



## EXECUTIVE COMMITTEE

### FOR CONSIDERATION

**AUTHOR : MS. NZ GUZANA**  
**DEPARTMENT : BUDGET AND TREASURY**  
**REFERENCE NO : EXCO**  
**DATE : 21 JANUARY 2026**

### **SUBJECT: MID- YEAR BUDGET AND PERFORMANCE ASSESSMENT REPORT 2025/26 FINANCIAL YEAR**

#### **1. ANNEXURES**

- i). Mid-Year Budget and Performance Assessment Report 2025/26 FY  
(uploaded on resilio)
- ii). C Schedule (Budget vs Actual Report)
- iii). PT Circular PT/MF 05 of 2025/26

#### **2. PURPOSE**

The purpose of this item is to provide a comprehensive report to the Council on the Mid-Year Budget and Performance Assessment for 2025/26 financial year.

#### **3. LEGISLATIVE PROVISIONS**

**In terms of Section 72. (1) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)** (hereinafter referred to as 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-
  - i. The monthly statements referred to in section 71 for the first half of the financial year;
  - ii. the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;
  - iii. the past year's annual report, and progress on resolving problems identified in the annual report; and

- iv. the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and
- (b) submit a report on such assessment to:
- i. the mayor of the municipality;
  - ii. the National Treasury; and
  - iii. the relevant provincial treasury.

**Section 54 outlines Budgetary Control and early identification of Financial problems, and states that:**

1. On receipt of a statement or report submitted by the accounting officer of the municipality in terms of section 71 or 72, the mayor must:
  - (a) Consider the statement or report;
  - (b) Check whether the municipality's approved budget is implemented in accordance with the service delivery and budget implementation plan;
  - (c) Consider and, if necessary, make any revisions to the service delivery and budget implementation plan, provided that revisions to the service delivery targets and performance indicators in the plan may only be made with the approval of the council following approval of an adjustments budget;
  - (d) Issue any appropriate instructions to the accounting officer to ensure:
    - i. that the budget is implemented in accordance with the service delivery and budget implementation plan; and
    - ii. that spending of funds and revenue collection proceed in accordance with the budget;
  - (e) Identify any financial problems facing the municipality, including any emerging or impending financial problems; and
  - (f) In the case of a section 72 report, submit the report to the council by 31 January each year.
- 2) If the municipality faces any serious financial problems, the Mayor must:
  - (a) Promptly respond to and initiate any remedial or corrective steps proposed by the accounting officer to deal with such problems, which may include:
    - i. steps to reduce spending when revenue is anticipated to be less than projected in the municipality's approved budget;
    - ii. the tabling of an adjustments budget; or
    - iii. steps in terms of Chapter 13; and

- (b) Alert the council and the MEC for local government in the province to those problems.

3) The mayor must ensure that any revisions of the service delivery and budget implementation plan are made public promptly.

**Chapter 13 (135) of MFMA – which outlines Resolution of Financial Problems; states that:**

- (a) The primary responsibility to avoid, identify and resolve financial problems in a municipality rest with the municipality itself.
- (b) A municipality must meet its financial commitments.
- (c) If a municipality encounters a serious financial problem or anticipates problems in meeting its financial commitments, it must immediately:
  - i. Seek solutions for the problem.
  - ii. Notify the MEC for local government and the MEC for finance in the province; and
  - iii. Notify organised local government

#### **4. BACKGROUND**

The National Treasury has lowered its 2025 economic growth forecast to 1.2 per cent, from the 1.4 per cent projected in the 2025 Budget Review, weighed down by stop-start economic growth and stubborn inflation in the first half of the year. This revision reflects weaker-than-anticipated economic performance, subdued levels of fixed investment, and constrained export growth. While the economic outlook remains modest, easing inflationary pressures and lower borrowing costs are expected to provide some support to domestic demand over the period ahead. The medium-term growth trajectory remains dependent on the maintenance of macroeconomic stability and the continued implementation of structural reforms.

GDP growth is projected to reach about 1.5 per cent in 2026, strengthen further to around 1.8 per cent in 2027, and rise to approximately 2.0 per cent in 2028. The pace of growth is still being limited by persistent – though gradually easing – constraints, particularly in logistics infrastructure. Faster growth depends largely on maintaining macroeconomic stability, the continued implementation of structural economic reforms, improving state capabilities and supporting higher infrastructure investment.

Growth in household consumption expenditure is expected to improve to 1.4 per cent in 2025, up from 0.6 per cent in 2024. Households have seen growth in real incomes as this year progressed and inflation has cooled, while consumer confidence has been buoyed by several factors, including stable electricity supply and expectations of improving financial conditions following a September cut in interest rates. Real purchasing power is expected to be bolstered by a further moderation in inflation and lower interest rates supporting household balance sheets.

## 5. DISCUSSION

During compilation of Mid-Year Budget and Performance Assessment Report the municipality has considered the following reports, operating and capital budgets through monthly section 71 reports and the service delivery performance for the first half of the financial year. Further to that mid-year budget report has also considered progress on spending against national and provincial grants, spending on infrastructure delivery and cash position as at mid-year.

This report will further assist the Municipality to provide intervention strategies where challenges were encountered through the implementation of IDP and Budget for 2025/26 during the first half of Financial Year and it shall be further used for accountability to the communities of Mandeni in terms of progress on implementation of IDP.

### MID-YEAR BUDGET SUMMARY AS AT DECEMBER 2025

The financial analysis comprises of the operating budget performance, capital budget performance, analysis position as well as the cash flows. Major variances and those items with an impact in each of these categories will be discussed in the analysis below. The major variances are those which displays negative percentages especially the one that display variances of more than **-10%**.

The following table represents an executive summary for the year ended 31<sup>st</sup> December 2025:

KZN291 Mandeni - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment									
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>Total Revenue (excluding capital transfers and contributions)</b>	430,705	454,622	–	96,746	287,799	227,311	60,488	27%	454,622
<b>Total Expenditure</b>	474,482	487,944	–	59,185	238,647	243,972	(5,325)	-2%	487,944
<b>Surplus/(Deficit)</b>	<b>(43,776)</b>	<b>(33,322)</b>	–	<b>37,561</b>	<b>49,152</b>	<b>(16,661)</b>	<b>65,813</b>	<b>-395%</b>	<b>(33,322)</b>
Transfers and subsidies - capital (monetary allocations)	47,668	46,017	–	3,400	21,727	23,008	(1,281)	-6%	46,017
Transfers and subsidies - capital (in-kind)	–	–	–	–	–	–	–	–	–
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>	<b>64,532</b>	<b>1017%</b>	<b>12,694</b>
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–	–	–
<b>Surplus/ (Deficit) for the year</b>	<b>3,892</b>	<b>12,694</b>	–	<b>40,962</b>	<b>70,879</b>	<b>6,347</b>	<b>64,532</b>	<b>1017%</b>	<b>12,694</b>
<b>Capital expenditure &amp; funds sources</b>									
<b>Capital expenditure</b>	<b>126,192</b>	<b>130,596</b>	–	<b>9,723</b>	<b>43,334</b>	<b>68,495</b>	<b>(25,160)</b>	<b>-37%</b>	<b>130,596</b>
Capital transfers recognised	42,242	40,058	–	2,953	19,528	20,029	(501)	-2%	40,058
Borrowing	0	–	–	–	–	–	–	–	–
Internally generated funds	83,950	90,538	–	6,769	23,806	45,269	(21,463)	-47%	90,538
<b>Total sources of capital funds</b>	<b>126,192</b>	<b>130,596</b>	–	<b>9,723</b>	<b>43,334</b>	<b>65,298</b>	<b>(21,964)</b>	<b>-34%</b>	<b>130,596</b>

As can be seen from the table above, Actual surplus for the period ended 31<sup>st</sup> December 2025 is more than the Budgeted Surplus. Monthly budget statement summary (Table C1), for the period ending 31<sup>st</sup> December 2025 (year to date actual),

shows a surplus of R70,8 million against YTD budget of R6,3million which reflects variance of more than 100%.

The municipal state of finance remains healthy as the municipality continues to realize more returns on investments hence the municipality will be able to redirect these returns towards service delivery.

## MID-YEAR BUDGET STATEMENTS FINANCIAL PERFORMANCE

### Operating Revenue

KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment										
Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Revenue										
Exchange Revenue										
Service charges - Electricity		64,753	82,686	–	6,583	43,855	41,343	2,512	6%	82,686
Service charges - Water		–	–	–	–	–	–	–	–	–
Service charges - Waste Water Management		–	–	–	–	–	–	–	–	–
Service charges - Waste management		13,073	14,713	–	1,221	7,270	7,356	(86)	-1%	14,713
Sale of Goods and Rendering of Services		2,282	1,513	–	118	586	757	(171)	-23%	1,513
Agency services		–	–	–	–	–	–	–	–	–
Interest		–	–	–	–	–	–	–	–	–
Interest earned from Receivables		1,487	2,016	–	135	775	1,008	(233)	-23%	2,016
Interest from Current and Non Current Assets		19,863	25,000	–	1,128	6,794	12,500	(5,706)	-46%	25,000
Dividends		–	–	–	–	–	–	–	–	–
Rent on Land		–	–	–	–	–	–	–	–	–
Rental from Fixed Assets		593	755	–	48	302	378	(76)	-20%	755
Licence and permits		–	–	–	–	–	–	–	–	–
Special rating levies		–	–	–	–	–	–	–	–	–
Operational Revenue		1,355	1,252	–	61	673	626	47	7%	1,252
Non-Exchange Revenue		–	–	–	–	–	–	–	–	–
Property rates		63,942	64,913	–	4,999	36,588	32,456	4,131	13%	64,913
Surcharges and Taxes		–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		3,569	1,367	–	2	70	683	(613)	-90%	1,367
Licence and permits		969	998	–	7	325	499	(174)	-35%	998
Transfers and subsidies - Operational		253,010	254,956	–	82,147	189,146	127,478	61,668	48%	254,956
Interest		3,570	4,453	–	311	1,430	2,227	(796)	-36%	4,453
Fuel Levy		–	–	–	–	–	–	–	–	–
Operational Revenue		–	–	–	–	–	–	–	–	–
Gains on disposal of Assets		–	–	–	–	–	–	–	–	–
Other Gains		2,239	–	–	–	–	–	–	–	–
Discontinued Operations		–	–	–	–	–	–	–	–	–
Total Revenue (excluding capital transfers and contributions)		430,705	454,622	–	96,760	287,813	227,311	60,502	27%	454,622

**Operating Revenue:** The actual operating revenue per source shows clear view of actual operating revenue raised and/or collected of R96,8 million for the month. The YTD Actual of R287.8 million over YTD budget of R227,3million and this gives us over performance by 27%.

The municipality has received the second trench of equitable share with total amount of **R183.1 million** as publicized in DORA.

### Operating Expenditure

KZN291 Mandeni - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands										
Expenditure By Type										
Employee related costs		160,030	167,901	–	13,438	80,631	83,951	(3,320)	-4%	167,901
Remuneration of councillors		15,151	17,043	–	1,274	7,563	8,522	(959)	-11%	17,043
Bulk purchases - electricity		58,515	66,107	–	10,668	35,854	33,054	2,800	8%	66,107
Inventory consumed		6,135	5,918	–	382	917	2,959	(2,042)	-69%	5,918
Debt impairment		24,403	32,077	–	16,039	16,039	16,038	0	0%	32,077
Depreciation and amortisation		46,319	36,240	–	3,376	19,972	18,120	1,852	10%	36,240
Interest		0	3,050	–	–	–	1,525	(1,525)	-100%	3,050
Contracted services		79,982	89,650	–	6,856	37,687	44,825	(7,139)	-16%	89,650
Transfers and subsidies		2,450	–	–	1,000	2,050	–	2,050	0%	–
Irrecoverable debts written off		10,696	6,637	–	–	–	3,318	(3,318)	-100%	6,637
Operational costs		71,100	62,722	–	6,151	37,924	31,361	6,563	21%	62,722
Losses on Disposal of Assets		965	600	–	–	–	300	(300)	-100%	600
Other Losses		(1,264)	–	–	2	12	–	12	0%	–
Total Expenditure		474,482	487,944	–	59,185	238,647	243,972	(5,325)	-2%	487,944

**Operating Expenditure:** The actual operating expenditure per vote shows actual operating expenditure of R59,2 million for the month. The expenditure YTD Actual for R238,6 million which gives us gives us an underperformance of -2% when compared to YTD Budget of R243,9 million.

## Capital Expenditure

KZN291 Mandeni - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - Mid-Year Assessment										
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
R thousands	1									
<b>Capital Expenditure - Functional Classification</b>										
<b>Governance and administration</b>		27,275	34,549	–	4,735	12,497	17,275	(4,778)	-28%	34,549
Executive and council		12,470	30,000	–	3,820	11,040	15,000	(3,960)	-26%	30,000
Finance and administration		14,806	4,549	–	915	1,457	2,275	(818)	-36%	4,549
Internal audit		–	–	–	–	–	–	–		–
<b>Community and public safety</b>		12,330	26,644	–	573	5,399	13,322	(7,923)	-59%	26,644
Community and social services		4,026	8,664	–	292	3,845	4,332	(487)	-11%	8,664
Sport and recreation		7,487	8,836	–	280	1,554	4,418	(2,864)	-65%	8,836
Public safety		817	9,143	–	–	–	4,572	(4,572)	-100%	9,143
Housing		–	–	–	–	–	–	–		–
Health		–	–	–	–	–	–	–		–
<b>Economic and environmental services</b>		82,638	62,038	–	4,415	25,042	31,019	(5,978)	-19%	62,038
Planning and development		7,313	7,522	–	578	1,566	3,761	(2,195)	-58%	7,522
Road transport		75,324	54,517	–	3,837	23,476	27,258	(3,783)	-14%	54,517
Environmental protection		–	–	–	–	–	–	–		–
<b>Trading services</b>		3,949	7,365	–	–	397	3,682	(3,285)	-89%	7,365
Energy sources		2,389	4,869	–	–	–	2,435	(2,435)	-100%	4,869
Water management		–	–	–	–	–	–	–		–
Waste water management		–	870	–	–	–	435	(435)	-100%	870
Waste management		1,560	1,626	–	–	397	813	(416)	-51%	1,626
<b>Other</b>		–	–	–	–	–	–	–		–
<b>Total Capital Expenditure - Functional Classification</b>	3	126,192	130,596	–	9,723	43,334	65,298	(21,964)	-34%	130,596
<b>Funded by:</b>										
National Government		41,421	39,884	–	2,957	19,264	19,942	(678)	-3%	39,884
Provincial Government		821	174	–	(4)	264	87	177	204%	174
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
<b>Transfers recognised - capital</b>		42,242	40,058	–	2,953	19,528	20,029	(501)	-2%	40,058
<b>Borrowing</b>	6	0	–	–	–	–	–	–		–
<b>Internally generated funds</b>		83,950	90,538	–	6,769	23,806	45,269	(21,463)	-47%	90,538
<b>Total Capital Funding</b>		126,192	130,596	–	9,723	43,334	65,298	(21,964)	-34%	130,596

**Capital Expenditure:** The actual capital expenditure per vote reflects an actual expenditure of R9,7 million for the month of December 2025. The expenditure YTD Actual of R43,3 million gives us an underperformance of -34% when compared to YTD Budget of R65,3million.

## GRANTS REPORTING AS AT DECEMBER 2025

KZN291 MANDENI MUNICIPALITY GRANT REGISTER									
Name of grant	Funder	Vote Account Number - Liability	Opening Balance as 1/7/2025	Gazette 2025/2026	Receipts	Expenditure: Operating (Revenue Recognised)	Expenditure: Capital (Revenue Recognised)	Closing Balance as at 30/06/2026	% Spent
<a href="#">Expanded Public Works Programme (EPWP)</a>	Public Works	D0001/IL08802/F1169	R -	R 1,714,000	R 1,200,000	R 1,422,648	R -	R -222,648	83%
<a href="#">Financial Management Grant (FMG)</a>	National Treasury	D0001/IL08834/F1177	R -	R 1,900,000	R 1,900,000	R 1,295,698	R -	R 604,302	68%
<a href="#">Municipal Infrastructure Grant (MIG)</a>	CoGTA	D0001/IL07049/F0791	R -	R 48,228,000	R 38,000,000	R 1,106,335	R 17,844,040	R 19,049,625	39%
<a href="#">Regional Bulk Infrastructure Grant (RBIG)</a>	<b>Ilembe District Municipality</b>	D0001/IL100583/F116	R -		R 5,073,584	R 5,073,584	R -	R 0	100.00
<a href="#">Provincialisation - Library Services</a>	Arts & Culture	D0001/IL093089/F136	R -	R 4,933,000	R 4,825,000	R 2,191,610	R -	R 2,633,390	44%
<a href="#">Title Deed</a>	KZN Human Settlement	D0001/IL093046/F136	R 722,872	R -	R -	R 722,872	R -	R -0	100%
<a href="#">Maintenance Grant - Sport Facilities</a>	Sports & Recreation	D0001/IL076133/F000	R 57,961	R -	R -	R -	R -	R 57,961	0%
<a href="#">Disaster Relief Grant</a>	National Treasury	D0001/IL103464/F096	R 4,510,901	R -	R -	R -	R 4,510,901	R 0	100%
<b>TOTAL - DECEMBER 2025</b>			<b>R 5,291,734</b>	<b>R 56,775,000</b>	<b>R 60,998,584</b>	<b>R 11,812,747</b>	<b>R 22,354,941</b>	<b>R 32,122,630</b>	

**Government Grants receipts:** The municipality has received an amount of **R61 million** during 1<sup>st</sup> half of the financial year from transferring department as publicized on DORA.

**Grants Register closing balance:** as at 31<sup>st</sup> December 2025 is R32,1 million of unspent conditional grants, which is due to the following grants that are remaining as unspent.

- EPWP balance of -R222,6 thousand at 17 per cent
- FMG balance of R604 thousand at 32 percent
- MIG balance of R19,1 million at 61 percent
- Library grant balance of R2.6 million at 56 percent

It should be noted that the municipality has received feedback from National Treasury in relation to Rollover Application for:

- Disaster of R4,5 million,
- Title Deed Grant of R722,9 thousand, this will be considered during adjustment budget.

Further to that it should be noted that Library grant was gazzeted for R4,9 million and the department only transferred R4,8 million which gives a difference of R108 thousand, this will be considered during adjustment budget.



## INVESTMENTS AS AT DECEMBER 2025

	INVESTMENT REGISTER FOR DECEMBER 2025						
	Opening Balance as at	Re-Investments	Expenditure	interest	bank charges	Closing Balance as at	TOTAL INTEREST EARNED TO DATE
	12/1/2025					12/31/2025	
	R	R	R	R	R	R	R
call 1-internal grant	-	70,000,000.00	62,587,686.30	87,686.30	-	7,500,000.00	839,928.38
Call account 2 - HOUSING	2,209,323.03	-		10,395.92	-	2,219,718.95	65,481.61
Call account 3-MIG	5,824,982.97	15,000,000.00	3,596,537.61	73,138.25		17,301,583.61	331,694.71
Call account 5-TMT	567,656.06	1,400.00	-	2,595.53	32.24	571,619.35	16,614.21
Call account 6-INEP	1,126.03	-	-	5.28	-	1,131.31	1,131.31
Call account 7-AR	1,520,305.66	-	-	7,359.94	-	1,527,665.60	83,472.77
Call account 8- Title Deed	1,761,047.97	-	-	8,525.40	-	1,769,573.37	60,873.66
Call account 9- Disaster Recovery	142,973.34	-	-	692.15	-	143,665.49	62,412.58
ABSA BANK	-		-	-		-	-
NEDBANK	-		-	-		-	1,117,029.92
ABSA BANK	100,000,000.00	-	-	759,452.06		100,000,000.00	3,927,452.05
ABSA BANK	30,000,000.00			151,232.87		30,000,000.00	151,232.87
FNB-MAIN BANK	-			27,162.05		-	136,452.44
TOTAL	142,027,415.06	85,001,400.00	(66,184,223.91)	1,128,245.75	(32.24)	161,034,957.68	6,793,776.51

**Investment register closing balance:** as at 31<sup>st</sup> December 2025 is **R161million**. Interest of **R1.1 million** has been collected for the month of December, whilst an accumulated interest to date is **R6,8 million**.

An amount of **R130 million** has been invested with ABSA as they offered better interest rate as per quotations received.

Interest received from these investments will be utilised towards service delivery as the municipality will identify projects to be funded by interest and adjust during adjustment budget 2025/26 financial year.

## MID-YEAR BUDGET STATEMENT -CASH FLOW

KZN291 Mandeni - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							Full Year Forecast
		Audited Outcome	Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	
R thousands	1									
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>		<b>31,615</b>	<b>(82,386)</b>	<b>-</b>	<b>57,308</b>	<b>41,322</b>	<b>(24,150)</b>			<b>-</b>
Cash/cash equivalents at beginning:		230,188	92,208	-	-	131,899	92,208			131,899
Cash/cash equivalents at month/year end:		261,803	9,822	-	57,308	173,221	68,059			-

**Cash & Cash equivalent:** net increase in cash is R173,2 million as at 31<sup>st</sup> December 2025. The municipality opened with a cash and cash equivalent balance of R131,9 million at the beginning of the financial year and closed the month with a balance of R173,2million as at the end of December 2025.

## CREDITORS AGE ANALYSIS

KZN291 Mandeni - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description	NT Code	Budget Year 2025/26								Total	Prior year totals
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120	121 - 150	151 - 180	181 Days -	Over 1 Year		
R thousands											
<b>Creditors Age Analysis By Customer Type</b>											
Bulk Electricity	0100	-	-	-	-	-	-	-	-	-	-
Bulk Water	0200	-	-	-	-	-	-	-	-	-	-
PAYE deductions	0300	-	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	-	-	-	-	-	-	-	-	-	-
Auditor General	0800	-	-	-	-	-	-	-	-	-	-
Other	0900	-	-	-	-	-	-	-	-	-	-
Medical Aid deductions	0950	-	-	-	-	-	-	-	-	-	-
<b>Total By Customer Type</b>	<b>1000</b>	-	-	-	-	-	-	-	-	-	-

**Creditors Age analyses:** shows Balance of R0 as at 31<sup>st</sup> December 2025. A list of creditors is attached in the report. However, it is the municipality's good practise that all creditors are paid within 30 days.

## DEBTORS AGE ANALYSIS

KZN291 Mandeni - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

Description	NT Code	Budget Year 2025/26									Total over 90 days
		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	
R thousands											
<b>Debtors Age Analysis By Income Source</b>											
Trade and Other Receivables from Exchange Transactions - Water	1200	-	-	-	-	-	-	-	-	-	-
Trade and Other Receivables from Exchange Transactions - Electricity	1300	1,913	1,660	1,294	2,051	1,125	123	496	2,759	11,421	6,555
Receivables from Non-exchange Transactions - Property Rates	1400	4,966	4,004	3,821	2,435	15,283	(5)	7,117	104,555	142,175	129,384
Receivables from Exchange Transactions - Waste Water Management	1500	-	-	-	-	-	-	-	-	-	-
Receivables from Exchange Transactions - Waste Management	1600	1,420	1,179	977	950	969	916	5,828	61,721	73,961	70,384
Receivables from Exchange Transactions - Property Rental Debtors	1700	34	31	12	7	(1,212)	(5)	(47)	128	(1,052)	(1,130)
Interest on Arrear Debtor Accounts	1810	447	436	470	401	402	418	2,829	34,765	40,168	38,816
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	-	-	-	-	-	-	-	-	-	-
Other	1900	4,690	6	6	15	8	11	7	5,409	10,152	5,450
<b>Total By Income Source</b>	<b>2000</b>	<b>13,471</b>	<b>7,316</b>	<b>6,580</b>	<b>5,860</b>	<b>16,574</b>	<b>1,459</b>	<b>16,229</b>	<b>209,337</b>	<b>276,826</b>	<b>249,459</b>
<b>2024/25 - totals only</b>											
<b>Debtors Age Analysis By Customer Group</b>											
Organs of State	2200	2,076	1,839	2,425	1,142	162	148	1,357	33,700	42,849	36,509
Commercial	2300	6,482	2,026	1,448	1,254	13,646	130	2,898	27,618	55,501	45,545
Households	2400	4,644	3,311	2,559	3,317	2,562	1,044	11,042	141,911	170,390	159,876
Other	2500	269	140	147	147	204	136	933	6,108	8,085	7,529
<b>Total By Customer Group</b>	<b>2600</b>	<b>13,471</b>	<b>7,316</b>	<b>6,580</b>	<b>5,860</b>	<b>16,574</b>	<b>1,459</b>	<b>16,229</b>	<b>209,337</b>	<b>276,826</b>	<b>249,459</b>

**Debtors** as at 31<sup>st</sup> December 2025, R276,8 million. The billing is done on the monthly basis; collection and issuing of final demand letters are ongoing to reduce our debtors' book.

**Debtors' collection rate** as of December 2025 is 83%.

- Collection Rate as at 31st December 2025

DEBTORS COLLECTION RATE DECEMBER 2025		
	GROSS DEBTORS OPENING BALANCE	262,266,700.32
	ADD: BILLED REVENUE	84,580,842.81
	LESS: GROSS DEBTORS CLOSING BALANCE	267,825,666.42
		70,021,842.71
	DIVDED BY BILLED REVENUE	84,580,808.81
		82.79%
	<b>RATE</b>	<b>83%</b>

- Current Collection Rate on Current Accounts December 2025

DEBTORS COLLECTION RATE CURRENT ACCOUNT DECEMBER 2025		
	RECEIPT FOR DECEMBER 20205	8,697,420.79
	DEVIDE: BILLED REVENUE	12,353,002.04
		70.40734521
	<b>RATE</b>	<b>70%</b>

- Collection Rate on Historical Debt

DEBTORS COLLECTION RATE HISTORICAL DEBT DECEMBER 2025		
	RECEIPT FOR DECEMBER 20205	8,697,420.79
	DEVIDE: BILLED REVENUE	284,542,063.72
	OPENING BALANCE	272,189,061.68
	ADD: BILLED REVENUE	12,353,002.04
	<b>RATE</b>	<b>3.06%</b>

The billing is done on the monthly basis; collection and issuing of final demand letters are ongoing to reduce our debtors' book. We also have various other debt collection and Revenue Protection programs which aims at reducing the debt book and increase the overall collection rate.

Furthermore, the municipality will continue to explore and implement effectively credit control measures in order to strengthen its cash base, especially from individual consumers. Other revenue enhancement strategies over and above that currently yielding revenue will have to be explored with a view to widen the revenue and cash base as these seem to be the solution to turn the cash-flow situation around.

Debt outstanding on Councillors as at December 2025 is **R175,375.64**, it should be noted that we have since issued letters of demand to all affected Councillors in line with Regulation 9 of the 2023 Regulations on the Code of Conduct for Councillors which is aligned to Item 14 of the Actual Code of Conduct for Councillors as per Schedule 7 of the Local Government Municipal Structures Act No. 117 of 1998 as amended, as well as Council Resolution C141 of 29 June 2023.

Staff Accounts in arrears as of December 2025 is **R77,088.94**, deductions in this regard are ensured on a monthly basis.

Cooperation with management and structures in council is required in order to curb expenditure on the budget throughout the course of the year. The issues that still reflect variances in the budget performance report must be monitored and managed to ensure that the municipality operates within the approved budget.

Furthermore, the municipality will continue to explore and implement effectively credit control measures in order to strengthen its cash base, especially from individual consumers. Other revenue enhancement strategies over and above those currently yielding revenue will have to be explored with a view to widen the revenue and cash base as these seem to be the solution to turn the cash-flow situation around.

## DATA CLEANSING

Debt pack is assisting the municipality to recover this debt through telephoning Debtors, printing section 29 and Final demands, we will soon be moving to legal in order to further our collection measured on consumers that are resistant to pay nor respond.

## **6. FINACIAL IMPLICATIONS**

- (i) Financial implication (Mid-Year Budget and Performance Assessment)
- (ii) Adjustment Budget 2025/26 financial year

### **Operational Expenditure per funding source as at second quarter ended 31 December 2025**

- Employee Related cost and remuneration of councillors of R88.2 million have been funded from Equitable Share; Library, EPWP and MIG PMU
- Bulk purchases Electricity of R35,9million have been funded by Service Charges-Electricity
- Inventory Consumed of R917thousand have been funded from Equitable Share
- Contracted Services of R37,5million have been funded from Equitable Share
- Operational cost of R37,9million have been funded from Equitable Share.

### **Capital Expenditure per funding source as at second quarter ended 31 December 2025**

- Capital Projects funded by MIG totalling to R19,3million.
- Capital Projects from Provincial Government R264thousand.
- Capital Projects funded from Cash backed Reserves is R23,8million

**During assessment of the mid-year budget for the first half of the financial year, we have then identified the following items that are recommending the municipality to revise its annual budget through an Adjustment budget.**

- The adjustment of revenue estimates downwards/upwards where there is an under/over collection in revenue budget.
- Adjust Grants revenue and expenditure budget to be in line with the Adjusted DORA once it has been issued by National Treasury.
- Adjustment of expenditure estimates where over/under expenditure has been incurred on certain line items to avoid unauthorised expenditure, such as Bulk Electricity and Operational Costs.
- Authorise the utilisation of projected savings in one vote towards spending under another vote.
- Revise Annual Procurement Plan to be in line with the Adjustment Budget.
- Consider findings that were raised by Provincial Treasury during their high-level assessment on the municipal tabled budget for 2025/26 financial year and correct differences identified in the Annual Budget and mSCOA data string.

The Accounting Officer has assessed the performance for the first half of the financial year of 2025/26 for the municipality and presented the report to the Mayor, the Mayor reviewed the report and recommended for an adjustment budget.

## 7. RECOMMENDATION

### IT IS RECOMMENDED THAT:

- (1) Council acting in terms of Section 72(1)(a) of the MFMA **considers and approves** the Mid-Year Budget and Performance assessment report of Mandeni Municipality for the for the period ended 31<sup>st</sup> December 2025.
- (2) Council **approves** that an Annual Budget for 2025/26 MTREF be prepared and adjusted through an adjustment budget by no later than 28 February 2026.
- (3) The revised SDBIP which forms the basis for the mid-year performance assessments must include adjustments necessitated by a review of the predetermined objectives and adjustments as a result of the adjustments budget, must be approved by Council
- (4) The Monthly Budget Statement for the month of December 2025 and the supporting documents as referred to in S71 of the MFMA be and is hereby **NOTED**.
- (5) The Quarterly Budget Implementation Report and supporting documents as referred to in S52(d) of the MFMA be and is hereby **NOTED**.
- (6) The Consolidated Report of withdrawals from municipal bank account be and is hereby **NOTED**.
- (7) The Mid-Year Budget and Performance Assessment 2025-2026 be submitted to the Provincial and National Treasury in both electronic and hard copies.
- (8) The revision to the Service Delivery and Budget Implementation plan as referred to in S54(c) of the MFMA be and is hereby **APPROVED**.
- (9) The service delivery targets and performance indicators in the SDBIP will only be approved by Council following the approval of the adjustment budget.
- 10)The budget adjustment is necessary as referred to in S54 of the MFMA be and must be presented to Council during the month of February 2026.
- 11)The Top 100 Debtors (Business Category) with long outstanding debt be handed over for legal collection which will contribute towards revenue enhancement strategy is hereby **APPROVED**.

### 8. CHIEF FINANCAIL OFFICER

: \_\_\_\_\_  
NZ Guzana

### 9. MUNICIPAL MANAGER

: \_\_\_\_\_  
SG Khuzwayo