VICTOR KHANYE

LOCAL MUNICIPALITY – PLAASLIKE MUNISIPALITEIT

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DIRECTORATE: BUDGET AND TREASURY OFFICE

QUALITY CERTIFICATE

I, **T.M MASHABELA,** Municipal Manager of Victor Khanye Local Municipality, hereby certify that the Budget Statement for First Quarter (1 July – 30 September 2026/27) has been prepared in accordance with the Municipal Finance Management Act and regulation made under that Act. And that the documents are consistent with the Integrated Development Plan of the Municipality

INITIALS AND SURNAME ..... T.M MASHABELA .....

MUNICIPAL MANAGER OF VICTOR KHANYE LOCAL MUNICIPALITY MP311

SIGNATURE.....

DATE..... 2026/10/14 .....

VICTOR KHANYE

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BUDGET AND TREASURY OFFICE

Enquires: S Maphanga **Ref: 8/2/1/2**

TO : MUNICIPAL MANAGER
T.M MASHABELA

FROM : CHIEF FINANCIAL OFFICER
T.P MAHLANGU

DATE : 13 SEPTEMBER 2026

RE : SECTION 52(d) REPORT`

REASON FOR REPORT

To provide the Executive mayor/Council with the budget and financial performance report for first quarter period (1 July – 30 September 2026_27).

STRATEGIC THRUST

Improve compliance to MFMA and VKLM policy Framework

PRIORITY ISSUE

Number of quarterly section 52(d) MFMA reports submitted to Mayoral committee within legislative timeframes

LEGISLATIVE CONTEXT

In terms of section 52(d) of the Municipal Finance Management Act (MFMA) No. 56 of 2003, the accounting officer of a municipality must by no later than 30 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasuries a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month

a) Actual revenue, per revenue source;
b) Actual borrowings;
c) Actual operating expenditure, per vote;
d) Actual capital expenditure, per vote;
e) The amount of any allocation received;
f) Actual expenditure on those allocations, excluding expenditure on –

i. Its share of the local government equitable share; and
ii. Allocations exempted by the annual Division of Revenue Act from compliance with this paragraph and;

g) When necessary, an explanation of –

iii. Any material variance from the municipality's projected revenue by source, and from the municipality's expenditure projections per vote;
iv. Any material variance from the service delivery and budget implementation plan; and

v. Any remedial or corrective steps taken or to be taken to ensure that projected revenue and expenditure remains within the municipality's approved budget

The format was amended in line with the Municipal Budget and reporting regulations and approved in terms of section 168 of the MFMA, per government gazette no 32141 dated 17 April 2009 for implementation with effect from 1 First quarter 2009 as follows:

Table C1 s71 actual quarterly Budget Statement SumSeptembery;

Table C2 actual quarterly Budget Statement- Financial Performance (standard classification);

Table C3 actual quarterly Budget Statement – Financial Performance (per vote);

Table C4 actual quarterly Budget Statement – Financial Performance (revenue and expenditure);

Table C5 actual quarterly Budget Statement – Capital Expenditure (municipal vote, standard classification and funding);

Table C6 actual quarterly budget statement – financial position.

Table C7 actual quarterly statement - Cash flow.

REASON FOR REPORT

Apart from the legislative requirement to report, it is of utmost importance that directorates have sufficient and correct management information available to take informed decisions when policies, the IDP and SDBIP are implemented.

DISCUSSION

To ensure legally sound financial management on the activities performed by the Municipality and financial viability, also to provide a quarterly report on the implementation of the Annual Report and the actual quarterly expenditure and revenue on standard classification of vote.

MOTIVATIONS AND OPTIONS:

- **EXECUTIVE SUMMARY**

- Table C1: **Quarterly Budget Statement Summary – Q1 (July - September 2026_27)**

Description	Budget	Q1	YTD Actuals	YTD Budget
Revenue	- 1 051 784 000	- 263 533 000	- 263 533 000	- 262 946 000
Expenditure	1 066 202 000	231 443 000	231 443 000	266 550 000
Surplus/Deficit	14 418 000	- 32 090 000	- 32 090 000	-
Capital expenditure	29 886 000	3 207 000	3 207 000	9 683 000
Debtors		2 205 209 000		
Creditors		1 950 337 000		
Average payment ra	85%	57%		

There is a notable increase in revenue billed in the first quarter **R263,5 million** compared to the year-to-date budget of **R262,9 million.** "The increase in billed revenue may be attributed to improvements in the billing process, the implementation of approved tariff, and the correction of billing inaccuracies. Furthermore, the updating of consumer accounts, improved meter readings, and the identification of previously unbilled properties and services may have contributed to the positive movement.

The expenditure in the first quarter amounted to **R231,4 million**, in comparison with the year-to-date budget of **R266,5 million**, this reflects a variance of **R35,1 million (-13%).** With the municipality's budget being unfunded, not overspending on the budget is a positive trait.

The net operating surplus for first quarter amounts to **R32 million.** However, the increase in billed revenue should be assessed against actual collections to determine whether the additional billing translates into improved cash flow and overall financial sustainability."

The average collection rate for the first quarter is sitting at **57%**.

The municipality received the following **grants** in the first quarter:

Equitable share **R67 million**, Municipal Infrastructure Grant **R7.1 million**, Financial Management Grant **R2 million**, Integrated National Electrification Programme Grant **R1 million** and Expanded Public Works Programme Grant **R534 thousand**.

Capital expenditure incurred in the first quarter amounted to **R3.2 million.** While MIG is at 50% spent on the receipted amount, there is still no incurred expenditure on INEP, and the MDRG was not fully spent on 30 September 2026_27 as per the conditions stipulated in the gazette.

Total outstanding debtors amounts to **R2.2 billion,** and total outstanding creditors amounts to **R1.9 billion** of which the highest is an amount of **R1.4 billion** owed to Eskom and **R467 million** owed to Rand Water.

EXCHANGE REVENUE

	Original Budget 2026/2027	Q1 Actual	YTD Actual	YTD Budget	Variance	Variance %
R Thousands						
Revenue by source						
Exchange revenue						
Service charges-electricity revenue	272 837 000	63 253 000	63 253 000	68 209 000	- 4 956 000	-7%
Service charges-water revenue	86 057 000	15 869 000	15 869 000	21 514 000	- 5 645 000	-26%
Service charges-sanitation revenue	14 924 000	3 748 000	3 748 000	3 731 000	17 000	0%
Service charge_refuse revenue	18 996 000	4 035 000	4 035 000	4 749 000	- 714 000	-15%
Sale of Goods and rendering of services	9 422 000	754 000	754 000	2 355 000	- 1 601 000	-68%
interest earned-outsanding debtors	165 255 000	162 000	162 000	41 314 000	- 41 152 000	-100%
interest from current assets and non cu	-	28 000	28 000		28 000	
Rental facillities and equipment	1 702 000	513 000	513 000	426 000	87 000	28%
Operational revenue	1 255 000	42 000	42 000	314 000	- 272 000	-87%
					-	
Non-exchange revenue						
property rates	164 060 000	72 386 000	72 386 000	41 015 000	31 371 000	76%
Surcharges and Taxes	75 993 000	-	-	18 998 000	- 18 998 000	-100%
Fines,penalties and forteits	2 318 000	547 000	547 000	579 000	- 32 000	-6%
Transfers and Subsidies-Operational	167 148 000	67 923 000	67 923 000	41 787 000	26 136 000	63%
interest	71 818 000	34 273 000	34 273 000	17 954 000	16 319 000	91%
other Gains	-					
Total Revenue (excluding capital transf	**1 051 784 000**	**263 533 000**	**263 533 000**	**262 945 000**	**588 000**	**0%**

Service Charges – Electricity: Billing for the first quarter amounted to **R63 million**, reflecting a variance of -7% against the budgeted amount. Despite this underperformance, electricity remains the highest-performing service revenue stream. The variance may be attributed to factors such the impact of illegal connections or energy losses.

Service Charges – Water – Billing for water in the first quarter amounted to **R15.8 million,** reflecting a **-26% variance** against the year-to-date budget of **R21 million**.

The underperformance is largely attributable to adjustments made to water meter readings, which affected billing during the reporting period. In addition, the in-house data-cleansing remains on-going and aims to address issues such as incorrect meter readings, accounts billed to deceased or unknown persons.

Service Charge – Sanitation

The billed revenue for sanitation amounted to **R3.7 million** for the period under review. There is no variance of **0%.** The municipality should continue monitoring sanitation billing and collection performance to ensure that revenue targets are maintained and that all sanitation services rendered are accurately billed.

Service Charge – Refuse removal

The billed revenue for refuse removal amounted to **R4 million** for the period under review. When compared to the year-to-date budget of **R4.7 million**, this reflects a negative variance of **14%.** The municipality should investigate the causes of the revenue shortfall, reconcile refuse collection accounts, verify that all eligible customers are billed correctly, and strengthen debt collection measures to improve revenue performance and reduce the variance.

The municipality will continue implementing revenue enhancement initiatives and improving customer data accuracy to strengthen solid waste billing and collection.

Rental of facilities and equipment

Billing for rental of facilities and equipment amounted to **R513 thousand** in the first quarter. The year-to-date actual revenue exceeds the year-to-date budget by **63%.** No significant billing adjustments were recorded against this revenue source during the reporting period. The municipality will continue to monitor the utilisation of municipal facilities and strengthen billing controls to sustain revenue performance.

Operational revenue – Billing for operational revenue is at the lowest of **R42 thousand**. An 87% negative variance in operational revenue indicates that actual revenue generated was significantly below the budgeted amount. This may be attributable to lower-than-anticipated revenue from municipal operations, reduced utilisation of municipal facilities and equipment. Inadequate monitoring of revenue-generating activities and unrealistic revenue projections may also contribute to the variance.

NON-EXCHANGE REVENUE

Property Rates – Billing for property rates amounted to **R72 million** in the first quarter, this reflects a variance of **76%** when compared with the year to date budget of **R41 million**. The **76%** variance in property rates revenue reflects a significant deviation from the budgeted performance. The variance may be attributable to differences between projected and actual billing, collection challenges, and adjustments to property valuations.

Surcharges and Taxes – The billed revenue on surcharges was incorrectly mapped and is now included in the property rate billing. Surcharges are additional fees, charges, or taxes that are added to the base price of a good or service.

Transfers and subsidies – Capital and in-kind (-100%) are only accounted for at the end of the financial year when they are recognised as revenue.

Interest Earned on Outstanding Debtors – Billed revenue amounted to **R34 million**. This figure represent both exchange and non-exchange revenue streams combined, indicating instability that may be linked to changes in debtor balances, collection patterns, or the timing of interest calculations and adjustments.

	Oridinal Budget 2026/2027	Q1	YTD Actual	YTD budget	Variance	Variance %
R thousands						
Expenditure By Type						
Employee related costs	230 446 000	55 250 000	55 250 000	57 612 000	- 2 362 000	-4%
Remuneration of councillors	12 723 000	2 537 000	2 537 000	3 181 000	- 644 000	-20%
Bulk purchases - Electricity	246 145 000	93 701 000	93 701 000	61 536 000	32 165 000	52%
Inventory consumed and Bulk purchase	123 741 000	12 957 000	12 957 000	30 935 000	- 17 978 000	-58%
Debt impairment	98 203 000	-	-	24 551 000	- 24 551 000	-100%
Depreciation and asset impairment	58 685 000	-	-	14 671 000	- 14 671 000	-100%
Finance charges	40 000 000	25 174 000	25 174 000	10 000 000	15 174 000	152%
Contracted services	138 700 000	30 862 000	30 862 000	34 675 000	- 3 813 000	-11%
Transfers and subsidies	-	-	-	-	-	0%
Irrecoverable debts written off	31 383 000	2 938 000	2 938 000	7 846 000	- 4 908 000	-63%
Operationsl Costs	86 176 000	8 024 000	8 024 000	21 544 000	- 13 520 000	-63%
Losses on Disposal of Asset	-	-	-	-	-	0%
Other Losses	-	-	-	-	-	0%
Total Expenditure	**1 066 202 000**	**231 443 000**	**231 443 000**	**266 551 000**	**- 35 108 000**	**-13%**

Employee-related costs expenditure incurred for employee related costs amounted to **R57 million** combined with the remuneration for councilors in the first quarter, aligning with the approved budget and reflecting no material variance. This indicates effective expenditure management and adherence to the approved personnel budget.

Bulk Purchases – Electricity expenditure incurred to electricity purchases amounted to **R93 million** in the first quarter. The year to date actual exceeded the year to date budget by **R34 million**, reflecting an overspending on electricity purchases. Electricity purchases reflect a 52% variance against the year-to-date budget. This variance may be attributable to fluctuations in electricity consumption, changes in bulk electricity tariffs, increased demand, or differences between the timing of electricity purchases and budget projections.

The municipality paid **R15 million** to Eskom in the first quarter, covering both the bulk supply and North Substation account. The municipality remains non-compliant with the requirements of Debt Relief as outlined in Circular 124.

Inventory Consumed – Expenditure incurred for inventory consumed amounted to **R12.9 million**. This line item includes both bulk water and consumable inventory. Fluctuations may be attributed to delays in the receipt and processing of bulk water invoices.

The implementation of the project to install water package plants and boreholes, aimed at producing approximately 2 mega-litres of water per day, is still underway and soon to be completed.

An amount of **R32.9 million** was paid to Rand Water in the first quarter.

Depreciation continues to have a material impact on the Municipality's financial performance, as it represents the consumption of infrastructure and other fixed assets over time. While it does not directly affect cash flow, it highlights the need for adequate budgeting for asset maintenance, renewal, and replacement.

Finance Charges – Expenditure incurred on interest charges amounted to **R25 million** in the first quarter. Interest paid reflects a significant variance of **152%** against the budget, indicating that interest expenditure has substantially exceeded the planned allocation. This may be attributable to increased interest charged on overdue creditor accounts; namely Eskom.

Contracted Services – Expenditure incurred increased significantly from **R30 million** in the first quarter and reflects a variance of **-11%.** Management should review contracted services expenditure, assess the necessity and value-for-money of existing contracts, and strengthen contract management and cost-control measures.

Irrecoverable debt written-off – During the first quarter, a total amount of **R2.9 million** was written off in regards to the interest written off on settled accounts and the debt incentive programme.

Operational Costs – Expenditure incurred amounted to **R8 million** in the first quarter. This represents a negative variance of **63%** against the year-to-date budget of **R21 million.**

This variance reflects cost containment and indicates savings, which is significant given the unfunded nature of the budget. This line item includes general operational expenses not classified under contracted services, such as stationery, chemicals, hiring cost, skills development, protective clothing, as well as operating leases.

REPAIRS AND MAINTENANCE

Description R thousands	Original Budget 2026/27	Q1 Actual	Year to Date Actual	Year to Date Budget	Variance	Variance %
Infrastructure	**21 400 000**	**6 651 000**	**6 651 000**	**5 350 000**	**1 301 000**	**603%**
Roads Infrastructure	**3 000 000**	**561 000**	**561 000**	**750 000**	**- 189 000**	**143%**
Capital Spares	3 000 000	561 000	561 000	750 000	- 189 000	-25%
Electrical Infrastructure	**15 000 000**	**5 183 000**	**5 183 000**	**3 750 000**	**1 433 000**	**98%**
Capital Spares	15 000 000	5 183 000	5 183 000	3 750 000	1 433 000	978%
Water Supply Infrastructure	**1 000 000**	**471 000**	**471 000**	**250 000**	**221 000**	**88%**
Capital Spares	1 000 000	471 000	471 000	250 000	221 000	88%
Sanitation Infrastructure	**500 000**	**152 000**	**152 000**	**125 000**	**27 000**	**1362%**
solid waste infrastracture	500 000	152 000	152 000	125 000	27 000	1362%
Costal Infrastracture	**1 900 000**	**284 000**	**284 000**	**475 000**	**- 191 000**	**-40%**
Capital Spares	1 900 000	284 000	284 000	475 000	- 191 000	-40%
Information and communicati	**11 750 000**	**1 106 000**	**1 106 000**	**2 937 000**	**- 1 831 000**	**142%**
Data centres	11 750 000	1 106 000	1 106 000	**2 937 000**	- 1 831 000	-62%
Capital Spares	11 750 000	1 106 000	1 106 000	2 937 000	**- 1 831 000**	-62%
Total Repairs and Maintenance Expenditure	**33 150 000**	**7 757 000**	**7 757 000**	**8 287 000**	**- 530 000**	**-6%**

Repairs and maintenance analysis

Supporting table SC13c measures the extent to which Council's assets are maintained per asset class. Expenditure incurred amounted to **R7.7 million** in the first quarter. This represents a variance of **-6%.**

NORMS AND RATIOS

Current ratio (0:63)

The ratio shows that the municipality is having financial challenges and insufficient cash to pay off its short-term liabilities using its short-term assets. This indicates that the municipality is operating significantly below the targeted level, with the actual position representing only 31.5% of the expected 2:1 ratio.

Current Ratio	Current Assets / Current Liabilities	Statement of Financial Position, Budget, IDP and AR	1.5 - 2:1		0.63
				Current Assets	1 485 050
				Current Liabilities	2 348 911

Collection Rate (42%)

A low collection rate signal problems with billing, credit policies, or customer payment habits, potentially impacting revenue.

Collection Rate	(Gross Debtors Closing Balance + Bailled revenue - Gross Debtors Opening Balance - Bad debts written off) Billed revenue x100	Statement of Financial Position, Statement of financial performance, Notes to the AFS, Budget in-year reports, IDP and AR	95%		42%
				Gross Debtors closing balance	2 163 483 636
				Gross Debtors opening balance	2 114 137 898
				Bad debts written Off	-
				Billed Revenue	165 334 323

Cash/Cost coverage ratio (0 Month)

The ratio measures how many months the municipality could continue paying its operating expenses using its available cash and cash equivalents, without relying on additional revenue or borrowing. The municipality has insufficient cash reserves to cover its short-term operating costs and its ability to meet its obligations to provide basic services or its financial commitment is compromised.

Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	((Cash and Cash Equivalents - Unspent Conditional Grants - Overdraft) + Short Term Investment) / Monthly Fixed Operational Expenditure excluding (Depreciation, Amortisation, Provision for Bad Debts, Impairment and Loss on Disposal of Assets)	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In year Reports and AR	1 - 3 Months		0 Month
				Cash and cash equivalents	5 753 951
				Unspent Conditional Grants	-
				Overdraft	-
				Short Term Investments	-
				Total Annual Operational Expenditure	1 006 972 000

Capital expenditure to operating expenditure (3%)

The low ratio indicates that a relatively small proportion of municipal expenditure is being directed towards capital investment and the development, renewal and replacement of infrastructure assets. The municipality should strengthen capital expenditure planning, improve project implementation and explore sustainable funding sources to increase investment in municipal infrastructure.

Capital Expenditure to Total Expenditure	Total Capital Expenditure / Total Expenditure (Total Operating expenditure + Capital expenditure) x 100	Statement of Financial Position, Statement of Financial Performance, Notes to the AFS, Budget, In-Year reports, IDP and AR	10% - 20%		3%
				Total Operating Expenditure	343 092 000
				Taxation Expense	-
				Total Capital Expenditure	12 121 000

Contracted services (25%)

Contracted services recorded an actual ratio of 25%, significantly exceeding the benchmark range of 2%–5%. This represents a material adverse variance and indicates a high reliance on externally contracted services. Management should review contracted services expenditure, assess the necessity and value-for-money of existing contracts, and strengthen contract management and cost-control measures.

Contracted Services % of Total Operating Expenditure	Contracted Services / Total Operating Expenditure x100	Statement of Financial Performance, Budget, IDP, In-Year reports and AR	2% - 5%		25%
				Contracted Services	85 052 000
				Total Operating Expenditure	343 092 000
				Taxation Expense	-

Creditor's payment period (326Days)

The creditor payment period was recorded at **362 days against the benchmark of 30 days**, resulting in an unfavourable variance of **332 days**. This indicates that creditors are, on average, being settled significantly beyond the prescribed 30-day payment period.

The exceptionally high creditor payment period is indicative of cash-flow constraints and liquidity pressures, which may be contributing to the accumulation of outstanding supplier obligations. The prolonged payment period increases the municipality's exposure to potential interest and penalties, supplier restrictions, and disruptions to service delivery.

Creditors Payment Period (Trade Creditors)	Trade Creditors Outstanding / Credit Purchases (Operating and Capital) × 365	Statement of Financial Performance, Notes to AFS, Budget, In-Year reports and AR	30 days		326 days
				Trade Creditors	1 889 607 000
				Contracted Services	29 799 000
				Repairs and Maintenance	55 253 000
				General expenses	185 708 000
				Bulk Purchases	1 847 546 000
				Capital Credit Purchases *(Capital Credit Purchases refers to additions of Investment Property and Property,Plant and Equipment)*	

4.1 CAPITAL EXPENDITURE

Grants	Gazetted Amnt	Total Received to date	July Actuals	YTD Actual	% spent on received amount
MIG	29 948 000	7 187 000	3 557 929	3 557 929	50%
INEP	2 088 000	1 000 000	-	-	0%
MDRG	6 000 000	6 000 000	4 288 045	4 288 045	71%

Total allocation for capital grants from the National Treasury for the **2026_27** financial year amounted to **and R31.9 million** as per the gazette. In addition, Municipal Disaster Recovery Grant **(R6 million)** was received in March, with a period running from 1 July and crossing over to the new financial year and ends at 30 September 2026. Allocation received in the first quarter amounted to **R7.1 million for MIG and R1 million** for **INEP**. The expenditure incurred in the first quarter for MIG amounted to **R3.5 million.** A portion of the **R6 million** to the value of **R2.6 for MDRG** was spent in the first quarter of 2025_26 when the grant was allocated, and total expenditure to date for **MDRG** amounts to **R4.2 million (71%).** The Municipal Disaster Recovery Grant was not fully spent on 30 September 2026, as per the conditions stipulated in the DoRA.

4.2 CASH FLOW STATEMENT

Net Cash from operating activities
The net cash from operating activities as at 30 September 2026 amounted to an unfavorable **R2.4 million** which is supported by grants received from operational and capital project. The municipality cash flow from operating activities shows a positive move which indicate that the budget funding plan of the municipality must be fully implemented in order to maximize revenue.

The ability to collect revenue from our customers will lead to a positive cash and cash equivalent over the medium term which will automatically lead to a sustainable and funded budget to enable the municipality to honour its debts.

Net Cash from investing activities
The net cash from investing activities shows a cash outflow resulting from the acquisition of a Tractor, Mini-sub, Isuzu bakkie and other assets to the value of **R8.7 million** which added to the Municipal fleet and reflects on the Fixed Assets Register and includes the capital expenditure from grants.

Net Increase/ Decrease in cash held
The municipality recorded an increase in net cash held of **R5.7 million** as at 30 September 2026.

Description R thousands	Sept 2026_27 Actual
CASH FLOW FROM OPERATING ACTIVITIES	
Receipts	
Property rates, penalties & collection charges	9 536
Service charges	21 303
Other revenue	30 130
Government - operating	–
Government - capital	–
Interest	370
Dividends	–
Total receipts	**61 340**
Payments	
Suppliers and employees	(53 719)
Finance charges	(9 704)
Transfers and Grants	(353)
Total payments	**(63 776)**
NET CASH FROM/(USED) OPERATING ACTIVITIES	**(2 436)**
CASH FLOWS FROM INVESTING ACTIVITIES	
Receipts	
Received from arrangements	–
Disposal of assets	–
(Increase) / Decrease in non-current investments	–
Payments	353
Capital assets	353
NET CASH FROM/(USED) INVESTING ACTIVITIES	**353**
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts	
Increase in consumer deposits	102
Borrowing long term/refinancing	–
Payments	
Repayment of borrowing	–
Finance lease payments	–
NET CASH FROM/(USED) FINANCING ACTIVITIES	**102**
NET INCREASE/ (DECREASE) IN CASH HELD	**3 724**
Cash/cash equivalents at beginning of the month:	14 248
Cash/cash equivalents at month end:	17 972

5. IN-YEAR BUDGET STATEMENT TABLES

Table C2: **Quarterly Financial Performance by Vote**

Table C2 measures the quarterly actuals against the year-to-date SDBIP figures which realized by vote for revenue and expenditure. The deviations by vote are reflected in the year-to-date (YTD) variance column.

The difference in revenue variations between Table C2 and Table C1 is the result of capital grants received, which are included in Table C2.

Table C3: **Quarterly Financial Performance (Revenue and Expenditure by Vote):**

Table C3 measures the actual year to date against the year to date SDBIP figures which have been realised by vote for the revenue and expenditure. The deviations by vote are reflected in the year-to-date (YTD) variance column. Total billed revenue by vote for the first quarter amounted to **R263,5 million** and total expenditure amounted to **R231,4 million**.

Table C4: **Quarterly Financial Performance by Revenue Source and Expenditure Type**

Table C4 provides details of the service delivery targets for revenue by source and expenditure by type. For revenue, the main deviations are service charges: water, rental of facilities, interest on investments and outstanding debtors, fines, licenses and permits and agency services and other revenue. In the case of expenditure finance charges, contracted services, bulk purchases, other materials, transfer & subsidies and other expenditure. The total variance in revenue is 0% and -13% for expenditure in the first quarter compared to the budget.

Table C5: **Quarterly Capital Expenditure by Vote**

Table C5 indicates the quarterly actuals on capital expenditure for all votes and measures the year-to-date actuals against the year to date planning (SDBIP) figures. For the first quarter, there was capital expenditure amounting to **R3.2 million**. The first allocation of all capital grants was received in the first quarter.

Table C6: **Quarterly Budget Statement Financial Position**

The table provides an overview of the financial position of the municipality's assets and liabilities. As at 30 September 2026, the community wealth amounts to an unfavourable **R364 million**. Total liabilities amounts to **R2.4 billion**, whilst total assets amounts to **R2 billion** which resulted in an unfavourable net-assets **R365 million**, all figures are accumulative.

Table C7: **Quarterly Budget Statement Cash Flow**

Table C7 provides detail of the actual year to date in-flow and out-flow. For the First quarter, the net cash from operating activities was a favourable **R126 million**, the net cash from investing activities amounted to an unfavourable **R5.9 million.** The net cash from financing activities amounts to **R0.**

The Bank balance as at 30 September 2026, amounted to a favourable balance of **R17 million**.

BANK NAME	TYPE OF ACCOU	BALANCE
STD BANK	MAIN ACCOUNT	1 464 607
STD BANK	CALL ACCOUNT	8 240 365
STD BANK	CALL ACCOUNT	1 923
STD BANK	TRAFFIC	77 931
STD BANK	MONEY MARKET	822 126
ABSA BANK	CALL ACCOUNT	7 365 310
BALANCE		**17 972 262**

3 SUPPORTING DOCUMENTATION

- **3.1 PERFOMANCE INDICATORS:**

  - Supporting table SC2 provides detail on performance indicators in particular to revenue management.
  - The measurement of the payment rate is based on the circular 71 method as prescribed by National Treasury. The formula is based on the gross debtor opening balance plus billed revenue less gross debtor closing balance less bad debts written off divide by billed revenue.

- **3.2 DEBTORS/RECEIVABLES ANALYSIS:**

  - 3.3.1 Supporting table SC3 provides details on consumer debtors. Outstanding debtors amounted to **R2.2 billion** including interest on arrears. Outstanding debtors over 90 days amounts to **R2 billion**. The table below reflects the debtor's age analysis by customer group.

CUSTOMER GROUP	JULY	AUGUST	SEPTEMBER
Organs of state	15 918 467.49	17 328 385.97	3 622 653.94
Commercial	95 296 072.00	97 773 733.09	98 914 769.64
Households	1 088 472 890.03	1 107 640 907.27	1 122 954 218.77
Mines	27 109 640.46	27 313 407.97	26 930 768.90
Farms	884 755 656.15	896 159 387.05	898 142 115.36
Indigents	13 452 548.28	15 955 956.57	19 355 687.69
Top 200	32 971 624.21	31 511 042.61	29 961 878.92
Municipal prop	100 402.41	239 995.43	243 356.82
Public Worship	470 456.30	1 896 441.82	1933294.33
Other	4 589 722.98	2 236 373.39	2 394 073.48
Public service infrastructure	346 155.63	743 486.03	756523.98
	2 163 483 635.94	**2 198 799 117.20**	**2 205 209 341.83**

- The methodology used to calculate and report the payment rate has been revised. This methodology provides a more accurate and meaningful measure of the Municipality's actual collection performance, as it considers all relevant billing movements, corrections and adjustments processed during the period, thereby ensuring that the reported payment rate is aligned with the final and corrected financial position of customer accounts. The collection rate increased from 42% in the previous quarter to 57%, reflecting an increase in revenue collection performance. However, the low collection rate places additional pressure on the municipality's cash flow and may affect its ability to meet its financial obligations.

COLLECTION RATE			
	BILLING	COLLECTION	COLLECTION RATE
July	55 733 944	38 890 365	70%
August	67 408 062	36 857 698	55%
September	71 808 376	35 938 111	50%
	194 950 382	111 686 174	57%

3.3 CREDITORS ANALYSIS:

Supporting table SC4 provides details on aged creditors. In terms of the Municipal Finance Management Act all creditors must be paid within 30 days of receiving the invoice or statement.

For the month ended in September 2026_27, creditors amounted to **R2.2 billion** and the bulk of the creditors relates to Eskom account with an amount **R1.4 billion** and Rand Water with an amount of **R467 million.**

3.4 COUNCILLORS ALLOWANCES AND EMPLOYEE BENEFITS ANALYSIS:

The table SC8 provides details for councillor and employee benefits. For the first quarter 2026/27 total salaries, allowances and benefits amounted to **R57.7 Million**.

3.5 CAPITAL EXPENDITURE TREND

Supporting table SC12 provides information on the quarterly trends for capital expenditure. In terms of this table, the capital expenditure incurred for the first quarter amounted to **R3.2 million**.

Attached as Annexure are the following:

- The actual quarterly Budget Statement Annexure "A"
- Consumer Account Payment levels Annexure "B"
- Actual year to date of consumer debtors – Age analysis Annexure "C"
- A creditors age analysis Annexure "D"
- Credit control and Debt collection report "E"
- Non-compliance letter from Provincial Treasury and self-assessment for August 2026 is attached as Annexure "F"
- Government debt Annexure 'G"

DEBTORS

Debtors' Age Analysis as at 30 September 2026_27, outstanding debtors comprise of consumer and sundry debtors. The total outstanding debtors amounts to **R2.2 billion** the consumer debtors amount to **R2 billion** and sundry debtors amount to **R136 million**. Creditors to the amount **R1.9 billion** were not paid during the month.

Description		Budget Year 2026/2027											
R thousands	NT Code	0-30 Days	31-60 Days	61-90 Days	91-120 Days	121-150 Dys	151-180 Dys	181 Dys-1 Yr	Over 1Yr	Total	Total over 90 days	Actual Bad Debts Written Off against Debtors	Impairment - Bad Debts i.t.o Council Policy
Debtors Age Analysis By Income Source													
Trade and Other Receivables from Exchange Transactions - Water	1200	6 041	6 077	3 953	4 305	3 144	3 145	3 204	262 558	292 428	280 310	–	–
Trade and Other Receivables from Exchange Transactions - Electricity	1300	16 341	2 369	916	838	649	448	498	23 279	45 338	26 627	–	–
Receivables from Non-exchange Transactions - Property Rates	1400	19 998	15 442	14 293	13 252	12 820	88 152	90 734	746 295	1 000 986	965 546	–	–
Receivables from Exchange Transactions - Waste Water Management	1500	1 178	623	492	397	389	335	352	22 875	26 642	24 841	–	–
Receivables from Exchange Transactions - Waste Management	1600	1 265	705	603	624	587	537	2 313	28 232	34 866	32 896	–	–
Receivables from Exchange Transactions - Property Rental Debtors	1700	5 873	5 604	5 341	5 459	5 107	5 151	5 248	263 923	301 706	290 229	–	–
Interest on Arrear Debtor Accounts	1810	10 731	10 589	10 500	11 133	10 081	9 881	9 607	294 378	366 901	345 581	–	–
Recoverable unauthorised, irregular, fruitless and wasteful expenditure	1820	–	–	–	–	–	–	–	–	–	–	–	–
Other	1900	(11 308)	1 730	1 335	1 051	1 224	1 085	1 254	139 972	136 343	145 921	–	–
Total By Income Source	**2000**	**50 119**	**43 141**	**37 433**	**37 059**	**34 001**	**108 734**	**113 210**	**1 781 513**	**2 205 209**	**2 111 950**	**–**	**–**
2019/20 - totals only										–	–		
Debtors Age Analysis By Customer Group													
Organs of State	2200	(12 446)	1 694	1 066	1 102	953	495	674	10 085	3 623	14 375	–	–
Commercial	2300	7 060	3 371	2 552	2 180	2 094	1 940	1 978	77 740	98 915	88 484	–	–
Households	2400	23 833	22 644	20 031	21 216	18 613	18 446	20 848	977 324	1 122 954	1 076 477	–	–
Other	2500	31 672	15 432	13 785	12 562	12 341	87 853	89 710	716 364	979 718	932 614	–	–
Total By Customer Group	**2600**	**50 119**	**43 141**	**37 433**	**37 059**	**34 001**	**108 734**	**113 210**	**1 781 513**	**2 205 209**	**2 111 950**	**–**	**–**

CREDITORS

MP311 Victor Khanye - Supporting Table SC4 Monthly Budget Statement - aged creditors - M03 - 2026_27

Description	NT Code	Budget Year 2025/26								
R thousands		0 - 30 Days	31 - 60 Days	61 - 90 Days	91 - 120 Days	121 - 150 Days	151 - 180 Days	181 Days - 1 Year	Over 1 Year	Total
Creditors Age Analysis By Customer Type										
Bulk Electricity	0100	36 593	47 856	48 469	1 337 858	-	-		-	1 470 775
Bulk Water	0200	6 004	4 939	6 288	5 181	445 100	-		-	467 512
PAYE deductions	0300	-	-	-	-	-	-	-	-	-
VAT (output less input)	0400	-	-	-	-	-	-	-	-	-
Pensions / Retirement deductions	0500	-	-	-	-	-	-	-	-	-
Loan repayments	0600	-	-	-	-	-	-	-	-	-
Trade Creditors	0700	494	6 724	1 410	-	512	-	-	-	9 139
Auditor General	0800		538	-	-	550	-	-	-	1 088
Financial Systems	0900	965	859	-	-	-	-	-	-	1 824
Total By Customer Type	**1000**	**44 056**	**60 915**	**56 166**	**1 343 038**	**446 162**	**-**	**-**	**-**	**1 950 337**

8. Allocation and grant receipts and expenditure

Grants	Gazetted Amnt	Total Received to date	Q1	YTD Actual	% spent on received amount
FMG	2 000 000	2 000 000	502 691	502 691	25%
EPWP	2 134 000	534 000	-	-	0%
MIG	29 948 000	7 187 000	3 557 929	3 557 929	50%
INEP	2 088 000	1 000 000	-	-	0%
MDRG	6 000 000	6 000 000	4 288 045	4 288 045	71%

9. Councillors and employee benefits

Number of months--------->	3				
	Pro-rata	**September**	**YTD**	**%**	**Reason for Variance**
	Budget	**Actual**	**Actual**	**Actual**	
Councillors:					
Allowances	2 741 250	837 000	2 537 000	92.5%	None
Employees:					
Basic salary	36 527 750	8 705 638	17 647 880	48.3%	None
Travelling allowance	3 530 000	985 396	1 971 753	55.9%	None
Overtime	4 870 750	611 063	1 665 818	34.2%	None
Employee social contributions	13 122 500	8 277 902	33 964 548	258.8%	None
TOTAL	**60 792 250**	**19 417 000**	**57 787 000**	**95.1%**	

1.1 The current debt status as at 30 Sept 2026

DEBT BOOK PER SERVICE						
	Jul-26		Aug-26		Sept-26	
SERVICES	TOTAL	ALLOCATIONS	TOTAL	ALLOCATIONS	TOTAL	ALLOCATIONS
RATES	988 202 799.47	46%	998 659 417.11	45%	1 000 985 547.60	45%
INTEREST	346 691 296.11	16%	356 895 811.15	16%	366 900 602.65	17%
HIRE	291 624 679.18	13%	296 684 160.41	13%	301 706 261.18	14%
WATER	283 224 277.82	13%	288 717 258.19	13%	292 427 986.69	13%
VAT	92 460 046.10	4%	93 874 648.23	4%	95 062 287.04	4%
ELECTRICITY	47 329 722.42	2%	46 495 532.39	2%	45 337 912.34	2%
SUNDRY NON VAT	40 063 251.29	2%	40 020 610.27	2%	39 963 655.97	2%
REFUSE	34 171 536.50	2%	34 581 208.11	2%	34 866 425.66	2%
SEWERAGE	26 147 139.49	1%	26 201 843.41	1%	26 641 710.33	1%
SUNDRIES VAT	21 182 786.08	1%	21 143 498.97	1%	21 023 125.08	1%
OTHER SERVICES	2 307 619.29	0%	2 307 319.29	0%	2 307 319.29	0%
DEPOSIT	6 581.80	0%	49 561.32	0%	94 383.93	0%
ADVANCE PAYMENT	- 9 928 099.61	0%	- 7 196 555.63	0%	- 22 107 875.93	1%
GRAND TOTAL	2 163 483 635.94	100%	2 198 434 313.22	100%	2 205 209 341.83	100%

Debt Movement

MOVEMENT IN DEBT BOOK - VICTOR KHANYE LOCAL MUNICIPALITY - QUARTER 1 - 2026/2027				
Period	Opening balance	Movement	Closing balance	Decrease/increase %
Jul-26	2.134.965.938.49	28.517.697.45	2.163.483.635.94	1.34%
Aug-26	2.163.483.635.94	35.315.481.26	2.198.799.117.20	1.63%
Sept-26	2.198.799.117.20	6.410.224.63	2.205.209.341.83	0.29%
Total Movement for Quarter 1				

1.2 Top two owing Categories

Rates remain the highest outstanding service, accounting for 45% as at September 2026 of the total debt book of which it remained the same as of the month of August 2026. This is primarily attributable to the outstanding rates account of Eskom Kusile, as well as the non-payment of rates by certain property owners who have lodged objections or disputes against the new General Valuation (GV) Roll.

Below factors remains as the challenges:

- Farms are mostly contributing to the debt due to no strict credit control measures implemented,
- the municipality is not supplying electricity or water to some properties categorised as farms hence it becomes a challenge to execute credit control
- Residential properties are also a big contributor to the rates debt due to non-payment, towns such as Sundra, Elloff and Rietkol are Eskom supplied and no credit control action has been executed in those areas.
- Properties which changed from agricultural to residential category, leading to an increase in customer disputes, increase in debt and non-payment of the account.

Hire charges remain the second-highest outstanding service, accounting for 14% of the total debt book. This percentage has increased with 1% from the month ended in August 2026.

Below factors remains as challenges:

- Non-payment of the flat rate by residents.
- Residents of Botleng proper and the extensions are the contributors of the non-payments of this services.

The third highest owing service is Water, at 13% which remained unchanged since July 2026 to date.
The below still remains a challenge in the municipality:

- Unmetered properties.
- Old infrastructure, faulty and damaged meters.
- Illegal connections.
- Eskom licenced areas

DEBT BOOK PER ACC TYPE						
	Jul-26		Aug-26		Sept-26	
ACC TYPE	TOTAL	ALLOCATIONS	TOTAL	ALLOCATIONS	TOTAL	ALLOCATIONS
RESIDENTIAL	1 088 472 890.03	50%	1 107 650 410.49	50%	1 122 954 218.77	51%
FARMS	884 755 656.15	41%	896 160 970.92	41%	898 142 115.36	41%
BUSINESS	95 296 072.00	4%	97 773 733.09	4%	98 914 769.64	4%
TOP 200	32 971 624.21	2%	31 135 151.54	1%	29 961 878.92	1%
MINES	27 109 640.46	1%	27 313 407.97	1%	26 930 768.90	1%
GOVERNMENT	15 918 467.49	1%	17 328 385.97	1%	19 355 687.69	1%
INDIGENT	13 452 548.28	1%	15 955 956.57	1%	3 622 653.94	0%
OTHER	4 589 722.98	0%	2 236 373.39	0%	2 394 073.48	0%
PUBLIC WORSHIP	470 456.30	0%	1 896 441.82	0%	1 933 294.33	0%
PUBLIC SERVICE INFRASTRUCTURE	346 155.63	0%	743 486.03	0%	756 523.98	0%
MUNICIPAL PROP	100 402.41	0%	239 995.43	0%	243 356.82	0%
GRAND TOTAL	2 163 483 635.94	100%	2 198 434 313.22	100%	2 205 209 341.83	100%

- The top owing consumer group is that of residential. These includes conventional residents, staff, councillors, pensioners. 51% of the debt book is owed by this category, with an increase of 1% since the month ended July 2026.

- The second owing group is that of Farms at 41% of the debt book, which remained the same since the month of July 2026.

- The third owing group is Businesses, which accounts for 4% of the debt book and remained unchanged from July 2026. Most of this debt arises from the industrial areas in Delmas Extension 14 and Delmas Extension 6.

- Top 200 are the fourth owing group at 1% as at September 2026, reflecting a decrease of 1% from the month ended July.

1.3 Government Debt:

GOVERNMENT DEBT						
	Jul-26		Aug-26		Sept-26	
SECTOR DEPARTMENTS	TOTAL	ALLOCATIONS	TOTAL	ALLOCATIONS	TOTAL	ALLOCATIONS
DEPARTMENT OF EDUCATION	5 958 472.36	37%	6 532 316.47	37%	6 786 629.37	37%
NDPW	3 697 634.77	23%	3 821 125.05	22%	4 075 169.74	22%
PWRT	2 761 974.12	17%	3 493 300.61	20%	3 990 659.78	22%
HEALTH (CLINICS)	1 485 380.93	9%	1 516 786.85	9%	482 554.53	3%
DEPARTMENT OF HEALTH AND SOC	1 105 838,52	7%	1 091 578.01	6%	342 998.29	2%
HEALTH (HOSPITAL)	520 268.42	3%	482 489.22	3%	156 422.30	1%
DRDLR	446 762.95	3%	475 840.45	3%	73 433.00	0%
JUSTICE			94 017.53	1%	39 087.54	0%
AGRICULTURE	23 292.31	0%	25 144.47	0%	8 026.13	0%
SASSA	8 727.12	0%	11 879.32	0%	6 253.06	0%
LABOUR			5 353.90	0%	- 32 142.29	0%
SAPS			- 28 639.28	0%	-	1%
GRAND TOTALS	16 008 351.50	100%	17 521 192.60	100%	18 219 540.53	100%

- The outstanding debt previously recorded under the Department of Social Development which occupies a shared building has now been apportioned to the other two Sector Departments within the same property. The apportionment was done based on the percentage of floor space [square meter] occupied by each department.

- Schools continue to be the highest contributor under Department of Education debt, Botleng Secondary School with an outstanding debt amounts of ***R 5,202,012.97*** with an average monthly payment of ***R 12,000.00*** on an average current charges of ***R 329,356.79***

- The National Department of Public Works is currently performing the verification of the 2026/2027 assessment rates taking into consideration the tariff structure, tariff policy, Rates Policy and GVR.

1.4. Collection of arrears

The municipality continues to effect credit control actions in areas accessible and is conducting credit control utilizing the Conlog prepaid system.
The table below reflects the payment rate for the month ended 30 Sept 2026:

PAYMENT RATE PER WARD							
WARD	TOTAL SETTLEMENT	TOTAL MOVEMENT	BILLING	CREDIT NOTES	DEBIT NOTES	OTHER ADJUSTMENTS	PAYMENT RATE
WARD 1	- 381.838.91	1.689.352.52	1.954.160.45	- 16.269.95	89.959.54	- 338.497.52	23%
WARD 2	- 142.873.25	974.116.65	983.166.49	-	80.162.16	- 89.212.00	15%
WARD 3	- 1.056.494.96	10.875.851.77	8.727.877.84	- 31.770.48	660.344.21	1.519.400.20	10%
WARD 4	- 138.268.27	4.308.995.49	4.110.020.82	-	197.390.80	1.583.87	3%
WARD 5	- 71.704.25	3.131.769.05	2.858.378.53	-	273.899.35	- 508.83	2%
WARD 6	- 17.974.215.20	21.505.816.52	21.772.302.73	- 501.715.41	261.965.59	- 26.736.39	84%
WARD 7	- 6.584.819.70	8.636.636.76	8.393.902.86	- 5.220.16	708.305.09	- 460.351.03	76%
WARD 8	- 1.748.842.26	4.348.090.76	4.117.930.77	- 12.294.71	83.199.51	159.255.19	40%
WARD 9	- 21.878.360.07	16.337.746.15	17.300.608.89	- 10.758.40	150.625.97	- 1.102.730.31	100%
PAYMENT ADVANCED	- 938 968.07	-	-	-	-	-	0%
TOTAL	- 35 938 111.08	71.808.375.67	70.218.349.38	- 578.029.11	2.505.852.22	- 337.796.82	50%

The payment rate for the month ended **30 September 2026 was 50%**, reflecting a **5 percentage-point decline compared to the preceding month.**

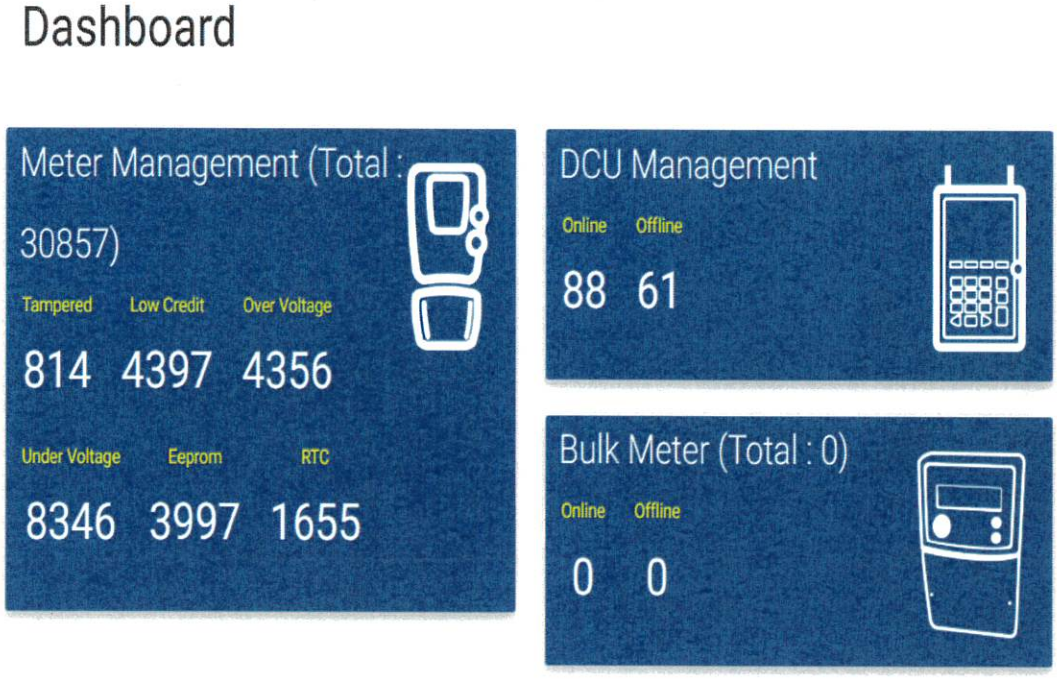
The decrease in the payment rate is primarily attributable to the following factors:

- **Kusile Power Station:** The billing of property rates to Eskom's Kusile Power Station has had a significant impact on the overall payment rate, as they are still not making payment on the amount billed, even after the supplementary valuation decreased their market value which resulted in a decrease in their billing, Kusile account still remains unpaid.
- **Disputed property classifications:** A number of ratepayers currently billed under the **residential category** are of the view that their properties should instead be classified as **agricultural**. Consequently, some of these ratepayers are making payments based on the amounts they believe should be payable, rather than settling the amounts reflected on their municipal accounts. This results in partial payments and contributes to the reduction in the overall payment rate.
- **Flat-rate customers in Eskom-licensed areas:** Continued non-payment by customers billed on a flat-rate basis, particularly within the **Eskom-licensed areas**, remains a contributing factor to the lower payment rate. These areas continue to experience challenges relating to revenue collection and credit control, which negatively affects the municipality's overall payment performance.

Straight Connections

- We currently have a total of 392 straight connections to date.
- 14 accounts have been excluded from the straight connection spreadsheet as the meters have since been normalised.
- Total collections for September amounted to R47,903.45, reflecting an increase of R14,432.41 compared to the previous month.
- The increase in collections may be attributed to the SMS notifications sent to customers with outstanding balances who were not making payments.
- Although there has been a slight improvement in collections, the number of straight connections continues to increase, which remains a concern and requires continued monitoring and credit-control measures.

Additionally, the number of online DCUs have decreased from 91 to 88 in Sept 2026. The system remains instrumental in addressing credit control challenges, particularly with tampered and low-voltage meters. A snapshot of the PowerNova dashboard for July 2026, reflecting DCU meter monitoring is provided below. Meetings are held on a daily basis to monitor the meters which are online and offline on the DCUs, the presentations is done by the Conlog team indicating the progress.



Easy pay.

- The implementation of the EasyPay payment platform has continued to yield positive results by providing municipal consumers with a convenient, secure, and accessible alternative payment channel. The platform has improved customer convenience by enabling residents to settle their municipal accounts through various EasyPay outlets namely: Shoprite, Spar, Woolworths, Bp Garage, Usave, Boxer, Checkers and electronic payment channels thereby contributing to enhance revenue collection.

- During the reporting period of Sept 2026, the Municipality received ***R28,532.96*** through the EasyPay platform. This demonstrates continued public utilisation of the payment facility and reflects growing confidence in the Municipality's efforts to provide accessible payment options.

- The successful implementation of EasyPay supports the Municipality's Revenue Enhancement Strategy by improving payment accessibility, encouraging timely settlement of municipal accounts and contributing positively towards cash flow and revenue collection.

1.5. DISCONNECTIONS:

DISCONNECTION				
ACTION	NUMBER OF ACC	OVER DUE AMOUNT	PAYMENTS	BALANCES
CUT OFF	65	5.632.050.51	- 7.350.00	5.624.700.51
GRAND TOTAL	**65**	**5.632.050.51**	**- 7.350.00**	**5.624.700.51**

- 65 Warning letters were issued for Residential accounts in Delmas Town.
- 45 Accounts were listed for disconnection.
- 01 Was disconnected.
- **R 7350.00** was collected during this process.

WARNING SMS	
SMS STATUS	NUMBER OF CELLPHONES
FAILED	1315
SUCCESSFUL	3604
NO RESPONSE	1785
GRAND TOTAL	**6704**

- 6704 warning sms notifications were sent out to residential debtors that have contact details and active accounts.
- 1315 sms notifications returned with the status failed to reach the prospective debtors.

- 3604 sms notification were successfully sent out and reached the prospective debtors.
- 1785 sms notifications were yet to be delivered to their destination at the time of this report.

WARNING SMS PAYMENTS PER WARD				
WARD NO	NUMBER OF ACC	OVERDUE AMOUNT	PAYMENTS	BALANCES
WARD 1	377	26.411.477.69	- 14.878.22	26.396.599.47
WARD 2	284	14.213.113.53	- 10.752.00	14.202.361.53
WARD 3	2999	222.799.754.51	- 96.682.18	222.703.072.33
WARD 4	1076	172.414.132.06	- 10.340.00	172.403.792.06
WARD 5	727	92.411.174.36	- 6.915.39	92.404.258.97
WARD 6	588	45.278.667.82	- 43.727.73	45.234.940.09
WARD 7	99	9.043.734.88	- 12.400.00	9.031.334.88
WARD 8	425	66.540.377.94	- 26.722.00	66.513.655.94
WARD 9	129	11.716.842.95	- 19.440.00	11.697.402.95
GRAND TOTAL	**6704**	**660.829.275.74**	**- 241.857.52**	**660.587.418.22**

- The above table illustrates the revenue collected per ward after the sms were sent out to the residential account holders that have active accounts and contact details on FMS.
- An amount of ***R 660,829,275.74*** was overdue as at the end of August 2026 by 6704 residential account holders with active accounts.
- Ward 3 is the highest contributor of the debt with an amount of ***R222,703,072.33*** overdue amount.
- ***R241,857.52*** was collected during this sms exercise.

The Municipal Manager appointed a Revenue Enhancement Team, which supports disconnection processes and conducts meter audits to ensure accurate billing and the recovery of all amounts due and payable to the municipality. Below is a summary of the work undertaken by the Revenue Enhancement Team.

ARRANGEMENTS FROM INCEPTION OF COMITTEE

ACCOUNT NO	ACCOUNT HOLDER	START DATE	CAPITAL DEBT	AGREEMENT AMOUNT	Jul-26	Aug-26	Sept-26	TOTAL COLLECTION	BALANCE
69770000	THAQDEER INVESTMENT T/A	Apr-26	254.625.03	5.000.00	2.500.00	5.000.00	4.000.00	21.500.00	233.125.03
121700000	RICHARDS JL	Apr-26	535.846.13	1.000.00	-	-	-	4.490.00	531.356.13
9065560000	MUHMMAD MU	Mar-26	19.734.46	1.532.63	2.300.00	2.800.00	1.400.00	12.100.00	7.634.46
9081660000	THAQDEER INV CC RB	Apr-26	493.081.21	15.000.00	5.000.00	10.000.00	10.000.00	53.000.00	440.081.21
9990400055	BAMBANANI METALS	Apr-26	80.941.53	5.563.59	-	-	-	20.000.00	60.941.53
9990401018	D AND NANDI AUTO SPARES	Apr-26	49.253.56	8.000.00	-	2.200.00	2.300.00	9.500.00	39.753.56
9154730000	DELMAS DEVELOPMENT	Apr-26	354.853.49	15.000.00	15.000.00	15.000.00	-	60.000.00	294.853.49
9082800000	MOHHAMAD AI	May-26	57.214.21	3.786.00	-	-	-	11.700.00	45.514.21
9165370000	MAC CHEM PTY LTD	May-26	34.500.00	2.875.00	-	-	-	34.500.00	-
			1.880.049.62	57.757.22	24.800.00	35.000.00	17.700.00	226.790.00	1.653.259.62

Revenue Enhancement Team- Disconnections

- Since the inception of the Revenue Enhancement Team, a total of 9 payment arrangements has been concluded with customers in arrears.
- These payment arrangements have generated a total collection of ***R 226,790.00***.
- An amount of ***R17,700.00*** was collected during the month of September From the debtors that are current in arrangement with the Revenue Enhancement Committee.
- During a joint operation in Del-park Ext 2, 36 electricity meters were identified as illegally tampered with.
- All affected meters have since been disconnected in line with the Credit Control Policy.
- This intervention resulted in the raising of potential revenue amounting to ***R542,505.60***
- The affected customers have since been advised to report to the municipal offices to sign a repayment arrangement for their accounts.
- They are required to pay an amount of ***R250.00*** as a deposit for reconnection and sign a repayment arrangement for the outstanding tamper fee amount of ***R3,612.00*** with the balance to be paid in instalments.
- These collections demonstrate the positive impact of the Revenue Enhancement Team's enforcement and debt recovery initiatives, while ongoing disconnections and follow-up actions remain essential to improve compliance and revenue collection.

CHALLENGES WITH DISCONNECTIONS

- ~~Tools of trade remain a challenge to execute credit control and debt collection.~~

- Inability to perform verification of disconnected properties.
- Business and residential properties that remain with electricity straight connections due to non-availability of meters.

1.6. INDIGENT APPLICATIONS

INDIGENT		
WARD NO	**APPLICANTS**	**Sum of TOTAL**
WARD 1	4	85.732.82
WARD 2	3	10.842.93
WARD 3	34	2.385.974.84
WARD 5	2	365.07
WARD 6	7	538.181.93
WARD 9	2	22.613.72
Grand Total	**52**	**3.043.711.31**

- During the month of Sept 2026 52 applications were processed, amounting to ***R 3,043,711.31*** *in* indigent debt awaiting write-off.
- For the 2025/26 financial year, a total of ***R 47, 778,779.65*** in indigent debt has been written off following Council approval. This initiative has provided qualifying indigent households with debt relief while contributing to a more accurate reflection of the municipality's recoverable debt book.

In accordance with the municipality's indigent policy, the indigent verification and application processes are to be implemented through the municipal indigent management system.
This approach addresses challenges faced in enforcing credit control measures within Eskom-licensed areas, where the municipality lacks authority to disconnect electricity as a credit control mechanism.
This process serves as an alternative mechanism to ensure equitable access to indigent support, improved revenue management, and effective credit control in Eskom-licensed areas.
To tackle this challenge, a total of 5,265 Eskom-licensed areas were identified and submitted to the municipal indigent verification system (Gensize) for screening. The goal was to proactively identify potential indigent customers within these areas.
The verification process yielded the following results:

Category	Number of Cases
Potential Indigent Customers	677
Deceased	1607
Untraceable	32
Rejected (Income above threshold and/or ownership of multiple properties)	2946

Ward Distribution of Potential Indigent Customers

WARD NO	APPLICANTS NO	TOTAL BALANCE
WARD 4	390	60 786 383.63
WARD 5	206	23 992 774.08
WARD 8	81	6 331 626.66
Grand Total	**677**	**91 110 784.37**

The list of 677 potential indigent customers has been shared with the political office for a comprehensive verification process. This will ensure full compliance with the eligibility criteria as set out in the municipality's indigent policy.

Challenges

- Letter of authority remains an issue to most households
- Some of the households have occupied the land that they do not own, it becomes difficult for them to register for indigent. As one of the requirements to register as an indigent, needs to be an owner.
- Buying properties without changing ownership
- The Revenue Section encourages all stakeholders that are specifically responsible for the verification of the forms to priorities the verification process so that we can together reduce the back lock of the forms that are still waiting to be captured on the system.

1.7 COUNCILLORS & OFFICIALS DEBT:

CLLRS AND OFFICIALS DEBT BOOK								
CATEGORY	**ACCOUNTS**	**PAYMENTS**	**CURRENT**	**30 DAYS**	**60 DAYS**	**90 DAYS**	**120 DAYS +**	**TOTAL**
COUNCILLORS	22	- 28.382.15	16.420.76	14.923.96	12.585.80	11.124.25	149.746.83	223.176.02
VKLM	262	- 307.099.78	53.905.87	47.297.84	74.688.33	31.328.50	801.471.75	1.302.431.73
GRAND TOTAL	**284**	**- 335.481.93**	**70.326.63**	**62.221.80**	**87.274.13**	**42.452.75**	**951.218.58**	**1.525.607.75**

- The Municipality has 284 accounts listed for water and lights deduction both Cllrs and Officials to the total value of ***R1,525,607.75***
- Cllrs have 22 accounts listed for water and lights deductions to the total value of ***R 223,176.02***
- • Of the 262 officials 51 have outstanding municipal accounts that are on 30 days and more overdue with a total outstanding amount of ***R 1,097,237.99***.

- A total of ***R 335,481.93*** was collected from both councillors and officials in the month of Aug 2026.
- Human Resources Unit to provide information on all new recruits as they are hired to ensure timely updates to the water and lights deduction list.

1.7. PREPAID SALES

PRE-PAID SALES		
PERIOD	VKLM AND 3RD PARTIES	TOTAL SALES
2025/12/31	3.677.173.46	3.677.173.46
2026/01/31	3.519.955.61	3.519.955.61
2026/02/28	3.351.227.24	3.351.227.24
2026/03/31	3.707.949.61	3.707.949.61
2026/04/30	3.540.781.77	3.540.781.77
2026/05/31	3.913.449.25	3.913.449.25
2026/06/30	4.164.120.75	4.164.120.75
2026/07/31	4.258.692.88	4.258.692.88
2026/08/31	4.202.456.70	4.202.456.70
2026/09/30	3.828.730.34	3.828.730.34

- Prepaid electricity sales for the month of Sept 2026 decreased to ***R3,828,730.34*** reflecting an amount deficit of ***R373,726.36*** and ***8.89%*** decrease compared to the previous month.
- The increasing number of straight connections remains a significant concern, as these straight connections contribute to electricity losses and negatively impact municipal revenue collection.

1.8. DEBT INCENTIVE

- Council has approved the continuation of the Municipal Debt Incentive Scheme following the positive results achieved during the previous implementation period. The decision was informed by the proven success of the scheme in improving debt recovery while providing financial relief to customers with outstanding municipal debt.
- Following Council's approval, the Revenue Section has received 77 to date of which is an increase of 21 applications from the previous month of August 2026 to the total amount of ***R3,333,329.12***.
- Below table illustrates the geographic representation of the applicants.

REVCO						
Number of Acc	Debt Book Value	Pre-Legal/Legal Matter	Value of Legal Matters	Sept Collection	Collection to Date	Outstanding Debt Book Balances
1492	R172.132.195.20	17	R8.460.282.32	R995.137.44	R19.394.469.44	R237.674.332.80
1492	R172.132.195.20	17	R8.460.282.32	R995.137.44	R19.394.469.44	R237.674.332.80

WARD NO	APPLICANTS	TOTAL
WARD 1	3	40.949.66
WARD 2	3	93.468.39
WARD 3	42	1.492.854.48
WARD 4	4	278.354.68
WARD 6	7	471.567.56
WARD 7	2	261.458.97
WARD 8	9	434.348.99
WARD 9	7	260.326.39
GRAND TOTAL	**77**	**3.333.329.12**

HANDED OVER ACCOUNTS

IBC FORENSIC						
Number of Acc	Debt Book Value	Pre-Legal/Legal Matter	Value of Legal Matters	September Collection	Collection to Date	Outstanding Debt Book Balances
3515	287.455.414.60	101	38.595.006.92	932.144.00	46.103.838.97	315.814.365.50
3515	287.455.414.60	101	38.595.006.92	932.144.00	46.103.838.97	315.814.365.50

BTF GLOBAL						
Number of Acc	Debt Book Value	Pre-Legal/Legal Matter	Value of Legal Matters	September Collection	Collection to Date	Outstanding Debt Book Balances
3628	256.567.285.33	39	25.957.607.53	192.882.71	54.484.275.68	218.326.947.18
3628	256.567.285.33	39	25.957.607.53	192.882.71	54.484.275.68	218.326.947.18

1. HUMAN RESOURCE IMPLICATIONS

2. LEGAL IMPLICATIONS

Failure to implement credit control and debt collection policy will be in contravention of S64 of Municipal Finance Management, i.e. monies owed to municipality are not collected promptly.

3. FINANCIAL IMPLICATIONS

Increase in the Debt Book

Low collection rate which will hamper service delivery result in compliance with Circular 124 conditions by NT.

4. RISK IMPLICATIONS

Cash Flow Problems: Without proper credit control, there is a higher likelihood of late payments or non-payment from customers. This can lead to cash flow shortages, which can hinder the business's ability to pay its own bills, invest in new opportunities, or meet day-to-day operational expenses.

Increased Bad Debts: Ineffective credit control can result in extending credit to customers who are unable to pay. This increases the risk of bad debts, which are costly to the business as they represent lost revenue and may require additional time and resources to recover.

Damage to Customer Relationships: Inaccurate billing can lead to customer dissatisfaction. Errors in invoices, such as overcharging or undercharging, can erode trust and damage relationships with customers, potentially leading to loss of business.

Regulatory and Compliance Issues: Failing to adhere to credit control policies and accurate billing practices can lead to regulatory breaches. This could result in penalties, fines, or legal actions, depending on the industry and local regulations.

Financial Reporting Errors: Inaccurate billing can lead to errors in financial reporting. This can affect the accuracy of financial statements, leading to poor decision-making by management and potentially misleading investors and stakeholders.

Operational Inefficiencies: Poor credit control and billing practices can create additional workload for staff, who may need to spend extra time rectifying errors, chasing payments, and managing disputes. This can reduce overall productivity and increase operational costs.

Loss of Competitive Advantage: Businesses that fail to manage credit effectively may find themselves at a competitive disadvantage. Efficient credit control and accurate billing can be a differentiator in the market, and businesses that lag in these areas may lose customers to competitors who offer better financial management and transparency.

Increased Collection Costs: Ineffective credit control may necessitate the use of collection agencies or legal action to recover outstanding debts. This can increase costs and strain resources.

Risk of Fraud: Without strict credit control and billing accuracy, there is an increased risk of fraud. Fraudulent activities, such as issuing fake invoices or manipulating customer accounts, can go unnoticed and lead to significant financial losses.

Reputational Damage: Both inaccurate billing and poor credit control can damage a company's reputation. Customers may share negative experiences publicly, which can harm the company's brand and lead to a loss of trust among existing and potential customers.

5. STRATEGIC IMPLICATIONS

6. OTHER IMPLICATIONS

N/A

7. ATTACHMENTS

8. RECOMMENDATIONS OF THE MUNICIPAL MANAGER (THAT):

1. The credit control and debt management report for the month of September 2026 be considered.

MP311 Victor Khanye - Table C1 Monthly Budget Statement Summary - M03 - Quarter 1

Description	2025/26	Budget Year 2026/27							
R thousands	Audited Outcome	Original Budget	Adjusted Budget	Quarter 1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Financial Performance									
Property rates	915 081	164 060	–	72 386	72 386	41 015	31 371	76%	164 060
Service charges	317 125	392 814	–	86 904	86 904	98 203	(11 299)	-12%	392 814
Investment revenue	865	–	–	28	28	–	28	#DIV/0!	–
Transfers and subsidies - Operational	163 879	167 148	–	67 923	67 923	41 787	26 136	63%	167 148
Other own revenue	192 352	327 762	–	36 291	36 291	81 941	(45 650)	-56%	327 762
Total Revenue (excluding capital transfers and contributions)	**1 589 302**	**1 051 784**	**–**	**263 533**	**263 533**	**262 946**	**587**	**0%**	**1 051 784**
Employee costs	225 091	230 446	–	55 250	55 250	57 612	(2 362)	-4%	230 446
Remuneration of Councillors	9 941	12 723	–	2 537	2 537	3 181	(644)	-20%	12 723
Depreciation and amortisation	99 828	58 685	–	–	–	14 671	(14 671)	-100%	58 685
Interest	100 106	40 000	–	25 174	25 174	10 000	15 174	152%	40 000
Inventory consumed and bulk purchases	321 069	369 886	–	106 658	106 658	92 471	14 187	15%	369 886
Transfers and subsidies	–	–	–	–	–	–	–		–
Other expenditure	1 227 336	354 462	–	41 824	41 824	88 616	(46 792)	-53%	354 462
Total Expenditure	**1 983 372**	**1 066 202**	**–**	**231 443**	**231 443**	**266 550**	**(35 108)**	**-13%**	**1 066 202**
Surplus/(Deficit)	**(394 070)**	**(14 418)**	**–**	**32 090**	**32 090**	**(3 604)**	**35 694**	**-990%**	**(14 418)**
Transfers and subsidies - capital (monetary allocations)	32 529	32 036	–	–	–	8 009	(8 009)	-100%	32 036
Transfers and subsidies - capital (in-kind)	2 500	12 733	–	–	–	3 183	(3 183)	-100%	12 733
Surplus/(Deficit) after capital transfers &	**(359 041)**	**30 351**	**–**	**32 090**	**32 090**	**7 588**	**24 502**	**323%**	**30 351**
Share of surplus/ (deficit) of associate	–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year	**(359 041)**	**30 351**	**–**	**32 090**	**32 090**	**7 588**	**24 502**	**323%**	**30 351**
Capital expenditure & funds sources									
Capital expenditure	**54 051**	**40 820**	**–**	**3 207**	**3 207**	**10 205**	**(6 998)**	**-69%**	**40 820**
Capital transfers recognised	30 247	29 582	–	3 169	3 169	7 395	(4 227)	-57%	29 582
Borrowing	–	–	–	–	–	–	–		–
Internally generated funds	**10 116**	**9 150**	**–**	**38**	**38**	**2 288**	**(2 250)**	**-98%**	**9 150**
Total sources of capital funds	**40 363**	**38 732**	**–**	**3 207**	**3 207**	**9 683**	**(6 476)**	**-67%**	**38 732**
Financial position									
Total current assets	609 721	178 553	–		720 618				178 553
Total non current assets	1 367 697	1 042 562	–		1 370 904				1 042 562
Total current liabilities	2 289 488	1 563 002	–		2 443 541				1 563 002
Total non current liabilities	84 667	–	–		13 312				–
Community wealth/Equity	**(396 737)**	**(341 887)**	**–**		**(364 647)**				**(341 887)**
Cash flows									
Net cash from (used) operating	206 266	125 456	211 456	126 939	126 939	31 364	(95 575)	-305%	125 456
Net cash from (used) investing	(42 476)	(39 322)	(39 322)	(5 986)	(5 986)	(9 831)	(3 845)	39%	(39 322)
Net cash from (used) financing	–	–	–	–	–	–	–		–
Cash/cash equivalents at the month/year end	**176 152**	**98 496**	**184 496**	**–**	**127 228**	**33 895**	**(93 333)**	**-275%**	**92 409**
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	–	–	–	–	–	–	–	–	–
Creditors Age Analysis									
Total Creditors	–	–	–	–	–	–	–	–	–

MP311 Victor Khanye - Table C2 Monthly Budget Statement - Financial Performance (functional classification) - M03 - Quarter 1

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited	Original	Adjusted	Quarter 1	YearTD actual	YearTD	YTD	YTD %	Full Year
Revenue - Functional										
Governance and administration		**1 126 307**	**371 624**	**–**	**148 994**	**148 994**	**92 906**	56 088	60%	**371 624**
Executive and council		–	–	–	–	–	–	–		–
Finance and administration		1 126 307	371 624	–	148 994	148 994	92 906	56 088	60%	371 624
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**16 150**	**8 132**	**–**	**1 540**	**1 540**	**2 033**	(493)	-24%	**8 132**
Community and social services		1 422	2 790	–	178	178	697	(519)	-74%	2 790
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		12 497	3 640	–	848	848	910	(62)	-7%	3 640
Housing		2 231	1 702	–	513	513	426	87	21%	1 702
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**62**	**6 280**	**–**	**66**	**66**	**1 570**	(1 504)	-96%	**6 280**
Planning and development		62	6 280	–	66	66	1 570	(1 504)	-96%	6 280
Road transport		–	–	–	–	–	–	–		–
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**481 812**	**665 748**	**–**	**112 933**	**112 933**	**166 437**	**(53 504)**	-32%	**665 748**
Energy sources		274 062	357 688	–	53 120	53 120	89 422	(36 302)	-41%	357 688
Water management		100 306	170 124	–	18 748	18 748	42 531	(23 783)	-56%	170 124
Waste water management		14 732	83 842	–	3 748	3 748	20 960	(17 213)	-82%	83 842
Waste management		92 712	54 095	–	37 317	37 317	13 524	23 794	176%	54 095
Other	4	–	–	–	–	–	–	–		–
Total Revenue - Functional	2	**1 624 331**	**1 051 784**	**–**	**263 533**	**263 533**	**262 946**	**587**	**0%**	**1 051 784**
Expenditure - Functional										
Governance and administration		**1 272 811**	**292 213**	**–**	**69 843**	**69 843**	**73 053**	(3 210)	-4%	**292 213**
Executive and council		43 759	59 387	–	11 500	11 500	14 847	(3 346)	-23%	59 387
Finance and administration		1 229 052	232 827	–	58 343	58 343	58 207	136	0%	232 827
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**91 750**	**112 835**	**–**	**26 342**	**26 342**	**28 209**	(1 867)	-7%	**112 835**
Community and social services		38 146	39 937	–	9 497	9 497	9 984	(487)	-5%	39 937
Sport and recreation		4 953	4 155	–	528	528	1 039	(511)	-49%	4 155
Public safety		47 599	66 623	–	15 849	15 849	16 656	(807)	-5%	66 623
Housing		1 052	2 120	–	467	467	530	(62)	-12%	2 120
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**67 378**	**64 481**	**–**	**5 496**	**5 496**	**16 120**	(10 624)	-66%	**64 481**
Planning and development		631	17 526	–	979	979	4 381	(3 403)	-78%	17 526
Road transport		66 351	45 092	–	4 250	4 250	11 273	(7 023)	-62%	45 092
Environmental protection		396	1 863	–	267	267	466	(199)	-43%	1 863
Trading services		**551 432**	**596 672**	**–**	**129 762**	**129 762**	**149 168**	**(19 406)**	-13%	**596 672**
Energy sources		388 250	372 013	–	102 520	102 520	93 003	9 516	10%	372 013
Water management		106 811	148 079	–	16 490	16 490	37 020	(20 529)	-55%	148 079
Waste water management		49 022	59 102	–	9 161	9 161	14 776	(5 615)	-38%	59 102
Waste management		7 350	17 478	–	1 591	1 591	4 370	(2 779)	-64%	17 478
Other		–	–	–	–	–	–	–		–
Total Expenditure - Functional	3	**1 983 372**	**1 066 202**	**–**	**231 443**	**231 443**	**266 550**	**(35 108)**	**-13%**	**1 066 202**
Surplus/ (Deficit) for the year		**(359 041)**	**(14 418)**	**–**	**32 090**	**32 090**	**(3 604)**	**35 694**	**-990%**	**(14 418)**

MP311 Victor Khanye - Table C3 Monthly Budget Statement - Financial Performance (revenue and expenditure by municipal vote) - M03 - Quarter 1

Vote Description	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited	Original	Adjusted	Quarter 1	YearTD actual	YearTD	YTD	YTD %	Full Year
Revenue by Vote	1									
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–		–
Vote 2 - Budget and Treasury		1 126 307	371 624	–	148 994	148 994	92 906	56 088	60.4%	371 624
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		1 422	2 790	–	178	178	697	(519)	-74.4%	2 790
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		12 497	3 640	–	848	848	910	(62)	-6.8%	3 640
Vote 7 - Housing		2 231	1 702	–	513	513	426	87	20.5%	1 702
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		62	6 280	–	66	66	1 570	(1 504)	-95.8%	6 280
Vote 10 - Roads Transport		–	–	–	–	–	–	–		–
Vote 11 - Electricity Services		274 062	357 688	–	53 120	53 120	89 422	(36 302)	-40.6%	357 688
Vote 12 - Water Services		100 306	170 124	–	18 748	18 748	42 531	(23 783)	-55.9%	170 124
Vote 13 - Waste Water Management		14 732	83 842	–	3 748	3 748	20 960	(17 213)	-82.1%	83 842
Vote 14 - Solid Waste Management		92 712	54 095	–	37 317	37 317	13 524	23 794	175.9%	54 095
Vote 15 -		–	–	–	–	–	–	–		–
Total Revenue by Vote	2	**1 624 331**	**1 051 784**	**–**	**263 533**	**263 533**	**262 946**	**587**	**0.2%**	**1 051 784**
Expenditure by Vote	1									
Vote 1 - Office of the Municipal Manager		60 145	87 251	–	14 414	14 414	21 813	(7 399)	-33.9%	87 251
Vote 2 - Budget and Treasury		1 183 704	176 099	–	49 599	49 599	44 025	5 574	12.7%	176 099
Vote 3 - Corporate Services		14 766	14 537	–	3 792	3 792	3 634	158	4.3%	14 537
Vote 4 - Community and Social Services		38 146	39 937	–	9 497	9 497	9 984	(487)	-4.9%	39 937
Vote 5 - Sport and Recreation		4 953	4 155	–	528	528	1 039	(511)	-49.2%	4 155
Vote 6 - Public Safety		47 599	66 623	–	15 849	15 849	16 656	(807)	-4.8%	66 623
Vote 7 - Housing		1 052	2 120	–	467	467	530	(62)	-11.8%	2 120
Vote 8 - Health Services		396	1 863	–	267	267	466	(199)	-42.6%	1 863
Vote 9 - Planning and Development		(1 369)	9 780	–	604	604	2 445	(1 841)	-75.3%	9 780
Vote 10 - Roads Transport		71 342	54 835	–	3 574	3 574	13 709	(10 134)	-73.9%	54 835
Vote 11 - Electricity Services		388 250	372 013	–	102 520	102 520	93 003	9 516	10.2%	372 013
Vote 12 - Water Services		106 811	148 079	–	16 490	16 490	37 020	(20 529)	-55.5%	148 079
Vote 13 - Waste Water Management		49 022	59 102	–	9 161	9 161	14 776	(5 615)	-38.0%	59 102
Vote 14 - Solid Waste Management		7 350	17 478	–	1 591	1 591	4 370	(2 779)	-63.6%	17 478
Vote 15 -		–	–	–	–	–	–	–		–
Total Expenditure by Vote	2	**1 972 169**	**1 053 872**	**–**	**228 354**	**228 354**	**263 468**	**(35 114)**	**-13.3%**	**1 053 872**
Surplus/ (Deficit) for the year	2	**(347 838)**	**(2 088)**	**–**	**35 179**	**35 179**	**(522)**	**35 701**	**-6838.4%**	**(2 088)**

MP311 Victor Khanye - Table C4 Monthly Budget Statement - Financial Performance (revenue and expenditure) - M03 - Quarter 1

Description	Ref	2025/26	Budget Year 2026/27							
R thousands		Audited Outcome	Original Budget	Adjusted Budget	Quarter 1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue										
Exchange Revenue										
Service charges - Electricity		218 704	272 837	–	63 253	63 253	68 209	(4 956)	-7%	272 837
Service charges - Water		70 471	86 057	–	15 869	15 869	21 514	(5 645)	-26%	86 057
Service charges - Waste Water Management		12 232	14 924	–	3 748	3 748	3 731	17	0%	14 924
Service charges - Waste management		15 718	18 996	–	4 035	4 035	4 749	(714)	-15%	18 996
Sale of Goods and Rendering of Services		3 592	9 422	–	754	754	2 355	(1 601)	-68%	9 422
Agency services		–	–	–	–	–	–	–		–
Interest		–	–	–	–	–	–	–		–
Interest earned from Receivables		93 763	165 255	–	162	162	41 314	(41 152)	-100%	165 255
Interest from Current and Non Current Assets		865	–	–	28	28	–	28	#DIV/0!	–
Dividends		–	–	–	–	–	–	–		–
Rent on Land		–	–	–	–	–	–	–		–
Rental from Fixed Assets		2 169	1 702	–	513	513	426	87	21%	1 702
Licence and permits		–	–	–	–	–	–	–		–
Special Rating Levies		–	–	–	–	–	–	–		–
Construction Contract Revenue		–	–	–	–	–	–	–		–
Development Charges		–	–	–	–	–	–	–		–
Operational Revenue		1 065	1 255	–	42	42	314	(272)	-87%	1 255
Non-Exchange Revenue								–		
Property rates		915 081	164 060	–	72 386	72 386	41 015	31 371	76%	164 060
Surcharges and Taxes		66 144	75 993	–	–	–	18 998	(18 998)	-100%	75 993
Fines, penalties and forfeits		10 790	2 318	–	547	547	579	(32)	-6%	2 318
Licence and permits		–	–	–	–	–	–	–		–
Transfers and subsidies - Operational		163 879	167 148	–	67 923	67 923	41 787	26 136	63%	167 148
Interest		14 505	71 818	–	34 273	34 273	17 954	16 318	91%	71 818
Fuel Levy		–	–	–	–	–	–	–		–
Operational Revenue		–	–	–	–	–	–	–		–
Gains on disposal of Fixed and Intangible Assets		–	–	–	–	–	–	–		–
Other Gains		323	–	–	–	–	–	–		–
Discontinued Operations		–	–	–	–	–	–	–		–
Total Revenue (excluding capital transfers and contributions)		**1 589 302**	**1 051 784**	**–**	**263 533**	**263 533**	**262 946**	**587**	**0%**	**1 051 784**
Expenditure By Type										
Employee related costs		225 091	230 446	–	55 250	55 250	57 612	(2 362)	-4%	230 446
Remuneration of councillors		9 941	12 723	–	2 537	2 537	3 181	(644)	-20%	12 723
Bulk purchases - electricity		260 201	246 145	–	93 701	93 701	61 536	32 165	52%	246 145
Inventory consumed		60 868	123 741	–	12 957	12 957	30 935	(17 978)	-58%	123 741
Debt impairment		918 907	98 203	–	–	–	24 551	(24 551)	-100%	98 203
Depreciation and amortisation		99 828	58 685	–	–	–	14 671	(14 671)	-100%	58 685
Interest		100 106	40 000	–	25 174	25 174	10 000	15 174	152%	40 000
Contracted services		158 900	138 700	–	30 862	30 862	34 675	(3 813)	-11%	138 700
Transfers and subsidies		–	–	–	–	–	–	–		–
Irrecoverable debts written off		54 780	31 383	–	2 938	2 938	7 846	(4 908)	-63%	31 383
Operational costs		53 412	86 176	–	8 024	8 024	21 544	(13 520)	-63%	86 176
Disposal of Fixed and Intangible Assets		10 404	–	–	–	–	–	–		–
Other Losses		30 933	–	–	–	–	–	–		–
Total Expenditure		**1 983 372**	**1 066 202**	**–**	**231 443**	**231 443**	**266 550**	**(35 108)**	**-13%**	**1 066 202**
Surplus/(Deficit)		**(394 070)**	**(14 418)**	**–**	**32 090**	**32 090**	**(3 604)**	**35 694**	**-990%**	**(14 418)**
Transfers and subsidies - capital (monetary allocations)		32 529	32 036	–	–	–	8 009	(8 009)	-100%	32 036
Transfers and subsidies - capital (in-kind)		2 500	12 733	–	–	–	3 183	(3 183)	-100%	12 733
Surplus/(Deficit) after capital transfers & contributions		**(359 041)**	**30 351**	**–**	**32 090**	**32 090**	**7 588**			**30 351**
Income Tax		–	–	–	–	–	–	–		–
Surplus/(Deficit) after income tax		**(359 041)**	**30 351**	**–**	**32 090**	**32 090**	**7 588**			**30 351**
Share of Surplus/Deficit attributable to Joint Venture		–	–	–	–	–	–	–		–
Share of Surplus/Deficit attributable to Minorities		–	–	–	–	–	–	–		–
Surplus/(Deficit) attributable to municipality		**(359 041)**	**30 351**	**–**	**32 090**	**32 090**	**7 588**			**30 351**
Share of Surplus/Deficit attributable to Associate		–	–	–	–	–	–	–		–
Intercompany/Parent subsidiary transactions		–	–	–	–	–	–	–		–
Surplus/ (Deficit) for the year		**(359 041)**	**30 351**	**–**	**32 090**	**32 090**	**7 588**			**30 351**

MP311 Victor Khanye - Table C5 Monthly Budget Statement - Capital Expenditure (municipal vote, functional classification and funding) - M03 - Quarter 1

Vote Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited	Original	Adjusted	Quarter 1	YearTD actual	YearTD	YTD	YTD %	Full Year
Multi-Year expenditure appropriation	2									
Vote 1 - Office of the Municipal Manager		–	–	–	–	–	–	–		–
Vote 2 - Budget and Treasury		–	–	–	–	–	–	–		–
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		–	–	–	–	–	–	–		–
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		–	–	–	–	–	–	–		–
Vote 7 - Housing		–	–	–	–	–	–	–		–
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		–	–	–	–	–	–	–		–
Vote 10 - Roads Transport		–	–	–	–	–	–	–		–
Vote 11 - Electricity Services		–	–	–	–	–	–	–		–
Vote 12 - Water Services		–	–	–	–	–	–	–		–
Vote 13 - Waste Water Management		–	–	–	–	–	–	–		–
Vote 14 - Solid Waste Management		–	–	–	–	–	–	–		–
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital Multi-year expenditure	4,7	–	–	–	–	–	–	–		–
Single Year expenditure appropriation	2									
Vote 1 - Office of the Municipal Manager		1 011	1 850	–	–	–	463	(463)	-100%	1 850
Vote 2 - Budget and Treasury		13 989	950	–	38	38	238	(200)	-84%	950
Vote 3 - Corporate Services		–	–	–	–	–	–	–		–
Vote 4 - Community and Social Services		541	200	–	–	–	50	(50)	-100%	200
Vote 5 - Sport and Recreation		–	–	–	–	–	–	–		–
Vote 6 - Public Safety		15	300	–	–	–	75	(75)	-100%	300
Vote 7 - Housing		–	300	–	–	–	75	(75)	-100%	300
Vote 8 - Health Services		–	–	–	–	–	–	–		–
Vote 9 - Planning and Development		30	550	–	–	–	137	(137)	-100%	550
Vote 10 - Roads Transport		947	5 888	–	2 359	2 359	1 472	887	60%	5 888
Vote 11 - Electricity Services		13 394	5 088	–	–	–	1 272	(1 272)	-100%	5 088
Vote 12 - Water Services		10 925	3 000	–	–	–	750	(750)	-100%	3 000
Vote 13 - Waste Water Management		6 568	6 000	–	–	–	1 500	(1 500)	-100%	6 000
Vote 14 - Solid Waste Management		6 631	16 694	–	810	810	4 173	(3 363)	-81%	16 694
Vote 15 -		–	–	–	–	–	–	–		–
Total Capital single-year expenditure	4	54 051	40 820	–	3 207	3 207	10 205	**(6 998)**	**-69%**	40 820
Total Capital Expenditure		**54 051**	**40 820**	**–**	**3 207**	**3 207**	**10 205**	**(6 998)**	**-69%**	**40 820**
Capital Expenditure - Functional Classification										
Governance and administration		**22 821**	**4 800**	**–**	**38**	**38**	**1 200**	(1 162)	-97%	**4 800**
Executive and council		–	350	–	–	–	88	(88)	-100%	350
Finance and administration		22 821	4 450	–	38	38	1 113	(1 075)	-97%	4 450
Internal audit		–	–	–	–	–	–	–		–
Community and public safety		**556**	**800**	**–**	**–**	**–**	**200**	(200)	-100%	**800**
Community and social services		541	200	–	–	–	50	(50)	-100%	200
Sport and recreation		–	–	–	–	–	–	–		–
Public safety		15	300	–	–	–	75	(75)	-100%	300
Housing		–	300	–	–	–	75	(75)	-100%	300
Health		–	–	–	–	–	–	–		–
Economic and environmental services		**(6 845)**	**4 438**	**–**	**2 359**	**2 359**	**1 109**	1 249	113%	**4 438**
Planning and development		30	550	–	–	–	137	(137)	-100%	550
Road transport		(6 874)	3 888	–	2 359	2 359	972	1 387	143%	3 888
Environmental protection		–	–	–	–	–	–	–		–
Trading services		**37 519**	**30 782**	**–**	**810**	**810**	**7 695**	(6 885)	-89%	**30 782**
Energy sources		13 394	5 088	–	–	–	1 272	(1 272)	-100%	5 088
Water management		10 925	3 000	–	–	–	750	(750)	-100%	3 000
Waste water management		6 568	6 000	–	–	–	1 500	(1 500)	-100%	6 000
Waste management		6 631	16 694	–	810	810	4 173	(3 363)	-81%	16 694
Other		–	–	–	–	–	–	–		–
Total Capital Expenditure - Functional Classification	3	**54 051**	**40 820**	**–**	**3 207**	**3 207**	**10 205**	**(6 998)**	**-69%**	**40 820**
Funded by:										
National Government		30 247	29 582	–	3 169	3 169	7 395	(4 227)	-57%	29 582
Provincial Government		–	–	–	–	–	–	–		–
District Municipality		–	–	–	–	–	–	–		–
Transfers and subsidies - capital (monetary allocations) (Nat / Prov Departm Agencies,		–	–	–	–	–	–	–		–
Transfers recognised - capital		**30 247**	**29 582**	**–**	**3 169**	**3 169**	**7 395**	**(4 227)**	**-57%**	**29 582**
Borrowing	6	–	–	–	–	–	–	–		–
Internally generated funds		10 116	9 150	–	38	38	2 288	(2 250)	-98%	9 150
Total Capital Funding		**40 363**	**38 732**	**–**	**3 207**	**3 207**	**9 683**	**(6 476)**	**-67%**	**38 732**

MP311 Victor Khanye - Table C6 Monthly Budget Statement - Financial Position - M03 - Quarter 1

Description	Ref	2025/26	Budget Year 2026/27			
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
ASSETS						
Current assets						
Cash and cash equivalents		6 274	107 584	–	11 764	107 584
Short term Investments		–	–	–	–	–
Trade and other receivables from exchange transactions		45 076	(91 022)	–	103 267	(91 022)
Receivables from non-exchange transactions		55 810	118 727	–	85 190	118 727
Current portion of non-current receivables		–	–	–	–	–
Inventory		2 266	2 418	–	2 338	2 418
VAT		500 294	40 846	–	518 059	40 846
Other current assets		0	–	–	0	–
Total current assets		**609 721**	**178 553**	**–**	**720 618**	**178 553**
Non current assets						
Investments		–	–	–	–	–
Investment property		111 484	91 198	–	111 484	91 198
Property, plant and equipment		1 255 074	952 203	–	1 258 281	952 203
Biological assets		–	–	–	–	–
Living resources		–	–	–	–	–
Heritage assets		1 075	1 075	–	1 075	1 075
Intangible assets		64	(1 913)	–	64	(1 913)
Trade and other receivables from exchange transactions		–	–	–	–	–
Non-current receivables from non-exchange transactions		–	–	–	–	–
Other non-current assets		–	–	–	–	–
Total non current assets		**1 367 697**	**1 042 562**	**–**	**1 370 904**	**1 042 562**
TOTAL ASSETS		**1 977 418**	**1 221 115**	**–**	**2 091 522**	**1 221 115**
LIABILITIES						
Current liabilities						
Bank overdraft		–	–	–	–	–
Financial liabilities		3 419	1 273	–	3 419	1 273
Consumer deposits		1 871	1 710	–	2 225	1 710
Trade and other payables from exchange transactions		2 002 278	1 668 511	–	2 188 160	1 668 511
Trade and other payables from non-exchange transactions		3 305	(9 822)	–	14 025	(9 822)
Provision		9 973	–	–	18 694	–
VAT		268 642	(98 670)	–	217 018	(98 670)
Other current liabilities		–	–	–	–	–
Total current liabilities		**2 289 488**	**1 563 002**	**–**	**2 443 541**	**1 563 002**
Non current liabilities						
Financial liabilities		(3 419)	–	–	(3 419)	–
Provision		26 906	–	–	16 731	–
Long term portion of trade payables		–	–	–	–	–
Other non-current liabilities		61 180	–	–	–	–
Total non current liabilities		**84 667**	**–**	**–**	**13 312**	**–**
TOTAL LIABILITIES		**2 374 155**	**1 563 002**	**–**	**2 456 853**	**1 563 002**
NET ASSETS	2	**(396 737)**	**(341 887)**	**–**	**(365 332)**	**(341 887)**
COMMUNITY WEALTH/EQUITY						
Accumulated surplus/(deficit)		(396 737)	(341 887)	–	(364 647)	(341 887)
Reserves and funds		–	–	–	–	–
Other		–	–	–	–	–
TOTAL COMMUNITY WEALTH/EQUITY	2	**(396 737)**	**(341 887)**	**–**	**(364 647)**	**(341 887)**

MP311 Victor Khanye - Table C7 Monthly Budget Statement - Cash Flow - M03 - Quarter 1

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Quarter 1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
CASH FLOW FROM OPERATING ACTIVITIES										
Receipts										
Property rates		121 528	238 552	238 552	34 093	34 093	59 638	(25 545)	-43%	238 552
Service charges		302 586	313 155	313 155	87 798	87 798	78 289	9 509	12%	313 155
Other revenue		112 889	16 512	16 512	119 742	119 742	4 128	115 614	2801%	16 512
Transfers and Subsidies - Operational		90 086	167 148	167 148	35 817	35 817	41 787	(5 970)	-14%	167 148
Transfers and Subsidies - Capital		1	32 036	32 036	1 000	1 000	8 009	(7 009)	-88%	32 036
Interest		–	237 073	237 073	–	–	59 268	(59 268)	-100%	237 073
Dividends		–	–	–	–	–	–	–		–
Payments										
Suppliers and employees		(420 824)	(839 019)	(833 019)	(151 511)	(151 511)	(209 755)	58 244	-28%	(839 019)
Interest		–	(40 000)	40 000	–	–	(10 000)	10 000	-100%	(40 000)
Transfers and Subsidies		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) OPERATING ACTIVITIES		**206 266**	**125 456**	**211 456**	**126 939**	**126 939**	**31 364**	**(95 575)**	**-305%**	**125 456**
CASH FLOWS FROM INVESTING ACTIVITIES										
Receipts										
Proceeds on disposal of PPE		–	–	–	–	–	–	–		–
Decrease (increase) in non-current receivables		–	–	–	–	–	–	–		–
Decrease (increase) in non-current investments		–	–	–	–	–	–	–		–
Insurance Refund - Capital		–	–	–	–	–	–	–		–
Long Term Investments		–	–	–	–	–	–	–		–
Payments										
Capital assets		(42 476)	(39 322)	(39 322)	(5 986)	(5 986)	(9 831)	3 845	-39%	(39 322)
Retention (Capital)		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) INVESTING ACTIVITIES		**(42 476)**	**(39 322)**	**(39 322)**	**(5 986)**	**(5 986)**	**(9 831)**	**3 845**	**(0)**	**(39 322)**
CASH FLOWS FROM FINANCING ACTIVITIES										
Receipts										
Short term loans		–	–	–	–	–	–	–		–
Borrowing long term/refinancing		–	–	–	–	–	–	–		–
Increase (decrease) in consumer deposits		–	–	–	–	–	–	–		–
Payments										
Repayment of borrowing		–	–	–	–	–	–	–		–
NET CASH FROM/(USED) FINANCING ACTIVITIES		–	–	–	–	–	–	–		–
NET INCREASE/ (DECREASE) IN CASH HELD		**163 791**	**86 134**	**172 134**	**120 953**	**120 953**	**21 534**			**86 134**
Cash/cash equivalents at beginning:		12 361	12 361	12 361		6 274	12 361			6 274
Cash/cash equivalents at month/year end:		176 152	98 496	184 496		127 228	33 895			92 409

MP311 Victor Khanye - Supporting Table SC8 Monthly Budget Statement - Performance M03 - Quarter 1

Description of financial indicator	Basis of calculation	Ref	2025/26 Audited Outcome	Budget Year 2026/27 Original Budget	Adjusted Budget	YearTD actual	Full Year Forecast
Borrowing Management							
Capital Charges to Operating Expenditure	Interest & principal paid/Operating Expenditure		5.0%	9.3%	0.0%	10.9%	4.9%
Borrowed funding of 'own' capital expenditure	Borrowings/Capital expenditure excl. transfers and grants		0.0%	0.0%	0.0%	0.0%	0.0%
Safety of Capital							
Debt to Equity	Loans, Accounts Payable, Overdraft & Tax Provision/		-520.9%	-485.5%	0.0%	-603.9%	-485.5%
Gearing	Long Term Borrowing/ Funds & Reserves		0.0%	0.0%	0.0%	0.0%	0.0%
Liquidity							
Current Ratio	Current assets/current liabilities	1	26.6%	11.4%	0.0%	29.5%	11.4%
Liquidity Ratio	Monetary Assets/Current Liabilities		0.3%	6.9%	0.0%	0.5%	6.9%
Revenue Management							
Annual Debtors Collection Rate	Last 12 Mths Receipts/ Last 12 Mths Billing						
Outstanding Debtors to Revenue	Total Outstanding Debtors to Annual Revenue		6.3%	0.0%	0.0%	0.0%	0.0%
Longstanding Debtors Recovered	Debtors > 12 Mths Recovered/Total Debtors >		0.0%	0.0%	0.0%	0.0%	0.0%
Creditors Management							
Creditors System Efficiency	% of Creditors Paid Within Terms (within MFMA s 65(e))						
Funding of Provisions							
Percentage Of Provisions Not Funded	Unfunded Provisions/Total Provisions						
Other Indicators							
Electricity Distribution Losses	% Volume (units purchased and generated less units sold)/units purchased and generated	2					
Water Distribution Losses	% Volume (units purchased and own source less units sold)/Total units purchased and own source	2					
Employee costs	Employee costs/Total Revenue - capital revenue		14.2%	21.9%	0.0%	21.0%	21.9%
Repairs & Maintenance	R&M/Total Revenue - capital revenue		5.7%	3.2%	0.0%	2.9%	3.2%
Interest & Depreciation	I&D/Total Revenue - capital revenue		12.6%	9.4%	0.0%	9.6%	5.0%
IDP regulation financial viability indicators							
i. Debt coverage	(Total Operating Revenue - Operating Grants)/Debt service payments due within financial year)						
ii. O/S Service Debtors to Revenue	Total outstanding service debtors/annual revenue						
iii. Cost coverage	(Available cash + Investments)/monthly fixed operational						

References

1. Consumer debtors > 12 months old are excluded from current assets.

2. Material variances to be explained.

Calculations						
Financial liabilities		(3 419)			(3 419)	
Total Assets		1 977 418	1 221 115		2 091 522	1 221 115
Employee related costs		225 091	230 446		55 250	230 446
Repairs & Maintenance		91 267	33 150		7 757	33 150
Interest (finance charges)		100 106	40 000		25 174	40 000
Principal paid						
Depreciation		99 828	58 685			12 723
Operating expenditure		1 983 372	1 066 202		231 443	1 066 202
Total Capital Expenditure		54 051	40 820		3 207	3 207
Borrowed funding for capital						
Debt		2 066 764	1 659 962		2 202 186	1 659 962
Equity		(396 737)	(341 887)		(364 647)	(341 887)
Reserves and funds						
Borrowing		(3 419)			(3 419)	
Current assets		609 721	178 553		720 618	178 553
Current liabilities		2 289 488	1 563 002		2 443 541	1 563 002
Monetary assets		6 274	107 584		11 764	107 584
Total Revenue (excluding capital transfers and contributions)		1 589 302	1 051 784		263 533	1 051 784
Transfers and subsidies - Operational		163 879				
Transfers and subsidies - capital (monetary allocations)		32 529	32 036			32 036
Debt service payments			237 073	237 073		(40 000)
Outstanding debtors (receivables)		100 887				
Annual services revenue		1 232 206	556 873		159 291	159 291
Cash + investments	Including LT investments	6 274	107 584		11 764	107 584
Fixed operational expend. (monthly)						
Longstanding debtors outstanding						
Longstanding debtors recovered						
Attorney collections						

MP311 Victor Khanye - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M03 - Quarter 1

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Quarter 1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Repairs and maintenance expenditure by Asset Class/Sub-class										
Infrastructure		91 267	33 150	–	7 757	7 757	8 287	531	6.4%	33 150
Roads Infrastructure		1 023	3 000	–	561	561	750	189	25.2%	3 000
Roads		–	–	–	–	–	–	–		–
Road Structures		–	–	–	–	–	–	–		–
Road Furniture		–	–	–	–	–	–	–		–
Capital Spares		1 023	3 000	–	561	561	750	(189)	(0)	3 000
Storm water Infrastructure		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
Electrical Infrastructure		81 241	15 000	–	5 183	5 183	3 750	(1 433)	-38.2%	15 000
Power Plants		–	–	–	–	–	–	–		–
HV Substations		–	–	–	–	–	–	–		–
HV Switching Station		–	–	–	–	–	–	–		–
HV Transmission Conductors		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
MV Switching Stations		–	–	–	–	–	–	–		–
MV Networks		–	–	–	–	–	–	–		–
LV Networks		–	–	–	–	–	–	–		–
Capital Spares		81 241	15 000	–	5 183	5 183	3 750	1 433	0	15 000
Water Supply Infrastructure		599	1 000	–	471	471	250	(221)	-88.4%	1 000
Dams and Weirs		–	–	–	–	–	–	–		–
Boreholes		–	–	–	–	–	–	–		–
Reservoirs		–	–	–	–	–	–	–		–
Pump Stations		–	–	–	–	–	–	–		–
Water Treatment Works		–	–	–	–	–	–	–		–
Bulk Mains		–	–	–	–	–	–	–		–
Distribution		–	–	–	–	–	–	–		–
Distribution Points		–	–	–	–	–	–	–		–
PRV Stations		–	–	–	–	–	–	–		–
Capital Spares		599	1 000	–	471	471	250	221	0	1 000
Sanitation Infrastructure		2 462	500	–	152	152	125	(27)	-21.8%	500
Pump Station		–	–	–	–	–	–	–		–
Reticulation		–	–	–	–	–	–	–		–
Waste Water Treatment Works		–	–	–	–	–	–	–		–
Outfall Sewers		–	–	–	–	–	–	–		–
Toilet Facilities		–	–	–	–	–	–	–		–
Capital Spares		2 462	500	–	152	152	125	27	0	500
Solid Waste Infrastructure		–	–	–	–	–	–	–		–
Landfill Sites		–	–	–	–	–	–	–		–
Waste Transfer Stations		–	–	–	–	–	–	–		–
Waste Processing Facilities		–	–	–	–	–	–	–		–
Waste Drop-off Points		–	–	–	–	–	–	–		–
Waste Separation Facilities		–	–	–	–	–	–	–		–
Electricity Generation Facilities		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Rail Infrastructure		–	–	–	–	–	–	–		–
Rail Lines		–	–	–	–	–	–	–		–
Rail Structures		–	–	–	–	–	–	–		–
Rail Furniture		–	–	–	–	–	–	–		–
Drainage Collection		–	–	–	–	–	–	–		–
Storm water Conveyance		–	–	–	–	–	–	–		–
Attenuation		–	–	–	–	–	–	–		–
MV Substations		–	–	–	–	–	–	–		–
LV Networks		–	–	–	–	–	–	–		–
Capital Spares		–	–	–	–	–	–	–		–
Coastal Infrastructure		807	1 900	–	284	284	475	191	40.2%	1 900
Sand Pumps		–	–	–	–	–	–	–		–
Piers		–	–	–	–	–	–	–		–
Revetments		–	–	–	–	–	–	–		–
Promenades		–	–	–	–	–	–	–		–
Capital Spares		807	1 900	–	284	284	475	(191)	(0)	1 900
Information and Communication Infrastructure		5 134	11 750	–	1 106	1 106	2 937	1 831	62.3%	11 750
Data Centres		–	–	–	–	–	–	–		–
Core Layers		–	–	–	–	–	–	–		–
Distribution Layers		–	–	–	–	–	–	–		–
Capital Spares		5 134	11 750	–	1 106	1 106	2 937	(1 831)	(0)	11 750
Community Assets		–	–	–	–	–	–	–		–
Community Facilities		–	–	–	–	–	–	–		–
Halls		–	–	–	–	–	–	–		–

MP301 Victor Khanye - Supporting Table SC13c Monthly Budget Statement - expenditure on repairs and maintenance by asset class - M03 - Quarter 1

Description	Ref	2025/26	Budget Year 2026/27							
R thousands	1	Audited Outcome	Original Budget	Adjusted Budget	Quarter 1	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Machinery and Equipment		–	–	–	–	–	–	–		–
Machinery and Equipment		–	–	–	–	–	–	–		–
Transport Assets		–	–	–	–	–	–	–		–
Transport Assets		–	–	–	–	–	–	–		–
Land		–	–	–	–	–	–	–		–
Land		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
Zoo's, Marine and Non-biological Animals		–	–	–	–	–	–	–		–
		–	–	–	–	–	–	–		–
Living resources		–	–	–	–	–	–	–		–
Mature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Immature		–	–	–	–	–	–	–		–
Policing and Protection		–	–	–	–	–	–	–		–
Zoological plants and animals		–	–	–	–	–	–	–		–
Total Repairs and Maintenance Expenditure	1	91 267	33 150	–	7 757	7 757	8 287	531	6.4%	33 150

Circular 124, for debt relief program - Eskom reconciliation as at 30 September 2026/27.

Kindly note the payments are made on an accrual basis.

ESKOM MAIN ACCOUNT

Segment in ledger ==========>			Bulk Purchases	VAT	Interest expense			
MONTH	INVOICE NO	BROUGHT FORWARD	TOTAL EXC	VAT	INTEREST	TOTAL INC	AMOUNT PAID	BALANCE + INVOICE - PAID
Jul-26	564318760503	1 085 455 181	18 878 668	2 831 800	4 779 577	26 490 045	5 000 000	1 106 945 226
Aug-26	564209155400	1 106 945 226	18 796 663	2 819 499	5 202 322	26 818 484	500 000	1 133 263 711
Sept-26	564766540362	1 133 263 711	13 036 869	1 955 530	6 111 908	21 104 308	2 500 000	1 151 868 019
Oct-26								
Nov-26								
Dec-26								
Jan-27								
Feb-27								
Mar-27								
Apr-27								
May-27								
Jun-27								
			50 712 200	7 606 830	16 093 808	74 412 838	8 000 000	

ESKOM SUB ACCOUNT

0

Segment in ledger ==========>			Bulk Purchases	VAT	Interest expense			
MONTH	INVOICE NO	BROUGHT FORWARD	TOTAL EXC	VAT	INTEREST	TOTAL INC	AMOUNT PAID	INVOICE - PAID = TOTAL DUE
Jul-26	889712628461	268 402 453	16 564 541	2 484 681	2 929 352	21 978 575	5 000 000	285 381 028
Aug-26	889104569170	285 381 028	16 076 111	2 411 417	2 549 725	21 037 253	500 000	305 918 281
Sept-26	889510254459	305 918 281	10 348 341	1 552 251	3 587 740	15 488 333	2 500 000	318 906 614
Oct-26								
Nov-26								
Dec-26								
Jan-27								
Feb-27								
Mar-27								
Apr-26								
May-27								
Jun-27								
			42 988 993	6 448 349	9 066 818	58 504 160	8 000 000	

ENVISAGED IMPACT

The reason for reporting is to enhance sound financial management and promote transparency and accountability of officials and councillors and if the grey areas are not addressed, they could lead to serious implication on service delivery to the community of Victor Khanye Local Municipality.

STAKEHOLDERS CONSULTED

This report is used by National Treasury, Provincial Treasury, Cogta and the general public to assess the municipality's financial viability, grants allocations and the expenditure to date.

LEGAL IMPLICATIONS

The inability to pay creditors on time will lead to legal implication for the municipality.

FINANCIAL IMPLICATIONS

The National Treasury may stop the transfer of the equitable share to municipalities that fail to meet their financial obligations, particularly regarding Eskom and Rand Water debts.

It is important for the municipality to avoid incurring any additional costs, which could result in unauthorized, irregular, fruitless and wasteful expenditure.

OTHER IMPLICATIONS

All deviations report should follow the correct process and clear detail report should be prepared as the Auditor General may declare the deviations as irregular expenditure.

9. RECOMMENDATIONS OF THE MUNICIPAL MANAGER (THAT):

- That the Municipal Council consider the report in terms of Section 52(d) of MFMA.
- That the Municipal Council consider that Table c1 – Table C7 is obtained in terms guided by the National Treasury.
- That the Municipality consider that both Eskom and Rand Water debt as at 30 September 2026_27 amounts to **R 1.4 billion** and **R467 million** respectively;
- That the Municipal Council consider that the debt book amounts to **R2.2 billion;**
- That the Municipal Council consider the payments made in the First quarter to Eskom and Rand Water amounts to **R15 million** and **R16.6 million** respectively;
- Intensify collection measures, particularly for the municipality's largest outstanding debtors.
- Assess all contracts for necessity, value for money, deliverables and compliance with procurement requirements.
- That non-compliance letter from Provincial treasury and the self-assessment for September be noted;
- That the government debt be noted;
- The council should consider the debt relief circular 124 for the August 2026/27.

T.P Mahlangu
CHIEF FINANCIAL OFFICER

