MAGARENG LOCAL MUNICIPALITY

NC093

MID-YEAR BUDGET & PERFORMANCE ASSESSMENT

2025/2026

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1 INTRODUCTION

1.1 Purpose

To present the 2025/2026 mid-year budget and performance assessment for the period covering 1 July 2025 to 31st December 2025 in terms of section 72 of the Municipal Finance Management Act (MFMA).

1.2 Background

A mid-year budget and performance assessment of a municipality referred to in section 72 of the Act must be in the format specified in the Schedule C and include all the required tables, charts and explanatory information, taking into account any guidelines issued by the Minister in terms of section 168(1) of the Act.

1.3 Discussion

The report will be discussed under the following broad headings:

(a) Financial management

(b) Mid-Term performance review

1.4 Financial management review

This section has been split into two parts in terms of reporting method as required by Treasury as follows:

Part 1 – In Year Report

i) Mayor’s Report

ii) Executive Summary

iii) Resolution

iv) In year budget tables

Part 2 – In Year Report

(a) Material variance explanation

(b) Performance indicators

(c) Debtors' analysis

(d) Creditors analysis

(e) Investment portfolio analysis

(f) Allocation and grant receipts and expenditure

(g) Council and employee benefits

(h) Capital Expenditure trend

(i) Municipal Managers quality certificate

PART 1 – IN YEAR REPORT

MAYORS REPORT

The Mid-year budget and performance report is an assessment of the performance of the municipality for the first six months of the financial year. It serves as the mechanism which seeks to review the progress that is made in realizing the targets the municipality had set for itself at the beginning of the financial year.

Highlight of financial performance, challenges and risks for the period covering 1st July to 31st December 2025.

Total actual operating revenue to date is **R98,841 million** which is **16%** above than the projected budget from the budgeted target of **R85 245 million.** The revenue by source from Property rates, Service charges, Fines and other revenue are less than the projected revenue. Effective implementation of the financial recovery and funding plan need to be prioritised to ensure enhanced revenue collections.

Below is a chart that depicts the income billed from 1st July to 31st December 2025:

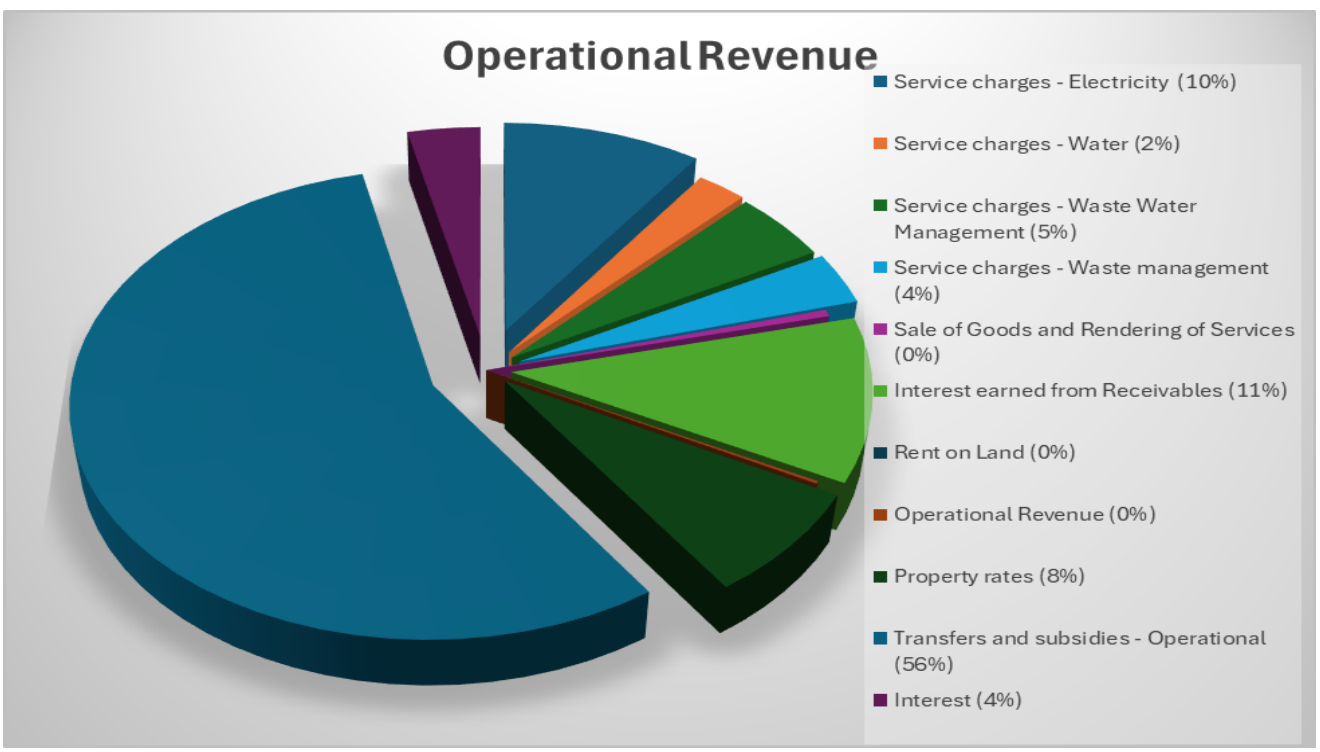


Figure 1: Income for 1st July to 31st December 2025.

FINANCIAL PERFORMANCE

Table 1: Income for 1st July to 31st December 2025

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year Assesment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		17 723	19 592	19 592	9 662	9 662	9 796	(134)	-1%	19 592
Service charges - Water		4 786	5 424	5 424	2 423	2 423	2 712	(290)	-11%	5 424
Service charges - Waste Water Management		9 085	9 775	9 775	4 805	4 805	4 888	(83)	-2%	9 775
Service charges - Waste management		6 737	7 355	7 355	3 560	3 560	3 677	(117)	-3%	7 355
Sale of Goods and Rendering of Services		943	1 232	1 232	477	477	616	(138)	-22%	1 232
Agency services		–	–	–	–	–	–	–		–
Interest							–	–		
Interest earned from Receivables		21 670	25 462	25 462	11 322	11 322	12 731	(1 409)	-11%	25 462
Interest from Current and Non Current Assets		385	46	46	–	–	23	(23)	-100%	46
Dividends							–	–		
Rent on Land		23	38	38	13	13	19	(6)	-33%	38
Rental from Fixed Assets		16	327	327	–	–	164	(164)	-100%	327
Licence and permits		–	–	–	–	–	–	–		–
Special rating levies							–	–		
Operational Revenue		3 520	732	732	168	168	366	(199)	-54%	732
Non-Exchange Revenue							–	–		
Property rates		13 247	15 251	15 251	7 524	7 524	7 625	(101)	-1%	15 251
Surcharges and Taxes							–	–		
Fines, penalties and forfeits		225	612	612	–	–	306	(306)	-100%	612
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		73 429	76 862	76 862	55 363	55 363	38 431	16 932	44%	76 862
Interest		6 681	7 781	7 781	3 524	3 524	3 891	(367)	-9%	7 781
Fuel Levy							–	–		
Operational Revenue		252	–	–	–	–	–	–		–
Gains on disposal of Assets		(301)	–	–	–	–	–	–		–
Other Gains							–	–		
Discontinued Operations							–	–		
Total Revenue (excluding capital transfers and contributions)		158 421	170 489	170 489	98 841	98 841	85 245	13 596	16%	170 489

Operating Revenue

The summary of the operating revenue is reflected in Table 1 above and has been extracted from C4 table of the Schedule C attached. During the first half of the financial year, the municipality generated total operating revenue of **R98,841 million** of the approved operating budget of **R170,489 million** which represents **16%.** The variance between the year-to-date revenue budget and the actual revenue accrued for the same period amounts to **R13,596 million.**

Detailed explanation on revenue by source items.

Property rates.

The municipality generated **R7,524 million** (-1%) less revenue from property rates than the year to-date budget of **R7,625 million** during the period under review. The variance is attributable to objections on the valuation roll and a low payment rate.

Service charges – Electricity

The municipality generated **R9,662 million** (-1%) less revenue from electricity than the year-to-date budget of **R9,796 million** for the period under review. The variance is attributable to a low payment rate as well as distribution losses. The variance is immaterial it is less than 10% this line item can be looked at, but no adjustment is needed. The municipality is looking into engaging with NERSA for the current tariffs charged and also structure the municipal tariff to include a seasonal tariff.

Service charges – water

The municipality generated **R2,423 million** (-11%) less revenue from water than the year-to-date budget of **R2,712 million** for the period under review. This is due to some areas not being metered, and unwillingness to settle accounts by consumers. This line item will be relooked at during the adjustment budget.

Service charges – sanitation

The municipality generated **R4,805 million** (- 2%) less revenue from sanitation than a year-to-date budget of **R4,888 million** for the period under review. Collection on this service can still be improved if the municipality enforces the approved credit control and debt collection policies. This line item will be relooked at during the adjustment budget.

Service charges – refuse

The municipality generated **R3,560 million** (- 3%) less revenue from refuse removal than the year-to-date budget of **R3,522 million** during the period under review. Challenges and the breakdown of refuse removal trucks hampers the municipality's efforts to deliver this service to the community adequately.

Rent from fixed assets

The municipality generated **R13 thousand** (33%) less revenue from rental from fixed assets than the year-to-date budget of **R19 thousand** during the period under review. The low revenue generated is due to the dilapidated community halls which need to be renovated so that the municipality can increase the budgeted amount and generate revenue on this line item, it should also be noted that there is a tariff for leasing the sport facility to the community which there was no actuals for the mid-term. The item needs to be reviewed during the budget adjustment.

Interest earned – from receivables.

The municipality generated **R11,322 million** (-11%) less revenue on interest from receivables than a year-to-date budget of **R12,731 million** for the period under review. The variance is attributable to interest from outstanding debtors on all services. This does not reflect positively on the municipal debtor's book as it means the accounts remain unpaid for a longer period accruing interest. This items budgeted amount will be reviewed during the adjustment budget.

Fines, penalties and forfeits

The total budget for this line item is **R612 thousand** as compared to the projected budget of **R306 thousand** with no actuals for the mid-term. The municipality needs to review the budget on this line item during the adjustment budget, there is no movement on this line item it is transacting on the operational revenue line item due to incorrect bank recon codes. This will be corrected during the adjustment budget process. The variance against the budget revenue and projection is a negative 100%.

Licenses and Permits

The municipality did not budget for this line item the license testing yard is not operational renovation are required as per the Department of Traffic regulations.

Transfers recognised – operational.

The municipality generated or realised revenue amounting to **R55,363 million** from transferred operating grants (equitable shares, Library Grant, FBDM O & M). The item has performed **44%** higher than the projected budget. The positive performance of revenue is mainly influenced by the municipality unspent grants for the 2024/2025 financial year are not yet set off against the Equitable Share trenches received.

Other revenue

The municipality generated **R168 thousand** (54%) less revenue compared to the year-to-date budget of **R366 thousand** during the period under review. The budget for this line item will be reviewed during the adjustments budget.

The above assessment on revenue sources of the municipality indicate the need to effectively implement the Financial Recovery plan and Budget Funding plan and implementation of credit control and debt recovery policies to ensure improved revenue collection and sustained service delivery.

Table 2: Expenditure from 1st July to 31st December 2025

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year Assesment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure By Type										
Employee related costs		51 011	59 997	59 997	28 851	28 851	29 998	(1 147)	-4%	59 997
Remuneration of councillors		5 278	5 270	5 270	2 622	2 622	2 635	(13)	0%	5 270
Bulk purchases - electricity		31 322	25 000	25 000	3 373	3 373	12 500	(9 127)	-73%	25 000
Inventory consumed		16 587	14 050	14 050	6 081	6 081	7 025	(944)	-13%	14 050
Debt impairment		50 156	31 883	31 883	15 942	15 942	15 942	0	0%	31 883
Depreciation and amortisation		15 899	23 541	23 541	11 770	11 770	11 770	0	0%	23 541
Interest		5 667	600	600	(230)	(230)	300	(530)	-177%	600
Contracted services		14 322	16 283	16 308	4 791	4 791	8 154	(3 363)	-41%	16 308
Transfers and subsidies		–	–	–	–	–	–	–		–
Irrecoverable debts written off		–	–	–	569	569	–	569	#DIV/0!	–
Operational costs		18 177	19 810	19 785	8 553	8 553	9 893	(1 339)	-14%	19 785
Losses on Disposal of Assets		–	–	–	–	–	–	–		–
Other Losses		3 928	604	604	–	–	302	(302)	-100%	604
Total Expenditure		**212 347**	**197 039**	**197 039**	**82 323**	**82 323**	**98 519**	**(16 196)**	**-16%**	**197 039**

Table 2 above indicates expenditure items by type.

Operating Expenditure

The summary of the operating expenditure is reflected in Table 2 above and has been extracted from the C4 table of the Schedule C attached. During the first half of the financial year, the municipality incurred a total operating expenditure of **R82,323 million** which is **42%** of the approved operating expenditure budget of **R197,039 million.**

Employee related costs

The municipality incurred **R28,851 million** (- 4%) on employee related costs less than the year-to-date budget of **R29,998 million** during the period under review. The variance is as a result of key vacant positions which were budgeted for, but no appointments were made. Cost containment measures need to be tightened on this item to ensure expenditure stays within the budget, especially on overtime and standby allowance.

Remuneration of councillors

The municipality incurred **R2,681 million** on councillor's remuneration which slightly in line with the projected budget of **R2,635 million** for the first half of the financial year. The variance on the is item is immaterial.

Debt impairment

The municipality incurred **R15,942 million** (0%) less on debt impairment when compared to the projected year-to-date budget of **R15,942 million** during the period under review. This due to monthly journals are captured for the movement as per advice from Provincial Treasury and this is based on the current collection trends and the 2023/2024 audited financial statements, this item might be looked at during the adjustments budget.

Depreciation

The municipality incurred **R11,770 million** (0%) less on debt impairment than the projected year-to-date budget of **R11,770 million** during the period under review. This due to the fact that monthly journals are captured for the movement as per advice from Provincial Treasury and this is based on the current collection trends and the 2023/2024 audited financial statements, this item might be looked at during the adjustments budget.

Bulk purchases – Electricity

The municipality paid **R3,373 million** (-73%) less than the year-to-date budget expenditure incurred for bulk purchases – electricity amounted to **R12,500 million** which is **-73%** less the projected budget which is based on the Eskom invoices. Take note that this amount only relates to Eskom expenditure as water is classified under inventory items. It should be noted that due to low collection rate and financial constraints faced by the municipality, the municipality is non-compliant with the debt relief programme for the 2025/2026 financial year.

Inventory consumed.

The reclassification on MSCOA, water purchases (Vaal Harts expenditure) are now classified under inventory consumed. The year-to-date expenditure incurred on this item amounted to **R6,081 million,** when compared to the projected budget of **R7,025 million** which is **-13%** less. Due to low collection rate the municipality is unable to adhere to the debt relief payment arrangement entered with into with VaalHarts and Department of Water and Sanitation. The municipality tries to service this account also when the equitable share is received.

Contracted Services

Contracted services include Accountants and Auditors, Security service, professional consulting and other services related to maintenance of infrastructure as and when the need arises. The amount spent for Contracted Services is **R4,791 million** which is **41%** less than the projected year to date budget of **R8,154 million.** As per the audit outcome for 2023/24 financial year the municipality had material irregularity for use of consultants, municipality developed a plan to reduce the outsourcing of external services as part of the cost containment measures. There is a need to relook at this item during the adjustments budget.

Other expenditure

The municipality incurred **R8,553 million** expenditures for the first half of the financial year when compared to the projected budget of **R9,893 million** which means the variance is **14%** less than the projection. It includes items such as remuneration of ward committees, Assets consultants, insurance costs, external audit fees, travel cost and other municipal running costs. Based on the revenue performance, adjustments will only be done through movement of funds within items in order to ensure that funding is available in items that are very key for service delivery. Otherwise, it is recommended that this item be reviewed during the adjustments budget.

Table 3: Transfer and subsidies-capital and Surplus/(Deficit)

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year Assesment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Total Expenditure		212 347	197 039	197 039	82 323	82 323	98 519	(16 196)	-16%	197 039
Surplus/(Deficit)		(53 927)	(26 549)	(26 549)	16 518	16 518	(13 275)	29 792	(0)	(26 549)
Transfers and subsidies - capital (monetary allocations)		71 924	32 601	32 601	23 625	23 625	16 301	7 324	0	32 601
Transfers and subsidies - capital (in-kind)		2 252	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions		20 249	6 052	6 052	40 142	40 142	3 026	37 117	0	6 052
Income Tax								–		
Surplus/(Deficit) after income tax		20 249	6 052	6 052	40 142	40 142	3 026	37 117	0	6 052
Share of Surplus/Deficit attributable to Joint Venture								–		
Share of Surplus/Deficit attributable to Minorities								–		
Surplus/(Deficit) attributable to municipality		20 249	6 052	6 052	40 142	40 142	3 026	37 117	0	6 052
Share of Surplus/Deficit attributable to Associate								–		
Intercompany/Parent subsidiary transactions								–		
Surplus/ (Deficit) for the year		20 249	6 052	6 052	40 142	40 142	3 026	37 117	0	6 052

Table C4 of the Schedule C of the MBRR (Table 3 above) excludes the capital transfers (capital grants) revenue from the operational revenue and calculates surplus or deficit before and after adding the capital transfers.

For this financial year the municipality budgeted **R32,601 million** for capital transfers (MIG, WSIG & RBIG). To date transfers and subsidies – capital received amounts to **R23,625 million** which is more when compared to the projected budget of **R16,301 million**, this is due to RBIG the municipality received more than the allocation, and this will be adjusted accordingly during the adjustment processes.

Statement of financial performance

The tables above highlight the financial performance of the municipality per revenue source and expenditure type. This information will provide a guide to the municipality on which revenue sources and expenditure types need downward or upward adjustment as some items were over or under projected.

Summary of municipal performance in terms of Performance Management System Scorecard and Budget

A detailed assessment of the performance of the municipality in terms of its service delivery and budget implementation plan is contained in this report. In terms of the other performance objectives, many have been met as detailed in the half yearly performance report.

Summary of past year's annual report

For the 2024/2025 financial year, the municipality submitted the Annual Financial Statement on time on the 31st August 2025 for auditing purpose to AGSA. There still remain some challenges regarding service delivery issues and the municipality is currently implementing plans to ensure that all these challenges are addressed.

Summary of impact of the National Adjustments Budget and Provincial Adjustments Budget

Should there be any further or additional allocation received or reduced allocation from the National or provincial budget allocation, the necessary adjustments to the municipal budget will be made accordingly.

Recommendations

Based on the findings in this report, adjustments need to be made on the original annual budget and to ensure as the municipality we move a step closer to a funded budget through reduction of operating expenditure and improved revenue. I therefore recommend that an adjustment budget be tabled to address these variances as well as the adjusted allocations from national and provincial government to ensure that there are sufficient funds available for service delivery. Moreover, adjustments need to be made to the Operating budget on the basis of the six months financial performance.

HON. MAYOR
Neo Mase

RESOLUTIONS

It is resolved:

i) That the Mid-Year Budget and Performance Assessment referred to in Section 72 of the Municipal Finance Management Act, 56 of 2003 be noted.

ii) That the mid-year budget statement and supporting documentation be approved.

iii) That the quarterly report on the implementation of the budget and the financial affairs of the municipality as referred to in Section 52(d) of the Municipal Finance Management Act,56 of 2003, be NOTED.

EXECUTIVE SUMMARY

INTRODUCTION

The Municipal Finance Management Act, No. 56 of 2003, makes it necessary for all municipalities to prepare mid-year budget and performance assessments.

Section 72(1) of the Act states the following:

1) 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-

(a) The monthly statements referred to in Section 71 for the first half of the 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 year's annual report and progress on resolving problems identified in the annual report; and

(d) 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 and such entities.

b) submit a report on the assessment to—

(a) the mayor of the municipality;

(b) the National Treasury; and

(c) the relevant Provincial Treasury.

c) make recommendations as to whether an adjustments budget is necessary; and; recommend revised projections for revenue and expenditure to the extent that this may be necessary.

Section 54 (1) of the Act further states that:

(1) On the 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 budget implementation plan;

(c) Consider, and, if necessary, make any revisions to the service delivery and budget implementation plan, provide that revisions to the service delivery targets and performance indicators in the plan may only be revised with the approval of the council following approval of an adjustment 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 collections proceed in accordance with the budget;

(e) Identify any 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 of each year

In compliance with Section 72 of the Act, the Mid-Year Performance Assessment is compiled and reported on accordingly.

FINANCIAL PERFORMANCE vs APPROVED BUDGET

Tables C1 and C4 highlight the financial performance of the municipality for the first half of the financial year.

Revenue

The total year-to-date revenue actual (excluding capital grants) reported for the period was **R98,841 million** when compared to the projected budget revenue of **R85,245 million.** This revenue is not actual cash as it includes billed and realised revenue.

Table 4: Income for the six months ended 31 December 2025

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Mid-Year Assesment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		17 723	19 592	19 592	9 662	9 662	9 796	(134)	-1%	19 592
Service charges - Water		4 786	5 424	5 424	2 423	2 423	2 712	(290)	-11%	5 424
Service charges - Waste Water Management		9 085	9 775	9 775	4 805	4 805	4 888	(83)	-2%	9 775
Service charges - Waste management		6 737	7 355	7 355	3 560	3 560	3 677	(117)	-3%	7 355
Sale of Goods and Rendering of Services		943	1 232	1 232	477	477	616	(138)	-22%	1 232
Agency services		–	–	–	–	–	–	–		–
Interest							–	–		
Interest earned from Receivables		21 670	25 462	25 462	11 322	11 322	12 731	(1 409)	-11%	25 462
Interest from Current and Non Current Assets		385	46	46	–	–	23	(23)	-100%	46
Dividends							–	–		
Rent on Land		23	38	38	13	13	19	(6)	-33%	38
Rental from Fixed Assets		16	327	327	–	–	164	(164)	-100%	327
Licence and permits		–	–	–	–	–	–	–		–
Special rating levies							–	–		
Operational Revenue		3 520	732	732	168	168	366	(199)	-54%	732
Non-Exchange Revenue							–	–		
Property rates		13 247	15 251	15 251	7 524	7 524	7 625	(101)	-1%	15 251
Surcharges and Taxes							–	–		
Fines, penalties and forfeits		225	612	612	–	–	306	(306)	-100%	612
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		73 429	76 862	76 862	55 363	55 363	38 431	16 932	44%	76 862
Interest		6 681	7 781	7 781	3 524	3 524	3 891	(367)	-9%	7 781
Fuel Levy							–	–		
Operational Revenue		252	–	–	–	–	–	–		–
Gains on disposal of Assets		(301)	–	–	–	–	–	–		–
Other Gains							–	–		
Discontinued Operations							–	–		
Total Revenue (excluding capital transfers and contributions)		**158 421**	**170 489**	**170 489**	**98 841**	**98 841**	**85 245**	**13 596**	**16%**	**170 489**

Table 5: Monthly income for the six months ended 31 December 2025

Description	JULY	AUG	SEPT	OCT	NOV	DEC	YearTD actual
Revenue							
Exchange Revenue							
Service charges - Electricity	1 368 080	2 215 266	1 544 758	1 599 960	1 447 370	1 486 513	**9 661 946**
Service charges - Water	371 381	253 623	406 043	421 965	375 068	594 609	**2 422 689**
Service charges - Waste Water Management	804 868	806 636	806 833	805 457	794 248	786 785	**4 804 828**
Service charges - Waste management	600 517	599 798	598 500	599 703	577 642	583 880	**3 560 039**
Sale of Goods and Rendering of Services	39 800	27 499	330 703	25 241	22 394	31 855	**477 492**
Agency services	-	-	-	-	-	-	**-**
Interest							**-**
Interest earned from Receivables	1 887 960	1 892 478	1 718 458	1 922 260	1 951 441	1 948 927	**11 321 524**
Interest from Current and Non Current Assets	-	-	-	-	-	-	**-**
Dividends							**-**
Rent on Land	1 823	1 360	3 655	2 721	381	2 721	**12 660**
Rental from Fixed Assets	-	-	-	-	-	-	**-**
Licence and permits	-	-	-	-	-	-	**-**
Operational Revenue	42 347	34 367	26 146	25 763			**128 623**
Non-Exchange Revenue					14 997	24 085	**39 082**
Property rates	1 252 807	1 252 807	1 254 650	1 256 548			**5 016 813**
Surcharges and Taxes	-	-	-	-	1 256 548	1 250 855	**2 507 403**
Fines, penalties and forfeits	-	-	-	-			**-**
Licence and permits	-	-	-	-	-	-	**-**
Transfers and subsidies - Operational	28 060 993	4 332 000	-	1 173 264	-	-	**33 566 257**
Interest	581 571	574 960	583 362	586 194	598 000	21 199 140	**24 123 226**
Fuel Levy	-	-	-	-	594 798	603 260	**1 198 058**
Operational Revenue				-			**-**
Gains on disposal of Assets	-	-	-	-	-	-	**-**
Other Gains	-	-	-	-	-	-	**-**
Discontinued Operations	-	-	-	-			**-**
Total Revenue (excluding capital transfers and contributions)	**35 012 148**	**11 990 793**	**7 273 107**	**8 419 076**	**7 632 887**	**28 512 631**	**98 840 642**

Table 6: Monthly expenditure for the six months ended 31 December 2025

NC093 Magareng - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - Mid-Year Assessment

Description R thousands	Ref	2024/25 Audited Outcome	Budget Year 2025/26 Original Budget	Adjusted Budget	Mid-Year Assesment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Expenditure By Type										
Employee related costs		51 011	59 997	59 997	28 851	28 851	29 998	(1 147)	-4%	59 997
Remuneration of councillors		5 278	5 270	5 270	2 622	2 622	2 635	(13)	0%	5 270
Bulk purchases - electricity		31 322	25 000	25 000	3 373	3 373	12 500	(9 127)	-73%	25 000
Inventory consumed		16 587	14 050	14 050	6 081	6 081	7 025	(944)	-13%	14 050
Debt impairment		50 156	31 883	31 883	15 942	15 942	15 942	0	0%	31 883
Depreciation and amortisation		15 899	23 541	23 541	11 770	11 770	11 770	0	0%	23 541
Interest		5 667	600	600	(230)	(230)	300	(530)	-177%	600
Contracted services		14 322	16 283	16 308	4 791	4 791	8 154	(3 363)	-41%	16 308
Transfers and subsidies		–	–	–	–	–	–	–		–
Irrecoverable debts written off		–	–	–	569	569	–	569	#DIV/0!	–
Operational costs		18 177	19 810	19 785	8 553	8 553	9 893	(1 339)	-14%	19 785
Losses on Disposal of Assets		–	–	–	–	–	–	–		–
Other Losses		3 928	604	604	–	–	302	(302)	-100%	604
Total Expenditure		**212 347**	**197 039**	**197 039**	**82 323**	**82 323**	**98 519**	**(16 196)**	**-16%**	**197 039**

A breakdown of the total operating expenditure per month:

Description	JULY	AUG	SEPT	OCT	NOV	DEC	YearTD actual
Expenditure By Type							
Employee related costs	4 422 308	4 263 044	4 123 989	4 525 069	7 306 971	4 210 111	**28 851 492**
Remuneration of councillors	437 531	437 531	437 531	436 752	435 973	436 752	**2 622 069**
Bulk purchases - electricity	-	-	-	-	-	3 372 567	**3 372 567**
Inventory consumed	1 843 542	856 338	1 028 991	803 881	516 756	1 031 354	**6 080 862**
Debt impairment	2 656 922	2 656 922	2 656 922	2 656 922	2 656 922	2 656 922	**15 941 535**
Depreciation and amortisation	1 961 724	1 961 724	1 961 724	1 961 724	1 961 724	1 961 724	**11 770 346**
Interest	-	-	-	-	-	- 229 819	**- 229 819**
Contracted services	633 425	649 981	1 217 173	1 096 409	248 278	945 891	**4 791 157**
Transfers and subsidies	-	-	-	-	-	-	**-**
Irrecoverable debts written off	-	-	-	-	569 321	-	**569 321**
Operational costs	1 322 955	1 516 945	1 777 877	1 192 092	1 018 881	1 724 601	**8 553 352**
Losses on Disposal of Assets	-	-	-	-	-	-	**-**
Other Losses	-	-	-	-	-	-	**-**
Total Expenditure	**13 278 408**	**12 342 486**	**13 204 208**	**12 672 849**	**14 714 826**	**16 110 104**	**82 322 881**

The main cost drivers for the municipality are salary costs, bulk purchases, contracted services, inventory consumed and other general expenditure. The following are sub-itemised cost drives

- employee related expenditure bonuses, overtime & standby;
- contracted services - accountants and auditors (Annual financial statement, audit readiness and security services),
- inventory consumed – payments to Vaalharts, and repairs and maintenance for all services as and when required.
- operation cost – commission paid to prepaid vendor, EPWP expenditure, and municipal services (Eskom sub-accounts).

Capital Expenditure

The municipality incurred capital expenditure of **R18,360 million** of the total capital budget **R32,6 million** in the first six months of the financial year which indicates a **6%** overspending on National Government grants and a negative **44%** expenditure on internally generated assets. The expenditure of the period under review was anticipated to be **R18,180 million.** This information is what is captured on the municipal financial system and the grant register, which might differ with other technical reports as those reports include the vat and retention.

Table 7: Capital Expenditure (municipal vote, functional classification and funding)

NC093 Magareng - 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							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Mid-Year Assessment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Capital Expenditure - Functional Classification										
Governance and administration		**394**	**1 810**	**1 900**	**938**	**938**	**927**	10	1%	**1 900**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		394	1 810	1 900	938	938	927	10	1%	1 900
Internal audit								–		
Community and public safety		**–**	**1 450**	**1 360**	**174**	**174**	**702**	(529)	-75%	**1 360**
Community and social services		–	300	210	–	–	128	(128)	-100%	210
Sport and recreation		–	1 150	1 150	174	174	575	(401)	-70%	1 150
Economic and environmental services		**–**	**–**	**–**	**–**	**–**	**–**	–		**–**
Trading services		**61 941**	**33 101**	**33 101**	**17 248**	**17 248**	**16 550**	698	4%	**33 101**
Energy sources		–	500	500	–	–	250	(250)	-100%	500
Water management		44 398	22 601	22 601	11 441	11 441	11 301	140	1%	22 601
Waste water management		17 543	10 000	10 000	5 807	5 807	5 000	807	16%	10 000
Other								–		
Total Capital Expenditure - Functional Classification	3	**62 335**	**36 361**	**36 361**	**18 360**	**18 360**	**18 180**	**179**	**1%**	**36 361**
Funded by:										
National Government		61 941	32 601	32 601	17 248	17 248	16 301	948	6%	32 601
Provincial Government								–		
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies, Households, Non-profit Institutions, Private Enterprises, Public Corporatons, Higher Educ Institutions)		–	–	–	–	–	–	–		–
Transfers recognised - capital		**61 941**	**32 601**	**32 601**	**17 248**	**17 248**	**16 301**	**948**	**6%**	**32 601**
Borrowing	6							–		
Internally generated funds		394	3 760	3 760	1 112	1 112	1 880	(768)	-41%	3 760
Total Capital Funding		**62 335**	**36 361**	**36 361**	**18 360**	**18 360**	**18 180**	**179**	**1%**	**36 361**

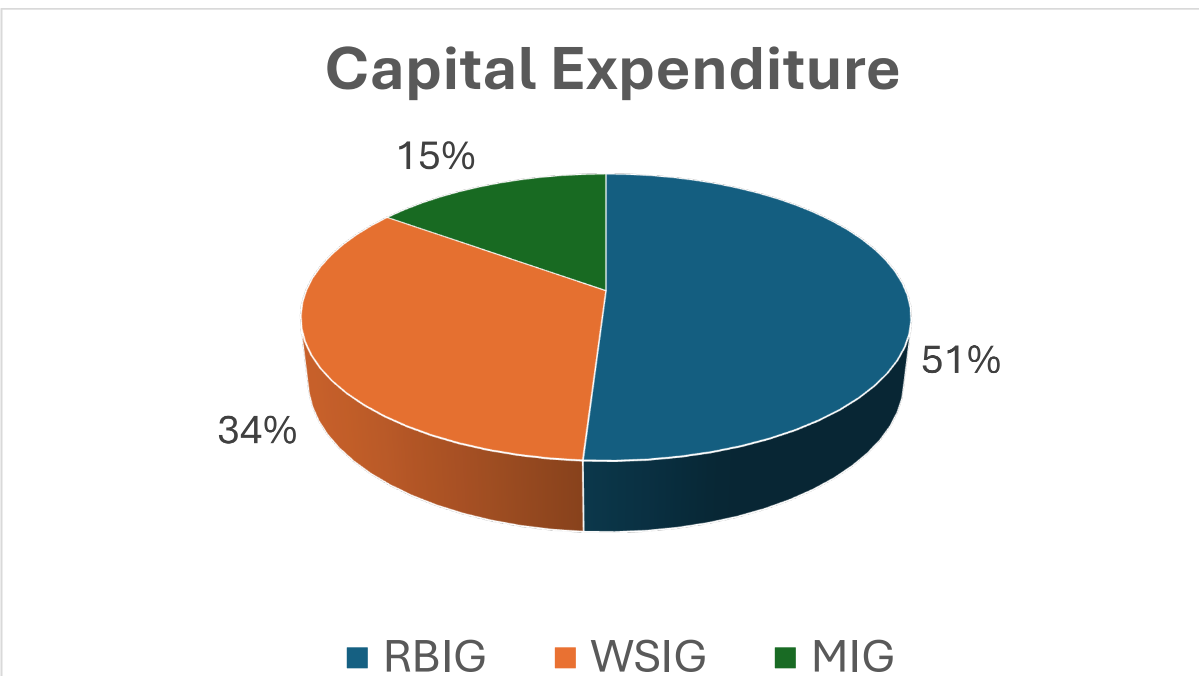


Figure 2: Mid term Capital Expenditure 2025/2

Table 8: Statement of Financial position.

NC093 Magareng - Table C6 Monthly Budget Statement - Financial Position - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26			
		Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
R thousands	1					
ASSETS						
Current assets						
Cash and cash equivalents		1 414	(60 742)	(60 742)	(80)	(60 742)
Trade and other receivables from exchange transactions		(30 730)	20 262	20 262	(24 211)	20 262
Receivables from non-exchange transactions		16 114	14 699	14 699	19 406	14 699
Current portion of non-current receivables						
Inventory		6	121	121	(107)	121
VAT		71 297	50 562	50 562	72 581	50 562
Other current assets		(1 795)	(1 270)	(1 270)	(1 796)	(1 270)
Total current assets		**56 306**	**23 633**	**23 633**	**65 793**	**23 633**
Non current assets						
Investments						
Investment property		21 079	24 868	24 868	21 079	24 868
Property, plant and equipment		497 318	489 691	489 601	505 096	489 601
Biological assets						
Living and non-living resources						
Heritage assets		371	371	371	371	371
Intangible assets		1 831	213	303	1 831	303
Trade and other receivables from exchange transactions						
Non-current receivables from non-exchange transactions		0	0	0	0	0
Other non-current assets						
Total non current assets		**520 599**	**515 142**	**515 142**	**528 378**	**515 142**
TOTAL ASSETS		**576 905**	**538 775**	**538 775**	**594 171**	**538 775**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		–	–	–	–	–
Consumer deposits		1 358	1 334	1 334	1 374	1 334
Trade and other payables from exchange transactions		299 749	266 511	266 511	274 640	266 511
Trade and other payables from non-exchange transactions		1 451	9 019	9 019	30 381	9 019
Provision		10 167	8 837	8 837	9 954	8 837
VAT		28 589	20 731	20 731	30 819	20 731
Other current liabilities		–	–	–	–	–
Total current liabilities		**341 313**	**306 432**	**306 432**	**347 169**	**306 432**
Non current liabilities						
Financial liabilities		669	1 085	1 085	669	1 085
Provision		6 133	6 855	6 855	6 133	6 855
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		–	–	–	–	–
Total non current liabilities		**6 802**	**7 940**	**7 940**	**6 802**	**7 940**
TOTAL LIABILITIES		**348 114**	**314 372**	**314 372**	**353 970**	**314 372**
NET ASSETS	2	**228 791**	**224 403**	**224 403**	**240 200**	**224 403**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		189 696	224 403	224 403	240 200	224 403
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**189 696**	**224 403**	**224 403**	**240 200**	**224 403**

Total Assets

Variances were noted between the budgeted values of assets and the actuals recorded at the end of the review period. As at the end of December 2025, the municipality recorded total assets of **R594,171 million,** made up of **R65,793 million** and **R528,378 million** for current assets and non-current assets respectively. Current assets are those assets that are likely to be converted into cash within twelve months, while non-current assets are likely to be converted into cash over a longer-term. This financial position will be adjusted as per the annual financial statements for 2024/25.

Trade and other received from exchange transactions/ non-exchange transactions.

As at the end of December 2025, the municipality recorded consumer debtors (Exchange and non-exchange transactions) of **R4,805 million,** representing about **0,81%** of the total assets, the reason for this low performance is due to over statement of non-exchange transaction which was corrected in the 2024/2025 financial year. Looking at the annual budgeted trade and other receivables of **R34,961 million,** consumer debtors appear to be understated as compared to the debtor's age analysis. This is due to the failure of customers paying their debt as well as the impact of debt impairment which will be fully affected at the end of the financial year. This is also an indication of the rate at which consumer debtors are escalating. It will be important that council fast-track implementation of its credit control and debt collection strategies (revenue enhancement) in order to collect the outstanding debtors. The municipality will need to estimate the projected annual debtors and the provision for debt impairment in order to accurately budget for the consumer debtors projected at the end of the financial year.

Property Plant and Equipment (PPE)

As at 30 December 2025, the municipality budgeted **R489,691 million** for Property Plant and Equipment, which represents **82%** of the total assets. These assets comprise of roads and storm water, water and infrastructure, electricity infrastructure, community assets, and other plants and equipment which the municipality has acquired mainly for service delivery and for its own use. service delivery of the municipal is majored by its ability to provide these services to communities. PPE need to be relooked in line with the projected CAPEX and depreciation during the adjustments budget.

Total Liabilities

Variances were noted between the budgeted values for liabilities and the actuals recorded at the end of the period under review. As at the end of December 2025, the municipality recorded total liabilities of **R353,970 million,** made up of **R347,169 million** and **R6,802 million** for current liabilities and non-current liabilities respectively. Current liabilities are those liabilities that are payable by the municipality within the twelve months, while non-current liabilities are those liabilities that are payable over a period beyond twelve months.

The current ratio of the municipal's financial position equals to **0.19,** which is current assets divide by current liabilities (**65 793 / 347 169).** According to the acceptable norms, a current ratio which is less than 1 is considered a bad ratio as it implies that an institution is not liquid enough and it is financial unstable. So the municipality needs to improve on its abilities, and raise current assets so that it can be in a better position pay off debts when they become due.

A detailed breakdown on the individual items is attached on the above table C6 – monthly budget statement.

Table 9: Cash flow Statement as at 31st December 2025

NC093 Magareng - Table C7 Monthly Budget Statement - Cash Flow - Mid-Year Assessment

Description	Ref	2024/25	Budget Year 2025/26							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Mid-Year Assessment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		5 068	9 150	9 150	6 063	6 063	4 575	1 488	33%	9 150
Service charges		20 156	25 207	25 207	10 588	10 588	12 604	(2 015)	-16%	25 207
Other revenue		58 431	2 959	2 959	742	742	1 479	(738)	-50%	2 865
Transfers and Subsidies - Operational		69 243	76 862	76 862	55 363	55 363	38 431	16 932	44%	76 862
Transfers and Subsidies - Capital		72 545	32 601	32 601	23 625	23 625	16 301	7 324	45%	32 601
Interest		790	20 319	20 319	686	686	10 159	(9 474)	-93%	20 319
Dividends								–		
Payments										
Suppliers and employees		(131 302)	(140 411)	(140 411)	(54 271)	(54 271)	(70 205)	(15 934)	23%	(142 952)
Interest		–	(600)	(600)	230	230	(300)	(530)	177%	(600)
Transfers and Subsidies								–		
NET CASH FROM/(USED) OPERATING ACTIVITIES		**94 931**	**26 087**	**26 087**	**43 025**	**43 025**	**13 044**	**(29 982)**	**-230%**	**23 452**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		(301)	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments								–		
Payments										
Capital assets		(62 335)	(36 076)	(36 076)	(18 360)	(18 360)	(18 038)	322	-2%	(36 076)
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(62 636)**	**(36 076)**	**(36 076)**	**(18 360)**	**(18 360)**	**(18 038)**	**322**	**-2%**	**(36 076)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans								–		
Borrowing long term/refinancing								–		
Increase (decrease) in consumer deposits		38	25	25	21	21	13	8	67%	25
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		**38**	**25**	**25**	**21**	**21**	**13**	**(8)**	**-67%**	**25**
NET INCREASE/ (DECREASE) IN CASH HELD		**32 333**	**(9 964)**	**(9 964)**	**24 686**	**24 686**	**(4 982)**			**(12 598)**
Cash/cash equivalents at beginning:		1 104	1 104	1 104	16 947	1 414	1 104			1 414
Cash/cash equivalents at month/year end:		33 437	(8 859)	(8 859)	41 633	26 100	(3 878)			(11 185)

The Municipality's cash and cash equivalent at the end of the period was standing at **R41,633 million.** The municipality need to improve the collection rate. The municipality is currently grant dependent, which means without grants the municipality cannot service its financial obligations as and when they become due.

The net cash from operating activities amounts to **R43,025 million** which is made up Property rate which the municipality billed **R7,5 million** and collected **R6 million,** Service Charges which includes Water, Electricity, Refuse and Sanitation and municipality collected **R10.6 million** for the mid-term**.** It is worth noting that the municipality billed and collected the following for services charges for the mid-term:

- Electricity serviced billed **R9,7 million** and collected **R9,2 million.**
- Water services billed **R2,4 million** and collected **R667 thousand.**
- Waste- Water billed R4,8 million and collected **R210 thousand**
- Waste billed **R3,6 million** and collected **R521 thousand.**

Please note the billed amount for each service and property rate is disclosed in C4 - financial performance (revenue and expenditure) and the collected amount is part of C7 - Cash- flow.

The municipal supplier and employees' amounts to **R54,2 million** for the mid-term, it is worth noting this line item entails all the expenditure line items as per C4- financial performance (revenue and expenditure) excluding the non-cash items (impairment and depreciation).

Whilst the net cash outflow from investing activities is – **R18,360 million** that is mainly comprised of capital projects and assets.

Movement and cash outflow from financing activities amounts **R21 thousand**, which result to the net decrease in cash held of **R24,6 million**, cash and cash equivalent at the beginning of **R16.9 million** and cash and cash equivalent /month end amounts to **R41.6 million**.

Table 10: Monthly Budget Statements summary

NC093 Magareng - Table C1 Monthly Budget Statement Summary - Mid-Year Assessment

Description	2024/25	Budget Year 2025/26							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Mid- Year Assessment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	13,247	15,251	15,251	7,524	7,524	7,625	(101)	-1%	15,251
Service charges	38,331	42,146	42,146	20,450	20,450	21,073	(624)	-3%	42,146
Investment revenue	385	46	46	–	–	23	(23)	-100%	46
Transfers and subsidies - Operational	73,429	76,862	76,862	55,363	55,363	38,431	16,932	0	76,862
Other own revenue	33,029	36,184	36,184	15,504	15,504	18,092	(2,589)	-14%	36,184
Total Revenue (excluding capital transfers and contributions)	**158,421**	**170,489**	**170,489**	**98,841**	**98,841**	**85,245**	**13,596**	**16%**	**170,489**
Employee costs	51,011	59,997	59,997	28,851	28,851	29,998	(1,147)	-4%	59,997
Remuneration of Councillors	5,278	5,270	5,270	2,622	2,622	2,635	(13)	-0%	5,270
Depreciation and amortisation	15,899	23,541	23,541	11,770	11,770	11,770	0	0%	23,541
Interest	5,667	600	600	(230)	(230)	300	(530)	-177%	600
Inventory consumed and bulk purchases	47,909	39,050	39,050	9,453	9,453	19,525	(10,072)	-52%	39,050
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	86,583	68,581	68,581	29,855	29,855	34,290	(4,435)	-13%	68,581
Total Expenditure	**212,347**	**197,039**	**197,039**	**82,323**	**82,323**	**98,519**	**(16,196)**	**-16%**	**197,039**
Surplus/(Deficit)	**(53,927)**	**(26,549)**	**(26,549)**	**16,518**	**16,518**	**(13,275)**	**29,792**	**-224%**	**(26,549)**
Transfers and subsidies - capital (monetary	71,924	32,601	32,601	23,625	23,625	16,301	7,324	45%	32,601
Transfers and subsidies - capital (in-kind)	2,252	–	–	–	–	–	–		–
Surplus/(Deficit) after capital transfers & contributions	**20,249**	**6,052**	**6,052**	**40,142**	**40,142**	**3,026**	**37,117**	**1227%**	**6,052**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**20,249**	**6,052**	**6,052**	**40,142**	**40,142**	**3,026**	**37,117**	**1227%**	**6,052**
Capital expenditure & funds sources									
Capital expenditure	**62,335**	**36,361**	**36,361**	**18,360**	**18,360**	**18,180**	**179**	**1%**	**36,361**
Capital transfers recognised	61,941	32,601	32,601	17,248	17,248	16,301	948	6%	32,601
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**394**	**3,760**	**3,760**	**1,112**	**1,112**	**1,880**	**(768)**	**-41%**	**3,760**
Total sources of capital funds	**62,335**	**36,361**	**36,361**	**18,360**	**18,360**	**18,180**	**179**	**1%**	**36,361**
Financial position									
Total current assets	56,306	23,633	23,633		65,793				23,633
Total non current assets	520,599	515,142	515,142		528,378				515,142
Total current liabilities	341,313	306,432	306,432		347,169				306,432
Total non current liabilities	6,802	7,940	7,940		6,802				7,940
Community wealth/Equity	**189,696**	**224,403**	**224,403**		**240,200**				**224,403**
Cash flows									
Net cash from (used) operating	94,931	26,087	26,087	43,025	43,025	13,044	(29,982)	-230%	23,452
Net cash from (used) investing	(62,636)	(36,076)	(36,076)	(18,360)	(18,360)	(18,038)	322	-2%	(36,076)
Net cash from (used) financing	38	25	25	21	21	13	(8)	-67%	25
Cash/cash equivalents at the month/year end	**33,437**	**(8,859)**	**(8,859)**	**41,633**	**26,100**	**(3,878)**	**(29,978)**	**773%**	**(11,185)**
Debtors & creditors analysis	**0-30 Days**	**31-60 Days**	**61-90 Days**	**91-120 Days**	**121-150 Dys**	**151-180 Dys**	**181 Dys-1 Yr**	**Over 1Yr**	**Total**
Debtors Age Analysis									
Total By Income Source	6,616	5,944	5,930	5,815	5,563	5,444	31,334	441,010	507,656
Creditors Age Analysis									
Total Creditors	15,494	18,687	18,882	18,706	16,940	57,074	56,618	94,329	296,730

2 – SUPPORTING DOCUMENTATION

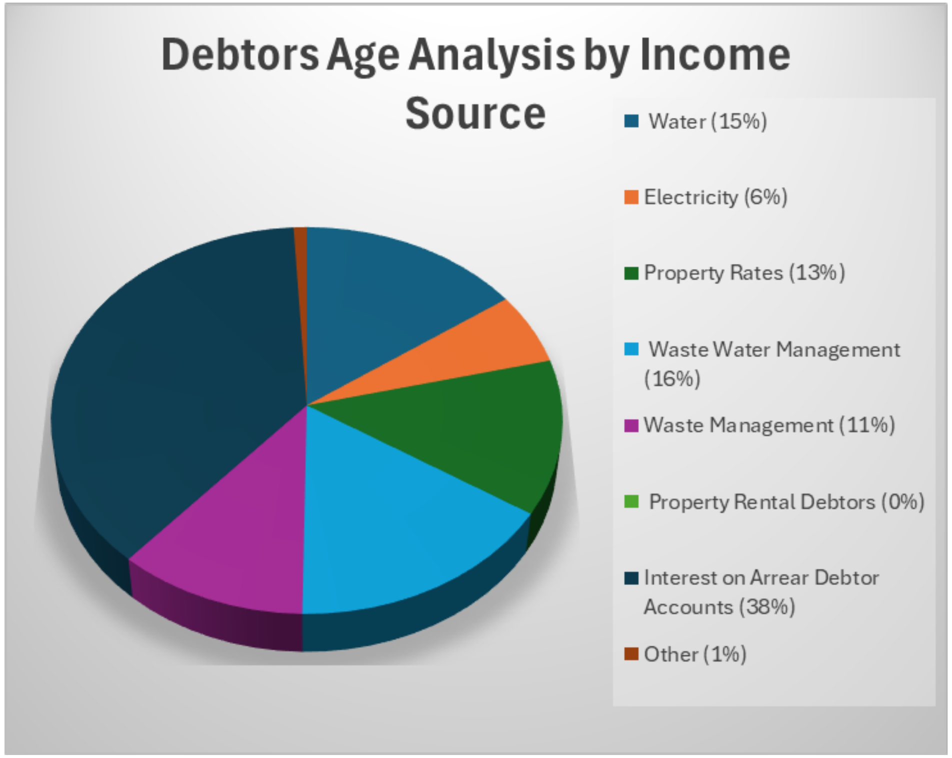
DEBTORS ANALYSIS

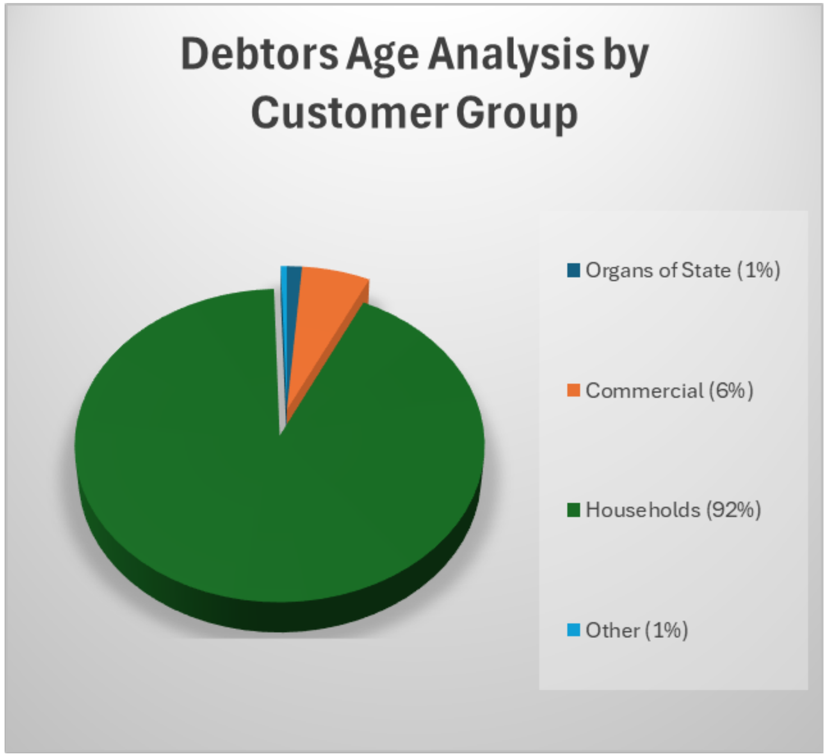
The outstanding debtors for the period ended 31st December 2025 has been reported at **R507,656 million.** The largest outstanding amount owed to the municipality is coming from households; this category owes **R459,116 million.** The long outstanding consumer debts may negatively affect the sustainability of the municipality. The average collection rate is reported to be at **29%** over the past six months. The effective implementation of the debt collection and credit control is critically essential to ensure the sustainability of the municipality; this figure is due to old debts. The Municipality needs to work harder on collecting old debts.

Table 11: Summary of Debtors as at 31st December 2025

NC093 Magareng - Supporting Table SC3 Monthly Budget Statement - aged debtors - Mid-Year Assessment

Description	NT Code	Budget Year 2025/26											
R thousands		0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	747	395	471	394	368	377	2 194	72 185	77 130	75 518		
Trade and Other Receivables from Exchange Transactions - Electricity	1300	617	434	392	280	244	155	762	27 506	30 389	28 946		
Receivables from Non-exchange Transactions - Property Rates	1400	1 073	998	960	977	907	882	4 652	55 107	65 555	62 525		
Receivables from Exchange Transactions - Waste Water Management	1500	902	893	909	910	905	901	5 067	71 569	82 057	79 353		
Receivables from Exchange Transactions - Waste Management	1600	667	651	655	650	646	641	3 586	49 186	56 683	54 710		
Receivables from Exchange Transactions - Property Rental Debtors	1700	–	–	–	–	–	–	–	–	–	–		
Interest on Arrear Debtor Accounts	1810	2 559	2 532	2 503	2 500	2 453	2 452	14 834	161 472	191 304	183 710		
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–		
Other	1900	52	41	41	104	40	35	240	3 984	4 538	4 405		
Total By Income Source	**2000**	**6 616**	**5 944**	**5 930**	**5 815**	**5 563**	**5 444**	**31 334**	**441 010**	**507 656**	**489 166**	**–**	**–**
November Totals		**6 295**	**6 016**	**5 865**	**5 635**	**5 527**	**5 506**	**30 904**	**436 417**	502 165	**483 989**		
Debtors Age Analysis By Customer Group													
Organs of State	2200	341	371	315	265	242	247	1 287	3 418	6 488	5 460		
Commercial	2300	772	518	486	382	356	304	1 636	25 023	29 476	27 700		
Households	2400	5 479	5 032	5 106	5 145	4 939	4 870	28 233	410 312	469 116	453 499		
Other	2500	23	23	23	24	27	22	178	2 257	2 576	2 507		
Total By Customer Group	**2600**	**6 616**	**5 944**	**5 930**	**5 815**	**5 563**	**5 444**	**31 334**	**441 010**	**507 656**	**489 166**	**–**	**–**


Debtors Age Analysis by Income Source
Water (15%)
Electricity (6%)
Property Rates (13%)
Waste Water Management (16%)
Waste Management (11%)
Property Rental Debtors (0%)
Interest on Arrear Debtor Accounts (38%)
Other (1%)


Debtors Age Analysis by Customer Group
Organs of State (1%)
Commercial (6%)
Households (92%)
Other (1%)

CREDITORS' ANALYSIS

Below is a table summarising the ageing of the outstanding creditors.

Table 12: Creditors as at 31st December 2025

NC093 Magareng - Supporting Table SC4 Monthly Budget Statement - aged creditors - Mid-Year Assessment

Description R thousands	NT Code	Budget Year 2025/26									Prior year totals for chart (same period)
		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total	
Creditors Age Analysis By Customer Type											
Bulk Electricity	0100	12 318	12 834	12 840	13 133	10 651	43 199	40 646	–	**145 622**	
Bulk Water	0200	2 165	4 427	4 160	3 047	3 959	11 901	14 231	92 398	**136 287**	
PAYE deductions	0300	–	–	–	–	–	–	–	–	–	
VAT (output less input)	0400	–	–	–	–	–	–	–	–	–	
Pensions / Retirement deductions	0500	–	–	–	953	937	937	–	–	**2 827**	
Loan repayments	0600	–	–	–	–	–	–	–	–	–	
Trade Creditors	0700	222	375	505	635	643	294	868	1 609	**5 150**	
Auditor General	0800	789	1 051	1 377	938	751	743	873	323	**6 845**	
Other	0900	–	–	–	–	–	–	–	–	–	
Medical Aid deductions	0950	–	–	–	–	–	–	–	–	–	
Total By Customer Type	**1000**	**15 494**	**18 687**	**18 882**	**18 706**	**16 940**	**57 074**	**56 618**	**94 329**	**296 730**	–

As at 31st December 2025, creditors ageing analysis had a balance of R296,730 million. This includes Eskom, Vaalharts Water Users, Auditors General and others. This ageing balance might be understated as some of the creditor's invoices are not all captured on the financial system. One of the major impacts for a huge balance is non-payment of creditors as a result of cash constraints.

The table below is the top 10 creditors.

Creditors	Balance
BULK ELECTRICITY 8468618896	-R 145 622 210.95
VAALHARTS WATER	-R 136 286 709.44
AUDITOR GENERAL	-R 6 844 671.80
PENSION FUND	-R 2 826 542.00
COMPENSATION COMM	-R 1 659 067.31
BUSINESS CONNEXION	-R 835 735.37
BVI CONSULTING	-R 540 231.72
MEGA WATER CHEM	-R 480 872.50
NEP CONSULTING ENGINEERS PTY LTD	-R 277 080.72
SMEC	-R 262 538.79
Total	**-R 295 635 660.60**

INVESTMENT PORTFOLIO ANALYSIS

Below is a table that details the investments as at 31st December 2025.

Table 13: Call Investments register

NC093 Magareng - Supporting Table SC5 Monthly Budget Statement - investment portfolio - Mid-Year Assessment

Investments by maturity Name of institution & investment ID	Ref	Period of Investment	Type of Investment	Capital Guarantee (Yes/ No)	Variable or Fixed interest rate	Interest Rate 3	Commission Paid (Rands)	Commission Recipient	Expiry date of investment	Opening balance	Interest to be realised	Partial / Premature Withdrawal (4)	Investment Top Up	Closing Balance
R thousands		Yrs/Months												
Municipality														
Magareng Local Municipality														-
Municipality sub-total										-	-	-	-	-
Entities														
ABSA (9380541602)		3 Month	7 Day	YES	FIXED				01 December 2025	5 006	66	(5 400)	2 400	2 072
														-
														-
														-
														-
														-
														-
Entities sub-total										5 006	66	(5 400)	2 400	2 072
TOTAL INVESTMENTS AND INTEREST	2									5 006	66	(5 400)	2 400	2 072

The available balance in the investment accounts as at the end of the period amounted to R2,1 million. This balance includes funds received on grants. The municipality is strongly grant dependent meaning it can't survive on its own cash or run capital projects from internally generated funds.

ALLOCATION ON GRANT RECEIPTS AND EXPENDITURE

Table 14: Capital and Operational grants and subsidies as at 31st December 2025

Description	Budget Year 2025/26						
	Original Budget	Funds Received to date	Spents to date	Spent to date Vat Inc & Rentations	Unspent Balance Vat Inc	% Spent to date VAT EXCL	% Spent to date VAT INC
Grants and Subsidies							
Operational							
Equitable Share	66 283 000.00	48 587 000.00	48 587 000.00	48 587 000.00	17 696 000.00	73%	73%
Expanded Public Works Programme Integrated Grant	1 329 000.00	930 000.00	1 028 932.01	1 028 932.01	300 067.99	77%	77%
Local Government Financial Management Grant	3 000 000.00	3 000 000.00	822 272.92	897 795.93	2 102 204.07	27%	30%
Capacity Building and Other Grants	1 500 000.00	960 776.84	476 751.02	548 263.67	951 736.33	32%	37%
FBDM (Operational)	3 500 000.00	1 260 620.00	3 730 033.78	4 105 017.85	- 605 017.85	107%	117%
Northern Cape Arts and Cultural	1 250 000.00	625 000.00	635 879.28	641 368.12	608 631.88	51%	51%
Sub-Total	**76 862 000.00**	**55 363 396.84**	**55 280 869.01**	**55 808 377.57**	**21 053 622.43**	**72%**	**73%**
Capital							
Municipal Infrastructure Grant	12 641 000.00	3 000 000.00	2 498 127.00	2 907 346.00	9 733 654.00	20%	23%
Water Services Infrastructure Grant	10 000 000.00	8 000 000.00	5 807 441.72	7 777 688.88	2 222 311.12	58%	78%
Regional Bulk Infrastructure Grant	9 960 000.00	12 624 669.23	8 942 613.78	10 284 005.85	- 324 005.85	90%	103%
Sub-Total	**32 601 000.00**	**23 624 669.23**	**17 248 182.50**	**20 969 040.73**	**11 631 959.28**	**53%**	**64%**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**109 463 000.00**	**78 988 066.07**	**72 529 051.51**	**76 777 418.30**	**32 685 581.70**	**66%**	**70%**

Capital and Operating grants/transfers

The table above illustrate a summary on all the gazetted grants due to the municipality. It comprises of conditional and unconditional grants.

It can then be noted that a total of **R78,988 million** was received in the first half of the financial year, whereby **R76,742 million** has been committed or spent to date which translates into **70%** spent on grants and subsidies.

<u>Financial Management grant</u>

- The FMG grant is an essential funding source for the BTO program projects supported by the National Treasury. By the end of the mid-term, the municipality had received **R3 million.** Allocation received as per Dora and payment schedule. To date, **27%** of the funds (excluding VAT) and **30%** (including VAT) have been spent.

Expanded Public Work Programme

- EPWP grant is used to fund the expanded public works programs, and this is a National Department of Public Works initiative to curb the high unemployment rate
- It is important to note that the municipality has received the first and second tranches of the allocation, **R332 thousand** and **R598 thousand** respectively totaling to **R930 thousand,** as of the end of the mid-term, the municipality has already spent **R1 029 million,** which is equal to **77%** (VAT inclusive) of the total allocation.

Frances Baard District Municipality Grant

- FBDM grant is used to assist the municipality with Operations and Maintenance, and the Vending System grant which is to assist the municipality with upgrading the municipal vending system this grant is funded by the district municipality,
- To date, the municipality has received a total of **R1,260 million** (**R1 million** is for the Vending System and **R260 thousand** is for O & M) and incurred expenditures amounting to **R3,730 million** (**R1 million** is for the Vending system and **R2,7 million** is for O&M) (excluding VAT), which represents 100% and 109% of the total budgeted allocation respectively.
- Please note that FBDM (O&M) transfers are made on submission of invoices to the District Municipality, the reason for **R260 thousand** received and **R2,7 million** expenditure for O&M is the district paid the service providers directly.

Library Grant

- It should be noted that the municipality received the first tranche of the grant in October, amounting to **R625 thousand,** for the 2^{nd} quarter the municipality did not receive any allocation. The municipality already spent the R635 thousand received, which equates to **51%** of the total allocation for both VAT Excl and Incl.

Municipal Infrastructure Grant

- The MIG expenditure as at 31 December 2025 is sitting at **20% (R2,5 million** Vat exclusive) of the total allocation of **R12,641 million** for the year. The municipality has not received the second trench due to low expenditure. The municipality has received **R3 million** for the first six months of the financial year.

Water Services Infrastructure Grant

- The WSIG expenditure as at 31st December 2025 is sitting at 58 % (Vat excl) of the total allocation of **R10 million** for the year. The municipality to date has received **R8 million** and **R7,777 (**Vat incl) million has been spent which equates to **78%** of the total allocation of the grant.

COUNCIL ALLOWANCES AND EMPLOYEE BENEFITS

Table 15: Councillor allowances and employee benefits

NC093 Magareng - Supporting Table SC8 Monthly Budget Statement - councillor and staff benefits - Mid-Year Assessment

Summary of Employee and Councillor remuneration R thousands	Ref	2024/25 Audited Outcome	Budget Year 2025/26 Original Budget	Adjusted Budget	Mid-Year Assessment	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
	1	A	B	C						D
Councillors (Political Office Bearers plus Other)										
Basic Salaries and Wages		3 615	3 563	3 563	1 765	1 765	1 782	(17)	-1%	3 563
Pension and UIF Contributions		517	535	535	265	265	267	(3)	-1%	535
Medical Aid Contributions		82	78	78	50	50	39	11	28%	78
Motor Vehicle Allowance								–		
Cellphone Allowance		480	509	509	252	252	255	(3)	-1%	509
Housing Allowances		–	–	–	–	–	–	–		–
Other benefits and allowances		584	585	585	291	291	292	(1)	0%	585
Sub Total - Councillors		**5 278**	**5 270**	**5 270**	**2 622**	**2 622**	**2 635**	**(13)**	**0%**	**5 270**
% increase	4		**-0.2%**	**-0.2%**						**-0.2%**
Senior Managers of the Municipality	3									
Basic Salaries and Wages		1 959	3 467	3 467	1 153	1 153	1 733	(580)	-33%	3 467
Pension and UIF Contributions		133	250	250	71	71	125	(54)	-43%	250
Medical Aid Contributions		71	136	136	48	48	68	(20)	-29%	136
Overtime								–		
Performance Bonus		112	264	264	120	120	132	(12)	-9%	264
Motor Vehicle Allowance		755	1 026	1 026	314	314	513	(199)	-39%	1 026
Cellphone Allowance		17	54	54	11	11	27	(16)	-61%	54
Housing Allowances		–	154	154	–	–	77	(77)	-100%	154
Other benefits and allowances		0	0	0	0	0	0	(0)	-34%	0
Payments in lieu of leave								–		
Long service awards		–	–	–	–	–	–	–		–
Post-retirement benefit obligations	2							–		
Entertainment								–		
Scarcity		83	165	165	41	41	82	(42)	-51%	165
Acting and post related allowance		106	106	106	18	18	53	(35)	-67%	106
In kind benefits		–	–	–	–	–	–	–		–
Sub Total - Senior Managers of Municipality		**3 236**	**5 622**	**5 622**	**1 776**	**1 776**	**2 811**	**(1 035)**	**-37%**	**5 622**
% increase	4		**73.7%**	**73.7%**						**73.7%**
Other Municipal Staff										
Basic Salaries and Wages		33 386	39 111	39 111	18 182	18 182	19 556	(1 374)	-7%	39 111
Pension and UIF Contributions		6 580	7 352	7 352	3 586	3 586	3 676	(90)	-2%	7 352
Medical Aid Contributions		2 547	2 815	2 815	1 326	1 326	1 407	(82)	-6%	2 815
Overtime		792	612	612	573	573	306	267	87%	612
Performance Bonus		2 850	3 688	3 688	3 081	3 081	1 844	1 237	67%	3 688
Motor Vehicle Allowance		–	–	–	–	–	–	–		–
Cellphone Allowance		126	138	138	50	50	69	(19)	-27%	138
Housing Allowances		79	81	81	51	51	40	11	26%	81
Other benefits and allowances		428	428	428	217	217	214	3	1%	428
Payments in lieu of leave								–		
Long service awards		257	–	–	–	–	–	–		–
Post-retirement benefit obligations	2	695	–	–	–	–	–	–		–
Entertainment								–		
Scarcity								–		
Acting and post related allowance		36	50	50	10	10	25	(15)	-62%	50
In kind benefits		–	100	100	–	–	50	(50)	-100%	100
Sub Total - Other Municipal Staff		**47 775**	**54 375**	**54 375**	**27 075**	**27 075**	**27 187**	**(112)**	**0%**	**54 375**
% increase	4		**13.8%**	**13.8%**						**13.8%**
Total Parent Municipality		**56 289**	**65 267**	**65 267**	**31 473**	**31 474**	**32 634**	**(1 160)**	**-4%**	**65 267**
Unpaid salary, allowances & benefits in arrears:										
Board Members of Entities										
Sub Total - Executive members Board	2	–	–	–	–	–	–	–		–
% increase	4									
Senior Managers of Entities										
Sub Total - Senior Managers of Entities		–	–	–	–	–	–	–		–
% increase	4									
Other Staff of Entities										
Sub Total - Other Staff of Entities		–	–	–	–	–	–	–		–
% increase	4									
Total Municipal Entities		–	–	–	–	–	–	–		–
TOTAL SALARY, ALLOWANCES & BENEFITS		**56 289**	**65 267**	**65 267**	**31 473**	**31 474**	**32 634**	**(1 160)**	**-4%**	**65 267**
% increase	4		**16.0%**	**16.0%**						**16.0%**
TOTAL MANAGERS AND STAFF		**51 011**	**59 997**	**59 997**	**28 851**	**28 851**	**29 998**	**(1 147)**	**-4%**	**59 997**

The table above illustrate expenditure on councillor's remuneration and employees. Section 66 of the MFMA requires that the accounting officer of a municipality must, in a format and for the periods as may be prescribed, report to the council on all expenditure incurred by the municipality on staff salaries, wages, allowances and benefits and in a manner that discloses such expenditure per type of expenditure, namely-

Salaries and wages
Contribution for pension and medical aid
Travel, motor car, accommodation, subsistence and other allowances
Housing benefits
Overtime
Any other benefit or allowance related to staff.

For the period under review the municipality has incurred an expenditure amounting to **R31,473 million** on a total budget of **R65,267 million.** The projected expenditure amounts to **R32,634 million** (-4%) below the projected budget at this period with a variance of R1,1 million.

Cost containment measures still need to be exercised to ensure expenditure is kept at a minimum; especially on overtime and standby allowance. All budgeted vacant post will be reviewed during the adjustment budget.

PART 2- PERFORMANCE INFORMATION

2.1 PROCESS FOLLOWED IN COMPILING THE REPORT

The SDBIP 2025/2026 was approved by the Executive Mayor on the 28th June 2025, which included Performance indicators, in terms of Section 53(1) (c) (ii) of the Local Government: Municipal Finance Management Act (MFMA).

SUMMARY REPORT PER KEY PEFORMANCE AREA FOR THE FIRST SIXTH MONTHS (JULY-DECEMBER 2025)

KPA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

NATIONAL KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT -TECHNICAL SERVICES

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
1	Water	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Percentage of the capital budget spent from the Regional Bulk Infrastructure Grant (RBIG) for the Upgrading and Extension of the Warrenton Water Treatment Works by the end June 2026	100%	100%	R 9 960 000,00	42% R 4 232 141,17	84% R 8 392 528,04	126,75% R 12 624 669,21	N/A	N/A

NATIONAL KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT -TECHNICAL SERVICES

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
2	Water	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Percentage of the capital budget spent from the Municipal Infrastructure Grant (MIG) for the Upgrade of internal water reticulation network in Chris Hani, Richblock and Las Vegas (Phase 1) by the end June 2026	100%	100%	R 1 678 010,58	Target not for this quarter R -	Not Achieved R -	Not Achieved R -	- The Contractor is only left with the Horizontal Directional Drilling (HDD) and commissioning of the two 400 kL elevated storage tanks. - These activities represent the final stage of the project scope. - Progress has been delayed due to the prolonged (Applied in February 2025 and received Approval in 13 January 2026) from SANRAL, as a wayleave approval is required for the HDD route	- Wayleave approval received 13 January 2026 and site briefing was done with the sub-contractor for horizontal drilling on the 15 January 2026. Engage with the Contractor to finish the remaining pipe work as the HDD is conducted. Project to be completed by June 2026
3	Water	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Percentage of the capital budget spent from the Water Services Infrastructure Grant (WSIG) for the Upgrade of internal water reticulation network in Chris Hani, Richblock and Las Vegas (Phase 2) by the end June 2026	100%	100%	R10 000 000,00	31% R 3 076 874,21	52% R 5 241 046,39	83,18% R 8 317 920,60	N/A	N/A

NATIONAL KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT -TECHNICAL SERVICES

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
4	Water	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Percentage of the capital budget spent from the Municipal Infrastructure Grant (MIG) for the Emergency Refurbishment of Old 150 Kl Tower Resevoir and Pumpstation by the end June 2026	100%	100%	R 5 006 398,82	0% R -	58,07% R 2 907 346,05	58,07% R 2 907 346,05	- Delayed Procurement Processes.	- The project managed to recover in Q2.
5	Sanitation	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Percentage of the capital budget spent from the Regional Bulk Infrastructure Grant (RBIG) for the Technical Feasibility Study Report for the Relocation of the Warrenton WWTW and Related Bulk Outfall Infrastructure by the end June 2026	100%	100%	R 2 264 637,00	Target not for this quarter R -	0% R -	Not Achieved R -	- Project is progressing well - RBPAC Meeting of 28 November 2025 requested futher follow up meeting for the material adjustments it required on the report - Expendiure is dependant on milestones such as Preim Design, however, corrections and adjustments required on the report has deferred expenditure	- Due to adjustments required to the report, Expenditure will be moved to Q3

NATIONAL KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT -TECHNICAL SERVICES

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
6	Sanitation	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Percentage of the capital budget spent from the Municipal Infrastructure Grant (MIG) for the Emergency Replacement of the Warrenvale Rising Main Pipeline to the Warrenton WWTW by the end June 2026	100%	100%	R 5 956 590,60	Target not for this quarter R -	9,65% R 575 000,00	Not Achieved R 575 000,00	- Delayed Procurement Processes. - Possible MIG Stopping if Targets not met.	- Propose readjustment of allocation (funds) to KPI 3 - Propose project to be implemented 2026/27 FY

Basic Services and Infrastructure: Technical Services		**Colour coding**
KPI's not measurable in Q1 & Q2:	0	Yellow
KPI's not achieved:	3	Red
KPI's achieved:	3	Green
Total KPI's:	6	

NATIONAL KEY PERFORMANCE AREA 1: BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT – COMMUNITY SERVICES

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
7	Parks and Recreational Facilities	To maintain and control public amenities and areas to promote a safe and healthy environment	Number of quarterly reports on Parks & recreational activities submitted to council by end June 2026	4	4	Operational Budget	1	1	2	N/A	N/A
8	Traffic & Public Safety	To deliver affordable, quality and sustainable services to communities	Number of Quarterly reports traffic law enforcement submitted to council by end June 2026	4	4	Operational Budget	1	1	2	N/A	N/A
9	Library services	Promote literacy in communities through comprehensive Library Services	Submit quarterly report to council on library services at all municipal libraries by end June 2026	4	4	Operational Budget	1	1	2	N/A	N/A

Basic Services and Infrastructure: Community Services		**Colour coding**
KPI's not measurable in Q1 & Q2:	0	
KPI's not achieved:	0	
KPI's achieved:	3	
Total KPI's:	3	

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
10	Town Planning	Promoting a wall to wall of management of all land development activities	Number of housing Sector Plan developed and approved by council by end June 2026	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A
11	Housing	Eradicate backlogs in order to improve access to services and ensure proper operations and maintenance	Number of housing consumer awareness campaigns conducted by end June 2026	4	Operational Budget	1	1	2	N/A	N/A

Basic Services and Infrastructure: Housing and Land Use		**Colour coding**
KPI's not measurable in Q1 & Q2:	1	
KPI's not achieved:	0	
KPI's achieved:	1	
Total KPI's:	2	

KPA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT - CORPORATE SERVICES DEPARTMENT

NATIONAL KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT - CORPORATE SERVICES DEPARTMENT

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
12	Information & Communication Technology	To render effective and efficient ICT services	Number of quarterly reports on the ICT uploads performed by end of June 2026	10	10	Operational Budget	2	3	5	N/A	N/A
13	Occupational Health and Safety	To provide Health and Safety in a workplace	Number of quarterly Health and Safety Reports submitted to the Health and Safety Committee meeting by end June 2026	4	4	Operational Budget	1	1	2	N/A	N/A
14	Training and Development	To improve administrative and governance capacity	Number of Work Skills Plan Development submitted to LGSETA by April 2026	1	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A
16	Training and Development	To provide bursary scheme for further studies by employees	Number of employees awarded bursary by the end of June 2026	9	7	Operational Budget	7	0	7	N/A	N/A
17	Labour and legal matters	To improve administrative and governance capacity	Number of quarterly reports on the status of litigations against the Municipality compiled and submitted to the Portfolio Committee meeting by end of June 2026	4	4	Operational Budget	1	1	2	1	1

NATIONAL KEY PERFORMANCE AREA 2: MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT - CORPORATE SERVICES DEPARTMENT

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
18	Employment Equity reports	To improve administrative and governance capacity	Number of Employment Equity Reports compiled and submitted to Department of Labour by January 2026	1	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A
19	Council support	To improve administrative and governance capacity	Number of ordinary council meetings coordinated by June 2026	4	4	Operational Budget	1	1	2	N/A	N/A
20	Council support	To improve administrative and governance capacity	Number of Departmental Quarterly Section 79 Committee meetings held by June 2026	4	4	Operational Budget	1	1	2	N/A	N/A

Corporate Services		Colour coding
KPI's not measurable in Q1 & Q2:	2	
KPI's not achieved:	0	
KPI's achieved:	6	
Total KPI's:	8	

KPA 3: LOCAL ECONOMIC DEVELOPMENT

NATIONAL KEY PERFORMANCE AREA 3: LOCAL ECONOMIC DEVELOPMENT

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
21	Tourism	Create an environment that promotes development of local economy and facilitate job creation	Number of tourism programmes initiated by end June 2026	2	2	Operational Budget	1	1	2	N/A	N/A
22	SMME'S	Create an environment that promotes development of local economy and facilitate job creation	Number of SMME'S supported through Skills development by end June 2026	2	2	Operational Budget	1	1	2	N/A	N/A
23	SMME'S	Create an environment that promotes development of local economy and facilitate job creation	Number of PDI's provided with business support by end June 2026	4	4	Operational Budget	1	1	2	N/A	N/A
24	Tourism	Create an environment that promotes development of local economy and facilitate job creation	Number of Quarterly Tourism association meetings held by end June 2026	4	4	Operational Budget	1	1	2	N/A	N/A

Local Economic Development		Colour coding
KPI's not measurable in Q1 & Q2:	2	
KPI's not achieved:	0	
KPI's achieved:	4	
Total KPI's:	4	

KPA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

NATIONAL KEY PERFORMANCE AREA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
25	Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Number of Annual Financial Statements submitted to AGSA by 31 August 2025	1	1	Operational Budget	1	0	1	N/A	N/A
26	Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Number of 2024/25 Adjustment Budgets submitted to Council for approval by end February 2026	1	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A
27	Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Number of 2024/25 Final Budget submitted to Council by 31 May 2026	1	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A
28	Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Number of Section 71 reports submitted to NT/PT by the 30 June 2026	12	12	Operational Budget	3	3	3	N/A	N/A

NATIONAL KEY PERFORMANCE AREA 4: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
29	Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Number of Section 72 reports tabled in Council by the 31 January 2026	1	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A
30	Finance	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Number of Section 52 reports tabled at Council by the 30 June 2026	1	1	Operational Budget	1	1	2	N/A	N/A
31	Finance	To improve revenue collection rate of the municipality	Rate % increment by the 30 June 2026	12%	12%	Operational Budget	3%	3%	6%	N/A	N/A

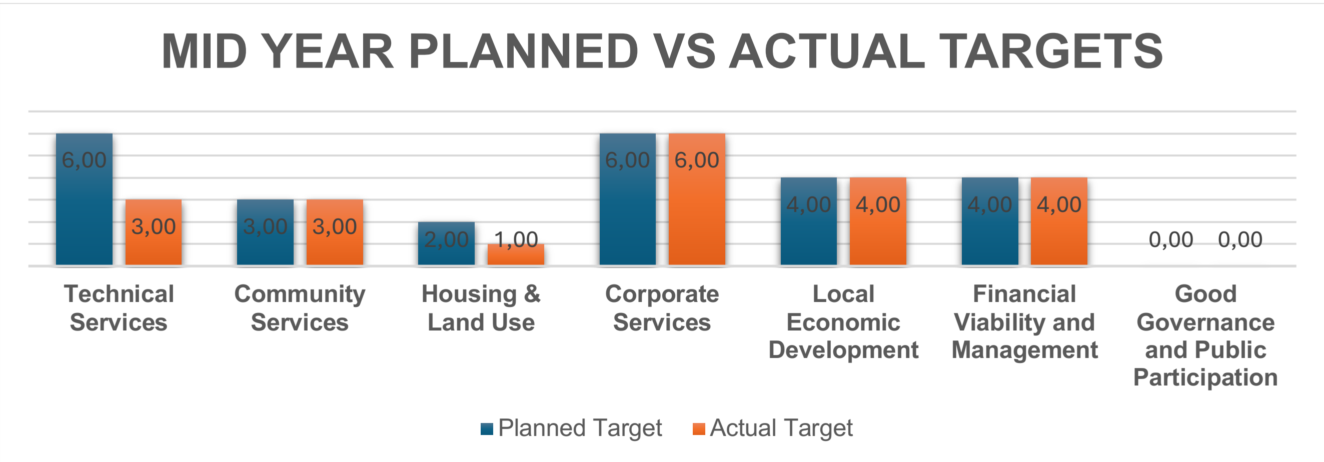
Financial Viability and Management		**Colour coding**
KPI's not measurable in Q1 & Q2:	3	
KPI's not achieved:	0	
KPI's achieved:	4	
Total KPI's:	7	

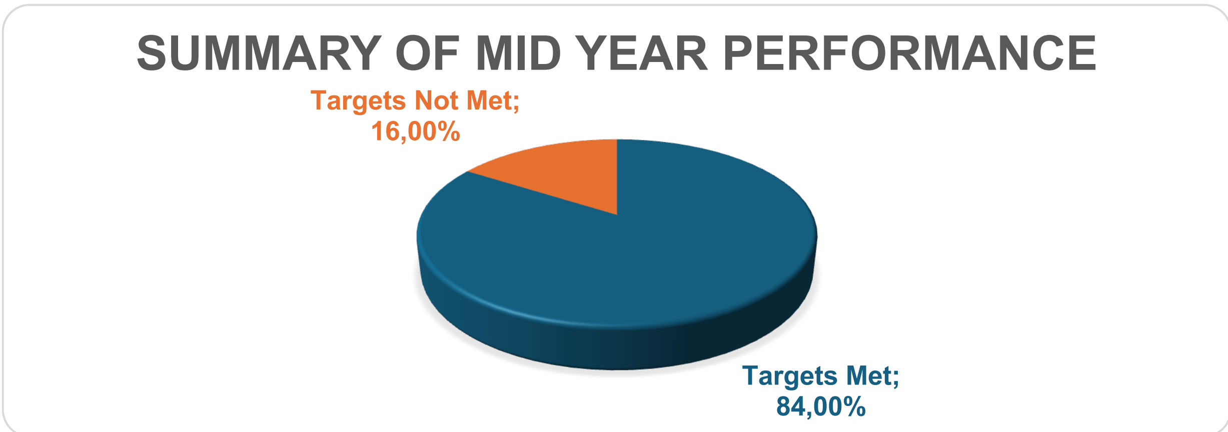
KPA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

NATIONAL KEY PERFORMANCE AREA 5: GOOD GOVERNANCE AND PUBLIC PARTICIPATION

REF NO.	STRATEGIC FOCUS AREAS	STRATEGIC OBJECTIVES	KPI / UNIT OF MEASUREMENT	BASELINE	ANNUAL TARGET	BUDGET	QUARTER 1 TARGET	QUARTER 2 TARGET	ACTUAL PERFORMANCE	REASONS FOR DEVIATION	CORRECTIVE MEASURES
32	Integrated Development Planning	Promote a culture of participatory & good governance	Number of 2024/25 final reviewed IDP Documents submitted to Council by 31 May 2026	1	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A
33	Performance Management	Improve organisational cohesion effectiveness	Number of 2023/24 Annual Reports submitted to Council by 30 January 2026	1	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A
34	Performance Management	To improve overall financial management in the municipality by developing and implementing appropriate Financial Management	Number of mid-term budget and performance assessment reports submitted to the mayor by 25 January 2026	1	1	Operational Budget	0	0	0	Target not for this quarter 1 & 2	N/A

Good Governance and Public Participation		Colour coding
KPI's not measurable in Q1 & Q2:	3	
KPI's not achieved:	0	
KPI's achieved:	0	
Total KPI's:	3	





MAGARENG MUNICIPALITY

Municipal Manager's Quality Certificate

I, …**Tumelo Thage**…, the Municipal Manager of Magareng Municipality, hereby certify that –

- **The Mid-year budget and performance assessment (section 72 report).**

for the period **1st July – 31st December 2025,** has been prepared in accordance with the Municipal Finance Management Act and regulations made under the Act.

Signature :____

22 January 2026

Date :____