</b>	<b>890 224</b>	<b>946 484</b>	<b>890 224</b>
<b>COMMUNITY WEALTH/EQUITY</b>						
Accumulated surplus/(deficit)		810 417	826 141	826 141	860 303	826 141
Reserves and funds		162	152	152	162	152
Other		-	-	-	-	-
<b>TOTAL COMMUNITY WEALTH/EQUITY</b>	2	<b>810 579</b>	<b>826 293</b>	<b>826 293</b>	<b>860 465</b>	<b>826 293</b>

The table C6 reflects R860 million rands actual accumulated surplus and R826 million rands original budget for accumulated surplus.

**PERFORMANCE INDICATOR Table C7**

**C7 below display the Cash Flow Statement for the month ending 31 December 2025**

**KZN242 Nquthu - Table C7 Monthly Budget Statement - Cash Flow - M06 December**

Description	Ref	Budget Year 2025/26								
		2024/25 Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<b>R thousands</b>										
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>										
<b>Receipts</b>										
Property rates		-	35 404	35 404	-	-	17 702	(17 702)	-100%	35 404
Service charges		6 537	33 949	33 949	-	-	16 974	(16 974)	-100%	33 949
Other revenue		-	31 683	31 683	-	-	15 842	(15 842)	-100%	31 683
Transfers and Subsidies - Operational		452 602	221 926	221 926	83 786	255 428	110 963	144 465	130%	221 926
Transfers and Subsidies - Capital		-	75 066	75 066	-	-	37 533	(37 533)	-100%	75 066
Interest		-	(19 952)	(19 952)	-	6 943	(9 976)	16 919	-170%	(19 952)
Dividends		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Suppliers and employees		(475 577)	(296 855)	(296 854)	(45 395)	(236 180)	(125 059)	111 121	-89%	(296 854)
Interest		-	-	-	-	-	-	-	-	-
Transfers and Subsidies		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>		<b>(16 438)</b>	<b>81 222</b>	<b>81 222</b>	<b>38 391</b>	<b>26 191</b>	<b>63 979</b>	<b>37 788</b>	<b>59%</b>	<b>81 222</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
<b>Receipts</b>										
Proceeds on disposal of PPE		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current receivables		-	-	-	-	-	-	-	-	-
Decrease (increase) in non-current investments		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Capital assets		-	(101 890)	(101 890)	-	-	(50 945)	(50 945)	100%	(101 890)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>		<b>-</b>	<b>(101 890)</b>	<b>(101 890)</b>	<b>-</b>	<b>-</b>	<b>(50 945)</b>	<b>(50 945)</b>	<b>100%</b>	<b>(101 890)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
<b>Receipts</b>										
Short term loans		-	-	-	-	-	-	-	-	-
Borrowing long term/refinancing		-	-	-	-	-	-	-	-	-
Increase (decrease) in consumer deposits		-	-	-	-	-	-	-	-	-
<b>Payments</b>										
Repayment of borrowing		-	-	-	-	-	-	-	-	-
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>(16 438)</b>	<b>(20 668)</b>	<b>(20 668)</b>	<b>38 391</b>	<b>26 191</b>	<b>13 034</b>			<b>(20 668)</b>
Cash/cash equivalents at beginning:		92 533	71 395	71 395	-	74 230	71 395			74 230
Cash/cash equivalents at month/year end:		76 095	50 727	50 727	38 391	100 421	84 429			53 562

The table C7 cash flow statement transactions from operating activities with a year-to-date actual figure of R26 million rands. There are Rnil transactions under investing activities and financing activities.

## PART 2 – SUPPORTING DOCUMENTATION

### 2.1 DEBTOR’S ANALYSIS

The table 2.1.1 shows the debtors ageing arranged per service type. The balance of debtor’s book amounts to R131 million rands. Collection strategies are implemented by the municipality to encourage customers to settle the bills on time. Monthly statements are emailed to customers and electricity cut-off is implemented.

### DEBTORS AGE ANALYSIS

TABLE 2.1.1.

December 2025 Age Analysis								
Totals per Service Type	Total Balance	Current Amount	30 Days Amount	60 Days Amount	90 Days Amount	120 Days Amount	150 Days Amount	180+ Days Amount
Advance Payment	R -2 302 834.04	R -2 302 834.04	R -	R -	R -	R -	R -	R -
Adv-Pay Reverse	R 585.49	R -	R 27.64	R -	R -	R -	R -	R 557.85
Deposit: Waste Disposal	R 2 000.00	R -	R -	R -	R -	R -	R -	R 2 000.00
Electricity Basic	R 835 179.55	R 249 562.71	R 49 452.27	R 31 107.42	R 26 597.54	R 28 384.01	R 22 762.56	R 427 313.04
Electricity Metered	R 5 342 105.62	R 2 663 045.46	R 798 108.68	R 399 825.95	R 144 029.98	R 109 760.12	R 86 861.41	R 1 140 474.02
Market stalls	R 1 120 868.79	R 40 131.17	R 18 839.67	R 18 172.94	R 17 802.97	R 16 888.54	R 16 296.86	R 992 736.64
OFFICE RENTAL	R 160 487.39	R 34 740.53	R 17 257.15	R 12 863.04	R 11 106.67	R 12 036.00	R 11 965.33	R 60 518.67
Plaza Market Stalls	R 263 407.92	R 18 620.62	R 8 594.15	R 8 144.16	R 7 893.76	R 7 760.79	R 7 634.06	R 204 760.38
Property Rates	R 111 780 076.56	R 11 497 854.68	R 5 115 683.07	R 4 047 517.82	R 3 047 957.37	R 3 161 601.48	R 460 534.99	R 84 448 927.15
Rent (M001)	R 697 946.31	R 122 243.20	R 7 060.56	R 15 409.38	R 15 465.77	R 15 386.07	R 14 985.25	R 507 396.08
Repay: Waste Disposal	R 26 042.68	R -	R -	R -	R -	R -	R -	R 26 042.68
Signs (M001)	R 1 119.59	R -	R -	R -	R -	R -	R -	R 1 119.59
Stall rental	R 30 755.36	R 2 393.05	R 131.22	R 131.22	R 131.22	R 131.22	R 131.22	R 27 706.21
Sundries (VAT)	R 14 266.81	R 11 419.38	R 2 709.34	R 138.09	R -	R -	R -	R -
Tampering Fee	R 514 631.33	R 30 993.00	R 29 488.69	R 5 413.00	R -	R 1 000.00	R -	R 447 736.64
Traffic Fines	R 4 598 671.02	R 99 300.00	R 43 000.00	R 22 400.00	R 56 100.00	R 81 200.00	R 49 000.00	R 4 247 671.02
Traffic Fines (M001)	R 1 734 180.76	R -	R -	R -	R -	R -	R -	R 1 734 180.76
Waste Disposal	R 6 923 424.40	R 415 355.91	R 127 327.60	R 112 560.94	R 99 493.97	R 94 469.32	R 99 297.02	R 5 974 919.64
<b>Total</b>	<b>R 131 742 915.54</b>	<b>R 12 882 825.67</b>	<b>R 6 217 680.04</b>	<b>R 4 673 683.96</b>	<b>R 3 426 579.25</b>	<b>R 3 528 617.55</b>	<b>R 769 468.70</b>	<b>R 100 244 060.37</b>

### DEBT COLLECTION RATES

Collection Table 2.1.2.

Cash Collected for each Revenue Source via Billing (December 2025)				
	Cash collection	Ageing - December 2025	Collection rate per BT	Billed revenue - December 2025
Rates	R -1 655 772.33	R 111 780 076.56	-1%	R 6 555 020.64
Electricity	R -3 028 838.55	R 6 177 285.17	-49%	R 2 148 275.49
Refuse	R -190 424.87	R 6 951 467.08	-3%	R 271 923.13
Stalls Rental , Traffic fines & Other Rentals	R -63 385.35	R 7 982 618.71	-1%	R 111 028.94
Advance payments	R -	R 1 153 716.57	0%	R -
	R -100 221.47	R -2 302 248.55	4%	R -
	R -			R -
<b>TOTAL CASH RECEIVED (BI</b>	<b>R 5 038 642.57</b>	<b>R 131 742 915.54</b>		<b>R 9 086 248.20</b>
Total Ageing	<b>R 131 742 915.54</b>		November 2025 Billing	R 9 425 628.54
Total debtors' payments	R 5 038 642.57		December 2025 Paym	R 5 038 642.57
		4%		53%

Cash collected under the reporting period amounts to R5 million rands resulting in collection rate of 56% from the current financial year billing. The comparison to the previous month billing against current month payments results to 53% collection rate, which is significantly below the norm of 95%. The municipality is currently implementing strategies to improve collection like disconnections and early settlement incentives.

## DEBTOR'S RATIOS

**Ratios table 2.1.3.**

DECEMBER 2025 RATIOS		
(Gross Debtors Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off)/Billed Revenue x 100	56	Collection Rate
((Gross Debtors - Bad debt Provision)/ Actual Billed Revenue)) x 365	2426.21	Net Debtors Days
(Period under review's Total Revenue - previous period's Total Revenue)/ previous period's Total Revenue ) x 100	-3.60	Revenue Growth (%)

Collection rates stand at 56% using the ratios as provided by National Treasury circular 71. The net debtors' days are increased to 2 426.21 against the days reported in the preceding month. It means that it takes the municipality above 5 years to collect the current debt, the debtors' days signal cash flow challenges to fund certain expenditure items.

## INDIGENT DEBTORS' STATUS

The indigent debtor registration period started in February and closed in April. The total debtors that qualified for indigent debt relief rebates totals to 207. Physical verification was conducted. The rebates granted to eligible indigent debtors encompasses the 100% rebate on billed rates and services for the current year.

## ELECTRICITY LOSSES

The electricity losses for the period under review amounts to R2.6 million rands which translate to 13.11%. The municipality through the management committee considered a decision to

engage in a competitive bidding process in sourcing a service provider that will assist with all electricity challenges. Previously the municipality engaged in the RT29 transversal contract process, and unfortunately the application was decline by National Treasury.

<b>ELECTRICITY OPERATION LOSS 25/26 (RAND VALUE)</b>											
Month	Season High/Low	Bulk Purchases Amount 25/26	Total kWh Amount 25/26 (Internal sales)	Ontec 3rd party sales	Fixed Costs - Basic Charge	SEBATA Billing 25/26	FBE	Own Consumption	Total Electricity	Profit / Loss on sale of electricity	%Profit/Loss
July	High	R 5 336 844.32	R 304 992.00	R 595 046.30	R 37 569.00	R 2 540 416.11	R 207 210.74	R 68 262.13	R 3 753 496.28	R 1 583 348.04	29.67%
August	High	R 3 080 617.17	R 230 201.69	R 602 808.39	R 38 829.00	R 2 419 647.64	R 205 205.48	R 66 412.44	R 3 563 104.64	-R 482 487.47	-15.66%
September	Both	R 3 988 798.14	R 199 281.36	R 529 742.29	R 39 060.00	R 2 401 917.60	R 185 238.02	R 56 060.33	R 3 411 299.60	R 577 498.54	14.48%
October	Low	R 3 791 556.82	R 199 928.16	R 569 723.72	R 40 278.00	R 2 330 503.42	R 186 016.74	R 57 874.34	R 3 384 324.38	R 407 232.44	10.74%
November	Low	R 3 682 101.41	R 163 571.72	R 547 180.46	R 40 719.00	R 2 163 179.07	R 185 627.38	R 60 404.09	R 3 160 681.72	R 521 419.69	14.16%
December	Low	R 3 305 217.75	R 157 256.90	R 590 613.79	R 38 598.00	R 1 868 065.71	R 178 132.20	R 55 533.93	R 2 888 200.53	R 417 017.22	12.62%
<b>TOTALS</b>		<b>R 23 185 135.61</b>	<b>R 1 255 231.83</b>	<b>R 3 435 114.95</b>	<b>R 235 053.00</b>	<b>R 13 723 729.55</b>	<b>R 1 147 430.56</b>	<b>R 364 547.26</b>	<b>R 20 161 107.15</b>	<b>R 3 024 028.46</b>	<b>13.04%</b>

The advert was placed on the newspaper on the 25<sup>th</sup> October 2025, thereby providing specification as summarised to state that the municipality aims to source an electricity meter management system that will improve service efficiency in meter reading, debt-collection, customer service, revenue collection, prevention of energy theft, restrict / identify / manage tampering and in general improve the financial position and standing of the municipality.

**2.2. CREDITOR’S ANALYSIS**

The municipality continues to pay creditors invoices in line with MFMA prescripts as stated that it should be within 30 days, end user departments are encouraged to attend to invoices timely to avoid delays, and to ensure accurate invoices are submitted to ensure the 30 days threshold is met.

The highest cost driver for operational expenditure is bulk purchase and security services costs. The municipality have no arrear debt with Eskom.

## Creditors payment summary: Table 2.2.1

<b>CREDITORS REPORT FOR DECEMBER 2025</b>			
<b>No.</b>	<b>VENDOR NAME</b>	<b>DESCRIPTION</b>	<b>AMOUNT</b>
<b>1</b>	SPEPIMELELO (PTY) LTD	SUPPLY AND DELIVER FENCING MATERIAL	4 894 130.88
			<b>4 894 130.88</b>
<b>2</b>	ESKOM HOLDINGS 5140422473	JABAVU COMMUNITY HALL	3 130.35
	ESKOM HOLDINGS 5140422473	JABAVU COMMUNITY HALL	2 497.46
	ESKOM HOLDINGS 5687352660	NQUTHU COMMUNITY MULTI-PUPOSE HALL	9 738.03
	ESKOM HOLDINGS 5687352660	NQUTHU COMMUNITY MULTI-PUPOSE HALL	3 922.37
	ESKOM HOLDINGS 5742571184	LUVISI COMMUNITY HALL	4 641.72
	ESKOM HOLDINGS 5742571184	LUVISI COMMUNITY HALL	2 399.84
	ESKOM HOLDINGS 6033862343	FREE BASIC ELECTRICITY (FBE)	433 654.05
	ESKOM HOLDINGS 6126932137	POTSOANA LIBRARY	1 962.18
	ESKOM HOLDINGS 6126932137	POTSOANA LIBRARY	1 772.29
	ESKOM HOLDINGS 6642941367	LEKSAND RURAL COMMUNITY HALL	2 396.70
	ESKOM HOLDINGS 6642941367	LEKSAND RURAL COMMUNITY HALL	2 765.08
	ESKOM HOLDINGS 6916174790	TOWN BOARD LIBRARY NONDWENI	5 627.25
	ESKOM HOLDINGS 6916174790	TOWN BOARD LIBRARY NONDWENI	7 683.36
	ESKOM HOLDINGS 8505522436	MASOTSHENI HALL	615.22
	ESKOM HOLDINGS 8817457976	NONDWENI URBAN STREETLIGHT	13 955.57
	ESKOM HOLDINGS 9063390800	NGEDLA COMMUNITY HALL	1 800.08
	ESKOM HOLDINGS 9253164668	NGOLOKODO LIBRARY	6 763.94
	ESKOM HOLDINGS 9253164668	NGOLOKODO LIBRARY	6 319.96
	ESKOM HOLDINGS 9279445291	SGUBUDU COMMUNITY HALL	3 284.63
	ESKOM HOLDINGS 9279445291	SGUBUDU COMMUNITY HALL	12 593.44
	ESKOM HOLDINGS 9426259616	BLOOD RIVER SPORTSFIELD	1 962.18
	ESKOM HOLDINGS 9426259616	BLOOD RIVER SPORTSFIELD	2 088.77
	ESKOM HOLDINGS BULK 8848733513	BULK ELECTRICITY PURCHASES	4 234 416.62
			<b>4 765 991.09</b>
<b>3</b>	AUDITOR GENERAL - SA	EXTERNAL AUDIT FEES 31DEC2025	1 187 840.43
			<b>1 187 840.43</b>
<b>4</b>	SEBATA MUNICIPAL SOLUTIONS	FINANCIAL SYSTEM SUPPORT	75 920.70
	SEBATA MUNICIPAL SOLUTIONS	FINANCIAL SYSTEM SUPPORT	98 230.59
	SEBATA MUNICIPAL SOLUTIONS	FINANCIAL SYSTEM SUPPORT	4 743.75
	SEBATA MUNICIPAL SOLUTIONS	BI-ANNUAL EMS LICENSE FEE 2025/2026	568 835.76
	SEBATA MUNICIPAL SOLUTIONS	BI-ANNUAL HOSTING FEE 2025/2026	416 791.45
			<b>1 164 522.25</b>
<b>5</b>	KWANONGOMA TRADING	FOOD VOUCHERS FOR YOUTH HEADED-HOUSEHOLDS	260 000.00
	KWANONGOMA TRADING	SPAR VOUCHERS	689 000.00
			<b>949 000.00</b>
<b>6</b>	NTSHIDI AND ASSOCIATES CC	INTERNAL AUDIT FEES FIRST VISIT	700 046.40
			<b>700 046.40</b>
<b>7</b>	NKOSINGIPHE INKAZIMULO TRADING AND PROJECTS	PREPARATION OF AFS NOV2025	605 894.75
			<b>605 894.75</b>

8	ADVENTURE TRAVEL	ACCOMMODATION OF 05 ASSET OFFICIALS ATTENDING ASSET TRAINING IN MIDRAND (30 NOV 2025 - 05 DEC 2025)	53 642.81
	ADVENTURE TRAVEL	ACCOMMODATION OF FINANCE INTERNS ATTENDING PFMA TRAINING IN DURBAN (30 NOV 2025 - 05 DEC 2025)	53 285.25
	ADVENTURE TRAVEL	ACCOMMODATION OF MB JIYANE IN PMB (05-06 NOV 2025)	2 021.13
	ADVENTURE TRAVEL	ACCOMMODATION OF N HLATSHWAYO ATTENDING MFMP IN VOLKRUST (02-07 NOV 2025)	10 465.00
	ADVENTURE TRAVEL	FLIGHTS AND ACCOMMODATION OF 07 DELEGATES FROM DURBAN AND JHB TO CAPETOWN (08-12 DEC 2025)	158 922.68
	ADVENTURE TRAVEL	ACCOMMODATION OF 03 MUNICIPAL OFFICIALS IN DURBAN (17-18 NOV 2025)	7 555.50
	ADVENTURE TRAVEL	ACCOMMODATION OF 04 MUNICIPAL OFFICIALS ATTENDING PFMA IN DURBAN (26-31 OCT 2025)	35 765.00
	ADVENTURE TRAVEL	CONFERENCE VENUE AND ACCOMMODATION OF 300 DELEGATES IN NCOME LODGE (20-21 NOV 2025)	18 434.50
	ADVENTURE TRAVEL	ACCOMMODATION OF SS ZULU IN NEWCASTLE (19-21 NOV 2025)	4 393.00
	ADVENTURE TRAVEL	ACCOMMODATION OF H NYANDENI AND B MNGUNI IN DURBAN (23-24 OCT 2025)	3 444.26
	ADVENTURE TRAVEL	ACCOMMODATION OF 02 MUNICIPAL OFFICIALS IN DURBAN (11-12 NOV 2025)	8 415.70
	ADVENTURE TRAVEL	ACCOMMODATION OF 05 DELEGATES IN DURBAN (24-28 NOV 2025)	45 932.49
	ADVENTURE TRAVEL	ACCOMMODATION OF BP SIBIYA AND M SIBISI ATTENDING DISCIPLINARY HEARING IN VRYHEID (06-07 NOV 2025)	3 381.00
	ADVENTURE TRAVEL	ACCOMMODATION OF J MOTLOUNG ATTENDING SALGA GAMES IN PMB (04-08 DEC 2025)	9 959.00
	ADVENTURE TRAVEL	ACCOMMODATION OF ME SIBIYA ATTENDING JOB EVALUATION MEETING IN NEWCASTLE (30 NOV 2025 - 04 DEC 2025)	7 935.00
	ADVENTURE TRAVEL	ACCOMMODATION OF M DUBE ATTENDING SALGA GAMES IN PMB (01-04 DEC 2025)	5 563.13
	ADVENTURE TRAVEL	ACCOMMODATION OF 04 MUNICIPAL OFFICIALS ATTENDING PFMA IN DURBAN (23-28 NOV 2025)	41 385.05
	ADVENTURE TRAVEL	ACCOMMODATION OF MAYOR AND HIS BODYGUARDS ATTENDING 2025 SALGA NATIONAL MEMBERS ASSEMBLY IN DURBAN (24-28 NOV 2025)	28 352.10
	ADVENTURE TRAVEL	ACCOMMODATION OF MV NYAWOSE AND S NDLOVU IN DURBAN (20-21 NOV 2025)	4 696.60
	ADVENTURE TRAVEL	ACCOMMODATION OF MB JIYANE ATTENDING 2025 SALGA NATIONAL MEMBERS ASSEMBLY IN DURBAN (24-27 NOV 2025)	5 658.00
	ADVENTURE TRAVEL	ACCOMMODATION OF 05 MUNICIPAL OFFICIALS IN DURBAN (25-26 NOV 2025)	9 200.00
	ADVENTURE TRAVEL	ACCOMMODATION OF ST GABELA ATTENDING SIBABEKILE DISABILITY MUSIC FESTIVAL IN DURBAN (21-23 NOV 2025)	3 874.35
	ADVENTURE TRAVEL	ACCOMMODATION OF M DUBE AND M MBATHA ATTENDING EMS TRAINING IN BLOEMFONTEIN (24-28 NOV 2025)	18 262.91
			<b>540 544.46</b>
9	NQUTHU COMMUNITY TOURISM ORGANISATION	PRINCESS MAGOGO RESEARCH AND ADVISORY	533 000.00
			<b>533 000.00</b>
10	KHANYA AFRIKA NETWORKS	SYSTEM ACCESS AND INFORMATION FEES	498 010.64
			<b>498 010.64</b>

**CREDITORS AGE ANALYSIS: TABLE 2.2.2**

<b>Creditor's ageing reconciliation for the month ending 31 December 2025</b>			
<b>CREDITORS ACCOUNT RECONCILIATION REPORT MONTH ENDING DECEMBER 2025</b>			
Total Balances as per EMS INVOICE AGE ANALYSIS REPORT:			<b>R 2 958 379.66</b>
AGE ANALYSIS TOTAL AMOUNT:			<b>R 2 958 379.66</b>
<b>CLOSING BALANCE FOR UNPAID CREDITORS AS PER AGE ANALYSIS REPORT</b>			<b>R 2 958 379.66</b>
<b>AGED ANALYSIS</b>		<b>R 2 958 379.66</b>	
Current (Transactions below 30 days)	R -	<b>R 0.00</b>	
<30 Days	R -	<b>R 1 418 065.97</b>	
<60 Days	R -	<b>R 398 590.95</b>	
<90 Days	R -	<b>R 900 055.47</b>	
<120 Days	R -	<b>R 11 120.33</b>	
<150 Days	R -	<b>R 98 129.65</b>	
<180 Days	R -	<b>R 0.00</b>	
>180 Days	R -	<b>R 132 417.29</b>	

**EARLY WARNING SIGNALS**

Provincial Treasury on its quarterly assessment of the municipality’s data strings identified creditors that were above 90 days and issued early warning signal. The matter has been investigated by the municipality to determine the root cause. The cause for these long outstanding creditors is due to recording of transactions in the financial system using invoice date which normally differs from the date invoice is received by the municipality. The financial system vendor has been engaged on the matter to assist in addressing it. The municipality is still committed to complying with MFMA in paying creditors within 30 days.

## 2.3 INVESTMENT PORTFOLIO, BANK BALANCE ANALYSIS

The investment register reflects investment state of the municipality. Operating and capital expenditure requires that the municipality withdraws from time to time from investments to ensure cashflow suffice hence the withdrawals history of R500 thousand rands. The investment balance amounts to R80.1 million rands. There are no changes to reported information in the previous month.

**Table 2.3.1 Investment register for the period ending 30 December 2025**

INVESTMENT REGISTER- DECEMBER 2025						
INSTITUTION	BALANCE	INVESTED	INTEREST	WITHDRAWAL	BANK CHARGES	BALANCE
		IN CURRENT YEAR	RECEIVED			
ABSA (1394) HOUSING A/C	R 2 023 002.85	R -	R 55 308.08	R -	R -	R 2 078 310.93
ABSA (4328)	R 24 857.33	R -	R 647.28	R -	R 250.00	R 25 254.61
ABSA (5014)	R 96 511.20	R -	R 2 834.55	R -	R -	R 99 345.75
ABSA CALL (5892)	R 16 552 594.49	R 5 680 720.54	R 515 665.83	R 500 000.00	R -	R22 248 980.86
FNB CALL (1408)	R 10 845 156.72	R -	R 359 474.37	R -	R 1 062.00	R11 203 569.09
NEDBANK (3)	R 1 330.19	R -	R 38.41	R -	R -	R 1 368.60
STANDARD BANK 014	R 7 756.20	R -	R 188.97	R -	R -	R 7 945.17
STANDARD BANK 063	R 27 549 828.32	R -	R 949 558.35	R -	R -	R28 499 386.67
STANDARD BANK 068	R 16 236 626.89	R -	R 545 899.32	R -	R -	R16 782 526.21
<b>TOTAL</b>	<b>R73 337 664.19</b>	<b>R5 680 720.54</b>	<b>R2 429 615.16</b>	<b>R500 000.00</b>	<b>R1 312.00</b>	<b>R80 946 687.89</b>

Withdrawal history is shown in the table below providing a telling picture on withdrawal movement since the start of the financial year. The municipal operational needs resulted in the withdrawal in July amounting to R500 thousand rands, there are no subsequent withdrawals.

INVESTMENTS WITHDRAWAL							
DATE	ACCOUNT FROM	AMOUNT	ACCOUNT TO		ACCOUNT TYPE	BALANCE BEFORE	WITHDRAWAL REASON
04-Jul-25	ABSA 5892	500 000.00	ABSA 2762		PRIMARY	2 950 471.60	pay for normal operations
		<u>500 000.00</u>					

**Table 2.3.2 Bank Balance (Primary account)**

Bank balance for primary account reflects the amount of R27.7 million rands for the month under review.

<b>BANK RECONCILIATION (PRIMARY ACCOUNT)</b>		4053562762
Details	Amount	
<b>Cash book balance as at 31 December 2025</b>	<b>R</b>	<b>27 771 351.03</b>
Outstanding deposits		R0.00
Unknown deposits		R0.00
Bank charges		R0.00
Outstanding cheques		R0.00
Transfers		R0.00
Sundries		R0.00
Outstanding receipts		R0.00
<b>Bank statement balance as at 31 December 2025</b>	<b>R</b>	<b>27 771 351.03</b>

Bank balance for grant account reflects the amount of R99 thousand rands for the month under review.

<b>BANK RECONCILIATION (GRANTS ACCOUNT)</b>	
<b>Details</b>	<b>Amount</b>
<b>Cash book balance as at 31 December 2025</b>	<b>R99 345.75</b>
Unknown deposits	R0
Outstanding cheques	R0
Bank charges	R0
Returned cheques	R0
Transfers	R0
Sundries	R0
Outstanding receipts	R0
<b>Bank statement balance as at 31 December 2025</b>	<b>R99 345.75</b>

## 2.4 ALLOCATION AND GRANT RECEIPTS AND EXPENDITURE

### Grants register for the period ending 31 December 2025

#### Grant register Table 2.4.1

Summary of Grants received and expenditure to date								
	Grant Type	Pre-Audited Balance as at 1-Jul-2025	Dora/Prov Allocation for year	Received 2025/26	Spent & transferred to income 2025/26	Balance as at 2025/26	Available funds/not committed 2025/26	% Spending
National Grants operational	Eletrification(INEP)		(20 000 000.00)	(13 000 000.00)	6 451 384.08	(6 548 615.92)	(6 548 615.92)	-50%
	FMG		(1 900 000.00)	(1 900 000.00)	914 429.50	(985 570.50)	(985 570.50)	-48%
	EPWP		(1 639 008.00)	(1 148 000.00)	635 208.00	(512 792.00)	(512 792.00)	-55%
National Grants Capital	MIG		(37 961 004.00)	(31 000 000.00)	18 437 705.59	(12 562 294.41)	(12 562 294.41)	-59%
KZN Grants Operational	Cybercadet			(554 000.00)	305 205.12	(248 794.88)	(248 794.88)	-55%
	Library Modular			(1 560 000.00)	1 259 653.80	(300 346.20)	(300 346.20)	-81%
	Library Volunteer			(124 000.00)	40 000.00	(84 000.00)	(84 000.00)	-32%
	Library support		(4 493 000.00)	(2 142 000.00)	1 377 251.65	(764 748.35)	(764 748.35)	-64%
							-	
	<b>TOTALS</b>	<b>-</b>	<b>(65 993 012.00)</b>	<b>(51 428 000.00)</b>	<b>29 420 837.74</b>	<b>(22 007 162.26)</b>	<b>(22 007 162.26)</b>	

The grants spending is as follows:

1. INEP 50% spent.
2. MIG grant 59% spent.
3. FMG 48% spent.
4. EPWP 55% spent.
5. Library support 64%
6. Cybercadet 55%
7. Library modular 81%
8. Library volunteer 32%

The total grant funding received amounts to R51.4 million rands. The total grant expenditure to date amounts to R29.4 million rands.

## **2.5 COUNCILLOR ALLOWANCES AND EMPLOYEE BENEFITS**

### **Expenditure on employee benefits**

Employee benefits for the month under reporting amount to R56 million rands. New staff establishment was adopted by council in the last quarter of the previous financial year which will impact the staff benefits. Councillor allowances expenditure amounts to R 7.6 million rands. Table 2.5.1 below provide full details on both staff and councillor benefits.

#### **Table 2.5.1 Staff benefits in terms of Section 66 of the MFMA**

<i>Staff Benefits in terms of Section 66 of the MFMA</i>		
Actual staff benefits and Councillors allowances for the period ending 31 December 2025		
<b>Staff Benefits</b>		
<b>Item</b>	<b>Budget</b>	<b>Year to date actuals</b>
Salaries & Wages	R91 550 207.00	R 38 833 207.25
Contributions to pension funds	R11 886 283.00	R 5 312 275.60
Contributions to medical aids	R2 377 963.00	R 1 925 404.10
Contributions to UIF	R626 907.00	R 293 460.23
Contributions to SDL	R964 369.00	R 467 841.31
Travel, motor car	R4 209 576.00	R 2 648 640.85
Salga	R40 066.00	R 21 673.85
Housing benefits and allowances	R749 160.00	R 102 980.24
Cellphone Allowance	<b>R0.00</b>	R0.00
Overtime payments	R1 913 336.00	R 1 593 361.96
Bonuses	R6 321 148.00	R 3 449 979.07
Other leave & long service	R624 578.00	R 447 327.34
Allowances ( Standby and Drivers Allowance)	R1 796 316.00	R 1 302 892.46
<b>Totals</b>	<b>R 123 059 909.00</b>	<b>R 56 399 044.26</b>
<b>Councillors Allowances</b>		
<b>Item</b>	<b>Budget</b>	<b>Year to date actuals</b>
Councillors Allowances	R14 129 290.00	R 7 030 368.97
Cellphone/Data Allowance	R2 298 473.00	R 583 931.34
Contributions to SDL	R40 995.00	R 73 495.32
<b>Totals</b>	<b>R16 468 758.00</b>	<b>R 7 687 795.63</b>

## 2.6 SCM REPORTS

### INVENTORY

The municipality inventory levels are controlled through stock issues at the stores and recons are performed monthly to ensure that all inventory items are accounted for. Monthly reconciliations are performed to ensure that inventory items are accounted for. The inventory reconciliation below shows a balance of R1 million rands there are no movements from the previous month.

**Table 2.6.1. Inventory reconciliation**

<b>Inventory Reconciliation</b>	
<b>INVENTORY MODULE</b>	
<b>OPENING BALANCE AS PER INVENTORY REPORT</b>	<b>R 1 052 156.21</b>
<b>ADD: TOTAL RECEIPTS</b>	<b>R 0.00</b>
Inventory purchases for the month	R 0.00
<b>LESS: TOTAL ISSUES</b>	<b>R 0.00</b>
Inventory issued from stores during the month	R 0.00
<b>ADJUSTMENTS</b>	<b>R 0.00</b>
Add: stock surplus identified during the month Less: Stock losses identified during the month	R 0.00
<b>CLOSING BALANCE AS PER INVENTORY REPORT</b>	<u><u><b>R 1 052 156.21</b></u></u>
<b>GENERAL LEDGER VOTE BALANCE:</b>	<b>R 1 052 155.89</b>

**IRREGULAR & FRUITLESS EXPENDITURE**

The municipality incurred the irregular expenditure amounting to R10.5 million rands for operational expenditure and R23.6 million rands for the month under reporting, hence the total irregular expenditure amounts to R34.2 million rands to date.

**Table 2.6.2 Unauthorised and irregular expenditure summary**

QUARTER 2 - NOVEMBER 2025 IRREGULAR EXPENDITURE				
MONTH No.	MONTH NAME	EXPENDITURE TYPE		MONTHLY TOTALS
OPENING BALANCE		OPERATIONAL	CAPITAL	
		R 7 827 169.51	R 13 176 464.33	
1	October	R 1 946 973.25	R 5 607 569.07	R 7 554 542.32
2	November	R 773 117.06	R 4 881 668.97	R 5 654 786.03
3	December	R -	R -	R -
<b>CLOSING BALANCE</b>		<b>R 10 547 259.82</b>	<b>R 23 665 702.37</b>	<b>R 34 212 962.19</b>
	<b>TOTAL UIFW EXPENDITURE</b>		<b>R 34 212 962.19</b>	

## FRUITLESS EXPENDITURE

The municipality under the reporting period adds R118 to the fruitless expenditure register, thereby the total increase to R87 thousand rands. The expenditure was kept at nil for the entire quarter one.

Demarcation Board Code: KZN242 Register for Fruitless and wasteful Expenditure Year Ended 30 June 2026		Financial Year 2025/ 2026 Nquthu Local Municipality Month Nov-25		
Description	Payment no./EFT no/ Cheque No. / Month			Amount
<b>Other- Penalty fees paid in Aug 2024</b>				<b>R86 881.80</b>
Compensation Fund- Sec83(6) Penalty	#79477	71 916.25		
NJMPF-Super Annuation- Interest on salary invest	#79568	14 564.55		
NJMPF-Super Annuation- Penalty 2023	#79567	30.63		
NJMPF-Penalty 2023-Provident	#79566	370.37		
<b>Other -Driving Licences</b>				<b>R118.36</b>
Penalty on late invoice payment	#81081	R118.36		
Arrears on late payment		R0.00		
<b>TOTAL as @ 30 Nov 2025</b>				<b>R 87 000.16</b>

## DEVIATIONS

Deviations and all other matters relating to MFMA SCM Regulations Section 6 are reported monthly as a separate item.

## 2.7 MATERIAL VARIANCES TO SDBIP

The detailed SDBIP and Performance report is attended and reported by the Performance Management unit.

Material variances on Table C4 based on actuals against budget are noted. The variance reasons between actuals vs budget figures are detailed below:

KZN242 Nquthu - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M06 December

Description	Budget Year 2025/26			Variance reasons
	Original Budget	YearTD actual	YTD variance %	
<b>R thousands</b>				
<b>Revenue</b>				
<b>Exchange Revenue</b>				
Service charges - Electricity	37 183	17 814	-4%	The charges are billed on accounts, the adjustment where necessary will be made mid year
Service charges - Waste management	2 377	1 260	6%	The charges are billed on accounts, the adjustment where necessary will be made mid year
Sale of Goods and Rendering of Services	236	128	9%	The sale of services is based on the needs by consumer affected by tariff increase and impact of illegal consumption.
Interest earned from Receivables	1 171	390	-33%	The interest is charged on outstanding accounts, the payment of account determine the outcome
Interest from Current and Non Current Assets	8 150	2 331	-43%	The interest is earned on investment premised on the balance invested.
Rental from Fixed Assets	1 043	841	61%	The rental income is fixed provided the escalation fees, the adjustment if necessary will be made mid-year.
Operational Revenue	25 331	1 070	-92%	The budget will be revised in line with actual transactions taken place
<b>Non-Exchange Revenue</b>				
Property rates	62 160	36 909	19%	The municipality charges 10 equal installments for property rates, journals are passed where errors are identified. The review will be made during adjustment if need arise.
Fines, penalties and forfeits	4 463	394	-82%	The fines are charged in line with road traffic offenders. Budget will be revised.
Licence and permits	1 088	453	-17%	The licences and permits are issued to compliant holders, review will made once the trends are studied
Transfers and subsidies - Operational	215 536	143 815	33%	The transfers and subsidies budget is reviewed during mid-year assessment
Interest	0	2 066	34439167%	There is no budget for this line item, the actuals shows interest is being charged. The adjustment will be made.
Discontinued Operations	-	-		
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>358 739</b>	<b>207 473</b>	<b>15%</b>	
<b>Expenditure By Type</b>				
Employee related costs	124 644	48 168	-23%	The employee costs actuals are partially captured on the system due to integration issues
Remuneration of councillors	15 974	6 378	-20%	The actuals are partially captured on the system due to integration issues
Bulk purchases - electricity	40 870	19 880	-3%	The bulk services are billed and paid monthly, no arrear payments are incurred.
Inventory consumed	2 046	3 816	273%	The line item include various expenditure items that are not necessarily classified as inventory, journals are made to allocate expenditure accurately.
Depreciation and amortisation	37 000	-	-100%	There is no calculation finalised yet.
Transfers and subsidies	5 454	1 288	-53%	The transfers and subsidies budget is reviewed during mid-year assessment
Irrecoverable debts written off	15 000	154	-98%	The figure represents the indigent customers rebate granted. There are no other debts written off yet.
Operational costs	40 933	26 524	30%	The costs are aligned with billed actuals e.g. copier machines
Losses on Disposal of Assets	0	-	-100%	There is no budget for this line item, there are no actuals. The adjustment budget will be done.
Other Losses	0	-	-100%	There is no budget for this line item, there are no actuals. The adjustment budget will be done.

## PART 3: 2025/26 HALF-YEARLY PERFORMANCE ASSESSMENT

### 3.1 MFAM Section 72 performance assessment requirements

#### Mandatory Assessment Criteria

The Accounting Officer (Municipal Manager) must assess the performance of the municipality for the first half of the financial year (1 July – 31 December), taking the following into account:

- **Section 71 Monthly Statements:** The cumulative financial results from the first six monthly budget statements of the year, as set out in detail in Part 1 and Part 2 of this report.
- **Service Delivery Performance:** Progress against the service delivery targets and performance indicators set in the Service Delivery and Budget Implementation Plan (SDBIP), as set out in detail below.
- **Previous Year's Annual Report:** Progress made on resolving problems and audit findings identified in the prior year's annual report. A number of matters arose in the 2024/25 Annual Report and this report seeks to chart a way forward in responding to those issues.
- **Municipal Entities:** The performance of any municipal entity under the sole or shared control of the municipality. The municipality does not have any municipal entities and this provision is therefore not applicable to it.

### 3.2. SDBIP Scorecard (Quarter One and Quarter Two reported performance)

The scorecard in the following pages outlines in detail actual performance in both quarters and paints as clear a picture as to whether progress is being made in achieving set targets. The report below suggests that serious effort still needs to be put into ensuring that set targets are achieved since the achievement of set targets seem to be stagnant at below 80%, which is undesirable.

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER

Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
<b>QUARTER ONE TO QUARTER TWO PERFORMANCE</b>																										
<b>NATIONAL DEVELOPMENT PLAN: GOAL 7- BUILDING A CAPABLE STATE</b>																										
<b>PROVINCIAL GROWTH &amp; DEVELOPMENT STRATEGY (PGDS): Priority 1: A capable, ethical and developmental state.</b>																										
<b>UMZINYATHI DISTRICT ONE PLAN: PRIORITY - GOVERNANCE AND MANAGEMENT</b>																										
<b>NATIONAL KEY PERFORMANCE AREA 01: MUNICIPAL INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION</b>																										
Building capable local government institutions	1. Ensure human capital development and improve institutional Capacity.	1.1 To improve municipal capability	1.1.1 Ensuring the training of employees and councillors	Corp-01	Number trainings attended by staff members and councillors	8	2	2	2	3	3	2	0	2 Officials were trained on Finance Management Programme	N/A	3 trainings were conducted in Q2	0	0	Number	Trainings	50	220 000	Internal	N/A	Training Report and Attendance Registers	Corporate Services
			1.1.2 Ensuring that identified budgeted posts are filled	Corp-03	Vacancy Rate	0%-10%	0%-10%	1%	0%-10%	5%	5%	0%-10%	0%-10%	1% vacancies filled against advertised positions	N/A	The municipality has achieved 5% by the end of Q2	0%	0%	Permanent Employees		3,70%	N/A	N/A	Organogram and List of employees	Corporate Services	
			1.1.4 Implementation of EAP plan	Corp-04	Percentage of EAP Plan implemented	100%	100%	100%	100%	100%	100%	100%	100%	100%	Only 2 activities implemented in Q1	N/A	1 Activity was implemented as planned - NJMPF has managed to address the employees on 18 November 2025	0%	0%	Percentage		90%		N/A	EAP Report, Pictures and Registers	Corporate Services
		1.2 To ensure an effective municipal ICT system	1.2.1 Monitor ITC systems through IT Steering Committee meetings	Corp-05	Number of IT Steering Committee conducted	4	1	1	1	1	1	1	1	1	IT Steering Committee took place on 29 September 2025	N/A	IT Steering Committee took place on the 22nd of December 2025	Jan-00	Jan-00	Number	IT Committee	4	N/A	N/A	N/A	Attendance Registers and Minutes

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
<b>QUARTER ONE TO QUARTER TWO PERFORMANCE</b>																										
		1.3 To ensure effective management of municipal performance	1.3.1 Tabling of performance report to council to monitor service delivery targets	MM-01	Number of Performance reports tabled to Council	4	1	1	1	1	1	1	0	Performance report was tabled on the 29 August 2025	N/A	Performance report was tabled to council on the 11 December 2025	N/A	N/A	Number	Performance Report	4	N/A	N/A	N/A	Council Resolution	Municipal Manager
		1.3 To ensure effective management of municipal performance	1.3.2 Cascading of PMS to all employees	MM-02	Percentage of employees that have signed performance agreements	100%	100%	100%	0%	0%	0%	0%	0%	0%	0%				Actual No. of Employees signed/ Total No. of Employees	PMDS	N/A	N/A		Signed Performance Agreements	Municipal Manager	
		1.4 To ensure effective fleet management system	1.4.1 Conduct monthly logbook reconciliation for all vehicles	Corp-06	Number of logbook reconciliations for all vehicles tabled to MANCO for consideration	12	3	3	3	0	0	3	3	Several instances of unauthorised vehicle usage	Unauthorised vehicles, incomplete trip authorisation, no reason for trip, wrong kilometers and no date of travelling	Manco meetings took place before the end of quarter two	Reconciliation is done after at the end of each quarter to check the fuel used against kilometers travelled	Manco minutes for Q2 will be tabled to Manco in Q3	Number					Minutes	Corporate	
<b>NATIONAL DEVELOPMENT PLAN: GOAL 2- EXPAND INFRASTRUCTURE</b>																										
<b>PROVINCIAL GROWTH &amp; DEVELOPMENT STRATEGY: Priority 4: Consolidating social wage through reliable and quality basic services.</b>																										
<b>UMZINYATHI DISTRICT ONE PLAN: PRIORITY - INFRASTRUCTURE PROVISION</b>																										
<b>NATIONAL KEY PERFORMANCE AREA 02: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT</b>																										

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																											
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun															
							Target	Actual	Target	Actual	Target	Target															
QUARTER ONE TO QUARTER TWO PERFORMANCE																											
Service delivery	2. Improved access to Basic services	2.1 Ensure quality, expansion and maintenance of municipal access roads	2.1.1 Provision and maintenance of access roads	Tech-01	Kilometres of unsurfaced road graded by year end	47km	12 km	15.66km	15 km	10,15	10,15	10 km	10 km	Blading, tipping and processing of G5 materials	N/A	Blading, Loading, Tippting and Processing of Materials for Gravel access roads, ward-16,4 &8	Rain Season, which resultant machinery not able to blade due to Mud areas.	the target will be achieved in Q4 because it a dry season	Kilometres	Unsurfaced Roads			Internal	All	Job Cards and Maintenance Plan	Technical	
				Tech-02	Percentage of potholes fixed as per Inspection Register	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	repairing of potholes, Manzotwandle, ntshangase and Mdlalose streets	N/A	Ntshangase, Mangosuthu, Mdlalose, Mission and Babanango road	None	None	Percentage					Inspection Register and Job Card	Technical
				Tech-03	Number of roads within the approved construction progress projection	12	12	1	10	5	5	10	9				Only Nondweni road currently under construction, and 4 projects intention to award	0	0	0	0	Number					

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
		2.2 Improvement of electricity services, affordability, access, connection, and energy sustainability	2.2.1 Ensure the access, affordability and energy sustainability of electricity	BTO-01	Number of households with electricity connections receiving Free Basic Electricity	8532	8532	5878	8532	6095	6095	8532	8532	The number residents receiving is below the require norm of 8532 to 5878 in the first quarter	Some residents do not recollect their FBE SERVICE because sometimes they are out of town and FBE is not provide to businesses	To update the indigent registers as and when new applications are received.	the municipality do not update indigent register.	the municipality always update the indigent register and council must communication households about the relief benefit.	Number						Ontec Report	Technical
				Tech-04	Number of new households connected to the grid(Engised)	50	50	26	0		50	0		PCS file to be submitted, there are delays from service provider currently fixing some errors	we feel that the annual target should be divided in quarters	BuhlebusoVama , Makhosini/Chibide substation	Contractor delayed submitting COC	0	Number						PCS Files, Report to Portfolio Committee	Technical
				Tech-05	Number of households connected to the grid in the municipal license area	2939	2932	0	2932	2974	0	2974	2932	Billing report attached		the most connections are basic on one ward	acheived	acheived	Number of households						PCS Files, Report to Portfolio Committee	Technical

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
				BTO-02	Electricity distribution losses kept within 10%.	10%	10%	14%	10%	13%	13%	10%	10%	losses is above the require 10% by 4%	reason for difference is the aging infrastructures , tempered meter , own computation and street light .	the municipality should ensure that the electricity loss is below 10%	street light which are not count for in electricity revenue, illegal connection by household and nature also consume electricity which lead to electricity	to do correct ed calculation of street light consumer and appoint service provide to disconnected illegal connection and maintain the under ground cabs	Percentage						Circular 71 Template & Calculation Evidence	Technical
	2.3 Improve access to public facilities including community halls, Sport fields, residential developments,	2.3.1 Provision of access to social and community facilities	Tech-06	Number of community halls within the approved construction progress projects	5	5	1	4	2	2	4	4	4	only sandlwana hall current under construction, Mbokodo is intention to award, Tlokweni and Vumankala under planning stage	0	Mbokodo hall and Isandlwana currently under construction	0	0	Number						Progress Report and Completion Certificate	Technical

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
		Cemeteries, ECDs and Taxi Rank			Number of Creches within the approved construction progress projection	4	4	1	3	2	2	3	3	only Bhekukukhanya a creche under construction, Munyana & Thokoza intention to award, Mthutshana under planning stage	0	Thokoza and Munyane	Bhekukukhanya creche is in practical completion stage	0	Number						Progress Report and Completion Certificate	Technical
					Percentage of construction of sportfield completed	100%	80%	75%	100%	78%	78%	0%	0%	Installation of Artificial turf, plumbing, electrification and grassing is in progress	Slow progress from main contractor	Installation of artificial turf, plumbing and electrification	Non performance of the contractor	the contractor is back to site and is working accordingly	Percentage						Progress Report and Completion Certificate	Technical
					Renovation of Old Nquthu Taxi Rank in Ward 09	100%	70%	72%	100%	72%	72%	0%	0%	Brick laying (ablutions), installation of structural steel column, importation of gravel materials for layer work	N/A	Installation of structural steel shelter and plumbing	Non performance of the contractor	the contractor is back to site and is working accordingly	Percentage						Progress Report and Completion Certificate	Technical

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
	3. Sustainable development and environmental management	3.1 Efficient and Effective waste management services	3.1.1 Provide a weekly domestic waste removal service to the community	Tech-11	Number of Households with Access to weekly waste removal	1360	1360	1346	1360	1360	1360	1360	1360	Billing report attached	N/A	Refuse Billing Recon	N/A	0	Number of households					9	Refuse Truck Tracker	Technical
NATIONAL DEVELOPMENT PLAN: GOAL 1- CREATING JOBS AND LIVELYHOOD, GOAL 5 - IMPROVING EDUCATION AND TRAINING & GOAL 9 - TRANSFORMING SOCIETY AND UNITING THE NATION																										
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 2: Economic transformation and job creation and Priority 6: Social cohesion and safe communities.																										
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - ECONOMIC POSITIONING AND PEOPLE DEVELOPMENT																										
NATIONAL KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT AND SOCIAL DEVELOPMENT																										
Service delivery	4. Achieve inclusive Economic growth and development to alleviate poverty	4.1 Ensure growing the local economy	4.1.1 Implementation of Local Economic Development Plan and Agricultural Management Plan	Plan-01	Percentage of LED Plan implemented	100%	1	0	50%	50%	0,5	0%	100%	Combined LED and Agricultural plan has been submitted	0	0	0	0	Number of actual achieved/Planned Target	0	0	0	Internal	All	Pictures and Signed Report	Planning and LED
				Plan-02	Percentage of Agricultural Management Plan implemented	100%	1	0	100%	100%	1	0%	0%	0	0	0	0	0	0	0	Number of actual achieved/Planned Target	All wards have benefited from agriculture inputs such as fertilizer and seeds, report is attached	0	0	Internal	All

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
			4.1.2 Promote the formalization of SMMEs	Plan-04	Average time taken to process business license applications	30 Days	30 Days	21 days	30 Days	None	None	30 Days	30 Days	21 days were taken to process all business license	0				No. of days	Training have been done to capacitate staff on processing business license applications	0	0	N/A	All	Cooperative Certificate and Register of processed applications	Planning and LED
			4.1.3 Repurposing the underutilized or neglected facilities	Plan-05	Table underutilized or neglected facilities plan to Council	30-Nov-25	0	0	30-Nov-25	30-Nov-25	#REF!	0	0	0	0	0	0	0	Date	Wards councillors have confirm all halls that are under utilized, a map is provided	0	0			Council Resolution	Planning and LED
			4.1.4 Build the capacity of local SMMEs to make them competitive and sustainable	Plan-06	Number of capacity building for SMMEs	12	3	3	3	3	3	3	3	Digital training and youth in business trainings have been conducted and sheep and wool training	0				Number	Two Informal traders workshop ( basic financial management ), SMME'S agricultural (ADA & SARS) workshop,	0	0	Internal	All	Attendance Registers	Planning and LED

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
			4.1.5 Implementation of the emerging contractor development programme	Plan-07	Percentage of capital projects (exceeding R1 million) utilising sub-contractors.	100%	0	0	100%	0%	0	0	0	Sod turning has been done for three project , will follow up on the next quarter regarding the appointment of sub-contractors	0	0	0	0	Percentage	0	0	0			Subcontractors beneficiary list and Reports and Pictures and Contracts	Planning and LED
		4.2 To ensure growing the tourism sector in the municipality	4.2.1 Implementation of Tourism Strategy	Plan-08	Number of Tourism Initiatives implemented	3	0	0	2	2	2	1	0	0	0	0	NCTO executive was re-elected and the tourism excursion was conducted in November and the report will be uploaded	0	Number	0	NCTO executive was re-elected and the tourism excursion was conducted in November and the report will be uploaded	0			Signed Report and Pictures	Planning and LED

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
		4.3 Promotion of Social cohesion through Arts and Culture development programmes	4.3.1 Implementation of Arts, Cultural Affairs and Heritage Programmes	Plan-09	Number of Art, Culture and Heritage programmes implemented	7	2	4	3	1	1	1	1	Umkhosi Weleembe, Umkhosi woMhlanga and umkhosi wesivivane, Siyaya emhlangeni	0				Number	Only one event took place in this quarter, other events couldn't happen due to budget constraints.	0	0			Attendance Register and signed report	Planning and LED
		4.4 To ensure more effective poverty alleviation	4.4.1 Creation of jobs to alleviate poverty by implementing local economic development initiatives including capital projects [EPWP, Waste Ambassadors.	Tech-12	Number of jobs created through municipality's local economic development initiatives including capital projects	423	250	253	250	254	254	300	423	Waste Ambassadors = 45, Nquthu Taxi rank = 18, IG-Infrastructure = 190	we feel that the annual target should be divided in quarters	IG-Infrastructure = 190, Waste Ambassador = 47, Nquthu Taxi rank = 17	None	None	Number		230		Dept of Public Works	All	List of beneficiaries	Technical Services
			4.4.2 Implementation of LED Mayoral Project Policy	Plan-10	Number of LED Mayoral Project implemented	2	0	0	0	0	1	1		Applications forms have been received	0				Number			500 000		All	Signed Beneficiary List	Planning and LED

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																											
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun															
							Target	Actual	Target	Actual	Target	Target															
QUARTER ONE TO QUARTER TWO PERFORMANCE																											
	5. Ensure accelerated social development of the people of Nquthu	5.1 Promotion of all sports codes in the municipality	5.1.1 Ensure the implementation of all sports development and plans	Corp-07	Percentage implementation of the municipality's annual sports plan	100%	100%	100%	100%	100%	100%	100%	0	0	This target was met as the municipality participated in Annual SALGA Games and other sporting activities.		0	0	Percentage					All	Annual Sport Plan, Quarterly Report and Pictures	Community	
		5.2 To ensure the welfare of vulnerable groups within the municipality	5.2.1 Establish and ensure the functionality of representative forums for the targeted social groups	Corp-18	Number of functional representative forums for social sectors Meetings conducted	28	7	11	7	13	13	7	7	0	0	This target was exceeded because planned meetings and events such as SALGA Games, World Aids Day, and Senior Citizens Christmas celebrations.		0	0	Number					All	Attendance Registers and Minutes	Community
		5.3 Ensuring Early Childhood Development in Nquthu	5.3.1 Providing support to ECD centres	MM-03	Percentage of budget spent on ECD programme as per planned target	100%	0	0	0	0%	1	0	0	0	0					Percentage					N / A	Expenditure Report, Youth Development Report	Municipal Manager





SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
		5.5 To render library services to communities	5.5.1 To improve library services accessibility through different programmes	Corp-08	Number of library activities conducted	36	9	12	9	10	10	9	9	0	0	Outreach activities were held in various places such as Nondweni clinic, Zaman creche, Thatheza khe clinic, Gateway clinic, Mfihlelwane Primary, Patsoana Primary, Ndatshane Creche, Idlamado da Secondary, Sifunuxolo creche, Isibukos abasha Primary, and lbatshe primary school.	0	0	Number						Pictures and Attendance Registers	Community
KPA 04: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																										
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 1: A capable, ethical and developmental state																										
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - GOVERNANCE AND MANAGEMENT																										
KEY PERFORMANCE AREA 4: GOOD GOVERNANCE AND PUBLIC PARTICIPATION																										

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
Putting people first and Good Governance	6.To attain a well governed and accessible municipality that is rooted in the will of the people	6.1 Ensure effective strategic planning by developing a credible IDP	6.1.1Ensure that the IDP is compliant and meet all prescribed timelines	MM-05	IDP credibility rating by KZN COGTA MEC	85%	0	0	85%	86.66%		0	0	0	0	The municipality increased its IDP Credibility Rating to 88.66% and was ranked position 4 in the province, improving from position 13 in the previous year. The municipality also received certificates for best performing municipality in the Municipal Institutional Development and Transformation as well as Municipal Financial Management and Viability KPAs.	N/A	N/A	Rating	IDP Rating	82%	N/A	N/A	N/A	MEC Letter	Municipal Manager

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
<b>QUARTER ONE TO QUARTER TWO PERFORMANCE</b>																										
				MM-06	Date of adoption and submission of a reviewed Integrated Development Plan (IDP) in terms of the Municipal Systems Act	31-May-26	0	0	0	0	30 March 2026(Draft)	31-May-26	0	0					Date	IDP Adoption	28-May-26	N/A	N/A		Council Resolution	Municipal Manager
				MM-07	Date of Strategic planning Session Report approved by Council	30-Mar-26	0	0	0	00-Jan-00	46111	0	0	0					Date	Strategic Planning	28-Mar-25	N/A	N/A	N/A	Council Resolution	Municipal Manager
				MM-08	Public consultation on the Draft IDP and Draft Annual Budget	30-Apr-26	0	0	0	0	00-Jan-00	30-Apr-26	0	0					Date	Public Consultation		150000	Internal	All	Attendance Register	Municipal Manager

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
		6.2 Improved municipal responsiveness	6.2.1 Ensure that all complaints received are attended to on time	MM-09	Percentage of received complaints responded to within 14 day	100%	100%	100%	100%	100%	100%	100%		All complaints were attended within 14 days	0%	All complaints were responded to within 14 days	N/A	N/A	No. of days			N/A	N/A	All	Complaints Register	Municipal Manager
			6.2.2 Ensure that all ward committees are functional	Corp-09	Percentage of Ward Committee Functionality	100%	100%	47%	100%	0%	0%	100%	100%		Attendance registers for community meetings held were not signed by Cllrs	Cogta did not discuss new reporting procedures with Public Participation Unit	CoGTA has planned to do verification process in January 2026 as per approved plan	Verification for Q2 was done on 14 January 2026	Results for Q2 will be submitted in Q3	Percentage			269 565 2	Internal	All	Cogta Assessment Report on WC
		6.3 Improved council functionality	6.3.1 Approval and implementation of Council Detailed Work Plan	Corp-10	Approval of Council Detailed Work Plan	31-May-26	0	0	0	0	00-Jan-00	31-May-26		Not yet due	N/A				Date						Council Resolution	Corporate
			Percentage of detailed council work plan implemented	Corp-11	Percentage of detailed council work plan implemented	100%	100%	100%	100%	100%	100%	100%	100%		Not yet due	N/A	All planned activities for Q2 were achieved	0%	0%	Percentage						Council Resolutions/ Minutes

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
		6.5 To ensure improved communication with communities	6.5.1 Engaging communities about all development or infrastructure projects	MM-10	Number of handovers conducted for infrastructure projects	17	0	0	7	8	8	0	10	8 Handovers were performed which will be reported in quarter 2, dates for Handovers was 19,20,21,22 and 25 Aust 2025	0	8 Handovers were conducted in a first quarter but were not due for reporting	0	0	Number			286 956	Internal		Attendance Register and Pictures	Municipal Manager
			6.5.1 Implement the municipality's risk management policy and strategy	MM-11	Number of SOD Turnings for infrastructure projects	11	11	8	0	0	0	0	0	0	8 Sod-Turnings were conducted	0	0	0	0	Number			Internal		Attendance Register and Pictures	Municipal Manager
		6.6 To ensure effective risk management	6.6.1 Implement the municipality's risk management policy and strategy	MM-12	Percentage of risk action plan implemented	100%	100%	89%	100%	100%	100%	100%	100%	89% of Risk action plan was implemented	There were delays in approval of risk governance documents	100% Risk action plan was implemented	N/A	N/A	Percentage						Risk Report	Municipal Manager
		6.7 Strive to attain a clean audit	6.7.1 Improve audit outcome	MM-13	Percentage of AG Action Plan implemented	100%	0	0	0%	0%	50%	100%	0	0					Percentage					AG Action Plan Report	Municipal Manager	

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER

Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun															
							Target	Actual	Target	Actual	Target	Target															
<b>QUARTER ONE TO QUARTER TWO PERFORMANCE</b>																											
				MM-15	Number of Audit Committee meetings conducted	6	3	4	1	1	1	1	1	5 Audit Committee meetings were conducted on the following dates ,13/08/2024,15/08/25,08/08/25,27/08/25,	Audit committee requested a special in-committee meeting due to delays by management in responding to internal audit reports	Audit committee meeting was held on the 26 November 2025	N/A	N/A									
				MM-14	Audit Outcome for 2024/25	Unqualified	0	0	Unqualified	Unqualified	Unqualified	0	0	0	0	Unqualified Audit outcome was obtained	N/A	N/A						Audit Report	Municipal Manager		
National Development Plan: Goal 8 - Fighting corruption and enhancing accountability. Goal 7 - Building a capable state.																											
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY (PGDS): Priority 1: A capable, ethical and developmental state.																											
UMZINYATHI DISTRICT ONE PLAN: PRIORITY- GOVERNANCE AND MANAGEMENT																											
KPA 05: FINANCIAL MANAGEMENT AND VIABILITY																											

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
Sound financial management	7. Improved and sound financial management and viability	7.1 Ensuring the municipality's financial viability	7.1.1 Monitoring the municipality's financial viability through prescribed MFMA Circular 71 Financial Ratios and Norms	BTO-03	Current Ratio	1.5 - 2:1	1.5 - 2:1	1.5 - 3.33	1.5 - 2:1	1.5 - 3.99	1.5 - 3.99	1.5 - 2:1	1.5 - 2:1	the norm to current ratio is 1.5-2:1 but the municipality has 3.33 current ratio.	the current ratio is comparing the current assets to current liabilities, but municipality current assets is more much high its liabilities.	the norm to current ratio is 1.5- 2.1, which indicate the ability of the municipality pay its current obligation with its current assets	achieved	achieved	Ratio						Circular 71 Template & Calculation Evidence	
				BTO-04	Cash/ Cost Coverage Ratio	3 months	3 months	19 months	3 months	8 months	8 months	3 months	3 months	the 3 months norm is less than 19 months	it is first quarter municipality receive most of ca and grants in this quarter	the norm to current ratio is 1-3 months, which showing the number of month is municipality will able to pay its monthly operational expenditure	more expenditure was not capture in q2 eg salaries and the lower collect of revenue	the municipality should ensure that they build better cash flow management and more cost containment processes.	N. of months						Circular 71 Template & Calculation Evidence	

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
				BTO-05	Collection Ratio	95%	95%	69%	95%	68%	68%	95%	95%	percentage norm of 95% is more the actual collection 69%	the municipality depend on other department paid their rates on this quarter but they are not yet paid.	the collection ratio should be 95% debtors.	the illegal connection of electricity and lower payment of traffic fines and late payment property rates.	appointment of the revenue enhancement service provider and issuing consumer statement on time.	Percentage						Circular 71 Template & Calculation Evidence	
				BTO-06	Percentage Capital Budget spent on Capital project i.t.o. IDP	100%	10%	21%	50%	65%	65%	70%	100%	Expenditure of capital project would 10% but the municipality 21% which above the norm.	The new capital were initiated on this quarter and there was invoice of the work done in past quarters which were paid in this first quarter.	The target expected was more than 50% of capital budget to be spent..	achieved	achieved	Percentage						Circular 71 Template & Calculation Evidence	

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER

Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
				BTO-07	Percentage of Level of Cash Backed Reserves	100%	100%	124%	100%	101%	101%	100%	100%	cash backed reserves level in the quarter q1 is more 100% which 124% because the municipal equity increase in many quarter and opening net assets is high.	High net assets which accumulate every quarter .	the level of cash available for thmunicipality to cover the all current obligation if its required to pay immediately.	target acheived	target acheived	Percentage						Circular 71 Template & Calculation Evidence	
				BTO-08	Irregular, Fruitless and Wasteful and Unauthorised Expenditure/ Total Operating Expenditure	0%	0%	33%	0%	0%	0%	0%	0%	uifw norm is 0% but the municipality has 33% .	non compliance with regulation and expired contract .	0%	0%	0%	Percentage						Circular 71 Template & Calculation Evidence	

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
				BTO-09	Remuneration (Employee Related Costs and Councillors Remuneration) as % of Total Operating Expenditure)	30%	30%	49%	30%	49%	49%	30%	30%	expenditure to employees norm would be 40% but current the municipality paid 49%.	the municipality had fill all the position which were variance.	the norm required atleast 30% of the total expenditure operational.	the total budgeted expenditure for salaries of the municipality budget which be not more then the required norms of 40% maximum and same invoice are not capture at end for quarter and possibility of over staff of the municipality.	request all invoice from creditors and control the municipality vacancies filling plan or increase the required norms 40% to be same with the budget maximum required norm.	Percentage						Circular 71 Template & Calculation Evidence	
				BTO-10	Bad Debts Written-off as % of the Bad Debt Provision	100%	100%	106%	0%	0%	0%	0%	100%	The municipality impair debtors annually. The write-off only relate to traffic fines	Only traffic fines were written off in August and reported on AFS on page 39 & 86	0%	0%	0%	Percentage						Circular 71 Template & Calculation Evidence	
				BTO-11	Creditors Payment Period (Trade Creditors)	30 days	30 days	51 days	30 days	28 days	28 days	30 days	30 days	51days is more than the required norm of which 30 days	delay of submission of correct invoice to expenditure section	The norm to pay creditors in 30 days	target acheived	target acheived	No. of days						Circular 71 Template & Calculation Evidence	

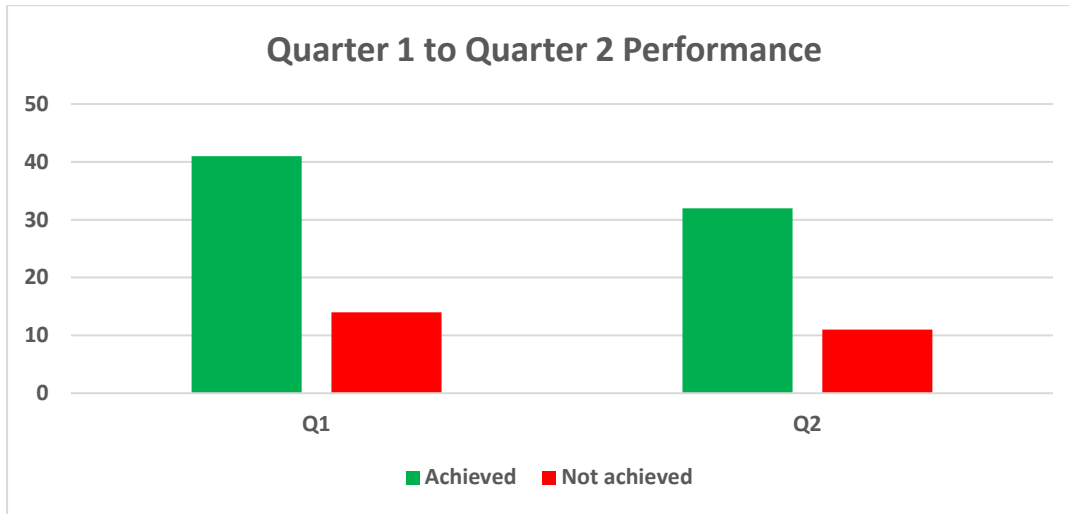
SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																											
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT	
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun															
							Target	Actual	Target	Actual	Target	Target															
<b>QUARTER ONE TO QUARTER TWO PERFORMANCE</b>																											
		7.2 Ensuring compliant financial reporting	7.2.1 Compliance with all prescribed financial reporting requirements.	BTO-12	Submission of credible 2024/25 AFS to AG	31-Aug-25	31-Aug-25	31-Aug-25	n/a		n/a	00-Jan-00	00-Jan-00	AFS should be submitted on 31 August 2026	target reached				Date						Proof of submission		
				BTO-13	Submission of Section S72 report to the Mayor	1	n/a	n/a	n/a	n/a	n/a	1	0	0	0					Number						Proof of submission	
				BTO-14	Tabling of S52 Report to Council	4	1	1	1	1	1	1	1	1	1	s52 report for last was submitted	target reached	s52 report should be prepared 30 after end of every quarter	achieved	achieved	Number						Council Resolution
		7.3 Ensuring a credible municipal budget	7.3.1 Striving to attain a correct balance between revenue and expenditure	BTO-15	Tabling of the funded annual budget to Council for approval	31-May-26	1	n/a	n/a	n/a		31 March 2026 (Draft)	31 May 2026 (Funded)	0	0				Date						Council Resolution and Funded Budget		
National Development Plan: Goal 4 - Transforming urban and rural spaces.																											
PROVINCIAL GROWTH & DEVELOPMENT STRATEGY: Priority 5: Spatial integration, human settlements and local government.																											
UMZINYATHI DISTRICT ONE PLAN: PRIORITY - SPATIAL RESTRUCTURING AND ENVIRONMENTAL SUSTAINABILITY																											
NATIONAL KEY PERFORMANCE AREA 6: CROSS CUTTING																											

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
Service delivery	8.Improve strategic Planning and municipal spatial planning	8.1 To ensure effective land use management and development planning	8.1.1 Reviewing of SDF to address spatial challenges in Nquthu Town	Plan-11	Date of approval by council of the reviewed Spatial Development Framework	31-May-26	0	0	0	0	00-Jan-00	31-May-26	0	0					Date						Council Resolution	
		8.2 To ensure provision of gathering, managing, and analysing spatially related data through GIS	8.2.1 Implementation of GIS Strategy	Plan-12	Percentage of implementation of GIS Action Plan	100%	100%	100%	100%	100%	100%	100%	100%	100%	Street naming map, Nhloya layoutplan, Spaza shop data capturing on ward 13 and ward 9	0%	Cross cutting unit, which help the other departments to used GIS application to enhance production easily.	0	0	Percentage						
Insufficient capacity to manage disasters within the municipality	9.Achieve improved response to disasters and crime management	9.1 Improve mitigation effects of emergencies and disasters	9.1.1 Improve disaster response time and Alertness to the community	Corp-12	Percentage (%) of callouts responded to within 1 hours for structural fire incidents	Within 1 hour	Within 1 hour	1 hour target achieved	Within 1 hour	1 hour target achieved	Within 1 hour	Within 1 hour	0	0	The target was met when fire crews attended fire incidents in Gubazi, Cassino, Plaza, Okhuphe, Magongo loza, Ngwebini, Vulamehlo, and Nhlabamkhosi.	0	0	(1) Number of structural fire incidents callouts responded to within 1 hour / (2) Total number of structural fire incidents callouts x 100								

SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) TOP LAYER																										
Back to Basic Pillar	MUNICIPAL GOAL	IDP OBJECTIVE	IDP STRATEGY / IDP PROGRAMME	KPI REFERENCE	KEY PERFORMANCE INDICATORS	ANNUAL TARGET	Quarter 1		Quarter 2		Quarter 3	Quarter 4	Q1 Comments	Q1 Reason for Variance	Q1 Corrective Measures	Q2 Comments	Q2 Reason for Variance	Q2 Corrective Measures	MEASUREMENT CRITERIA / FORMULA	PROJECTS	BASELINE 2024/25	BUDGET 2025/26	FUNDING SOURCE	WARD	PORTFOLIO OF EVIDENCE	RESPONSIBLE DEPARTMENT
							July - Sep		Oct-Dec		Jan-Mar	Apr-Jun														
							Target	Actual	Target	Actual	Target	Target														
QUARTER ONE TO QUARTER TWO PERFORMANCE																										
			9.1.2 Implementation of disaster risk reduction	Corp-13	Date of approval by Council of the reviewed of Disaster Management Plan	31-May-26	the DM plan will be reviewed in July 2027	0	na		not yet due	00-Jan-00	31-May-26	0	0				Date						Council Resolution	
Inadequate safety environment	10.1 Safe Municipal environment	10.1 Provision of efficient and effective law enforcement	10.1.1 Maximum enforcement of municipal bylaws	Corp-14	Number of road blocks conducted	24	10	14	15	18	18	14	15	0	0	The target was exceeded because of festive season activities involving other stakeholders	0	0	Number						Attendance Register	

### 3.3 Quarter 1 to Quarter 2 performance comparison

OVERALL PERFORMANCE OVERVIEW:

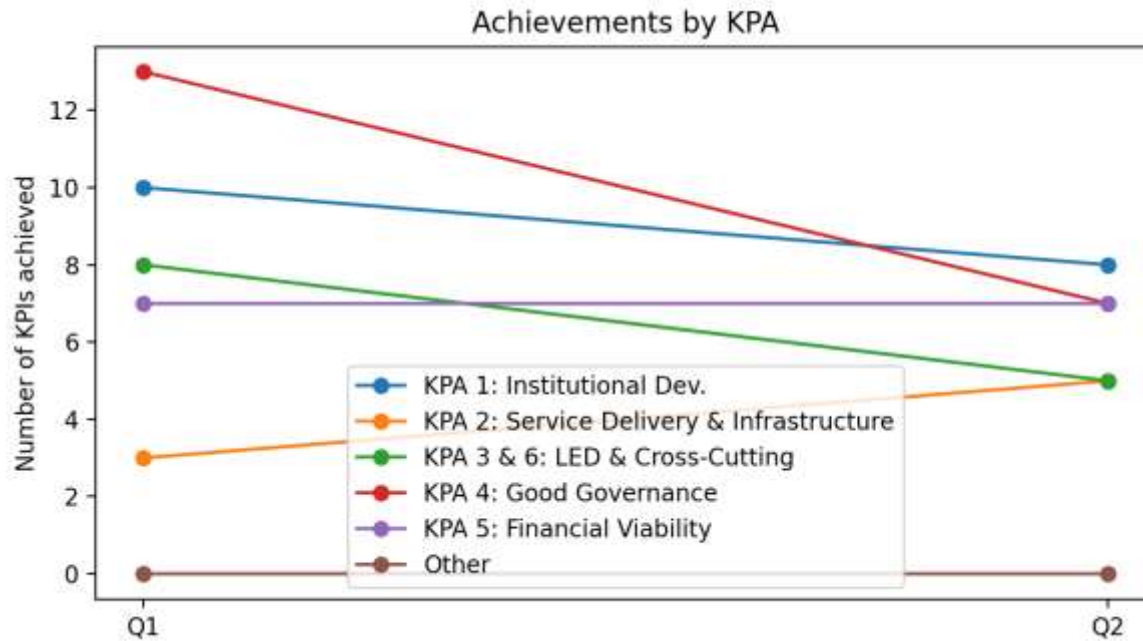


There was no performance improvement achieved in Quarter 2 and performance seems to be stagnant at around 75% which is highly undesirable, as shown below:

- **Quarter 1 (Q1):** 41/55 KPIs achieved (74.5%) and 14/55 not achieved (25.5%).
- **Quarter 2 (Q2):** 32/43 KPIs achieved (74.4%) and 11/43 not achieved (25.6%). (Fewer KPIs were due in Q2, mostly date-driven items planned for Q3/Q4.)

PERFORMANCE PER KEY PERFORMANCE AREA:

KPA	Q1 Achieved	Q2 Achieved
<i>KPA 1: Institutional Dev.</i>	10	8
<i>KPA 2: Service Delivery &amp; Infrastructure</i>	3	5
<i>KPA 3 &amp; 6: LED &amp; Cross-Cutting</i>	8	5
<i>KPA 4: Good Governance</i>	13	7
<i>KPA 5: Financial Viability</i>	7	7



The table and graph in the previous page shows the count of KPIs achieved per KPA (not the percentage of all KPIs in the KPA).

- **KPA 4: Good Governance & Public Participation** — 13 achieved in Q1; 7 achieved in Q2 (many governance items were due in Q1 such as tabling reports and committee meetings).
- **KPA 1: Institutional Development** — 10 achieved in Q1; 8 in Q2.
- **KPA 5: Financial Viability** — 7 achieved in Q1; 7 in Q2 (steady performance). Overwhelming majority of KPIs in this KPA are financial ratios and therefore due for reporting throughout the year as they need to monitor and address financial viability of the municipality.
- **KPA 3 & 6: LED & Cross-Cutting** — 8 achieved in Q1; 5 in Q2. Most indicators in this KPA relates to local economic development and more effort need to be made because this KPA must directly respond to the economic situation in Nquthu which is dire due to an extremely high unemployment rate.

- **KPA 2: Service Delivery & Infrastructure** — 3 achieved in Q1; 5 in Q2 (improvement in technical delivery KPIs through Q2). Intervention in relation to project and contract management is required in this KPA in order to improve performance. This KPA performs a very important function of infrastructure development and service delivery.

#### KPI-LEVEL PERFORMANCE, VARIANCES AND CORRECTIVE MEASURES:

Below are representative indicators with their Q1 to Q2 readings and the reasons/correctives as recorded in the SDBIP:

- **Road maintenance (Tech-01 — Km of unsurfaced roads graded)**
  - **Q1:** Target 12 km, Actual 15.66 km (achieved).
  - **Q2:** Target 15 km, Actual 10.15 km (not achieved).

**Variance reason (Q2):** Rainy season created muddy areas — machines could not blade. **Corrective:** Catch-up in Q4 (dry season) via intensified blading, loading, tipping and processing of G5.
- **Free Basic Electricity (BTO-01 — households receiving FBE)**
  - **Q1:** Target 8 532, Actual 5 878 (under-delivery).
  - **Q2:** Target 8 532, Actual 6 095 (still below target; some improvement).

**Variance reason:** Beneficiaries not redeeming FBE (being out of town), indigent register not routinely updated. **Corrective:** Update indigent register continuously; intensify communication to qualifying households.
- **Electricity distribution losses (BTO-02)**
  - **Q1:** Target ≤10%, Actual 13.53% (not achieved).
  - **Q2:** Target ≤10%, Actual 13% (still above norm).

**Variance reason:** Ageing infrastructure, tampered meters, unmetered streetlights. **Corrective:** Correct streetlight consumption calculations; appoint a service provider to remove illegal connections; maintain underground cables.
- **Waste removal access (Tech-11 — households with weekly removal)**
  - **Q1:** Target 1 360, Actual 1 346 (slightly short).
  - **Q2:** Target 1 360, Actual 1 360 (achieved).

**Corrective (effective):** Billing and route management aligned to restore full coverage.
- **Risk management (MM-12 — % Risk Action Plan implemented)**
  - **Q1:** Target 100%, Actual 89% (delays in approval of risk governance documents).
  - **Q2:** 100% achieved; corrective actions implemented (documents finalised).

- **Cash/cost coverage (BTO-04)**
  - **Q1:** Target ≥3 months, Actual 19 months (well above norm due to grant receipts early in the year).
  - **Q2:** Actual 8 months (still well above the 3-month norm; some expenditures still to be captured). **Corrective:** Strengthen in-year spend recognition and cash-flow management to stabilise month-to-month trends.
- **Revenue collection (BTO-05 — Collection ratio)**
  - **Q1:** Target 95%, Actual 69% (under-performance).
  - **Q2:** Actual 68% (persistent under-performance).

**Variance reason:** Illegal electricity connections; slow payment of rates and traffic fines; delayed departmental payments. **Corrective:** Appoint revenue enhancement service provider; timely consumer statements; intensify credit control and tamper management.
- **Remuneration burden (BTO-09 — ERC + Councillors as % Operating Expenditure)**
  - **Q1 & Q2:** Target ≤30–40%, Actual ~49% (above norm).

**Variance reason:** Filled vacancies and capture timing of other invoices skewing denominator; potential over-staffing. **Corrective:** Tight vacancy management; align budget to norm; improve capture of creditors at quarter-end.
- **Infrastructure projects (Tech-03: Roads, Tech-06: Halls and Tech-07: ECDs, Tech-08: Sportsfield and Tech-09: Taxi Rank):** Majority of the projects are behind schedule in terms of the approved construction programme and some had challenges even in the previous financial year and supposed to have been completed long time ago. In the main, the challenge is the underperformance of contractors to an extent that intention to terminate letters have been issued to some contractors.

In overall, low performance is a direct result of failure to implement corrective measure of corrective measures that are inadequate or inappropriate. Management will use this report to strengthen its controls to ensure that all targets, especially infrastructure and service delivery targets, are achieved.

LIKELIHOOD OF ANNUAL TARGETS BEING UNACHIEVED WHEN CONSIDERING CURRENT PERFORMANCE TRENDS:

I've grouped risks into **High / Medium / Low**, based on Q1–Q2 performance, the corrective measures recorded, and remaining time to year-end.

**High-risk of annual under-achievement:**

- **Revenue Collection (BTO-05, 95% norm).** Persistently 68–69% in Q1–Q2 with minimal movement suggests a **material gap**. **Risk drivers:** low payment discipline, delayed inter-governmental payments, failure to enforce debt management policies, unresolved ITB matter, high indigent households, etc.  
**Mitigation:** Fast-track revenue enhancement appointment, targeted credit control on top 100 arrear accounts, weekly disconnection/reconnection cycle, and rigorous meter tamper programme integrated with electricity-loss project (below). **Escalation to MANCO monthly.**
- **Electricity Distribution Losses (BTO-02 ≤10%).** Stagnating at 13% after Q2. **Risk drivers:** ageing network, tampered meters, unmetered streetlights.  
**Mitigation:** Complete streetlight consumption model and apply billing adjustments; contract a specialist for loss-reduction (seal, replace meters, audit CTs/PTs); prioritise network maintenance in known loss feeders; monthly loss dashboard per feeder. Quarterly target glidepath: ≤12% (Q3), ≤10% (Q4).
- **Remuneration as % of Opex (BTO-09 ≤30–40% norm).** Sitting at 49% in both quarters.  
**Risk drivers:** full staffing against slower in-year opex recognition; possible structural over-staffing.  
**Mitigation:** Freeze non-critical posts, align organogram to funded posts envelope, tighten quarter-end accruals for non-salary opex to reflect the true denominator, and explore productivity savings.
- **Infrastructure projects (Tech-03: Roads, Tech-06: Halls and Tech-07: ECDs, Tech-08: Sportsfield and Tech-09: Taxi Rank):** Majority of the projects are behind schedule in terms of the approved construction programme and some had challenges even in the previous financial year and supposed to have been completed long time ago. **Risk drivers:** In the main, the challenge is the underperformance of contractors and poor project management.

**Medium-risk:**

- **Road grading (Tech-01, 47 km).** Seasonal Q2 dip is explainable; **Q4 catch-up** is credible provided plant availability, fuel and materials are secured.  
**Mitigation:** Lock a Q3/Q4 programme with weather contingencies; secure minimum uptime for graders; monitor km/week. **Watchlist.**
- **LED & Tourism programme counts (Plan-08/09/06 etc.).** Q1 strong; Q2 slipped due to timing and budget constraints.  
**Mitigation:** Rationalise events to high-impact items; lock-in co-funding partners; spread evenly in Q3–Q4. **Low-risk (on current trajectory)**

- **Governance calendar items** (e.g., **MM-01** tabling of performance reports, **Corp-05** IT Steering, **MM-10/11** handovers/SOD where due) — on track and repeatable with routine management.

### 3.4. Mid-year adjustments

This report shows a need for the SDBIP to adjusted after the adjustment budget to ensure that all target are revised to be more realistic and accurate and also to attend to matters raised by AG in the 2024/25 audit. However, issues like poor project management and poor contract management does not necessitate a review of affected indicators but require relevant departments to strengthen implementation of existing controls. The adjustment will be accompanied by a report detailing reason for all the adjustments that will be effected.

### 3.5 Matters identified in the Annual Report of the previous year

Poor performance was identified as a measure challenge and the following causes were identified, among others things, the following factors; (1) limited financial resources (2) inadequate human capital skills level (3) poor internal controls or poor enforcement or implementation of existing controls (4) poor project and contract management and (5) lack of consequence management for poor performance or lack of adherence to applicable policies and controls.

The municipality will implement the following measures to improve performance and also build on what has been achieved:

- Invest more on the training and skilling of its workforce and also the capacitating of its councillors to ensure that they play their oversight role optimally.
- Promote and inculcate the performance management culture through the enforcing the provisions of Municipal Staff Regulations in as far as the cascading of performance management is concerned.
- Increase the municipality's efforts to raise funds to fund service delivery priorities while also enforcing its debt management policies.
- Strictly adhere to and implement all planning and budgeting prescripts to prevent poor planning and budgeting which may result in unachievable targets.
- Improve the municipality's project and contract management by enforcing adherence to approved SLAs.
- Strictly implement consequence management for overlooking of internal controls and underperformance as result of negligence.

### 3.7. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

I **M.B. Jiyane**, municipal manager of Nquthu Municipality, hereby certify that the:



**Mid-year budget and Performance assessment**

for the month of **December** of 2025 has been prepared in accordance with the Municipal Finance Management Act and the regulations made under the Act,

Print Name **Mr Mpumelelo B. Jiyane**

Municipal manager of Nquthu Municipality (KZN 242)

Signature \_\_\_\_\_

Date: **14 January 2026**