



LIM344: MID-YEAR BUDGET ASSESSMENT

2025/26 FINANCIAL YEAR

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1. INTRODUCTION

FINANCE : MID-YEAR BUDGET ASSESSMENT – 2025/26 FINANCIAL YEAR

REPORT OF THE MUNICIPAL MANAGER

In terms of section 72 of the Municipal Finance Management Act (MFMA), Act no 56 of 2003 the Accounting Officer of the municipality must by 25 January each year-

- 1.1** Assess the performance of the municipality during the first half of the financial year, taking into account-
 - a) The monthly budget statement referred to as section 71 for the first half of the financial year
 - b) 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,
 - c) The past years annual report, and progress on resolving problems identified in the annual report.

 - 1.2** The Accounting Officer of the municipality must submit a report on such assessment to –
 - 1.2.1 The mayor of the municipality,
 - 1.2.2 The National and the relevant provincial treasury.

 - 1.3** The Accounting Officer must, as part of the review-

 - 1.4** Make recommendations as to whether an adjustment budget is necessary, and

 - 1.5** Recommend revised projections for revenue and expenditure to the extent that this may be necessary
-

**2. HALF-YEAR BUDGET STATEMENT: 31 DECEMBER 2025
(JULY 2025 – DECEMBER 2025 YEAR TO DATE PERFORMANCE)**

MUNICIPAL FINANCIAL MANAGEMENT AND VIABILITY			
Summary of first half quarter SDBIP (July to December 2025) Municipal financial management and viability			
Key Performance Indicators	Mid-Term Performance Remarks	Mid-term Target	Actual achieved Mid-term
Number of Household earning less than per month with access to free electricity	Achieved	1800	3816
Prepared and Submitted Annual financial statements for 2024/2025 Financial year	Achieved	2024/25 AFS Prepared and submitted by 31 August 2025	2024/2025 AFS prepared and submitted on 30 August 2025
Approved budget process plan by 31 August 2025	Achieved	Process plan approved by Council by the 31 August 2025	Process plan approved by Council on the 29 th July 2025
Approved 2025/26 Budget by 31 May 2026	Achieved	Send request to departments for proposed budget by 31 December 2025	The request to departments for proposed budget was sent on the 08th December 2025
Number of section 71 reports submitted to Treasury within 10 days after the end of the month by 30 September 2025 and by 31 December 2025	Achieved	6	6
Percentage Expenditure of Financial Management Grant by 30 September 2025 and by 31 December 2025	Achieved	50%	52%
Percentage of Tenders processed within 90 days by 30 September 2025 and 31 December 2025 (From closing date in the advert)	Not Achieved	95%	49%

Percentage of Electricity Distribution loss by 30 September 2025 and 31 December 2025	Achieved	10%	9%
To achieve improved Unqualified audit opinion by 30 November 2025	Achieved	Improved Unqualified audit Opinion	Improved Unqualified audit Opinion with less findings compared with previous years.
Percentage of Invoices Paid within 30 days of receipt by 30 September 2025 and 31 December 2025	Achieved	100%	100%
Percentage of INEP Grant spending by 30 September 2025 and 31 December 2025	Achieved	45%	64%
Percentage of MIG Grant spending by 30 September 2025 and 31 December 2025	Achieved	45%	54%
Percentage of Billed revenue collected per month during 2025/26(as at 30 September 2025 and by 31 December 2025 Financial Year	Achieved	90%	92%

3. ANALYSIS OF MID TERM SDBIP KEY PERFORMANCE INDICATORS AND ACHIEVEMENT ENDING 31 DECEMBER 2025

3.1 Number of Households earning less than threshold per month with access to free electricity.

The target was for the municipality to register 1800 by mid-term. The municipality achieved the target by registering 3816 by mid-term.

3.2 Prepared and submitted Annual Financial Statements for the year ended 30 June 2025.

The target was for the municipality to prepare and submit AFS for the 2024/25 financial year on or before 31 August 2025 during mid-term. The target was achieved.

3.3 Approved budget process plan by 31 August 2025.

The target was for the municipality to approve the budget process plan by 31 August 2025 during the mid-term. The municipality achieved the target as the budget process plan was approved by council on 29 July 2025.

3.4 Approved 2025/26 budget by 31 May 2026.

The target was for finance department to issue a circular notifying other departments about the deadline for submission of the budget input for the preparation of 2025/26 financial year Budget. The notice was issued on 08th December 2025 and the target was achieved.

3.5 Number of section 71 reports submitted to Treasury within 10 days after the end of the mid-term (six months)

The target was for the municipality to submit section 71 reports to provincial and national treasury within ten working days after the end of each month during mid-term. The target was achieved and six section 71 reports were submitted to both national and provincial Treasury during mid-term.

3.6 Percentage Expenditure of Financial Management Grant by mid-term.

- The target was to spend 50% of financial management grant by mid-term. The municipality achieved this target by spending 52% of the budget.

3.7 Percentage of Tenders processed within 90 days by mid-term (From closing date in the advert).

- The target was for the municipality to process 95% advertised Tenders within 90 days from the closing date in the advert by mid-term. The municipality did not achieve this target and 49% of the tenders were awarded within 90 days validity period from the closing date during mid-term.

3.8 Percentage of Electricity Distribution loss by mid-term.

- The target for the municipality was to achieve less than 10% on distribution loss for the mid-term ending 31 December 2025. The target was achieved and the municipality's distribution losses was 9% for the mid-term

3.9 Percentage of Billed revenue collected per month during 2025/26 for mid-term Financial Year.

- The target was for the municipality to achieve 90% collection rate for the mid-term. The target was achieved and the municipality's collection rate was 92% for the mid-term.

4 ANALYSIS OF INCOME AND EXPENDITURE FOR THE MID TERM ENDING 31 DECEMBER 2025

The municipality's total approved budget amounts to R 1 554 993 033
Income and Expenditure (Operating Budget) R 1 362 362 065 and Capital
expenditure of R 272 154 750.00

Summary overall budgeted and actual expenditure

Types of Budget	Approved Budget	Budget Spent	Balance	% Spent
Operational	R 1 362 billion	R 705 million	R 657 million	52%
Capital	R 272 million	R 135 million	R 137 million	50%
Total	R 1 634 billion	R 840 million	R 794 million	51%

The municipality had operational expenditure budget of R 1 362 billion and capital budget of R 272 million and the amount of R 705 million and R 135 million was spent respectively. This represents 52% spending on operational budget as well as 50% spending on capital budget. Overall spending is R840 million against the approved budget of R 1.634 billion and this represent 51% spending of the budget.

5 OPERATING REVENUE.

Total Operating revenue during first half of 2025/26 was R 780 484 compared to the related budget of R 777 497 resulting in a positive variance. The revenue received constitute 50% of the approved original budget.

Description	Budget Year 2025/26										
	R thousands	Approved budget	Mid-year Projections	Q1 Sept 2025	Q2 Dec 2025	YTD	YTD variance	YTD variance %	YTD Actual/Budget	Actual vs Projecte	Full year Forecast
Revenue By Source											
Property rates	132 050 505.45	66 025 252.73	32 818 934.61	32 955 465.13	65 774 399.74	-250 852.98	0%	50%	100%	132 050 505.45	
Service charges - electricity revenue	619 882 725.54	309 941 362.77	153 269 435.99	115 044 451.07	268 313 887.06	-41 627 475.71	-13%	43%	87%	619 882 725.54	
Service charges - refuse revenue	16 637 578.25	8 318 789.13	7 540 614.41	4 632 931.58	12 173 545.99	3 854 756.87	46%	73%	146%	16 637 578.25	
Rental of facilities and equipment	431 974.10	215 987.05	551 600.08	252 405.37	804 005.45	588 018.40	272%	186%	372%	431 974.10	
Interest earned - external investments	4 397 547.71	2 198 773.86	1 055 487.89	372 063.67	1 427 551.56	-771 222.30	-35%	32%	65%	4 397 547.71	
Interest earned - outstanding debtors	49 559 155.67	24 779 577.84	10 705 020.65	11 063 674.64	21 768 695.29	-3 010 882.55	-12%	44%	88%	49 559 155.67	
Fines, penalties and forfeits	4 991 368.28	2 495 684.14	627 861.54	413 650.60	1 041 512.14	-1 454 172.00	-58%	21%	42%	4 991 368.28	
Licences and permits	4 094 943.16	2 047 471.58	1 033 489.69	1 176 156.29	2 209 645.98	162 174.40	8%	54%	108%	4 094 943.16	
Transfers and subsidies	529 842 350.00	264 921 175.00	218 240 100.00	171 757 415.27	389 997 515.27	125 076 340.27	47%	74%	147%	529 842 350.00	
Operational Revenue	193 104 885.00	96 552 442.50	1 811 054.33	15 162 196.71	16 973 251.04	-79 579 191.46	-82%	9%	18%	193 104 885.00	
Total Revenue	1 554 993 033.16	777 496 516.58	427 653 599.19	352 830 410.33	780 484 009.52	2 987 492.94	0%	50%	100%	1 554 993 033.16	

5.2 ANALYSIS OF REVENUE

5.2.1 Property Rates

- The Actual billing on property rates for mid-term is R 65.774 million compared to the projections of R 66.025 million which results to 1% negative variance between actual collected and projections. There is no need to adjust property rate down or upwards during budget adjustment based on the six months performance.

5.2.2 Service charges Electricity revenue

- The actual Billing on Electricity revenue for the mid-term is R 268.314 million compared to the Mid-term projections of R 309.941 million. This revenue item will be adjusted after checking the audited AFS and six-month performance together with all new connections done waiting for energizing.

5.2.3 Service charges Refuse removal

- The actual revenue billed on Refuse removal revenue for mid-term is R 12.174 million compared to the projections of R 8.319 million. There is a need to adjust service charges refuse removal upwards by 46% based on six-month performance.

5.2.4 Rental

- The actual rental revenue collected for mid-term 2025 is R 804 thousand compared to the mid-year projection of R 216 thousands. There is a need to adjust rental revenue upwards based on six months actual performance.

5.2.5 Interest earned from financial institutions

- The actual billing for interest earned from financial institutions as at 31 December 2025 is R 1 428 million compared to the projections of R 2 199 million. This revenue item will be adjusted after checking the audited AFS together with the six-month performance.

5.2.6 Interest earned from outstanding debtors

- The actual billing for interest earned from outstanding debtors as at 31 December 2025 is R 21 769 million compared to the projections of R 24 780 million. This revenue item will be adjusted after checking the audited AFS together with the six-month performance.

5.2.7 Fines, Penalties and forfeits

- Fines, penalties and forfeits for the mid-term is R 1 042 million compared with R 2.496 million projections. This revenue item will be adjusted after checking the audited AFS together with the six-month performance.

5.2.8 Licenses and Permits

- The actual licenses and permits collected in the mid-term is R 2.210 million compared with the R 2 047 million projections which results over collection by 8% .The revenue is collected on a cash basis and there's a need to adjust upwards by 8% this revenue based on the six month performance.

5.2.9 Other Revenue

The actual collection as at 31 December 2025 is R 16.973 million compared with the projected revenue of R 96.552 million. The results is the under collection by 95% with regard to this service. The projected revenue include the amount projected to be received from sales of stands and auction that were done, and the municipality will receive the money after the transfer from conveyances is completed. There is no need to adjust this revenue line item as the actions are done in the year under review.

The first auction that took place in the first quarter amounted to the value of R105 million and the anticipated value for the auction that will take place in February is more than R62 million. Refer to the table below for the breakdown of the mid-year actual amount:

Operational Revenue	
Sale of goods and rendering of services	484 313.08
Sale of stands	14 000 892.50
Administrative Handling Fees	209 973.12
Breakages and Losses Recovered	112 294.46
Commission	2 165 777.88
VBS	-
TOTAL	16 973 251.04

Description	Budget Year 2025/26									
	Approved budget	Mid-year Projections	Q1 Sept 2025	Q2 Dec 2025	YTD	YTD variance	YTD variance %	YTD Actual/Budget	Actual vs Projected %	Full year Forecast
Expenditure By Source										
Employee related costs	400 676 736.00	200 338 368.00	94 172 568.04	120 884 808.30	215 057 376.34	14 719 008.34	7%	54%	107%	400 676 736.00
Remuneration of councillors	34 781 061.00	17 390 530.50	7 402 435.59	7 439 243.41	14 841 679.00	-2 548 851.50	-15%	43%	85%	34 781 061.00
Debt impairment	42 109 199.00	21 054 599.50	288 776.40	44 142 059.13	44 430 835.53	23 376 236.03	111%	106%	211%	42 109 199.00
Depreciation & asset impairment	167 184 813.62	83 592 406.81	30 561 685.17	30 854 430.85	61 416 116.02	-22 176 290.79	-27%	37%	73%	167 184 813.62
Finance charges	20 057 933.00	10 028 966.50	59 284.67	1 952 125.41	2 011 410.08	-8 017 556.42	-80%	10%	20%	20 057 933.00
Bulk purchases	415 334 920.00	207 667 460.00	114 127 645.86	116 508 184.51	230 635 830.37	22 968 370.37	11%	56%	111%	415 334 920.00
Other materials	53 262 791.30	26 631 395.65	10 368 735.92	9 779 004.60	20 147 740.52	-6 483 655.13	-24%	38%	76%	53 262 791.30
Contracted services	165 909 678.00	82 954 839.00	39 169 542.43	45 480 233.00	84 649 775.43	1 694 936.43	2%	51%	102%	165 909 678.00
Operational costs	63 044 932.90	31 522 466.45	17 746 386.28	13 996 002.76	31 742 389.04	219 922.59	1%	50%	101%	63 044 932.90
Total Expenditure	<u>1 362 362 064.82</u>	<u>681 181 032.41</u>	<u>313 897 060.36</u>	<u>391 036 091.97</u>	<u>704 933 152.33</u>	<u>23 752 119.92</u>	<u>3%</u>	<u>52%</u>	<u>103%</u>	<u>1 362 362 064.82</u>

6 OPERATING EXPENDITURE

Total actual expenditure incurred during the first half of 2025/26 is R 704 933 152.33 compared to the projected amount of R 681 181 032.41 The expenditure incurred to date is amounting R 704 933 152.33 or 52 % of the original approved budget.

6.2 VARIANCES ANALYSIS OF EXPENDITURE

6.2.1.1 Employee related Cost

- The actual expenditure as at 31 December 2025 is sitting at R215 million compared to the projections of R 200 338 million which results in over spending by 7%.
- There is a need to adjust employee cost upwards by 7%, however it must be emphasized that departments should try by all means to reduce overtime.

6.2.1.2 Councilors' Remuneration

- The actual expenditure as at 31 December 2025 is sitting at R14 842 million compared to the projections of R 17 391 million which results in underspending spending by 15%. There is no need to adjust councilor's remuneration due to the fact that we are still waiting for upper limit increases to be approved by minister for 2025/2026.

6.2.1.3 Debt Impairment

- This is non-cash item and expenditure is R 44 431 million compared to the projection of R 21 055 million. This is mainly because debtors are normally assessed for impairment during each quarter. There is a need to improve the collection rate so that the municipality remains within the allocated budget. The variance was used instead of actual. There is no need to adjust this expenditure line item based on the audited AFS performance and also the improvement on the implementation of the credit control policy.

6.2.1.4 Depreciation & asset impairment

- This is non- cash item and expenditure is R 61 416 million compared to the projection of R 83 592 million. There is no need to adjust the budget due to last year audited performance on depreciation and impairment.

6.2.1.5 Bulk purchases

- The bulk purchases expenditure for the first half is R 230 636 million and compared to projected expenditure of R 207 667 million which results to overspending of 9%. There is a need to adjust the budget on bulk Purchases based on the audited and mid-year performance on this line item.

6.2.1.6 Finance charges

- The actual expenditure for finance charge is R 2 011 million compared to projected expenditure of R 10 028 million. There is a need to adjust finance charges during the adjustment budget to cover the whole year expenditure, especially year end journals for leases and employee benefit accruals based on the audited AFS.

6.2.1.7 Other materials

- The actual expenditure for other materials is R 20 148 million compared to projected expenditure of R 26 631 million. There is no need to adjust other materials based on the audited AFS performance.

6.2.1.8 Contracted Services

- The contracted services expenditure is R 84 650 million compared to projected expenditure of R 82 955 million which results to overspending by variance of 2%. There is a need to adjust the budget upwards during budget adjustment based on the six month performance, however repairs and maintenance of roads and electricity infrastructure need to be prioritized, E.g Patching of potholes , roads storm water , and electricity maintenance in the municipal area due to the disaster that impacted the municipality.

6.2.1.8 General Expenditure

- The other expenditure is R 31 742 million compared to the projected expenditure of R31 522 million which results to over spending by 1% on the general expenditure for the six months. There is a need to adjust this expenditure line item to cater for the loss on disposal of assets that takes place at the end of the financial year.

**7 ANALYSIS OF CAPITAL BUDGET EXPENDITURE PER DEPARTMENT
CAPITAL EXPENDITURE.**

The Capital Budget expenditure is R 135 255 million of the full budgeted figure of R 272 155 million which is equal to 50 % spending. Total actual expenditure incurred for Capital budget during the first half of 2025/26 is R 135 255 million compared to the projected amount of R 136 077 million. The expenditure incurred to date is amounting to 50% of the approved capital budget.

SUMMARY PER DEPARTMENT								
CODE	DEPARTMENT	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	VARIANCE	PERCENTAGE
SC	Technical Services	INCOME & GRANT	255 571 650.00		255 571 650.00	131 777 499.38	125 175 804.62	52%
SC	Community Services	INCOME	4 975 000.00		4 975 000.00	20 061.30	4 954 938.70	0%
SC	Budget and Treasury	INCOME	2 538 100.00		2 538 100.00	-	2 538 100.00	0%
SC	Corporate Services	INCOME	8 080 000.00		8 080 000.00	3 119 493.10	4 960 506.90	39%
SC	Regional Offices	INCOME	990 000.00		990 000.00	337 770.00	652 230.00	34%
TOTAL			272 154 750.00		272 154 750.00	135 254 823.78	138 281 580.22	50%

PLANS TO IMPROVE SPENDING TO THE NEXT TWO QUARTERS

- All departments are committing that, all projects that were due for completion during second quarter will be completed during 3rd quarter as per the revised approved extension of time.
- All other projects that are under construction planned to be completed by end of financial year will be completed.
- All Projects that are on evaluation stage will be adjudicated by end of January 2026 and those that are pending specification, the specification will also be submitted by end of January 2026.
- The procurement plan will be a standing item in a monthly management meeting to monitor the progress from each department.
- The departments are committing that there will be improvement in expenditure in third quarter and fourth quarter so that at the end of financial year the municipality achieve 90% to 100% spending of its capital projects.

7.2.1 Technical Services Department

The expenditure incurred for the first half represents 52% of approved budget for 2025/2026 financial year. The major spending of the department is mainly derived from MIG, INEP and own funding projects that are progressing well.

CAPITAL EXPENDITURE REPORT FOR THE MONTH ENDING 31 DECEMBER 2025
TECHNICAL SERVICES DEPARTMENT

ELECTRICAL ENGINEERING									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING OR	VARIANCE	PERCENTAGE
SC	LV) at: Mara , Sinthumule, Kutama, Mudimeli / Tshiendeulu, Tshipise & Ward 37, Levubu 2, Levubu East, Levubu Central, Levubu west (Beaufort),	INCOME	8,000,000.00	(1,500,000.00)	6,500,000.00	4,067,549.14	-	2,432,450.86	63%
SC	Upgrading Emmarentia Sub Station	INCOME	6,500,000.00	1,500,000.00	8,000,000.00			8,000,000.00	0%
SC	Upgrading Boom Park sub station	INCOME	5,000,000.00	(499,675.00)	4,500,325.00			4,500,325.00	0%
SC	Upgrading Eltivillas East substation in town	INCOME	4,000,000.00	-	4,000,000.00			4,000,000.00	0%
SC	Develop GIS System (Farms)	INCOME	1,000,000.00	-	1,000,000.00			1,000,000.00	0%
SC	Develop GIS system (Underground network in Town)	INCOME	1,000,000.00	-	1,000,000.00			1,000,000.00	0%
SC	Upgrading South of Pretorius substation (2 x 5MVA)	INCOME	3,500,000.00	-	3,500,000.00			3,500,000.00	0%
SC	Main substation upgrade Phase 4	INCOME	6,000,000.00	-	6,000,000.00			6,000,000.00	0%
SC	Post connections at Municipal area	INCOME	2,000,000.00	-	2,000,000.00	170,100.00		1,829,900.00	9%
SC	Procurement of Power Transformer and Current Transformer Testing instrument	INCOME	1,500,000.00		1,500,000.00			1,500,000.00	0%
SC	Protection scheme coordination for networks	INCOME	1,000,000.00		1,000,000.00			1,000,000.00	0%
SC	Procurement of Statutory equipment	INCOME	1,000,000.00		1,000,000.00			1,000,000.00	0%
SC	Procurement of Tree Pruners	INCOME	250,000.00		250,000.00			250,000.00	0%
SC	Procurement of battery operated Crimpers	INCOME	200,000.00		200,000.00			200,000.00	0%
SC	Procurement of battery operated cutters	INCOME	200,000.00		200,000.00			200,000.00	0%
SC	Procurement of electrical tools	INCOME	300,000.00	-	300,000.00			300,000.00	0%
SC	Operational digital radios	INCOME	600,000.00		600,000.00	480,710.00	-	119,290.00	80%
SC	High Mast Lightning structure in Nwaxinyamani Village	INCOME		499,675.00	499,675.00	-		499,675.00	0%
TOTAL		INCOME	42,050,000.00	-	42,050,000.00	4,718,359.14	-	37,331,640.86	11%

CIVIL ENGINEERING SECTION

CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING OR VARIANCE	PERCENTAGE	
SC	Rehabilitation of surfaced landing strips and roads at Makhado Airport	INCOME	500,000.00		500,000.00		500,000.00	0%	
SC	Construction of temporary Store room for storage of municipal equipment at	INCOME	100,000.00		100,000.00		100,000.00	0%	
SC	Procurement of Boom lifter for working at height for use at Community facilit	INCOME	1,500,000.00	(450,000.00)	1,050,000.00		1,050,000.00	0%	
SC	Installation of Carports for vehicle parking at Waterval Region.	INCOME	200,000.00		200,000.00		200,000.00	0%	
SC	Installation of Carpot for Vleifontein satelite office at Waterval Region.	INCOME	200,000.00		200,000.00		200,000.00	0%	
SC	Rehabilitation of Netshisaulu street	INCOME	3,800,000.00		3,800,000.00	2,527,457.06	1,272,542.94	67%	
SC	Development of Animal Carcasses Decomposing Facility	INCOME	1,200,000.00		1,200,000.00		1,200,000.00	0%	
SC	Construction of Weighbridge at Makhado landfill site	INCOME	1,300,000.00		1,300,000.00		1,300,000.00	0%	
SC	construction of Carports for Makhado Traffic Station	INCOME	350,000.00		350,000.00		350,000.00	0%	
SC	Refurbishment of Library building	INCOME	500,000.00		500,000.00		500,000.00	0%	
SC	Refurbishment of Ha-Mutsha community Hall	INCOME	500,000.00		500,000.00		500,000.00	0%	
SC	Refurbishment of Vleifontein Satelite office	INCOME	500,000.00		500,000.00		500,000.00	0%	
SC	Road mechanical broom sweeper	INCOME	500,000.00		500,000.00		49,000.00	0%	
SC	Installation of sittings benches at Rabali stadium change rooms.	INCOME	100,000.00		100,000.00		56,100.00	0%	
SC	Construction of the Strong room for storing confidential documents.	INCOME	120,000.00		120,000.00		120,000.00	0%	
SC	Construction of Store room at Luvuvhu regional office	INCOME	260,000.00		260,000.00		260,000.00	0%	
SC	Construction of Temporary Shelter for workers at Luvuvhu regional office	INCOME	130,000.00		130,000.00		130,000.00	0%	
SC	Upgrading of Tshivhuyuni Access Road	INCOME		367,572.00	367,572.00	367,571.06	0.94	100%	
SC	Upgrading of Rathidili Ring Road	INCOME		1,049,474.00	1,049,474.00	1,049,502.23	(28.23)	100%	
SC	Upgrading of Road from Tribal Muila to Graveyard	INCOME		425,224.00	425,224.00	425,223.15	0.85	100%	
SC	Hand tools and toolbox	INCOME		400,000.00	400,000.00	51,551.98	58,039.71	348,448.02	13%
SC	Fencing of Cemetry _ Maduwa	INCOME		450,000.00	450,000.00	396,381.60		53,618.40	88%
TOTAL			11,760,000.00	2,242,270.00	14,002,270.00	4,817,687.08	-	9,184,582.92	34%

PMU INCOME

COD	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING OR	VARIANCE	PERCENTAGE
SC	construction of Dzanani Taxi Rank and Market Stalls	INCOME	7,800,000.00		7,800,000.00	6,187,730.50		1,612,269.50	79%
SC	Development of roads and stormwater at Tshikota 164 new stands	INCOME	21,951,583.00	(600,000.00)	21,351,583.00	10,317,784.57		11,033,798.43	48%
SC	Development of roads and stormwater at South of Pretorius 700 new stands	INCOME	37,807,188.00	(7,756,447.00)	30,050,741.00	26,766,954.26		3,283,786.74	89%
SC	Construction of Tshivhuyuni Sports Facility	INCOME	12,385,229.00		12,385,229.00	10,304,102.95	-	2,081,126.05	83%
SC	Construction of Shalom and Mountain view Streets at Waterval	INCOME	200,000.00		200,000.00			200,000.00	0%
SC	Upgrading of Road from Maebane, Makhitha to Muraleni	INCOME	200,000.00		200,000.00			200,000.00	0%
SC	Upgrading of Matshavhawe to Khunda Access Road	INCOME	200,000.00		200,000.00			200,000.00	0%
SC	Upgrading of Tarental Street at Makhado Park	INCOME	200,000.00		200,000.00			200,000.00	0%
SC	Development of Potgiter Park	INCOME		1,000,000.00	1,000,000.00	907,964.32		92,035.68	91%
SC	Waterval Sports Facility Phase 3	INCOME		4,514,177.00	4,514,177.00	219,891.55		4,294,285.45	5%
SC	Upgrade of road form Tshiozwi Mufhandani to T – Junction at Madombidzha	INCOME		300,000.00	300,000.00			300,000.00	0%
SC	Upgrading of Tshikwarani Road from main to tribal	INCOME		300,000.00	300,000.00			300,000.00	0%
TOTAL			80,744,000.00	(2,242,270.00)	78,501,730.00	54,704,428.15	-	23,797,301.85	70%

MIG FUNDED									
COD	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING OR	VARIANCE	PERCENTAGE
SC	Upgrading of Tsianda Marundu to Military Base Phase 1	MIG	15,758,178.68		15,758,178.68	9,903,592.93		5,854,585.75	63%
SC	Upgrading of Tshino Access Road	MIG	31,058,903.00		31,058,903.00	17,166,199.13		13,892,703.87	55%
SC	Upgrading of Madombidzha (50/50), Ramantsha to Ravele Road Phase 1	MIG	31,058,903.00		31,058,903.00	17,543,027.94		13,515,875.06	56%
SC	Upgrading of road leading to Mavhoyi FET College	MIG	25,182,754.32	(1,400,000.00)	23,782,754.32	10,514,880.63		13,267,873.69	44%
SC	WASTE REMOVAL TRUCKS	MIG	2,777,911.00		2,777,911.00	-		2,777,911.00	0%
SC	Kutama Sinthumule Sports Facility	MIG		1,400,000.00	1,400,000.00	1,381,927.40		18,072.60	99%
TOTAL			105,836,650.00	-	105,836,650.00	56,509,628.03		49,327,021.97	52%

INEP PROJECTS									
COD	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING OR	VARIANCE	PERCENTAGE
SC	Tsianda Phase 1	INEP	513,739.42		513,739.42	230,406.23		283,333.19	45%
SC	Xinkuwani Xilumani Phase 1	INEP	4,572,280.88		4,572,280.88	4,355,268.07		217,012.81	95%
SC	Woyoza Phase 1	INEP	1,001,791.88		1,001,791.88	338,604.18		663,187.70	34%
SC	Mulima Phase 2	INEP	2,568,697.12		2,568,697.12	2,016,870.15		551,826.97	79%
SC	Tshituni Phase 2	INEP	4,623,654.82		4,623,654.82	2,126,881.22		2,496,773.60	46%
SC	Mpofu (N1) Phase 2	INEP	1,900,835.87		1,900,835.87	577,713.13		1,323,122.74	30%
SC	Mulima	INEP	4,544,500.00		4,544,500.00	1,381,654.00		3,162,846.00	30%
TOTAL			15,181,000.00	-	15,181,000.00	11,027,396.98	-	5,535,257.02	73%

AL TECHNICAL SERVICES BUDGET

255,571,650.00	-	255,571,650.00	131,777,499.38	-	125,175,804.62	52%
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7.2.2 Department of Community services

The actual expenditure for the mid-term is R 20 thousands compared to the projection of R 2 485 million which result in a negative variance of 100%. The expenditure incurred for the first half represent 0% of approved budget for 2025/26 financial year. The department is expected to improve in the second half of the financial year to ensure that it reach 100% spending.

CAPITAL EXPENDITURE REPORT FOR THE MONTH ENDING 31 DECEMBER 2025 COMMUNITY SERVICES DEPARTMENT

LIBRARY SERVICES									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	VARIANCE	PENDING	PERCENTAGE
SC	Study carrels and chairs for Musekwa and Luvuvhu	INCOME	500,000.00		500,000.00		500,000.00	148,203.80	0%
TOTAL			500,000.00		500,000.00		500,000.00		0%

PARKS AND RECREATION SECTION									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	VARIANCE	PENDING	PERCENTAGE
SC	Purchasing and delivery of 10 Heavy duty lawn mower and 20 brush cutters	INCOME	1,600,000.00		1,600,000.00		1,600,000.00	-	0%
SC	Purchasing and delivery of 1 Potable/mobile woodchipper machine	INCOME	300,000.00		300,000.00		300,000.00		0%
SC	Purchasing and delivery of 10 Chainsaw	INCOME	160,000.00		160,000.00		160,000.00	65,250.00	0%
SC	Purchasing and delivery of 6 extended chainsaw	INCOME	120,000.00		120,000.00		120,000.00	37,200.00	0%
TOTAL			2,180,000.00	-	2,180,000.00	-	2,180,000.00		0%

MAKHADO REGION WASTE MANAGEMENT									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	VARIANCE	PENDING	PERCENTAGE
SC	Purchasing and delivery of 40 skip bins and 40 skip bin cover nets	INCOME	1,400,000.00		1,400,000.00		1,400,000.00		0%
SC	Purchasing of 500 Large Round Concrete Refuse Bin	INCOME	470,000.00		470,000.00		470,000.00		0%
TOTAL			1,870,000.00		1,870,000.00		1,870,000.00		0%

MAKHADO TRAFFIC STATION									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	VARIANCE	PENDING	PERCENTAGE
SC	Driving Licence Scanners	INCOME	200,000.00	-	200,000.00	-	200,000.00	180,000.00	0%
TOTAL			200,000.00	-	200,000.00	-	200,000.00	180,000.00	0%

WATERVAL TRAFFIC STATION									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	VARIANCE	PENDING	PERCENTAGE
SC	2 Digital Camera(Accident Response)	INCOME	25,000.00	-	25,000.00	20,061.30	4,938.70	-	80%
TOTAL			25,000.00	-	25,000.00	20,061.30	4,938.70	-	80%

DZANANI TRAFFIC STATION									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	VARIANCE	PENDING	PERCENTAGE
SC	Purchasing of Warrant of arrest printing machine	INCOME	200,000.00		200,000.00		200,000.00		0%
TOTAL			200,000.00	-	200,000.00	-	200,000.00	-	0%

TOTAL COMMUNITY SERVICES BUDGET	4,975,000.00	-	4,975,000.00	20,061.30	4,954,938.70	282,450.00
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7.2.3 Department of Budget and Treasury Office

The actual expenditure for the first half is R 0 compared with the projection of R 1 269 million which result in a negative variance of 100%.The expenditure incurred for the first half represent 0% of approved budget for 2025/26 financial year. The major expenditure will be incurred after the delivery of Vehicles that are already procured waiting for the delivery. The department is committed that spending of 100% will be achieved at the end of the financial year.

CAPITAL EXPENDITURE REPORT FOR THE MONTH ENDING 31 DECEMBER 2025

BUDGET & TREASURY OFFICE

ASSETS MANAGEMENT SECTION									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING ORDER	VARIANCE	PERCENTAGE
SC	Speaker and Mayor's vehicle	INCOME	1,500,000.00		1,500,000.00		411,524.13	1,500,000.00	0%
	OFFICE FURNITURE AND EQUIPMENT								
SC	Furniture for whole Municipality	INCOME	1,038,100.00		1,038,100.00		90,104.00	1,038,100.00	0%
TOTAL BUDGET AND TREASURY BUDGET			2,538,100.00	-	2,538,100.00	-	501,628.13	2,538,100.00	0%

7.2.4 Department of Corporate Services

The actual expenditure for the first half is R 3 119 million compared with the projection of R 4 040 million. This spending represents negative 11% of the Mid-term projection. The expenditure incurred for the first half represent 39% of approved budget for 2025/26 financial year.

CAPITAL EXPENDITURE REPORT FOR THE MONTH ENDING 31 DECEMBER 2025
CORPORATE SERVICES DEPARTMENT

UPGRADE AND ACQUISITION OF NETWORK AND COMMUNICATION SYSTEMS - ICT									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	Network Infrastructure refresher(Phase3)	INCOME	1,200,000.00		1,200,000.00	1,194,250.00	-	5,750.00	100%
SC	Procure, License and Support AD Manager Plus and AG Audit Plus	INCOME	300,000.00		300,000.00			300,000.00	0%
SC	Implement Disaster Recovery Architector	INCOME	500,000.00		500,000.00			500,000.00	0%
SC	Install Local Area Netwok for Testing Station old Building	INCOME	250,000.00	380,000.00	630,000.00	625,750.00		4,250.00	99%
SC	Install Local Area Network for new Offices in Civic Centre	INCOME	250,000.00	(250,000.00)	-			-	0%
SC	Procure Plotter for Printing GIS Maps and Images-Include 3 years Support and Maintenance	INCOME	230,000.00		230,000.00			230,000.00	0%
SC	Procure, License and Support Municipal Laptop Tracking solution for a period of three years	INCOME	250,000.00		250,000.00			250,000.00	0%
SC	Supply and Licencing of clould AUTOCAD System for a period of three years(5 USERS)	INCOME	200,000.00	(100,000.00)	100,000.00			200,000.00	0%
SC	Server Room Environmental Management System	INCOME	300,000.00	(100,000.00)	200,000.00			200,000.00	0%
TOTAL			3,480,000.00	(70,000.00)	3,410,000.00	1,820,000.00	-	1,690,000.00	53%

ICT EQUIPMENT FOR ALL DEPARTMENT									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	ICT equipment for all departments - laptops, desktops, printer/scanners	INCOME	1,100,000.00	230,000.00	1,330,000.00	1,299,493.10	-	30,506.90	98%
TOTAL			1,100,000.00	230,000.00	1,330,000.00	1,299,493.10	-	30,506.90	0%

COMMUNICATIONS DIVISION									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	Procure and Install Digital Welcome sign at the entrance of Civic Centre	INCOME	300,000.00		300,000.00	-	#####	300,000.00	0%
SC	Camera	INCOME	200,000.00	-	200,000.00	-	#####	200,000.00	0%
TOTAL			500,000.00	-	500,000.00	-	#####	500,000.00	0%

COUNILLORS SUPPORT AND COMMITTES									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	Procure Video Conferencing Facility for Virtual Meetings in Exco Chamber	INCOME	500,000.00	(160,000.00)	340,000.00	-		340,000.00	0%
TOTAL			500,000.00	(160,000.00)	340,000.00	-	-	340,000.00	0%

HUMAN RESOURCE DIVISION									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	Development of skill development plan	INCOME	500,000.00		500,000.00			500000	
SC	Procure, Install license , Maintain and Support Performance Management System (PMDS)	INCOME	1,500,000.00		1,500,000.00	-		1,500,000.00	0%
TOTAL			2,000,000.00	-	2,000,000.00	-	-	2,000,000.00	0%

RECORDS AND AUXILIARY SERVICES									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	Update, Maintain, Support and Licensing of Exisiting Document Management System	INCOME	500,000.00		500,000.00			500,000.00	
TOTAL			500,000.00	-	500,000.00	-	-	500,000.00	0%

TOTAL CORPORATE SERVICES BUDGET	8,080,000.00	-	8,080,000.00	3,119,493.10	355,800.00	5,060,506.90	39%
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7.2.5 Regional Offices

The actual expenditure for the first half is R 338 thousand compared with the projection of R 495 thousands which result to a negative variance of 16%.The expenditure incurred for the first half represent 34% of approved budget for 2025/26 financial year. The major part of the capital budget for this department is in Dzanani regional office , Waterval Regional office and Luvuvhu regional office with an approved budget of R 990 Million ,R 230 thousand 700 thousands and R60 thousands respectively. Spending is expected to be accelerated in the second mid-term since orders have been issued.

CAPITAL EXPENDITURE REPORT FOR THE MONTH ENDING 31 DECEMBER 2025 REGIONAL OFFICES

LUVUVHU REGIONAL OFFICE									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	Heavy Duty Lawn mower	INCOME	60,000.00		60,000.00		30,906.25	60,000.00	0%
TOTAL			60,000.00	-	60,000.00	-	30,906.25	60,000.00	

DZANANI REGIONAL OFFICE									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	Walk-behind Vibrating Dual Drum Roller	INCOME	100,000.00		100,000.00		275,235.00	100,000.00	0%
SC	Purchasing of 10x heavy duty Brush Cutters for bush clearing	INCOME	100,000.00		100,000.00	34,250.00	-	65,750.00	34%
SC	Purchasing of Generator to be used for industrial equipment	INCOME	30,000.00		30,000.00	15,500.00	-	14,500.00	52%
TOTAL			230,000.00	-	230,000.00	49,750.00	275,235.00	180,250.00	22%

WATERVAL REGIONAL OFFICE									
CODE	DESCRIPTION	SOURCES	BUDGET	VIREMENT	FINAL BUDGET	EXPENDITURE	PENDING	VARIANCE	PERCENTAGE
SC	Lawnmowers Machines	INCOME	100,000.00	190,000.00	290,000.00	288,020.00		1,980.00	99%
SC	Chainsaw	INCOME	40,000.00		40,000.00			40,000.00	0%
SC	Pedestrian roller and trailler	INCOME	300,000.00		300,000.00			300,000.00	0%
SC	Brush cutter	INCOME	100,000.00	(100,000.00)	-			-	0%
SC	Concrete mix machine	INCOME	90,000.00	(90,000.00)	-			-	0%
SC	Jump start	INCOME	70,000.00		70,000.00		41,500.00	70,000.00	0%
TOTAL			700,000.00	-	700,000.00	288,020.00	41,500.00	411,980.00	41%

TOTAL REGIONAL OFFICES BUDGET	990,000.00	-	990,000.00	337,770.00	347,641.25	652,230.00	34%
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8 SOURCES OF FINANCE - CAPITAL REVENUE

It should be noted that Capital Revenue represents the sources of finances of capital expenditure in Section 71 Report in terms of the MFMA.

SUMMARISED MID YEAR CAPITAL EXPENDITURE FUNDING AS 31 DECEMBER 2025

DEPARTMENT	Amount
Technical Services	131 777 499.38
Community Services	20 061.30
Budget and Treasury	0
Corporate Services	3 119 493.10
Regional Office	337 770.00
TOTAL	135 254 823.78
FUNDING	Amount
INCOME	67 717 779.77
MIG & INEP	67 537 025.01
TOTAL	135 254 823.78

9 CONDITIONAL GRANT SUMMARY

The grant funding gazetted by both National and Provincial Treasury and approved in Makhado Municipality's 2025/26 budget. (Excludes equitable share as it is not conditional).

Description	Budget Year 2025/26									
	APPROVED BUDGET	Grants Received YTD R '000	Actual Received Q1 R '000	Actual Received Q2 R '000	Actual Q1 Expenditure R'000	Actual Q2 Expenditure R'000	Actual to date Expenditure R'000	% Spent on received	BUDGET VS ACTUAL %	Full Year Forecast
APPROVED CONDITIONAL GRANT										
Funded by:										
MIG	111 407	100 798	42 603	58 195	26 657	33 107	59 764	59%	54%	111 407
INEP	15 181	9 867	6 831	3 036	3 363	6 283	9 646	98%	64%	15 181
INEP (Roll-over)	4 545	4 545	4 545	–	1 382	–	1 382	30%	30%	4 545
FMG	2 000	2 000	2 000	–	508	532	1 039	52%	52%	2 000
EPWP	3 323	2 326	831	1 495	831	831	1 662	71%	50%	3 323
Disaster Grants	6 006	6 006	3 003	3 003	–	2 588	2 588	43%	43%	6 006
Total Grants	142 462	125 542	59 813	65 729	32 741	43 340	76 080	61%	53%	142 462

9.1 Municipal infrastructure Grant (MIG)

The actual amount received for the first half is R 100 798 million and actual expenditure is R 59.764 million representing 54% of expenditure against approved allocation of R 111 407 million.

The spending pattern of MIG is commendable and 100% spending of the grant by the end of the financial year will be achieved.

9.2 Integrated National Electricity Programme (INEP)

The actual amount received for the first half is R 9 867 million and actual expenditure is R 9 646 million which represent 64% of expenditure against approved allocation of R 15 181 million. The spending pattern of INEP grant is commendable and 100% spending of the grant by the end of the financial year will be achieved.

9.3 Integrated National Electricity Programme (INEP) – Roll -over

The actual amount for Integrated National Electricity Programme (INEP)-Rollover amount to R 4 545 million and Actual expenditure incurred for Mid-term is R 1 382 million that represents 30% of expenditure against the INEP Rollover from 2024/2025.

9.4 Financial Management Grant (FMG)

The actual amount received as at 31 December 2025 Mid-term is R 2 000 Million and actual expenditure incurred is R 1 039 million that represents 52% against the approved allocation of R 2 000 million.

9.5 Expanded Public Works Programme (EPWP)

The actual amount received as at 31 December 2025 Mid-Term is R 2 326 million and actual expenditure incurred is R 1 662 million that represent 50% against the approved allocation of R 3 323 million.

9.6 Disaster Management Grants

The actual amount received as at 31 December 2025 Mid-Term is R 6 006 million and to date is R 6 006 million and actual expenditure incurred is R 2 588 that represent 43% against the approved allocation of R 6 006 million.

10 DEBTORS AGE ANALYSIS

The amount outstanding from debtors as at 31 December 2025 is R 585 739 262.78

Aged Debtors - DECEMBER 2025												
Description	NT Code	Budget Year 2025/26								Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy	
		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	180 Days and Over	Total	Total over 90 days			
R thousands												
Debtors Age Analysis By Income Source												
Trade and Other Receivables	1200	–	–	–	–	–	–	–	–	–	–	–
Trade and Other Receivables	1300	2 231	2 209	1 727	1 863	712	49 778	92 577	56 289	–	–	
Receivables from Non-exchange	1400	3 440	3 196	3 027	2 953	7 296	166 040	197 541	182 512	–	–	
Receivables from Exchange	1500	–	–	–	–	–	–	–	–	–	–	
Receivables from Exchange	1600	455	1 071	432	411	383	31 327	35 673	33 624	–	–	
Receivables from Exchange	1700	–	–	–	–	–	–	–	–	–	–	
Interest on Arrear Debts	1810	3 622	7 908	3 466	3 363	18 822	163 051	207 582	196 610	–	–	
Recoverable unauthorised	1820	–	–	–	–	–	–	–	–	–	–	
Other	1900	(1 694)	265	1 249	1 242	2 155	43 323	52 366	48 234	–	–	
Total By Income Source	2000	8 054	14 648	9 902	9 833	29 369	453 519	585 739	517 270	–	–	
Debtors Age Analysis By Customer Group												
Organs of State	2200	1 148	3 004	1 901	2 198	11 348	44 977	67 948	63 428	–	–	
Commercial	2300	2 067	1 759	1 092	1 356	1 675	54 319	88 712	60 201	–	–	
Households	2400	2 243	6 556	4 050	3 927	13 546	231 827	274 606	259 907	–	–	
Other	2500	2 596	3 329	2 859	2 351	2 800	122 396	154 474	133 735	–	–	
Total By Customer Group	2600	8 054	14 648	9 902	9 833	29 369	453 519	585 739	517 270	–	–	

MAKHADO LOCAL MUNICIPALITY

MID-YEAR Debt Breakdown Analysis - 31 DECEMBER 2025

Account Type	Total Amount	Towns						
		Farm	Ha-Tshikota (Vleifontein)	Louis Trichardt	Makhado A (Dzanani)	Tshikota	Villages	Waterval
Agriculture	153 386 242.21	153 344 152.50	-	36 694.40	0.05	909.83	4 485.43	-
Businesses/ Industrial	88 711 638.31	37 483 188.80	2 141 156.22	38 415 449.53	8 278 310.58	750 072.42	265 517.97	1 377 942.79
Churches	980 419.85	107 530.39	201 884.47	362 471.48	50 467.52	23 171.51	70 487.58	164 406.90
Government (SOP)	58 930 145.80	61 223 090.49	-	- 2 946 502.11	333 214.47	9 253.63	164 491.13	146 598.19
Municipal	2 101 879.85	637 473.82	47 600.89	1 074 379.43	110 354.01	19 108.68	8 836.13	204 126.89
Public Benefit Organisatio	88 972.73	86 277.77	-	805.05	1 889.91	-	-	-
Public Service Infrustructu	27 200.94	- 156 821.67	-	184 022.61	-	-	-	-
Residential	274 596 847.07	3 115 240.65	55 717 300.98	55 265 011.42	24 016 960.94	7 569 724.00	18 114 131.08	110 798 478.00
Public Service Purpose (PS	6 915 916.02	- 18 561.57	2 234 130.47	- 129 449.01	1 918 208.85	714 579.72	-	2 197 007.56
GRAND - TOTAL	585 739 262.78	255 821 571.18	60 342 073.03	92 262 882.80	34 709 406.33	9 085 909.96	18 627 949.32	114 888 560.33

Summary of Debt Impairment and Narration

Debt Impairment			
Debtors Age Analysis By Customer Group			
Customer Group	Total Debt per Customer Group	Impairment Provided	Net Debt per Customer Group
Organs of State	67 948	(63 428)	4 520
Commercial	88 712	(60 201)	28 510
Households	274 606	(259 907)	14 699
Other	154 474	(133 735)	20 739
Totals	585 739	(517 270)	68 469

- Allowance for debt impairment for the second quarter ending 31 December 2025 equals R517 270 million.
- The Total Consumer Debtors as at the 31 December 2025 equals R585 739 million.
- The Net Debt Collectible as at 31 December 2025 equals R68 469 million.

The table below reflects both the collection rate and the distribution loss for the second quarter ending 31 DECEMBER 2025

Collection Rate Table			
Quarter – 1		Quarter - 2	
Month	<u>Percentage</u>	Month	<u>Percentage</u>
July – 2025	105%	Oct-25	101%
August – 2025	69%	Nov-25	85%
Sep-25	80%	Dec-25	109%
Total	254		295
Average percentage for the Quarter – 1	85.00%	Average percentage for the Quarter - 2	98%

The Mid-year-to-date average collection rate is 92%.

Distribution Loss Rate Table

Quarter – 1		Quarter - 2	
Month	<u>Percentage</u>	Month	<u>Percentage</u>
July – 2025	18%	Oct-25	25%
August – 2025	12%	Nov-25	-18%
Sep-25	7%	Dec-25	8%
Total	37		15
Average percentage for the Quarter – 1	12%	Average percentage for the Quarter - 2	5%

The year-to-date Mid-year average Distribution Loss is 9%.

CHALLENGES

- The non-existent of electricity in R293 Towns such as Dzanani, Waterval, Vleifontein, excluding Tshikota still exists as a challenge towards collection.
- Illegal connections

STRATEGIES TO IMPROVE COLLECTION

- The meters are physically checked to the those customers that are not buying or buying electricity that is unreasonably or too low because they raise a suspicion of illegal connection by Technical and finance.
- Credit Control will be applied to Government and business to be implemented without compromise.
- Municipality has handed over debts that is older and which cannot be collected using internal credit control measures to appointed debt collectors who are currently working on the data provided and are monitored on the monthly basis.
- Installation of prepaid meter and replacement of conventional meters those who are no longer accurate.
- Cancellation of Madombidzha Eskom intake point and Madodonga Eskom intake point.
- Disconnection of illegal connections.
- Implementation of Revenue Protection Committee.
- Reducing Nominal Maximum Demand (NMD) from 66 MVA to 48 MVA

MAKHADO LOCAL MUNICIPALITY

11 TRADE PAYABLES

11.1 CREDITORS AGE ANALYSIS

In terms of MFMA all creditors should be paid within 30 days of receiving the invoice or statement, as at the end of December 2025. 100 % of operational and capital creditors were paid within 30 days of receiving the relevant invoice or statement as prescribed in terms of Section 65(e) of the MFMA.

12 STATEMENT OF CASH FLOW POSITION

This statement indicates the financial position as at 31 December 2025 is R 46 679 237.84. The municipality continue to keep a favourable balance on a monthly basis and this cash flow statement reflect positive balance of R 46 679 237.84 as at 31 December 2025.

Primary Account	R 46 679 237.84
Closing balance as at 31 December 2025	R 46 679 237.84

13 SCM PROCESS

13.1 COMPETITIVE BIDDING PROCESSES ACTIVITY

ACTIVITY	Bids Advertised	Evaluated	Adjudicated	Awarded	RE-ADVERTISED
Balance B/F	25	-	-	-	-
1st Quarter	14	14	14	14	10
2nd Quarter	16	06	06	06	-
TOTAL	55	20	20	20	10
ANNEXURE	A	B	C	D	F

NO	BID NO	DESCRIPTION	CLOSING DATE	COMMENTS
01	17 of 2025	Supply, Delivery, Installation and Commissioning of Uninterruptable Power Supply (UPS) And Batteries in Server Room and 3 Years Maintenance	31-Mar-25	In Evaluation
02	20 of 2025	panel of service providers for supply and delivery of cleaning material for the period of three years	11-Apr-25	In Evaluation
03	41 of 2025	RE-advertisement :leasing of public open space of remainder of portion 7 of the farm bergvliet 288 and to change land use from public open space to private space	25-Jul-25	In Evaluation
04	47 of 2025	Re-advertisement : Sale of Seventy-six (76) industrial zoned sites located within Louis Trichardt extension 12 township	10-Sep-25	In Evaluation
05	48 of 2025	Re-advertisement: Design and construction of residential complex at Louis Trichardt extension 14 township (padkamp)	10-Sep-25	In Evaluation
06	50 of 2025	Supply and delivery of woodchipper machine	26-Sep-25	In Evaluation
07	51 of 2025	Supply and deliver of heavy-duty lawnmower and brush cutter machine	26-Sep-25	In Evaluation
08	52 of 2025	Compilation and maintenance of the general valuation roll and supplementary valuation rolls as and when the supply of other valuation related services in compliance with the local government: municipal property rates act, 2004 (act no 6 of 2004) read together with local government : municipal property rates amendment act,2014 (act no.29 of 2014) for the period of three years	06-Oct-25	In Evaluation

09	55 of 2025	Appointment of panel of service providers for skills development programmes (skills development provider) for the period of three (03) years	28- Nov-25	In evaluation
10	56 of 2025	Supply, delivery, installation and maintenance of a large format multifunction printer (MFP) for the period of three years	28- Nov-25	In evaluation
11	57 of 2025	Re-advertisement: Construction, Supply, delivery and installation of new weighbridge at Makhado landfill site (Tshikota)	17- Nov-25	In evaluation
12	58 of 2025	Re-advertisement: Clinical psychologist services for Makhado local municipality employees for the period of three years.	28- Nov-25	In evaluation
13	59 of 2025	Re-advertisement: Occupational medical services for Makhado local municipality employees for the period of three (03) years.	28- Nov-25	In evaluation
14	66 of 2025	Re-advertisement: Refurbishment of Ha-Mutsha community hall	12-Dec-2025	In evaluation
15	68 of 2025	Supply and delivery of Large concrete round concrete refuse bins	05-Dec-2025	In evaluation
16	69 of 2025	Supply, delivery and installation of 11KV and 22KV indoor transformer circuit breakers at Eltivillas East Substation	12-Dec-2025	In evaluation
17	70 of 2025	Re-advertisement: Refurbishment of Vleifontein Satellite Office	12-Dec-2025	In evaluation
18	71 of 2025	Re-advertisement: Supply and delivery of boom lifter	05-Dec-2025	In evaluation
19	72 of 2025	Panel of services providers for supply and delivery of electrical material For the period of three (03) years	05-Dec-2025	In evaluation
20	81 of 2025	Provision of prepaid vending services for the period of three (03) years	15-Jan-2025	On advert
21	82 of 2025	Debt collectors for the provision of services regarding the debt collection for outstanding debts (accounts) for the period of three (03) years	15-Jan-2026	On advert
22	83 of 2025	Provision of meter reading (for electric consumption) and credit control for the period of three (03) years	15-Jan-2026	On advert
23	84 of 2025	Supply, delivery, installation and commissioning of server room environmental management system including quarterly support and maintenance plan for the period of three (03) years	15-Jan-2026	On advert

24	85 of 2025	Supply, delivery and installation of 11KV and 22KV indoor Transformer circuit breakers at Boom Substation	15-Jan-2026	On advert
25	86 of 2025	Appointment of electrical consulting engineer for protection scheme coordination for Makhado electrical networks	15-Jan-2026	On advert

FORMAL WRITTEN QUOTATION ABOVE R30 000.00 AS AT MID-YEAR 31 DECEMBER 2025

ACTIVITY	Quotations Advertised	Quotations Evaluated	Quotations Awarded	BALANCE
OPENING BALANCE	47	-	-	-
^{1st} QUARTER	20	39	39	28
^{2nd} QUARTER	23	21	21	30

FORMAL WRITTEN QUOTATION BELOW R30 000.00 AS AT MID-YEAR 31 DECEMBER 2025

ACTIVITY	Quotations Requested	Quotations Evaluated	Quotations Awarded	BALANCE
^{1st} QUARTER	68	68	68	0
^{2nd} QUARTER	61	61	61	0

PROCUREMENT DEVIATION MID-YEAR REPORTS

1. The number of awards made in terms of SCM regulation 36

$$8+5 = 13$$

2. Reason(s) for deviation in terms of SCM Regulations 36

Reason: Sole service providers and impractical to follow normal SCM process

3. Total value of deviations under R300 000.00
R 222 420.50 + R 119 833.99 = R 342 254.49
4. Total value of deviations over R300 000
= R0
5. Total number of deviations under R 300 000 is 13
6. Total number of deviations over R 300 000 is 00

7. Total value of deviations awarded through SCM Regulation 36
= R 342 254.49

14 REASONS FOR THE ADJUSTMENT BUDGET

- Possible upward/down rates, and other revenue adjustment on budgeted income
- Possible upward/down wards on the bulk purchases expenditure, finance charges, debt impairment and depreciation and other expenditure.

15 RECOMMENDATION

- That the mid-year budget and performance assessment as tabled be considered by Council.
- That the 2025/26 annual budget be adjusted in February 2026 in terms of Section 28 of the MFMA
- That the mid-year budget and performance assessment report be submitted to the Honourable Mayor and the National and Provincial Treasuries.
- That the mid-year budget and performance report be placed on the municipal website within five working days after it is tabled to the Honourable Mayor and approved.

15.1 Recommendations by Administrative Management

- That the Council note that the adjustment budget for the income and expenditure projections for the financial year ending 30 June 2026 will be made in terms of the section 28 of the Municipal Finance Management Act no 56 of 2003.