Knysna

Municipality Munisipaliteit uMasipala

inclusive · innovative · inspired

Section 72 Mid-Year Performance Assessment Report

2025/2026

This report is compiled in terms of Section 72 of the Local Government: Municipal Finance Management Act, No. 56 of 2003

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

QUALITY CERTIFICATE

I, Dr Lulamile Mapholoba, the Municipal Manager of Knysna Local Municipality, hereby certify that the Mid-Year Performance Assessment Report for the period 1 July 2025 to 31 December 2025 has been prepared in accordance with Section 72(1)(a) of the Local Government: municipal Finance Management Act, No. 56 of 2003 (MFMA) and regulations promulgated under the Act and accordingly submit the required progress made with the achievement of expenditure targets, key performance indicators, development priorities and targets as determined In the 2025/2026 Budget and 2025/2026 Top Layer Service Delivery and Budget Implementation Plan (SDBIP).

Name: Dr Lulamile Mapholoba

The Municipal Manager, Knysna Local Municipality (WC048)

Signature: ____________________ Date: 23/01/2026

Name: Cllr Thando Matika

The Executive Mayor, Knysna Local Municipality (WC048)

Signature: ____________________ Date: 23/01/2026

INTRODUCTION

In terms of Section 72(1)(a) of the Local Government: Municipal Finance Management Act (MFMA), Act 56 of 2003 the Accounting Officer must by 25 January of each year assess the performance of the municipality during the first half of the financial year. A report on such an assessment must, in terms of Section 72(1)(b) of the MFMA, be submitted to the Mayor, the National treasury and the relevant Provincial Treasury.

Once the Mayor has considered the report, it must be submitted to Council by 31 January in terms of Section 54(1)(f) of the MFMA.

The Mid-Year Performance Assessment Report and supporting tables of Knysna Municipality is prepared in accordance with MFMA Circular 13 and the Municipal Budget and Reporting Regulations.

The data in this report exemplifies the Municipality's Mid-Year Performance Assessment for the period 01 July - 31 December 2025.

FINANCIAL PERFORMANCE

A report assessing the Municipality's financial performance for the period 01 July to 31 December 2025 will be submitted to Council supporting this item.

SERVICE DELIVERY PERFORMANCE ANALYSIS

CREATING A CULTURE OF PERFORMANCE

The performance management cycle is an integrated approach which focusses on improving performance planning, monitoring, measurement, review, reporting, and auditing and improvement. These processes run concurrent with the overall planning, budget and reporting cycle.

The performance management cycle can be summarised as illustrated in the following diagram:

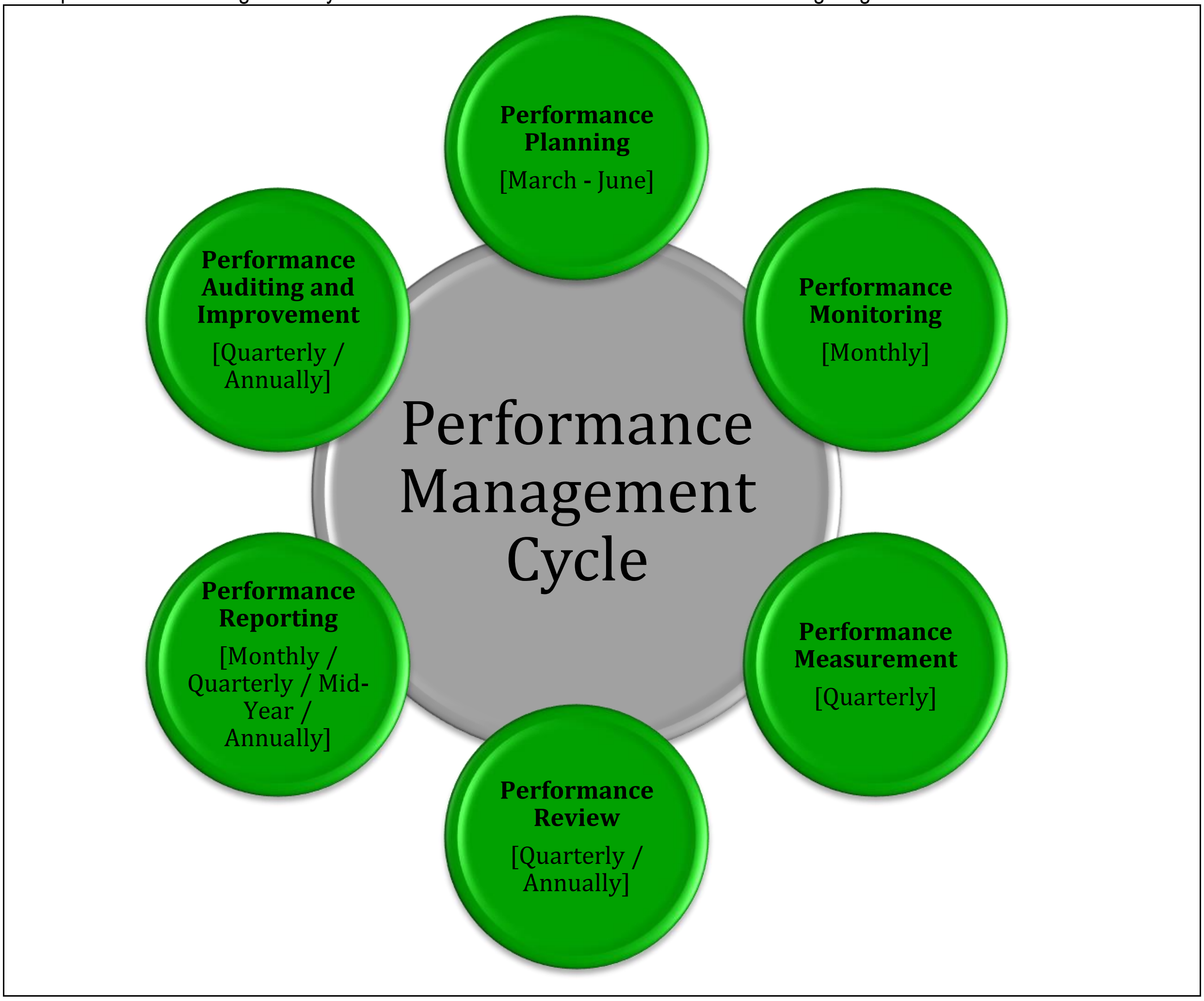


FIGURE 1 - PERFORMANCE MANAGEMENT CYCLE

At local government level performance management is institutionalised through the legislative requirements on performance management. Chapter 6 of the Local Government: Municipal Systems Act, No. 32 of 2000 requires municipalities to establish a performance management system that is commensurate with its resources; best suited to its circumstances; and in line with the priorities, objectives, indicators and targets contained in its integrated development plan. It further requires that a culture of performance management must be created among its political structures, political office bearers and councillors and in its administration; and administer its affairs in an economical, effective, efficient and accountable manner.

In addition, Regulation 17(1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that *"A Municipality's performance management system entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the responsibilities of the different role players."*

The Performance Management Policy has been developed with the prescriptions of promulgated local government legislation, regulations and guidelines pertaining to performance management.

The Knysna Local Municipality recently revised its Performance Management Policy, as approved by Council on 02 April 2024, resolution number R01/04/24.

Performance Management is a process which measures the implementation of the organisation's Integrated Development Plan (IDP). It serves as a management tool to plan, monitor, and measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the municipality. The 2025 - 2026 Integrated Development Plan (IDP) was approved by Council on 30 May 2025, resolution number C05/05/2025.

Performance is evaluated by means of a municipal scorecard (the Top Layer (TL) Service Delivery and Budget Implementation Plan (SDBIP)) at organisational level and through the Departmental SDBIP at directorate level.

The SDBIP is a plan that converts the IDP and Budget into measurable criteria on how, where and when the strategies, objectives and normal business processes of the Municipality will be implemented. It also allocates responsibilities to Directorates to deliver services in terms of the IDP and Budget.

The SDBIP was approved by the Executive Mayor on 18 June 2025.

The approved SDBIP is transferred onto an electronic web-based performance management system and is monitored on an ongoing basis to determine whether performance targets have been met, exceeded or not met. The system is designed to send automated monthly e-mail reminders to KPI owners for the updating of actual performance against projected targets.

The objective of the performance management system includes:

- Facilitating:
  - Strategy development;
  - Increased accountability;
  - Learning and improvement; and
  - Decision-making.
- Provide early warning signs of under-performance; and
- Creating a culture of best practice.

The overall assessment of actual performance against targets set for Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology (as per the performance management system):

KPI RESULT	CATEGORY	CALCULATION EXPLANATION
N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.
R	KPI Not Met	0% <= Actual/Target <= 66.999%
O	KPI Almost Met	67.000% <= Actual/Target <= 99.999%
G	KPI Met	Actual meets Target (Actual/Target = 100%)
G2	KPI Well Met	100.001% <= Actual/Target <= 132.999%
B	KPI Extremely Well Met	133.000% <= Actual/Target

TABLE 1 - PERFORMANCE ASSESSMENT CRITERIA

SERVICE DELIVERY PERFORMANCE

PERFORMANCE PER NATIONAL KEY PERFORMANCE AREAS (NKPA's)

Section 43(1) of the Local Government: Municipal Systems Act, No, 32 of 2000, states that:
"The Minister, after consultation with the MECs for local government and organised local government representing local government nationally, may ---

(a) by regulation prescribe general key performance indicators that are appropriate and that can be applied to local government generally; and

(b) when necessary, review and adjust those general key performance indicators."

These general key performance areas, hereinafter referred to as National Key Performance Areas (NKPAs) are prescribed in the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The graph below illustrates the Municipality's performance against the National Key Performance Areas (NKPA's):

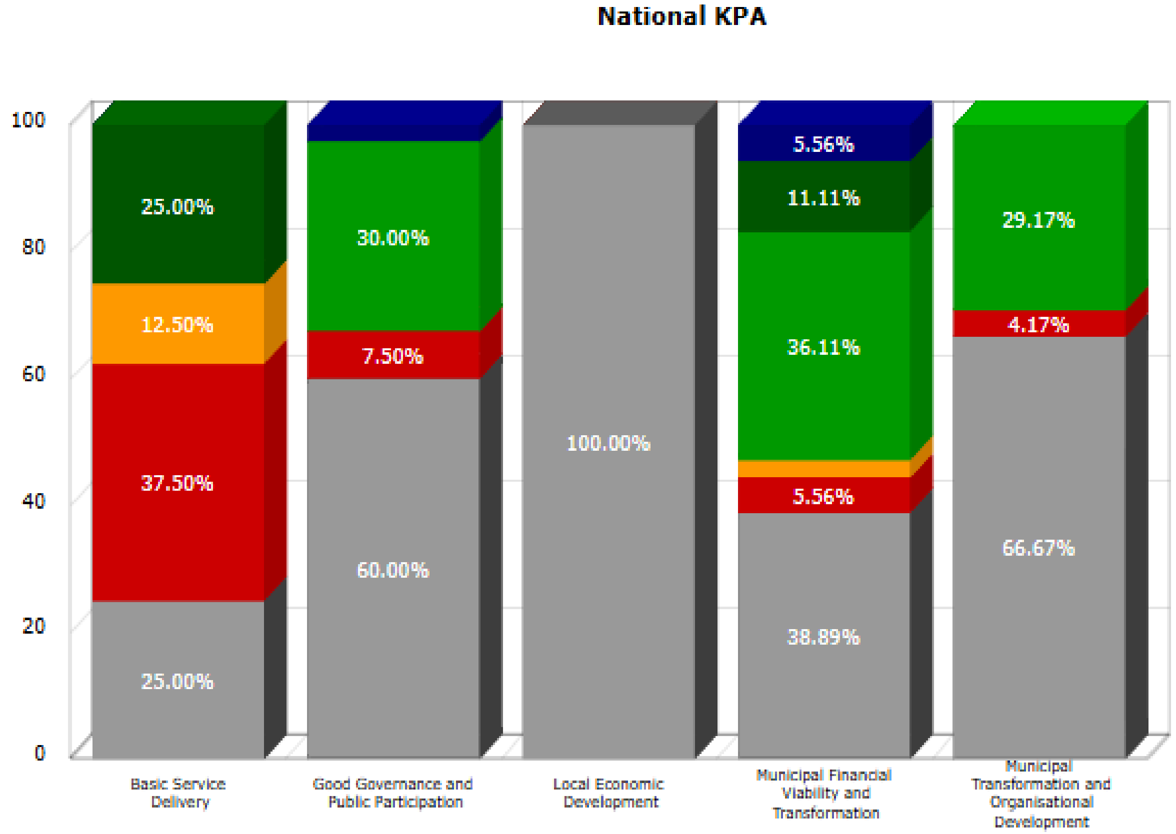


FIGURE 2 - OVERALL PERFORMANCE PER NATIONAL KEY PERFORMANCE AREA

Note to Council

This note serves to clarify the difference in the number of indicators reported in the Section 72 Mid-Year Performance Assessment report and the approved 2025/2026 SDBIP.

The approved 2025/2026 Service Delivery and Budget Implementation Plan (SDBIP) contains **63 indicators**. In the Section 72 Mid-Year Assessment report, the **tables and graphs indicate a total of 117 indicators**.
This occurs because certain indicators are assigned to multiple Directors and are captured individually under each Director, which results in them appearing multiple times in the reporting tables.

The following KPIs have been **assigned to each Director**: TL13, TL15, TL31, TL33, TL34, TL60, TL61, TL62, and TL63.

The following table indicate the Municipality's performance in terms of the National Key Performance Areas (NKPAs):

	Knysna Municipality	National KPA								
		Basic Service Delivery	Good Governance and Public Participation	Local Economic Development	Municipal Financial Viability and Management	Municipal Transformation and Institutional Development	Building Capable Local Government Institutions	Municipal Financial Viability and Transformation	Municipal Transformation and Institutional Development	Municipal Transformation and Organisational Development
Not Yet Applicable	59 (50.43%)	4 (25.00%)	24 (60.00%)	1 (100.00%)	-	-	-	14 (38.89%)	-	16 (66.67%)
Not Met	12 (10.26%)	6 (37.50%)	3 (7.50%)	-	-	-	-	2 (5.56%)	-	1 (4.17%)
Almost Met	3 (2.56%)	2 (12.50%)	-	-	-	-	-	1 (2.78%)	-	-
Met	32 (27.35%)	-	12 (30.00%)	-	-	-	-	13 (36.11%)	-	7 (29.17%)
Well Met	8 (6.84%)	4 (25.00%)	-	-	-	-	-	4 (11.11%)	-	-
Extremely Well Met	3 (2.56%)	-	1 (2.50%)	-	-	-	-	2 (5.56%)	-	-
Did Not Occur	-	-	-	-	-	-	-	-	-	-
Total:	117	16	40	1	-	-	-	36	-	24
	100%	13.68%	34.19%	0.85%	-	-	-	30.77%	-	20.51%

TABLE 2 - NKPA PERFORMANCE - OVERALL RESULT

PERFORMANCE PER MUNICIPAL STRATEGIC OBJECTIVES

The Council of Knysna Local Municipality crafted a set of strategic objectives which are aligned to the national strategic focus areas as well as the Provincial Strategic Goals of the Western Cape Government. This is intended to guide directorates within the municipality to develop departmental business plans with specific deliverables and targets to give effect to the strategic objectives of Council.

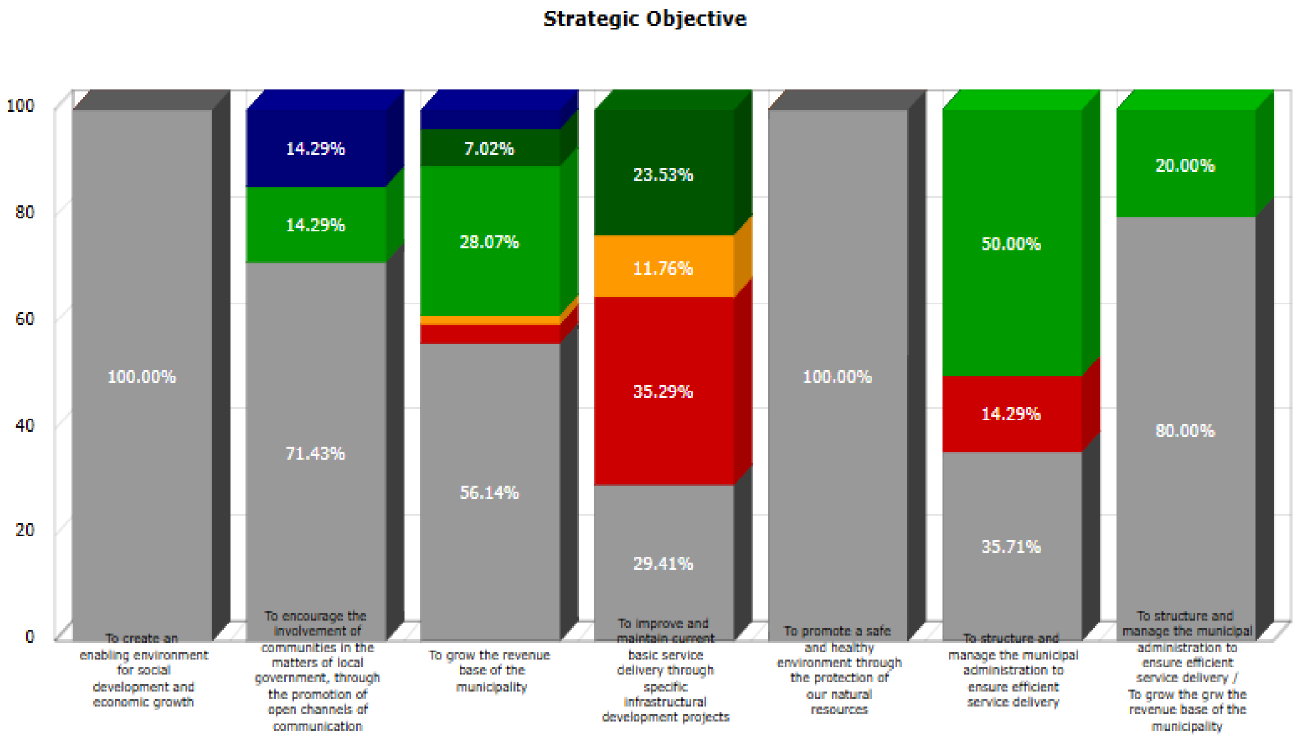
The following table provides the alignment of Knysna's strategic objectives against the national strategic focus areas and provincial strategic goals:

Strategic Focus Area / National Key Performance Area (NKPA and MKPA)	Strategic Objective (SO)	Priority (PR)
Basic Service Delivery	To improve and maintain current basic service delivery through specific infrastructural development projects	Sanitation
		Electricity
		Streets and Storm Water Management
		Water Supply
		Integrated Human Settlements
	To promote a safe and healthy environment through the protection of our natural resources	Environmental Conservation
		Disaster management
Local Economic Development	To create an enabling environment for social development and economic growth	Decent employment opportunities and job creation
		Rural development
		Youth development
		Care for the elderly
		Opportunities for women and people living with disability
		HIV/Aids awareness
Municipal Financial Viability and Transformation	To grow the revenue base of the municipality	Sound Financial Planning
Municipal Transformation and Organisational Development	To structure and manage the municipal administration to ensure efficient service delivery	Institutional capacity building
Good Governance and Public Participation	To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication	Ward committees System
		Communication
		Responsive and accountable system of Local Government

TABLE 3 - ALIGNMENT TABLE

The graph below illustrates the Municipality's performance against the Strategic Objectives:

FIGURE 3 - OVERALL PERFORMANCE PER STRATEGIC OBJECTIVE



The following table indicate the Municipality's performance in terms of the Strategic Objectives:

	Knysna Municipality	Strategic Objective						
		To create an enabling environment for social development and economic growth	To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication	To grow the revenue base of the municipality	To improve and maintain current basic service delivery through specific infrastructural development projects	To promote a safe and healthy environment through the protection of our natural resources	To structure and manage the municipal administration to ensure efficient service delivery	To structure and manage the municipal administration to ensure efficient service delivery / To grow the grw the revenue base of the municipality
Not Yet Applicable	59 (50.43%)	2 (100.00%)	5 (71.43%)	32 (56.14%)	5 (29.41%)	1 (100.00%)	10 (35.71%)	4 (80.00%)
Not Met	12 (10.26%)	-	-	2 (3.51%)	6 (35.29%)	-	4 (14.29%)	-
Almost Met	3 (2.56%)	-	-	1 (1.75%)	2 (11.76%)	-	-	-
Met	32 (27.35%)	-	1 (14.29%)	16 (28.07%)	-	-	14 (50.00%)	1 (20.00%)
Well Met	8 (6.84%)	-	-	4 (7.02%)	4 (23.53%)	-	-	-
Extremely Well Met	3 (2.56%)	-	1 (14.29%)	2 (3.51%)	-	-	-	-
Did Not Occur	-	-	-	-	-	-	-	-
Total:	117	2	7	57	17	1	28	5
	100%	1.71%	5.98%	48.72%	14.53%	0.85%	23.93%	4.27%

TABLE 4 - STRATEGIC OBJECTIVES PERFORMANCE - OVERALL RESULTS

PERFORMANCE PER DIRECTORATE

The administrative component of Knysna Local Municipality is headed by the Municipal Manager, who has five directors reporting directly to him in terms of Section 56 of the Local Government: Municipal Systems Act, No. 32 of 2000. Apart from the legislative powers and functions, the Municipality deemed it fit to review and re-design the organisational structure to effectively address local needs, operational requirements, and service delivery demands. Subsequent to a comprehensive consultation process with all internal stakeholders, the new organisational structure of the municipality was adopted by Council on 29 October 2018 (SC09/10/18). The restructuring of the staff establishment was benchmarked against industry norms and financial sustainability was one of the key considerations.

The following tables provides an overview of the organisational structure:

DIRECTORATE	PURPOSE
Office of the Municipal Manager	The Municipal Manager heads the Administration arm of the Knysna Municipality and is therefore responsible and accountable for tasks and functions as provided for in section 55 of the Municipal Systems Act, other functions and tasks as provided for in legislation as well as functions delegated to him/her by the Executive Mayor and Council. According to the Municipal Finance Management Act he/she also assumes the role of Accounting Officer. The office also incorporates the Department Communications & Intergovernmental Relations, Internal Audit & Risk Management and the Department Integrated Development Planning (IDP) & Performance Management.
Corporate Services	The Directorate is responsible for the administrative processes that ensure good governance and the achievement of Council's strategic objectives. The directorate incorporates the Departments of Administration, Committee Services, Customer Relations, Estates, Human Resources, Legal Services, Property and Records Management, and Public Participation.
Financial Services	To manage and provide financial services in order to ensure financial viability, compliance and reporting. The Directorate administrates all finance-related services. These include Financial Management Services, Revenue Services, Supply Chain Management, Information Technology, Assets & Liability Management, and Financial Statements & Compliance, Budget & Reporting as well as the Expenditure department.
Planning and Economic Development	To ensure that the functional and pro-active planning and the implementation of the municipality's constitutional obligations pertaining to land use planning, economic development, human settlements and environmental management
Community Services	To render integrated community services to enhance community development in general and promote a clean and safe environment. The Directorate comprises of four major sections that incorporate services including Disaster Management, Fire and Rescue, Traffic and Law Enforcement, Parks, Waste Management, Libraries, Halls, Cemeteries, Museums, Arts and Culture, Waste Management and Cleansing, Youth and Sport Development.

DIRECTORATE	PURPOSE
Infrastructure Services	To manage infrastructure services provisioning in order to ensure the rendering of sustainable and affordable services to the community. Services pertaining mainly to bulk infrastructure are the responsibility of the Director Technical Services. It also incorporates all Electrical & Mechanical services related to distribution of electricity and oversees the municipality's fleet and mechanical workshop.
Human Settlements Administration	The local Directorate of Human Settlements acts as an agent for Provincial Government and is working with them to achieve their vision, to develop sustainable integrated human settlements. Sustainable settlements are residential areas that allow its residents to access social and economic opportunities close to where they live.

TABLE 5 - ORGANISATIONAL STRUCTURE

THE FOLLOWING TABLE INDICATE THE MUNICIPALITY'S PERFORMANCE PER DIRECTORATE:

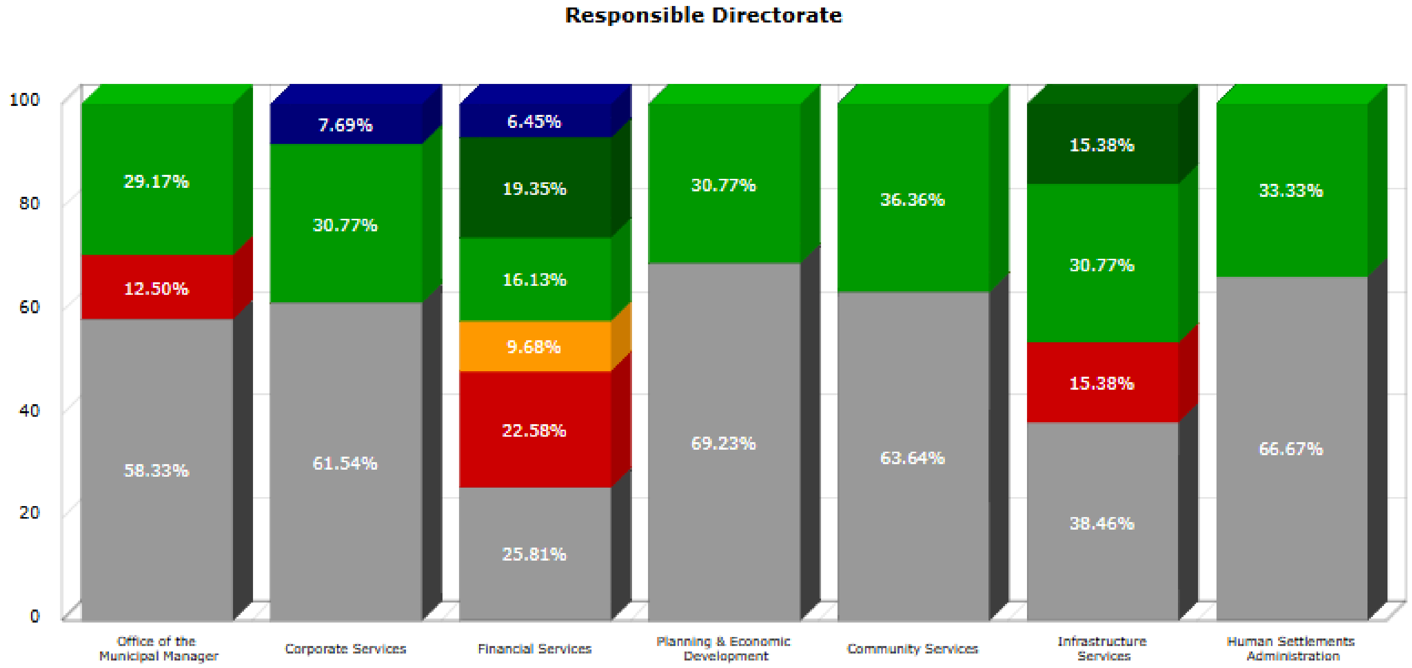


TABLE 6 - DIRECTORATE PERFORMANCE - OVERALL RESULTS

THE FOLLOWING TABLE INDICATE THE MUNICIPALITY'S PERFORMANCE PER DIRECTORATE:

	Knysna Municipality	Responsible Directorate						
		Office of the Municipal Manager	Corporate Services	Financial Services	Planning & Economic Development	Community Services	Infrastructure Services	Human Settlements Administration
Not Yet Applicable	59 (50.43%)	14 (58.33%)	8 (61.54%)	8 (25.81%)	9 (69.23%)	7 (63.64%)	5 (38.46%)	8 (66.67%)
Not Met	12 (10.26%)	3 (12.50%)	-	7 (22.58%)	-	-	2 (15.38%)	-
Almost Met	3 (2.56%)	-	-	3 (9.68%)	-	-	-	-
Met	32 (27.35%)	7 (29.17%)	4 (30.77%)	5 (16.13%)	4 (30.77%)	4 (36.36%)	4 (30.77%)	4 (33.33%)
Well Met	8 (6.84%)	-	-	6 (19.35%)	-	-	2 (15.38%)	-
Extremely Well Met	3 (2.56%)	-	1 (7.69%)	2 (6.45%)	-	-	-	-
Did Not Occur	-	-	-	-	-	-	-	-
Total:	117	24	13	31	13	11	13	12
	100%	20.51%	11.11%	26.50%	11.11%	9.40%	11.11%	10.26%

TABLE 12 - DIRECTORATE PERFORMANCE - OVERALL RESULTS

OUTSTANDING MATTERS ON THE PAST YEAR'S ANNUAL REPORT, 2024/2025

As prescribed in section 72(1)(a)(iii) of the Local Government: Municipal Finance Management Act, No. 56 of 2003, the Accounting Officer must by 25 January of each year - assess the performance of the municipality during the first half the financial year, taking into account the past year's annual report, and progress on resolving problems identified in the annual.

MID-YEAR PERFORMANCE ASSESSMENT 2025/2026

Annexure A is the unaudited Top Layer SDBIP for the first half of the 2025/2026 financial year. The table outlines the overall performance of Knysna Local Municipality and is grouped per National Key Performance Area, furthermore it includes the performance comments and corrective measures of all key performance indicators due in this reporting period of 01 July - 31 December 2025.

ANNEXURES

Annexure A

The following table indicated the Municipality's Top Layer SDBIP, Mid-Year Performance Assessment 2025/2026 per National Key Performance Area

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL35	Supplying of piped water service points to residential account holders which are connected to the municipal water infrastructure network as at 30 June 2026 as per Reg 10(a)	Number of residential properties with access to Water services as registered on the financial system as at end June 2026	15	Last Value	15 905	15 905	17 811	G2	6097 Conv Meters and 11714 Prepaid meters with access to Water services	No Corrective Measure Required	15 905	17 687	G2	Water Conv - 5972 Water Electric - 11715 total Water Stats report = 17 687	No Corrective Measure Required	**15 905**	**17 687**	G2

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL36	Supplying of electricity services to municipal residential account holders as at 30 June as per Reg 10 (a)	Number of residential properties with access to electricity services registered on the financial system (Promun and Ontec) at 30 June of the financial year	23	Last Value	23 765	23 765	25 405	G2	2611 Prep Meters and 22794 Prepaid Meters with access to electricity service	No Corrective Measure Required	23 765	25 694	G2	Elec-Conv 2797 Electricity Prepaid - 22897 - total electricity - 25694	No Corrective Measure Required	**23 765**	**25 694**	G2
TL37	Supply of sanitation services to municipal residential account holders as at 30 June as per Reg 10 (a)	Number of formal residential properties which are billed for sewerage as at 30 June of the financial year	13	Last Value	13 504	13 504	13 803	G2	13803 Properties which are billed for sewerage (September 2025)	No Corrective Measure Required	13 504	12 802	O	12802 Properties which are billed for sewerage	To be investigated	**13 504**	**12 802**	O

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Original Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL38	Supplying of refuse removal services to municipal residential account holders as at 30 June as per Reg 10 (a)	Number of formal residential properties which are billed for refuse removal as at 30 June of the financial year	16	Last Value	16 643	16 643	16 849	G2	16849 formal residential properties are billed for refuse removal	No Corrective Measure Required	16 643	16 631	O	16631 - formal residential properties are billed for refuse removal	To be investigated	**16 643**	**16 631**	O

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL 39	Registered indigent formal households with access to free basic water (NKPI Proxy - MSA, Reg. S10(a), (b)	Number of registered indigent formal households with access to free basic water, measured quarterly	2	Last Value	2 749	2 749	745	R	745 Indigent Register for formal households with access to free basic water - New application were submitted and it was not carried over from previous years. We are still accepting processing and verifying applications	Indigent apply every 3 years, through out the year, this number is accumulative	2 749	1 942	R	1942 - Indigent apply every 3 years, through out the year, this number is accumulative	Indigent apply every 3 years, through out the year, this number is accumulative	**2 749**	**1 942**	R

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL40	Registered indigent formal households with access to free basic electricity provided by the municipality (NKPI Proxy - MSA, Reg. S10(a), (b)	Number of registered indigent formal households with access to free basic electricity provided by the municipality, measured quarterly	2	Last Value	2 511	2 511	698	R	698 Indigent Register for formal households with access to free basic electricity - New application were submitted and it was not carried over from previous years. We are still accepting processing and verifying applications.	Indigent apply every 3 years, through out the year, this number is accumulative	2 511	1 433	R	1433 - Indigent apply every 3 years, through out the year, this number is accumulative	Indigent apply every 3 years, through out the year, this number is accumulative	2 511	1 433	R

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Original Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL41	Registered indigent formal households with access to free basic refuse removal (NKPI Proxy - MSA, Reg. S10(a), (b)	Number of registered indigent formal households with access to free basic refuse removal, measured quarterly	2	Last Value	2 762	2 762	751	R	751 Indigent Register for formal households with access to free basic refuse removal. New application were submitted and it was not carried over from previous years. We are still accepting processing and verifying applications	Indigent apply every 3 years, through out the year, this number is accumulative	2 762	1 942	R	1942 - Indigent apply every 3 years, through out the year, this number is accumulative	Indigent apply every 3 years, through out the year, this number is accumulative	**2 762**	**1 942**	R

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Original Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL42	Registered indigent formal households with access to free basic sanitation (NKPI Proxy - MSA, Reg. S10(a), (b)	Percentage of registered indigent formal households with access to free basic sanitation, measured quarterly	100%	Last Value	100%	100%	27.16%	R	751 Indigent Register for formal households with access to free basic sanitation. New application were submitted and it was not carried over from previous years. We are still accepting processing and verifying applications	Target should change to number and not percentage. Calculated as 750Ã·2762=0.2716 (rounded to 4 decimal places) Indigent apply every 3 years, through out the year, this number is accumulative	100%	71.50%	R	1942 Indigent Register for formal households with access to free basic sanitation. New application were submitted and it was not carried over from previous years. We are still accepting processing and verifying applications	Target should change to number and not percentage. Calculated as 1942/2762=71.5 (rounded to 2 decimal places) Indigent apply every 3 years, through out the year, this number is accumulative	**100%**	**71.50%**	R

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL43	Service Sites for future housing development through the programme on the Upgrading of Informal Settlements Plan (UISP) and Enhanced People's Housing Process (EPHP)	Number of sites serviced through the Human Settlements Development Grant (HSDG) programmes	12	Accumulative	30	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL44	Provision of Housing opportunities in accordance with the Provincial Business Plan and budget allocation	Ninety-nine housing opportunities provided for the 2025/2026 financial year	16	Last Value	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A
TL47	Develop a climate change adaptation plan for Knysna Municipality by 30 June	One plan to be tabled for Council by 30 June of the financial year	0	Carry Over	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																		
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL48	Develop a Coastal Management By-law for Knysna Municipality by 30 June	One by-law to be tabled for Council by 30 June of the financial year	0	Carry Over	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

TL45	Wastewater quality measured ito the Department of Water and Sanitation License Conditions for physical and micro parameters	Percentage of wastewater quality compliance as per the analysis certificate, measured quarterly	70.83%	Last Value	70%	70%	64.58%	O	The overall compliance level of 64,58% which is below the 70% compliance target for the period under review. The reduced compliance is attributed to operational and mechanical challenges experienced across several wastewater treatment facilities, as outlined on the attached report.	Target almost met - Reasons outlined in the attached report.	70%	75.83%	G2	The overall effluent quality compliance for the Greater Knysna Wastewater Treatment Plants for the period July to December 2025 is 75.83%.	Unforeseen mechanical failures, hydraulic overloading, and vandalism incidents materially constrained the plants ability to consistently meet the required compliance standards. Corrective actions and repairs have been prioritised to restore full operational capacity and to improve compliance performance going forward.	**70%**	**75.83%**	G2
TL46	Water quality measure quarterly as per SANS 241 physical and micro parameters	95% compliance to the SANS 241 in regard to the water quality level	95.15%	Last Value	95%	95%	95.98%	G2	The overall water quality compliance for the Greater Knysna Treatment plants for the period July to September is 95.98%	No Corrective Measures required	95%	96.05%	G2	The overall water quality compliance for the Greater Knysna Water Treatment plants for the period July to December	No Corrective Measures required	**95%**	**96.05%**	G2

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Original Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
														2025 is 96,05%				
TL49	Record quarterly limited unaccounted water losses to less than (<) 35%	Less than (<) 35% water losses reported quarterly	33.66%	Stand-Alone	<35%	<35%	<0%	R	No actual was reported by the time of generating this report	No actual was reported by the time of generating this report	<35%	<0%	R	No actual was reported by the time of generating this report	No actual was reported by the time of generating this report	**<35%**	**<0%**	R

National Key Performance Area: Basic Service Delivery Strategic Objective: To improve and maintain current basic service delivery through specific infrastructural development projects																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL50	Record quarterly limited electricity losses to less than 11.5% (Number of Electricity Units Purchased and/or Generated - Number of Electricity Units Sold) / Number of Electricity Units Purchased and/or Generated) x 100	Less than 11.5% electricity losses reported quarterly	<11.58%	Last Value	<11.58%	<11.58%	<0%	R	No actuals was reported by the time of generating this report	No actual was reported by the time of generating this report	<11.58%	<0%	R	No actuals was reported by the time of generating this report	No actuals was reported by the time of generating this report	<11.58%	<0%	R

National Key Performance Area: Good Governance and Public Participation
Strategic Objective:
To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL1	Submit to the Executive Mayor the draft 2026/2027 SDBIP for consideration by no later than 14 days after the approval of the annual budget in terms of the Local Government: Municipal Finance Management Act, No. 56 of 2003	One (1) Draft Service Delivery and Budget Implementation Plan (SDBIP) submitted to the Executive Mayor	1	Carry Over	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Good Governance and Public Participation

Strategic Objective:

To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL2	Ensuring performance by the timeous development and signing of the Section 56 performance agreements in adherence to the Performance Framework	Percentage (%) of signed performance agreements of Section 56 managers concluded within the prescribed legislative timeframes	71%	Last Value	100%	100%	100%	G	Signed 2025/2026 Performance Agreements of Section 56 managers	No Corrective Measure required	N/A	N/A	N/A	Target not due	N/A	**100%**	**100%**	G
TL3	Evaluate the performance of Section 54 and 56 managers in terms of their signed agreement	Percentage (%) of formal evaluations completed per Section 56 employee	50%	Stand-Alone	100%	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Good Governance and Public Participation

Strategic Objective:

To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL4	Submission of the revised Risk Based Audit Plan (RBAP) to the Audit a Committee	Number of revised RBAPs submitted to the Audit Committee by 30 June	1	Carry Over	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A
TL5	Submission of the IDP / Budget / SDF time schedule (process plan) to the Council	Number of IDP / Budget / SDF time schedules (process plan) submitted to the Council by 31 August 2025	1	Accumulative	1	1	1	G	Time Schedule approved by Council on 29 August	No Corrective Measure required	N/A	N/A	N/A	Target not due	N/A	**1**	**1**	G

National Key Performance Area: Good Governance and Public Participation Strategic Objective: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL6	Submission of the revised Strategic Risk Register (SRR) to the Risk Management Committee	Number of revised SRRs submitted to the Risk Management Committee by 30 June 2026	4	Carry Over	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A
TL7	Submission of the Quarterly Audit Committee Reports to Council	Four Audit Committee Reports submitted to Council for the financial year	4	Accumulative	4	1	1	G	Quater 4 Report submitted to Council	No Corrective Measure required	1	1	G	The oversight report for the 01 August 2025 to 28 November 2025 was tabled to council in meeting that was held on 11 December 2025	No Corrective Measure required	**2**	**2**	G

National Key Performance Area: Good Governance and Public Participation
Strategic Objective:
To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL8	Submit the Draft Review Integrated Development Plan (IDP) to Council for consideration by end-March 2026	One Draft Review Integrated Development Plan submitted to Council by end-March	1	Last Value	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A
TL9	Submit the Reviewed Integrated Development Plan (IDP) to Council for consideration by end-May 2026	One Reviewed Integrated Development Plan submitted to Council by end-May	1	Last Value	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	**0**	**0**	N/A

National Key Performance Area: Good Governance and Public Participation

Strategic Objective:

To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL10	Table the Annual Report as required by MFMA (121) to Council by end of January 2026	One Annual Report tabled to Council by the end of January 2026	1	Carry Over	1	N/A	NA	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A
TL11	Submit the Annual Report to Council as required by section 129 of the MFMA (121) approval annually by end of March 2026	One Annual Report tabled to Council for approval by the end of March 2026	1	Accumulative	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	**N/A**	**N/A**	N/A

National Key Performance Area: Good Governance and Public Participation Strategic Objective: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																				
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Original Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL12	Review the Macro structure annually and submit to Council for consideration by end May 2026	One reviewed Macro structure presented to Council by end-May 2026	0	Accumulative	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Good Governance and Public Participation Strategic Objective: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																		
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL27	Effective management and functional supervision of all the Directorates	Percentage of indicators of all the Directorates achieved, measured quarterly	100%	Stand-Alone	100%	N/A	N/A	N/A	Target not due for update	N/A	100%	34.03%	R	After excluding the 59.83% of items deemed not applicable, 34.03% of the applicable requirements were met, while 65.97% were not met. This highlights areas where corrective actions are needed to improve compliance and overall performance.	When excluding the 59.83% of items deemed not applicable, the recalculated results show that 34.03% of the applicable requirements were met, while 65.97% were not met.	100%	34.03%	R

National Key Performance Area: Good Governance and Public Participation

Strategic Objective:

To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL28	Effective management and functional supervision of the Sections in the department	Percentage of indicators of the Departmental Office of Municipal Manager, achieved measured quarterly	100%	Stand-Alone	100%	N/A	N/A	N/A	Target not due for update	N/A	100%	36.84%	R	Performance results reveal that 34.03% of applicable requirements for quarter 2	Progress will be tracked quarterly through documented performance reviews to improve achievement levels.	**100%**	**36.84%**	R
TL13	% of Internal audit actions implemented by 30 June 2026	100% of Internal audit actions implemented by 30 June	100%	Carry Over	100%	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Good Governance and Public Participation Strategic Objective: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL14	Number of Ordinary Council Meetings scheduled	Four Ordinary Council meetings scheduled for the financial year	1	Carry Over	1	1	1	G	Council Approved Schedule of meetings 2025/2026. Indicating scheduled Council Meetings	No corrective measure required	1	2	B	Meetings were scheduled and held for October 2025 and December 2025.	No correction required.	**1**	**2**	B
TL15	Develop and submit quarterly report on implemented Council resolutions	Quarterly report on implemented Council resolutions submitted one month after the end of the quarter	0	Carry Over	1	1	1	G	Execution List are distributed which contains Council resolutions	No corrective measure required as the target has been met	1	1	G	Updated execution list was submitted to council committees for progress report on the implementatio n of council resolutions.	No corrective measure required	**1**	**1**	G

National Key Performance Area: Good Governance and Public Participation Strategic Objective: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																				
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL16	Develop and submit the Oversight Report to Council by end-March in terms of Section 129 (1) of the Local Government: Municipal Finance Management Act, No. 56 of 2003 by end-March 2026	One Oversight Report submitted to Council by end-March	0	Stand-Alone	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	**N/A**	**N/A**	N/A

National Key Performance Area: Good Governance and Public Participation Strategic Objective: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Original Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL17	Submit the Section 52(d) Report to Council following the end of each quarter as prescribed in the Local Government: Municipal Finance Management Act, No. 56 of 2003	Four Section 52(d) Reports submitted to Council for noting	4	Carry Over	1	1	1	G	Quarter 4 Non-Financial Performance Assessment Report for the Period 1 April 2025-30 June 2025 was reported to Council	No corrective measure required as the target has been met	1	1	G	The S52(d) report as at 31 December 2025 was submitted to be tabled at the next special Council meeting which is 28 January 2026	Only proof on submission was reported, the Section 52(d) Report can only be uploaded after it has been submitted to Council for noting	**1**	**1**	G

National Key Performance Area: Good Governance and Public Participation
Strategic Objective:
To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL18	Submit the Annual Budget to Council for consideration by end-May 2026 as prescribed in the Local Government: Municipal Finance Management Act, No. 56 of 2003	One Annual Budget submitted to Council within the legislative deadline	1	Stand-Alone	1	N/A	N/A	N/A	Target not due for	N/A	N/A	N/A	N/A	Target not due	N/A	**N/A**	**N/A**	N/A

National Key Performance Area: Good Governance and Public Participation

Strategic Objective:

To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL19	Submit the Adjustment Budget to Council for consideration by end-February 2026 as prescribed in the Local Government: Municipal Finance Management Act, No. 56 of 2003	One Adjustment Budget submitted to Council within the legislative deadline	1	Stand-Alone	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	**N/A**	**N/A**	N/A

National Key Performance Area: Good Governance and Public Participation Strategic Objective: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Original Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL20	Submission of Fixed Asset Register (FAR) in compliance with applicable Generally Recognised Accounting Practice (GRAP) Standards to the Auditor-General by end-August 2025	One Fixed Asset Register submitted to the Auditor-General by end-August 2025	1	Stand-Alone	1	1	1	G	Fixed Asset Register was submitted to the AG on the 31 August 2025	No corrective measure required	N/A	N/A	N/A	Target not due	N/A	**1**	**1**	G

National Key Performance Area: Good Governance and Public Participation
Strategic Objective:
To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL21	Submission of the Annual Financial Statements to the Auditor-General by end-August 2025	One Annual Financial Statements submitted to the Auditor-General by end-August	1	Stand-Alone	1	1	1	G	Annual Financial Statements was sent to AG on the 31 August 2025	No corrective measure required	N/A	N/A	N/A	Target not due	N/A	**1**	**1**	G
TL22	Submission of the Reviewed Long-Term Financial Plan to Council by end-March 2026	One Reviewed Long-Term Financial Plan submitted to Council by end-March 2026	1	Stand-Alone	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Good Governance and Public Participation

Strategic Objective:

To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication

To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL23	Submit the Report on the Rehabilitation of Landfill Sites to Financial Services for inclusion in the Annual Financial Statements by end-June 2026	One Report on the Rehabilitation of Landfill Sites submitted to Financial Services by end-June of the financial year	1	Stand-Alone	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Good Governance and Public Participation **Strategic Objective:** To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Original Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL24	Submit the Reviewed Disaster Management Plan to Council for consideration by end-May 2026	One Reviewed Disaster Management Plan submitted to Council by end-May 2026	1	Stand-Alone	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A
TL25	Submit a funding application to the Department: Human Settlement (DHS) by end-March 2026	One funding application submitted to the Department: Human Settlements by end-March	1	Last Value	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Good Governance and Public Participation Strategic Objective: To encourage the involvement of communities in the matters of local government, through the promotion of open channels of communication To structure and manage the municipal administration to ensure efficient service delivery / To grow the revenue base of the municipality																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL26	Submit the Reviewed Municipal Spatial Development Framework (MSDF) to Council by end-May 2026	One Reviewed Municipal Spatial Development Framework submitted to Council by end-May 2026	1	Carry Over	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Local Economic Development Strategic Objective: To create an enabling environment for social development and economic growth																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL51	Number of employment opportunities created through the Municipality's local economic development initiatives	Expanded Public Works Programme employment opportunities created by the organisation and reported by 30 June of the financial year	196	Last Value	38	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Municipal Financial Viability and Transformation Strategic Objective: To grow the revenue base of the municipality																				
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL52	Financial viability measured in terms of the Municipality's ability to meet its service debt obligations (NKPI Proxy - MSA, Reg. S10(g)(i))	Debt coverage ratio ((Total operating revenue - conditional operating grants received) / (Debt service payments due within the year)) measured and reported quarterly	12.59%	Last Value	15%	15%	21%	G2	21% months debt ratio at 30 September 2025	No Corrective measure required	15%	19%	G2	Even though 19% is slightly above the targeted 15%. This is still within NT Norm	No Corrective measure required	**15%**	**19%**	G2

National Key Performance Area: Municipal Financial Viability and Transformation Strategic Objective: To grow the revenue base of the municipality																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL53	Financial viability measured in terms of number of days taken for creditors to be paid Trade creditors outstanding/creditors purchases (operating and capital) x 365]	Number of days to pay creditors	86.84	Last Value	30	30	84	B	The ration is actually based on annual and therefore will not be accurate as a result of Eskom that is paid a day after month end.	Target not met as per ratio.	30	5.30	R	Target Achieved	as achieved	**30**	**5.30**	R
TL54	Sound financial management by maintaining an acceptable Liquidity Ratio	Liquidity: Current Ratio, Calculated as (Current Assets / Current Liabilities	0.74	Last Value	1.20	1.20	1.52	G2	1.52 months Current ratio at 30 September 2025	No corrective measures required	1.20	1.59	G2	Target achieved	No corrective measures required	**1.20**	**1.59**	G2

National Key Performance Area: Municipal Financial Viability and Transformation Strategic Objective: To grow the revenue base of the municipality																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL55	Financial viability measured in terms of the collection period (average number of days) as at 30 June ((Gross Debtors - Bad Debt Provision) / Billed Revenue)) × 365	Debtors ratio in number of days	86.84	Reverse Accumulative	80	80	67.45%	R	The net debtors days amounts to 292.19 days at 30 September 2025	Improved revenue collection actions and more bad debt provision to reduce the debtors day ratio.	80	163.87	R	The net debtors days amounts to 163.87 days at 31 December 2025	Improved revenue collection actions and more bad debt provision to reduce the debtors' day ratio.	**80**	**163.87**	R
TL56	Achieve an average payment percentage of 91% by 30 June [Gross Debtors (Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100]	Gross Debtors (Opening Balance + Billed Revenue - Gross Debtors Closing Balance - Bad Debts Written Off) / Billed Revenue x 100	59.38%	Last Value	91%	91%	67.45%	R	67.45% Collection rate at 30 September 2025	Improved revenue collection actions to reduce the gross outstanding debtors amount.	91%	92.69%	G2	Target Achieved	No Corrective measure required	**91%**	**92.69%**	G2

National Key Performance Area: Municipal Financial Viability and Transformation Strategic Objective: To grow the revenue base of the municipality																			
KPI Ref	**KPI**	**Unit of Measurement**	**Baseline**	**Calculation Type**	**Annual Target**	**Quarter ending September 2025**					**Quarter ending December 2025**					**Overall Performance**		
						Target	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**	**Performance Comment**	**Corrective Measures**	**Target**	**Actual**	**R**
TL57	Raise / collect Operating Budget Revenue as per approved budget measured on a quarterly basis	One hundred percent of Total Annual Operating Budget Revenue raised / collected measured on a quarterly basis	93%	Last Value	100%	100%	98.52%	O	The % Actual Operating Expenditure against Budgeted Operating expenditure equates to 98.52% at 30 September 2025	The % Actual Operating Expenditure against Budgeted Operating expenditure equates to 98.52% at 30 September 2025	100%	96.70%	O	Target almost achieved	Investigations on Billing system to be conducted	**100%**	**96.70%**	O

National Key Performance Area: Municipal Financial Viability and Transformation Strategic Objective: To grow the revenue base of the municipality																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL58	Financial viability measured in terms of the outstanding service debtors (NKPI Proxy - MSA, Reg. S10(g)(ii))	Service debtors to revenue ratio - (Total outstanding service debtors / revenue received for services) measured on a quarterly basis	66.70%	Last Value	50%	50%	62.70%	G2	The service debtors to revenue ratio equates to 62.7% at 30 September 2025	No corrective measure as the target has been met	50%	103.40%	B	Target Achieved	No Corrective measure required	**50%**	**103.40%**	B

TL59	Financial viability measured in terms of the available cash to cover fixed operating expenditure (NKPI Proxy - MSA, Reg. S10(g)(iii))	Cost coverage as at 30 June annually: (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)	0.24	Last Value	1.30	1.30	2.19	B	0.73 months Cost Coverage at 30 September 2025	Cash needs to increase through improved revenue collection actions and the cost containment measures.	1.30	1.39	G2	Target achieved	No Corrective measure required	**1.30**	**1.39**	G2
TL60	Spend 95% of operational grants by 30 June	95% of operational spent by 30 June	0%	Accumulativ	95%	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Municipal Financial Viability and Transformation Strategic Objective: To grow the revenue base of the municipality																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL61	Spend 95% of capital grants by 30 June	95% of Capital spent by 30 June	0 %	Accumulative	95%	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A
TL62	Actual expenditure of the approved Capital Budget for the municipality by 30 June (NKPI - MSA, Reg. S10(c))	95% of the approved Capital Budget for the municipality actually spent by 30 June	0%	Accumulative	95%	20%	60.69%	B	%Capital Exp = 60.69% (3.368/5.549)*100	No Corrective Measures required	20%	20%	G	Information reflecting in the November Monthly Budget Statement	No Corrective Measures required	**40%**	**80.69%**	B
TL63	Spend 90% of the operating budget by 30 June	90% of operating budget spent by 30 June	0%	Accumulative	95%	20%	20%	G	Monthly Budget Statement Report containing requested information (September 2025)	No corrective measure required	20 %	20 %	G	Copy of 2025/2026 monthly operating budget and expenditure report for December 2025	No corrective measure required	**40 %**	**40 %**	G

National Key Performance Area: Municipal Transformation and Organisational Development

Strategic Objective:

To structure and manage the municipal administration to ensure efficient service delivery

KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL30	Submit the Quarterly Section 154 Support Plan, Progress Report to Council	Number of Section 154 Support Plan, Progress Reports submitted to Council	0	Accumulative	4	1	0	R	Meeting was on the 25 August 2025	The next report will serve at the schedule Council meeting which is scheduled for 30 October 2025	1	0	R			**2**	**0**	R
TL31	Complete bi-annual departmental risk assessments	Bi-annual departmental risk assessment completed	0	Accumulative	2	1	1	G	Minutes of Risk Management Committee Meetings	No corrective measure required as the target has been met	N/A	N/A	N/A	Target not due	N/A	**1**	**1**	G

National Key Performance Area: Municipal Transformation and Organisational Development Strategic Objective: To structure and manage the municipal administration to ensure efficient service delivery																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL32	The percentage of the payroll budget spent on implementing the Municipal Workplace Skills Plan (NKPI Proxy-MSA, Reg. S10(f))	Percentage of the municipality's payroll budget actually spent on implementing its Workplace Skills Plan ((Total Actual Training Expenditure / Total Annual payroll Budget) x 100), measured by 30 June 2026	99%	Stand-Alone	20%	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Municipal Transformation and Organisational Development Strategic Objective: To structure and manage the municipal administration to ensure efficient service delivery																			
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL33	Complete a conditional assessment and a review of the remaining useful life of all assets in the department and submit a certification in this regard to the Head Asset Management within the first week after the financial year end	Conditional Assessment and review of useful life of assets certificate submitted to Assets Unit	0	Carry Over	1	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

National Key Performance Area: Municipal Transformation and Organisational Development Strategic Objective: To structure and manage the municipal administration to ensure efficient service delivery																		
KPI Ref	KPI	Unit of Measurement	Baseline	Calculation Type	Original Annual Target	Quarter ending September 2025					Quarter ending December 2025					Overall Performance		
						Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R	Performance Comment	Corrective Measures	Target	Actual	R
TL34	The percentage of Internal audit actions implemented by 30 June 2026	100% of Internal audit actions implemented by 30 June 2026	0%	Last Value	100%	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A

TL29	The percentage (%) of appointments made in the three highest levels of management which comply with the Employment Equity Plan, measured by the Number of appointments in the three highest levels of management, which comply with Employment Equity targets/Total appointments made in three highest levels of management x 100 by end June 2026	% Employment in line with Employment Equity targets in the three highest levels of management by end-June	0%	Stand-Alone	70%	N/A	N/A	N/A	Target not due	N/A	N/A	N/A	N/A	Target not due	N/A	**N/A**	**N/A**	N/A

ANNEXURE B

Mid-year Budget Assessment Report

KNYSNA
Municipality Munisipaliteit uMasipala

inclusive II innovative II inspired

Mid-Year Budget Assessment Report

(Section 72 of the MFMA)

1 July 2025 – 31 December 2025

To the Municipal Council

I hereby wish to submit to the Municipal Council the Mid-year Budget Assessment Report on the implementation of the budget and the financial state of affairs of the Municipality for the first six months of the financial year (July 2025 to December 2025).

As per Section 54(1)(f) of the Municipal Finance Management Act (MFMA), the Executive Mayor must submit the Section 72 report (Mid-year Budget Assessment Report), as submitted by the Accounting Officer to him, to Council by the 31st of January of each year.

The submission of this report forms part of my general responsibilities as the Executive Mayor of Knysna Municipality, as stipulated in Section 52 of the MFMA. This report is intended to inform the Council about the state of the financial affairs of the Municipality to enable Council to exercise oversight responsibility.

CLLR THANDO MATIKA
THE EXECUTIVE MAYOR

23 January 2026

To the Executive Mayor

In accordance with Section 72(1) of the MFMA, I submit herewith the required Mid-Year Budget Assessment Report on the state of Knysna Municipality's budget, containing the financial performance for the six-month period ending December 2025.

Section 54(1) of the MFMA requires from the Executive Mayor to perform appropriate actions following the receipt of this Report in order to ensure that the approved budget is implemented in accordance with the projections included in the Service Delivery and Budget Implementation Plan.

Should the Mid-year Budget Assessment Report necessitate adjustments to the original approved budget, Regulation 23(1) of the Municipal Budget and Reporting Regulations will require the Executive Mayor to table an adjustments budget in the Municipal Council no later than 28 February 2026.

The administration is currently in the process of preparing an adjustments budget. Based on the contents of this Report, it is recommended that the Executive Mayor table an adjustments budget before End February 2026. The applicable Adjustments Budget Process Plan with tasks and time frames is attached to the item as Annexure A.

DR LULAMILE MAPHOLOBA
MUNICIPAL MANAGER

23 January 2026

TABLE OF CONTENTS

1. INTRODUCTION

The purpose of this report is for Council to consider the Mid-Year Budget and Performance Assessment for the period ending 31 December 2025 in the 2025-2026 financial year.

This report is used to assess the Municipality 2025-2026 Mid-Year Institutional Performance.

The report is both Financial and Non-Financial as well as based on Service Delivery Performance Assessment as contained in the Municipality's Service Delivery and Budget Implementation Plan SDBIP.

The report is compiled using the Municipal's Financial In-Year Reports Section 71 monthly report as well as Section 52 quarterly report.

The report provides oversight and analysis regarding the manner in which performance targets at Institutional level has been achieved for the first six months of the 2025-2026 financial year as well as identify areas where appropriate interventions to improve performance are deemed necessary and recommend an adjustments budget where possible.

Take into account the previous year's Annual Report and progress made on resolving problems identified in the Annual Report.

Once the Mayor has considered the report, it must be submitted to Council by 31 January in terms of Section 54 of the MFMA.

2. LEGISLATION

In terms of Section 72, of the Municipal Finance Management Act No. 56, 2003, the accounting Officer of the Municipality MUST by 25 January of each year submit a Mid-Year Performance Assessment report of the Municipality to the Mayor of the Municipality.

(1) The accounting officer of a municipality must by 25 January of each year:

(a) assess the performance of the municipality during the first half of the financial year, taking into account—

(i) the monthly statements referred to in section 71 for the first half of the financial year;

(ii) the municipality's service delivery performance during the first half of the financial year, and the service delivery targets and performance indicators set in the service delivery and budget implementation plan;

(iii) the past year's annual report, and progress on resolving problems identified in the annual report; and

(iv) the performance of every municipal entity under the sole or shared control of the municipality, taking into account reports in terms of section 88 from any such entities; and

(b) submit a report on such assessment to—
(i) the mayor of the municipality;
(ii) the National Treasury; and
(iii) the relevant provincial treasury.

(2) The statement referred to in section 71(1) for the sixth month of a financial year may be incorporated into the report referred to in subsection (1)(b) of this section.

(3) The accounting officer must, as part of the review—

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

On receipt of the report submitted by the Accounting Officer in terms of section 71 or 72, the Mayor must submit the report to the council by 31 January of each year.

3. HIGH LEVEL OPERATING BUDGET ASSESSMENT

3.1 Operating Revenue per Category

3.1.1 The high-level budget assessment of operating revenue (capital grants included) per category is presented in Table 1 below.

Table 1: High Level Summary of Operating Revenue per Category

Row Number	Description	2024/2025 Audited Outcome	Budget Year 2025/2026 Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual Revenue 31/12/2025	Actual Revenue as a % of Budgeted Revenue	Projected Revenue for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
Column Reference	A	B	C	D	E	F	G	H	I	J
1	Exchange Revenue / Service charges - Electricity	397 815 523	465 762 477	0	465 762 477	226 981 722	48.7%	444 567 146	-21 195 331	-4.6%
2	Exchange Revenue / Service charges - Water	99 352 519	112 803 280	0	112 803 280	57 979 926	51.4%	104 633 740	-8 169 540	-7.2%
3	Exchange Revenue / Service charges - Waste Water Management	31 707 880	79 041 338	0	79 041 338	20 706 212	26.2%	39 667 656	-39 373 682	-49.8%
4	Exchange Revenue / Service charges - Waste Management	37 859 716	46 612 040	0	46 612 040	31 239 528	67.0%	47 548 848	936 808	2.0%
5	Exchange Revenue / Sale of Goods and Rendering of Services	29 433 817	32 753 342	0	32 753 342	22 350 304	68.2%	33 308 999	555 657	1.7%
6	Exchange Revenue / Agency services	3 663 094	4 037 734	0	4 037 734	2 228 563	55.2%	4 179 896	142 162	3.5%
7	Exchange Revenue / Interest earned from Receivables	29 520 070	29 324 126	0	29 324 126	14 540 519	49.6%	29 120 704	-203 422	-0.7%
8	Exchange Revenue / Interest earned from Current and Non Curre	5 307 557	4 626 054	0	4 626 054	4 152 924	89.8%	8 428 808	3 802 754	82.2%
9	Exchange Revenue / Rental from Fixed Assets	7 758 222	8 582 855	0	8 582 855	3 927 455	45.8%	7 405 209	-1 177 646	-13.7%
10	Exchange Revenue / Licence and permits	319 536	385 314	0	385 314	67 278	17.5%	239 219	-146 095	-37.9%
11	Exchange Revenue / Operational Revenue	6 196 884	4 623 655	0	4 623 655	1 998 218	43.2%	4 988 923	365 268	7.9%
12	Non-Exchange Revenue / Property rates	348 305 529	362 049 268	0	362 049 268	217 525 432	60.1%	357 157 468	-4 891 800	-1.4%
13	Non-Exchange Revenue / Fines, penalties and forfeits	97 189 773	103 207 460	0	103 207 460	26 049 510	25.2%	103 208 532	1 072	0.0%
14	Non-Exchange Revenue / Licences or permits	1 478 151	1 456 651	0	1 456 651	609 431	41.8%	1 214 431	-242 220	-16.6%
15	Non-Exchange Revenue / Transfer and subsidies - Operational	153 070 650	165 381 826	10 591 727	175 973 553	120 099 257	68.2%	175 973 553	0	0.0%
16	Non-Exchange Revenue / Interest	11 092 660	11 810 635	0	11 810 635	5 619 260	47.6%	11 341 484	-469 151	-4.0%
17	Non-Exchange Revenue / Gains on disposal of Assets	0	1 000 000	0	1 000 000	0	0.0%	1 000 000	0	0.0%
18	Non-Exchange Revenue / Other Gains	8 495 566	0	0	0	440 798	0.0%	440 798	440 798	0.0%
19	Sub-Total	1 268 567 147	1 433 458 055	10 591 727	1 444 049 782	756 516 338	52.4%	1 374 425 416	-69 624 366	-4.8%
20	Transfers and Subsidies: Capital	46 964 155	63 633 174	27 304	63 660 478	14 693 490	23.1%	63 660 478	0	0.0%
21	Transfers and Subsidies: Donations	850 425	0	0	0	0	0.0%	0	0	0.0%
22	Grand Total	1 316 381 727	1 497 091 229	10 619 031	1 507 710 260	771 209 828	51.2%	1 438 085 894	-69 624 366	-4.6%

3.1.2 The year-to-date actual revenue (capital grants excluded) for the six months period ending 31 December 2025 amounted to R 756.5 million (Row 19 & Column F) and represents 52.4% (Row 19 & Column G) of the adjusted budgeted revenue of R 1.444 billion (Row 19 & Column E).

This performance is R60.1 million or 5.0% more than the R696.4 million reported in December 2024 which was slightly over the 5.4% CPI increase in the current year.

R 69.6 million (Row 19 & Column I) is projected as an overall operating revenue reduction and will necessitate some amendments in an adjustments budget.

3.1.3 Revenue (capital grants included) for the financial year projects an amount of R 1.438 billion (Row 22 & Column G) compared with the budgeted revenue of R 1.507 billion (Row 22 & Column H) which translates to an overall reduction of 4.6% projected on main services.

3.1.4 Notable variances are as follows:

(a) Service Charges Waste Wate Management: A negative variance of R 39.3 million or 49.8% on Sanitation revenue reduction is projected. The reasons for the reduction as follows:

- The total billing was projected on 70% water Consumption as Council approved the new Sanitation tariff however the set-up on some water meters resulted in difficulties to get the units per household. This is still being address with some rate payers in order to get readings per unit in most of the developments.

- There has been an outcry by some of the customers that has been billed in line with the new tariff as their Sanitation bill went significantly more than their used basic charge. It was advised they seek possible waiver from Council and every application be looked at individually as circumstances vary. It seems that those key customers did not participate during the IDP/Budget roadshows where the tariff increase was presented

- Also, there is no growth in the actual cash in the bank rather a 5% reduction when compared to December 2024 outcome

- The value of the Sanitation basic Charge for Domestic Customers was equivalent to 12 kl of water when quantifying it. There is also a number of customers consuming less than 12 kl's of water and only basic charge was billed and some customers reducing their consumption in order to save from the new Sanitation bill.

- The projected revenue of R 39.6 million is 25.1% more than the R 31.7 million 2024/2025 audited outcome.

(b) Service Charges - Electricity: A negative variance of R 21.1 million or 4.6% against the budget of R 465.7 million is projected.

- The percentage increase for the Electricity service charges in the current financial year is 16% and 13% for residential and other customers respectively based on the Cost of Supply Study outcome however the billing growth declined to 9% when comparing revenue billed December 2025 (R226.9 million) against 2024 outcome (R209.0 million).

- The certain decline is mainly on the KVA Demand Bulk as well as Domestic customers. Due to high increases in Eskom charges some customers are consuming less energy and finding alternative sources this is evidence in the overall units consumed.

- The remainder of the months are projected on the declined revenue growth of 9% instead of the average anticipated increase of 14%.

- Though the percentage billing growth is 9% for the period the actual cash collections are at 7% which is R126.8 million in December 2025 against R118.9 million in December 2024 audited outcome. Once more, no correlation of growth between revenue billed and cash collected.

- The projected revenue of R 444.5 million is 11% more than the R 397.8 million for the 2024/2025 audited outcome.

(c) Service charges – Water: a negative variance of R8.1 million or 7.2% against R 112.8 million budget projected.

- The variance is mainly on the Business Customers billing as well as Domestic Customers prepaid sales due to the blue water meters reached its life span as a result faulty meters being by-passed hence the decline projected.

- Another decline noted was on the rebates issued to indigent customers from R2.1 million in December 2024 to R935 thousand in December 2025.

- The remainder of the period was projected on the average billing of the current outcome also compared to audited outcome as at End-June 2025. The water crisis at hand, pipe burst and non-purchases are continuing putting pressure on the revenue.

- Though there are improvements in terms of smart meters replaced in Sedgefield as a pilot in affected customers. Any revenue increase impact can be determined by year-end.

- Actual cash in the bank increased from R43.5 million in December 2024 to R49.9 million in December 2025.

- The projected revenue of R 104.6 million is 5.3% more than the R 99.3 million 2024/2025 audited outcome.

(d) Property Rates: a negative variance of R4.8 million or 1.4% against R 362.0 million budget projected.

- The YTD billing is R217.5 million against the R212.3 million YTD budget projected as at December 2025. The actuals are R5.3 million more than anticipated budget mainly on the Agriculture Properties due to the change in the tariff implementation done just before the final budget was approved while the YTD of this rebate was annualised in July also the discretionary rebate offered by Council which was more than the annual budget.

  There was a slight increase in the Domestic Rates Residential YTD actuals compared to the YTD budget and sluggish increase in other categories of property rates.

- The R 217.5 million is 3% or R 6.6 million more than the R 210.9 million December 2024 outcome which is below the 4.3% increase implemented for the 2025-2026 Property Rates tariff increase.

- Actual cash in the bank increased from R 182.4 million in December 2024 to R 185.2 million in December 2025.

- The projected revenue of R 357.1 million is 2.5% more than the R 348.3 million 2024-2025 audited outcome.

(e) Rental from Fixed Assets: a negative variance of R 1.1 million or 13.7% against the budget of R 8.5 million.

- There was an under billing of R634 thousand against the YTD budget of R 4.5 million and this was mainly on the Land Rentals as well as the Caravan Park revenue items. These items also reduced compared to December 2024 outcome.

- There was a slight decrease in the cash in the bank from R 2.8 million in December 2024 to R 2.7 million in December 2025.

- The projected revenue of R 7.4 million is reduced by 4.6% or R353 thousand compared to R 7.7 million 2024-2025 audited outcome.

(f) Exchange Revenue / Interest earned from Current and Non-Current Assets: a positive variance of R 3.8 million or 82.2% against the budget of R 4.6 million.

- 89.8% of the annual budget for the interest has been recognised due to the rise in the investments that resulted in more interest received and this will be adjusted upward with the February Adjustments budget.

- The anticipated additional revenue will be 58.8% or R3.1 million more that the audited outcome of R5.3 million.

(g) Service Charges - Refuse: a positive variance of R 936 million or 2% against the budget of R 46.6 million.

- The YTD billing is in line with the YTD projections.

- The actual cash in the bank increased by 15% from R 18.4 million in December 2024 to R 21.1 million in December 2025 which was less than the 20% increase implemented with the current budget.

- The projected revenue of R 47.5 million is 25.6% more than the R 37.8 million 2024-2025 audited outcome.

(h) Transfers and Subsidies both Operating and Capital: some of the Provincial and National Grants applied to be Roll-over in the new financial year were approved and some were not approved to some R19 million rather deducted from the Equitable Share. All will be addressed with the main adjustments budget process.

3.1.5 It is evident from the projected revenue amounts and the additional grant allocations that an adjustments budget needs to be prepared and tabled in Council to adjust the budget accordingly.

3.2 Operating Expenditure per Category

3.2.1 The high-level budget assessment of operating expenditure per category is presented in Table 2 below.

Positive variance ( )

Row Number	Description	2024/2025 Audited Outcome	Budget Year 2025/2026							
			Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual Operating Expenditure 31/12/2025	Actual Expenditure as a % of Expenditure Revenue	Projected Expenditure for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
Column Reference	A	B	C	D	E	F	G	H	I	J
1	Expenditure / Employee related costs	333 976 569	374 677 754	-27 304	374 650 450	168 843 131	45,1%	340 207 868	-34 442 582	-9,2%
2	Expenditure / Remuneration of councillors	9 684 105	11 925 784	0	11 925 784	4 941 168	41,4%	10 101 842	-1 823 942	-15,3%
3	Expenditure / Bulk purchases - electricity	328 988 074	357 093 221	0	357 093 221	158 639 973	44,4%	366 201 209	9 107 988	2,6%
4	Expenditure / Inventory consumed	40 896 343	46 693 594	-364 524	46 329 070	13 184 085	28,5%	50 838 969	4 509 899	9,7%
5	Expenditure / Dept Impairment	126 780 470	119 548 650	0	119 548 650	27 365 225	22,9%	119 548 650	0	0,0%
6	Expenditure / Depreciation and amortisation	54 160 812	68 548 010	0	68 548 010	26 051 452	38,0%	68 533 090	-14 920	0,0%
7	Expenditure / Interest	35 701 142	29 426 064	0	29 426 064	14 801 891	50,3%	28 230 699	-1 195 365	-4,1%
8	Expenditure / Contracted services	150 412 891	152 032 410	849 254	152 881 664	68 711 330	44,9%	152 881 664	0	0,0%
9	Expenditure / Transfers and subsidies	1 661 039	3 634 823	10 619 031	14 253 854	4 243 027	29,8%	13 892 847	-361 008	-2,5%
10	Expenditure / Irrecoverable debts written off	0	9 403 903	0	9 403 903	0	0,0%	9 403 903	0	0,0%
11	Expenditure / Operational costs	84 343 265	89 389 646	-484 730	88 904 916	46 581 498	52,4%	88 904 916	0	0,0%
12	Expenditure / Other Losses		0	0	0	0	0,0%	0	0	0,0%
13	Grand Total	1 166 604 708	1 262 373 859	10 591 727	1 272 965 586	533 362 780	41,9%	1 248 745 655	-24 219 931	-1,9%

3.2.2 The year-to-date actual expenditure for the six months period ending 31 December 2025 amounted to R 533.3 million (Row 13 & Column F) and represents 41.9% (Row 13 & Column G) of the adjusted budgeted expenditure of R 1,272 billion (Row 13 & Column E).

The total operating expenditure performance is R 52.9 million less than the December 2024 outcome of R 586.2 million. Compared to an increase of R 115.1 million in the December 2023 (R 471.1 million).

The decrease was on cash items such as Inventory Consumed, Finance Cost/Interest as well as Other Operational Costs. There was a significant decline also in the Debt Impairment.

R 24.2 million (Row 13 & Column I) is projected as an overall operating expenditure reduction by year-end.

The reduction projected in Employee Related Costs emanates from Salary savings realised from 111 vacant posts not yet filled.

Bulk Purchases – Electricity as well as Inventory Consumed projects over expenditure by year end due to the following:

The Knysna Water Crisis was declared as disaster and possible expenditure not budgeted may be incurred in line with section 29 of the MFMA for the Water Chemicals under Inventory Consumed as well as new rates increased approved on Water Chemicals.

When 2025-2026 budget was prepared, the 11.32% increase in Bulk purchases was implemented in the YTD expenditure and projected remainder of the period however the June invoice that was processed against the 13th period invoice was significantly more than the available budget.

This was communicated with the Electrical Department for further investigation be done on Eskom Account in order to reduce the Network Demand Expenditure.

Unless that happens, a provision needs to be allocated based on 2024-2025 audited outcome. These figures are material therefore necessitate amendments in an adjustments budget.
An extensive exercise is performed between Finance and Service Departments in going through the projected adjustments of R 24.2 million in expenditure and will be presented in the main Adjustments budget.

3.2.3 Operating expenditure projects an amount of R 82.1 million or 7% escalation more that the audited outcome of R 1.166 billion.

3.2.4 Notable variances are as follows:

(a) Employee Related Costs: A positive variance of R 34.4 million or 9.2% mainly as a result of savings of vacant posts not filled.

This projection was purely based on the sluggish rate on filing of vacant posts to date. The total value of vacant posts was R43.6 million however the over expenditure projected in the allowances such as overtime, standby additional/ acting, etc resulted in the significant reduction in the vacant post savings as depicted in table 2.1 below.

There were several Contract positions across departments that were temporarily filled from these savings and the actual impact will be determined with the January costing.

Possible increase in the senior managers reporting directly to the Accounting Officer, based on the upper limits will also be covered from these salary savings

These projected expenditure costs have a negative impact on a total salary budget of the vacant post as well as needs from service department to cover departmental operational costs from savings realised of which the impact will have to be addressed with the February adjustments budget.

Table 2.1: Employee Related Operating Expenditure per Sub-Category										
			Budget Year 2025/2026							
Row Number	Description	2024/2025 Audited Outcome	Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
Column Reference	A	B	C	D	E	F	G	H	I	J
1	Acting and Post Related Allowances	2 606 273	945 682	195 000	1 140 682	775 347	68.0%	1 778 760	638 078	55.9%
2	Bargaining Council	89 934	105 763	0	105 763	47 652	45.1%	95 317	-10 446	-9.9%
3	Basic Salary	5 573 723	8 367 406	-435 622	7 931 784	3 360 906	42.4%	6 722 444	-1 209 340	-15.2%
4	Basic Salary and Wages	186 389 037	226 056 794	-1 676 653	224 380 141	97 212 920	43.3%	195 544 790	-28 835 351	-12.9%
5	Bonus	15 161 305	15 884 848	0	15 884 848	15 221 839	95.8%	15 233 281	-651 567	-4.1%
6	Bonuses	301 522	485 738	0	485 738	265 000	54.6%	506 489	20 751	4.3%
7	Cellular and Telephone	0	6 436	-2 000	4 436	0	0.0%	4 436	0	0.0%
8	Current Service Cost	2 723 000	0	0	0	0	0.0%	0	0	0.0%
9	Expected return on Plan Assets/Reimbursement R	0	0	0	0	0	0.0%	0	0	0.0%
10	Fire Brigade	1 407 390	169 023	1 286 349	1 455 372	645 235	44.3%	1 273 981	-181 391	-12.5%
11	Group Life Insurance	5 231 910	6 163 324	24 827	6 188 151	2 814 776	45.5%	5 676 472	-511 679	-8.3%
12	Housing Benefits	1 066 741	962 466	0	962 466	342 877	35.6%	779 013	-183 453	-19.1%
13	Interest Cost	13 955 000	15 042 000	0	15 042 000	0	0.0%	15 042 000	0	0.0%
14	Leave Pay	4 969 945	3 228 553	0	3 228 553	1 345 250	41.7%	2 636 690	-591 863	-18.3%
15	Long Service Award	1 500 000	0	0	0	0	#DIV/0!	0	0	#DIV/0!
16	Medical	14 473 451	17 121 839	27 600	17 149 439	7 661 349	44.7%	15 544 365	-1 605 074	-9.4%
17	Night Shift	1 430 924	1 538 004	0	1 538 004	657 825	42.8%	1 298 555	-239 449	-15.6%
18	Non Structured	10 575 139	7 754 023	100 000	7 854 023	4 474 195	57.0%	9 335 037	1 481 014	18.9%
19	Non-pensionable	0	0	0	0	0	0.0%	0	0	0.0%
20	Pension	32 173 070	39 332 797	250 555	39 583 352	17 353 169	43.8%	34 805 114	-4 778 238	-12.1%
21	Rental Subsidy	1 781 382	2 698 023	0	2 698 023	741 822	27.5%	1 501 610	-1 196 413	-44.3%
22	Scarcity	0	0	0	0	0	0.0%	0	0	0.0%
23	Scarcity Allowance	2 698 032	1 944 772	0	1 944 772	1 190 980	61.2%	2 580 347	635 575	32.7%
24	Shift Additional Remuneration	4 452 638	4 064 360	0	4 064 360	2 018 775	49.7%	3 860 673	-203 687	-5.0%
25	Standby Allowance	8 237 949	4 502 841	10 000	4 512 841	3 381 668	74.9%	6 663 860	2 151 019	47.7%
26	Structured	11 408 449	7 149 577	60 000	7 209 577	4 754 788	66.0%	9 464 316	2 254 739	31.3%
27	Travel or Motor Vehicle	8 763 487	9 304 681	133 761	9 438 442	3 866 187	41.0%	8 432 985	-1 005 457	-10.7%
28	Unemployment Insurance	1 669 828	1 848 236	-1 121	1 847 115	710 307	38.5%	1 426 804	-420 311	-22.8%
29	Uniform/Special/Protective Clothing	528	568	0	568	264	46.5%	528	-40	-7.0%
30	Grand Total	338 640 656	374 677 754	-27 304	374 650 450	168 843 131	45.1%	340 207 868	-34 442 582	-9.2%

(b) Expenditure / Bulk purchases - Electricity: an increase of R 9.1 million or 2.6% due to possible over expenditure by year-end.

An increase of 11.32% on audited actuals of R 328.9 million amounts to R366.3 million. There was an excessive increase in the June Eskom payment as well as Network Demand Charge paid more than required. Unless these are investigated, R9.1 million upward adjustments is required.

This was communicated with the Electrical Department that it be investigated for immediately correction.

(c) Expenditure/ Inventory Consumed: A positive variance of R 4.5million or 9.7% on mainly Water Chemicals. Due to the declaration of the Water crisis as a disaster as well as price increases in the water chemicals tariffs.

(d) Interest: A negative variance or savings of R 1.1 million or 4.1% on mainly on Finance Charges due to non-withdrawal of Loans budgeted for.

3.2.5 It is evident from the projected expenditure amounts and the additional/amended grant allocations that an adjustments budget needs to be prepared and tabled in Council.

3.3 Operating Revenue and Expenditure Summary

3.3.1 The high-level budget assessment of operating revenue (capital grants included) and operating expenditure is presented in Table 3 below.

Table 3: High Level Summary of Operating Revenue and Expenditure

Row Number	Description	2024/2025 Audited Outcome	Budget Year 2025/2026 Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
Column Reference	A	B	C	D	E	F	G	H	I	J
1	Total Operating Revenue	1 268 567 147	1 433 458 055	10 591 727	1 444 049 782	756 516 338	52.4%	1 374 425 416	-69 624 366	-4.8%
2	Total Operating Expenditure	1 175 100 275	1 262 373 859	10 591 727	1 272 965 586	533 362 780	41.9%	1 248 745 655	24 219 931	1.9%
3	Operating Surplus / (Deficit)	93 466 873	171 084 196	-	171 084 196	223 153 558	130.4%	125 679 761	-45 404 435	-27%
4	Transfers and Subsidies: Capital	46 964 155	63 633 174	27 304	63 660 478	14 693 490	23.1%	63 660 478	-	0.0%
5	Transfers and Subsidies: Donations	850 425	-	-	-	-	#DIV/0!	-	-	#DIV/0!
6	Surplus / (Deficit) for the Year	141 281 453	234 717 370	27 304	234 744 674	237 847 048	#DIV/0!	189 340 239	-45 404 435	#DIV/0!

3.3.2 Total operating revenue (capital grants excluded) for the financial year under review projects a negative variance of R 69.6 million (Row 1 & Column I) Excluding the Provincial Grants gazette received in the current year.

Total operating expenditure projects under-expenditure of R 24.2 million (Row 2 & Column I). Therefore, an overall negative variance of R 45.4 million (Row 3 & Column I) is projected for the 2025/2026 financial year.

3.3.3 The current adjustments budget reflects an operating surplus (capital grants excluded) of R 171.0 million (Row 3 & Column E). this was reserved to fund Capital expenditure funded through Capital Replacement Reserve as well as the redemption portion of the loans.

3.3.4 The current adjustments budget reflects an overall surplus (capital grants included) of R 234.7 million (Row 6 & Column E) compared with the projected overall surplus of R 189.3 million (Row 6 & Column H).

3.4 OPERATING BUDGET PER DIRECTORATE

3.4.1 EXECUTIVE AND COUNCIL

Table 2.3: High Level Summary of Vote 1: Executive and Council Operating Financial Performance per Category

Description	2024/2025 Audited Outcome	Budget Year 2025/2026 Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
A	B	C	D	E	F	G	H	I	J
Non-Exchange Revenue / Transfer and subsidies - Operationa	4 835 000	5 031 000	0	5 031 000	3 773 250	75,0%	5 031 000	0	0,0%
Non-Exchange Revenue / Interest	0	0	0	0	0	0,0%	0	0	#DIV/0!
Non-Exchange Revenue / Gains on disposal of Assets	0	1 000 000	0	1 000 000	0	0,0%	1 000 000	0	0,0%
Non-Exchange Revenue / Other Gains	6 994 139	0	0	0	0	0,0%	0	0	#DIV/0!
Sub-Total	11 829 139	6 031 000	0	6 031 000	3 773 250	62,6%	6 031 000	0	0,0%
Transfers and Subsidies: Capital	0	0	0	0	0	0,0%	0	0	#DIV/0!
Transfers and Subsidies: Donations	0	0	0	0	0	0,0%	0	0	#DIV/0!
Revenue Grand Total	11 829 139	6 031 000	0	6 031 000	3 773 250	62,6%	6 031 000	0	0,0%
Expenditure / Employee related costs	27 878 251	29 106 020	0	29 106 020	5 445 838	18,7%	25 359 336	-3 746 684	-12,9%
Expenditure / Remuneration of councillors	9 684 105	11 925 784	0	11 925 784	4 941 168	41,4%	10 101 842	-1 823 942	-15,3%
Expenditure / Bulk purchases - electricity	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Inventory consumed	104 724	132 568	0	132 568	42 906	32,4%	132 568	0	0,0%
Expenditure / Dept Impairment	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Depreciation and amortisation	287 627	268 937	44 539	313 476	243 732	77,8%	313 476	0	0,0%
Expenditure / Interest	2 395 651	92 959	0	92 959	48 853	52,6%	55 137	-37 822	-40,7%
Expenditure / Contracted services	2 148 178	3 600 000	-225 000	3 375 000	296 462	8,8%	3 375 000	0	0,0%
Expenditure / Transfers and subsidies	877 603	1 345 823	0	1 345 823	156 810	11,7%	1 345 823	0	0,0%
Expenditure / Irrecoverable debts written off	0	2 845 800	0	2 845 800	0	0,0%	2 845 800	0	0,0%
Expenditure / Operational costs	879 161	1 301 041	225 000	1 526 041	718 732	47,1%	1 526 041	0	0,0%
Expenditure / Other Losses	39 773	0	0	0	0	0,0%	0	0	#DIV/0!
Operating Expenditure Grand Total	44 295 073	50 618 932	44 539	50 663 471	11 894 500	23%	45 055 023	-5 608 448	#DIV/0!
Surplus/ -Deficit	-32 465 934	-44 587 932	-44 539	-44 632 471	-8 121 250	18%	-39 024 023	5 608 448	#DIV/0!

- The above table depicts Exective and Council Directorate (Vote 1). It comprises the Council General, the MM's office, Risk Management, Communication and the IDP office.

- Revenue reflected relates to the Equitable Share co-funding for the Councillors Remuneration as well as Disposal of Municipal Assets. The expected proceeds from the sale of the Smokey Mountain Trading Buffalo Bay property projected at R17 million will be included in this adjustments budget as it will be received before End June 2026.

- YTD expenditure is 23% against annual budget of R50.6 million.

3.4.2 CORPORATE SERVICES

Table 2.4: High Level Summary of Vote 2: Corporate Services Operating Financial Performance per Category

Description	2024/2025 Audited Outcome	Budget Year 2025/2026 Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
A	B	C	D	E	F	G	H	I	J
Exchange Revenue / Sale of Goods and Rendering of Services	268 066	287 315	0	287 315	-304	-0,1%	287 011	-304	-0,1%
Exchange Revenue / Rental from Fixed Assets	4 764 464	4 842 201	0	4 842 201	2 384 969	49,3%	3 810 563	-1 031 638	-21,3%
Exchange Revenue / Licence and permits	1 739	4 548	0	4 548	0	0,0%	0	-4 548	-100,0%
Exchange Revenue / Operational Revenue	1 121 340	287	0	287	360 827	125723,8%	577 827	577 540	201233,6%
Non-Exchange Revenue / Transfer and subsidies - Operationa	1 881 940	4 286 328	10 619 031	14 905 359	5 799 327	38,9%	14 905 359	0	0,0%
Sub-Total	8 037 549	9 420 679	10 619 031	20 039 710	8 544 819	42,6%	19 580 760	-458 950	-2,3%
Transfers and Subsidies: Capital	0	0	0	0	0	0,0%	0	0	#DIV/0!
Transfers and Subsidies: Donations	0	0	0	0	0	0,0%	0	0	#DIV/0!
Revenue Grand Total	8 037 549	9 420 679	10 619 031	20 039 710	8 544 819	42,6%	19 580 760	-458 950	-2,3%
Expenditure / Employee related costs	28 427 231	39 090 579	0	39 090 579	15 810 908	40,4%	30 591 319	-8 499 260	-21,7%
Expenditure / Inventory consumed	184 875	261 889	0	261 889	90 194	34,4%	261 889	0	0,0%
Expenditure / Dept Impairment	17 757	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Depreciation and amortisation	1 019 651	1 035 643	281 827	1 317 470	1 752 833	133,0%	1 317 470	0	0,0%
Expenditure / Interest	558 811	283 641	266	283 907	102 670	36,2%	205 062	-78 845	-27,8%
Expenditure / Contracted services	5 965 056	8 668 388	988 000	9 656 388	5 904 898	61,2%	9 656 388	0	0,0%
Expenditure / Transfers and subsidies	483 036	2 289 000	266 471	2 555 471	0	0,0%	2 555 471	0	0,0%
Expenditure / Irrecoverable debts written off	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Operational costs	27 337 279	30 731 681	-1 724 770	29 006 911	11 591 643	40,0%	29 006 911	0	0,0%
Expenditure / Other Losses	30 035	0	0	0	0	0,0%	0	0	#DIV/0!
Operating Expenditure Grand Total	64 023 731	82 360 821	-188 206	82 172 615	35 253 146	43%	73 594 510	-8 578 105	#DIV/0!
Surplus/ -Deficit	-55 986 182	-72 940 142	10 807 237	-62 132 905	-26 708 328	43%	-54 013 750	8 119 155	#DIV/0!

- The above table depicts Corporate Services Directorate (Vote 2). It comprises of the Office of the Director, Human Resources, Public Participation, Legal Services, Administration and Committee Services, ICT, Property and Records Management.

- Revenue reflected relates mainly on the Rental of Municipal properties managed by the Property/ Estate Department, Encroachments as well as CHIETA grant.

  The SETA grant revenue was included under Corporate Services however will be corrected to Planning with the main Adjustment budget process.

- YTD expenditure is 43% against annual budget of R 82.1 million.

3.4.3 FINANCIAL SERVICES

Table 2.5: High Level Summary of Vote 3: Financial Services Operating Financial Performance per Category

Description	2024/2025 Audited Outcome	Budget Year 2025/2026 Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
A	B	C	D	E	F	G	H	I	J
Exchange Revenue / Sale of Goods and Rendering of Services	290 003	250 340	0	250 340	151 480	60,5%	226 616	-23 724	-9,5%
Exchange Revenue / Agency services	0	0	0	0	0	0,0%	0	0	#DIV/0!
Exchange Revenue / Interest earned from Receivables	709 604	780 861	0	780 861	409 390	52,4%	830 960	50 099	6,4%
Exchange Revenue / Interest earned from Current and Non Cu	5 307 557	4 626 054	0	4 626 054	4 152 924	89,8%	8 428 808	3 802 754	82,2%
Exchange Revenue / Operational Revenue	313 724	324 388	0	324 388	124 211	38,3%	271 145	-53 243	-16,4%
Non-Exchange Revenue / Property rates	348 305 523	362 049 262	0	362 049 262	217 525 429	60,1%	357 157 462	-4 891 800	-1,4%
Non-Exchange Revenue / Fines, penalties and forfeits	530	-523	0	-523	0	0,0%	0	523	-100,0%
Non-Exchange Revenue / Transfer and subsidies - Operationa	2 116 661	1 900 000	0	1 900 000	404 884	21,3%	1 900 000	0	0,0%
Non-Exchange Revenue / Interest	11 092 660	11 810 635	0	11 810 635	5 619 260	47,6%	11 341 484	-469 151	-4,0%
Non-Exchange Revenue / Other Gains	1 501 427	0	0	0	440 798	0,0%	440 798	440 798	#DIV/0!
Sub-Total	369 637 689	381 741 017	0	381 741 017	228 828 377	59,9%	380 597 274	-1 143 743	-0,3%
Transfers and Subsidies: Capital	0	0	0	0	0	0,0%	0	0	#DIV/0!
Transfers and Subsidies: Donations	0	0	0	0	0	0,0%	0	0	#DIV/0!
Revenue Grand Total	369 637 689	381 741 017	0	381 741 017	228 828 377	59,9%	380 597 274	-1 143 743	-0,3%
Expenditure / Employee related costs	41 125 548	46 007 053	0	46 007 053	22 679 300	49,3%	43 203 518	-2 803 535	-6,1%
Expenditure / Inventory consumed	295 809	410 572	0	410 572	188 948	46,0%	410 572	0	0,0%
Expenditure / Dept Impairment	8 026 112	28 248 950	0	28 248 950	11 770 395	41,7%	28 248 950	0	0,0%
Expenditure / Depreciation and amortisation	1 255 778	278 779	122 166	400 945	293 895	73,3%	395 421	-5 524	-1,4%
Expenditure / Interest	110 549	121 161	-33	121 128	59 338	49,0%	75 495	-45 633	-37,7%
Expenditure / Contracted services	3 733 588	5 457 000	-360 000	5 097 000	1 820 813	35,7%	5 097 000	0	0,0%
Expenditure / Operational costs	10 648 169	12 216 541	946 770	13 163 311	10 924 123	83,0%	13 163 311	0	0,0%
Expenditure / Other Losses	3 218 472	0	0	0	0	0,0%	0	0	#DIV/0!
Operating Expenditure Grand Total	68 714 426	92 740 056	708 903	93 448 959	47 736 811	51%	90 594 267	-2 854 692	#DIV/0!
Surplus/ -Deficit	300 923 263	289 000 961	-708 903	288 292 058	181 091 566	63%	290 003 006	1 710 948	#DIV/0!

- The above table depicts Financial Services Directorate (Vote 3). It comprises of the Office of the Director, Financial Management Services, Income, Expenditure as well as Supply Chain Management.

- Main revenue source is the billing and collection of Property Rates, Interest raised on late payments, as well as the FMG National grant.

- YTD expenditure is at 51% against annual budget of R93.4 million

3.4.4 PLANNING AND DEVELOPMENT

Table 2.6: High Level Summary of Vote 5: Planning and Development Operating Financial Performance per Category									
		Budget Year 2025/2026							
Description	2024/2025 Audited Outcome	Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
A	B	C	D	E	F	G	H	I	J
Exchange Revenue / Sale of Goods and Rendering of Services	6 649 677	6 213 512	0	6 213 512	3 596 001	57,9%	7 022 631	809 119	13,0%
Exchange Revenue / Operational Revenue	81 169	68 025	0	68 025	66 166	97,3%	138 612	70 587	103,8%
Non-Exchange Revenue / Property rates	0	0	0	0	0	0,0%	0	0	#DIV/0!
Non-Exchange Revenue / Fines, penalties and forfeits	494 097	-4 278	0	-4 278	8 566	-200,2%	8 566	12 844	-300,2%
Non-Exchange Revenue / Licences or permits	0	0	0	0	0	0,0%	0	0	#DIV/0!
Non-Exchange Revenue / Transfer and subsidies - Operationa	1 589 731	1 461 000	0	1 461 000	609 132	41,7%	1 461 000	0	0,0%
Sub-Total	8 814 674	7 738 259	0	7 738 259	4 279 866	55,3%	8 630 810	892 551	11,5%
Transfers and Subsidies: Capital	2 071 539	1 072 000	0	1 072 000	0	0,0%	1 072 000	0	0,0%
Transfers and Subsidies: Donations	0	0	0	0	0	0,0%	0	0	#DIV/0!
Revenue Grand Total	10 886 213	8 810 259	0	8 810 259	4 279 866	48,6%	9 702 810	892 551	10,1%
Expenditure / Employee related costs	24 748 845	23 221 123	0	23 221 123	12 685 236	54,6%	24 719 429	1 498 306	6,5%
Expenditure / Inventory consumed	179 238	193 500	25 000	218 500	62 101	28,4%	218 500	0	0,0%
Expenditure / Dept Impairment	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Depreciation and amortisation	129 571	97 209	83 329	180 538	140 272	77,7%	180 538	0	0,0%
Expenditure / Interest	44 816	39 686	0	39 686	20 599	51,9%	41 197	1 511	3,8%
Expenditure / Contracted services	3 420 999	6 310 000	-577 000	5 733 000	1 443 951	25,2%	5 733 000	0	0,0%
Expenditure / Transfers and subsidies	0	0	10 352 560	10 352 560	4 086 218	39,5%	9 991 553	-361 008	-3,5%
Expenditure / Irrecoverable debts written off	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Operational costs	987 924	1 289 266	466 000	1 755 266	464 151	26,4%	1 755 266	0	0,0%
Expenditure / Other Losses	0	0	0	0	0	0,0%	0	0	#DIV/0!
Operating Expenditure Grand Total	29 511 393	31 150 784	10 349 889	41 500 673	18 902 527	46%	42 639 483	1 138 810	#DIV/0!
Surplus/ -Deficit	-18 625 180	-22 340 525	-10 349 889	-32 690 414	-14 622 661	45%	-32 936 673	-246 259	#DIV/0!

- The above table depicts Planning and Development Directorate (Vote 5). It comprises of the Office of the Director, Environmental Management, Local Economic Development, Building Control as well as Town Planning.

- Main revenue source is the Building plan fees as well as the EPWP National grant.

- YTD expenditure is at 46% against annual budget of R 41.5 million.

3.4.5 COMMUNITY SERVICES

Table 2.7: High Level Summary of Vote 6: Community Services Operating Financial Performance per Category									
		Budget Year 2025/2026							
Description	2024/2025 Audited Outcome	Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
A	B	C	D	E	F	G	H	I	J
Exchange Revenue / Service charges - Waste Management	37 859 716	46 612 040	0	46 612 040	31 239 528	67,0%	47 548 848	936 808	2,0%
Exchange Revenue / Sale of Goods and Rendering of Services	599 233	731 018	0	731 018	265 204	36,3%	505 164	-225 854	-30,9%
Exchange Revenue / Agency services	3 663 094	4 037 734	0	4 037 734	2 228 563	55,2%	4 179 896	142 162	3,5%
Exchange Revenue / Interest earned from Receivables	5 262 581	5 713 371	0	5 713 371	2 679 294	46,9%	5 408 188	-305 183	-5,3%
Exchange Revenue / Interest earned from Current and Non Cu	0	0	0	0	0	0,0%	0	0	#DIV/0!
Exchange Revenue / Rental from Fixed Assets	2 993 758	3 740 654	0	3 740 654	1 542 486	41,2%	3 594 647	-146 007	-3,9%
Exchange Revenue / Licence and permits	317 797	380 766	0	380 766	67 278	17,7%	239 219	-141 547	-37,2%
Exchange Revenue / Operational Revenue	230 237	12 648	0	12 648	8 928	70,6%	16 507	3 859	30,5%
Non-Exchange Revenue / Property rates	0	0	0	0	0	0,0%	0	0	#DIV/0!
Non-Exchange Revenue / Fines, penalties and forfeits	96 426 321	103 201 801	0	103 201 801	26 040 944	25,2%	103 199 966	-1 835	0,0%
Non-Exchange Revenue / Licences or permits	1 478 151	1 456 651	0	1 456 651	609 431	41,8%	1 214 431	-242 220	-16,6%
Non-Exchange Revenue / Transfer and subsidies - Operationa	44 196 315	47 846 059	0	47 846 059	35 611 697	74,4%	47 846 059	0	0,0%
Sub-Total	193 027 204	213 732 742	0	213 732 742	100 293 353	46,9%	213 752 925	20 183	0,0%
Transfers and Subsidies: Capital	0	0	0	0	0	0,0%	0	0	#DIV/0!
Transfers and Subsidies: Donations	850 425	0	0	0	0	0,0%	0	0	#DIV/0!
Revenue Grand Total	193 877 629	213 732 742	0	213 732 742	100 293 353	46,9%	213 752 925	20 183	0,0%
Expenditure / Employee related costs	114 358 893	123 368 638	0	123 368 638	59 276 615	48,0%	113 855 750	-9 512 888	-7,7%
Expenditure / Inventory consumed	7 847 841	9 757 222	-509 254	9 247 968	3 988 147	43,1%	9 247 968	0	0,0%
Expenditure / Dept Impairment	83 268 731	58 195 827	0	58 195 827	1 801 545	3,1%	58 195 827	0	0,0%
Expenditure / Depreciation and amortisation	5 532 022	5 195 027	2 848 252	8 043 279	5 168 791	64,3%	8 033 883	-9 396	-0,1%
Expenditure / Interest	3 958 095	1 734 240	904	1 735 144	955 243	55,1%	1 720 477	-14 667	-0,8%
Expenditure / Contracted services	56 893 208	44 005 668	1 853 254	45 858 922	24 372 615	53,1%	45 858 922	0	0,0%
Expenditure / Transfers and subsidies	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Irrecoverable debts written off	0	982 948	0	982 948	0	0,0%	982 948	0	0,0%
Expenditure / Operational costs	21 562 781	23 077 466	-458 000	22 619 466	14 996 100	66,3%	22 619 466	0	0,0%
Expenditure / Other Losses	195 297	0	0	0	0	0,0%	0	0	#DIV/0!
Operating Expenditure Grand Total	293 616 867	266 317 036	3 735 156	270 052 192	110 559 057	41%	260 515 242	-9 536 950	#DIV/0!
Surplus/ -Deficit	-99 739 239	-52 584 294	-3 735 156	-56 319 450	-10 265 704	18%	-46 762 317	9 557 133	#DIV/0!

- The above table depicts Community Services Directorate (Vote 6). It comprises of the Office of the Director, Public Safety, Waste Management, Parks and Recreation, Library Service, Social Development and Special Programes, Fire Services as well as Disaster Management.

- Main revenue source is the billing of refuse, speeding fines, Rental in Fixed Assets, Agency Services and Licences as well as the operating grant.

- YTD expenditure is at 41% against annual budget of R 270.0 million.

3.4.6 ELECTRICAL SERVICES

Table 2.8: High Level Summary of Vote 7: Electricial Services Operating Financial Performance per Category

		Budget Year 2025/2026							
Description	2024/2025 Audited Outcome	Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
A	B	C	D	E	F	G	H	I	J
Exchange Revenue / Service charges - Electricity	397 815 523	465 762 477	0	465 762 477	226 981 722	48,7%	444 567 146	-21 195 331	-4,6%
Exchange Revenue / Interest earned from Receivables	9 442 638	7 115 153	0	7 115 153	5 091 555	71,6%	10 159 310	3 044 157	42,8%
Exchange Revenue / Operational Revenue	685 747	217 658	0	217 658	349 858	160,7%	521 349	303 691	139,5%
Non-Exchange Revenue / Transfer and subsidies - Operationa	33 899 874	36 953 203	0	36 953 203	26 764 710	72,4%	36 953 203	0	0,0%
Sub-Total	441 843 781	510 048 491	0	510 048 491	259 187 844	50,8%	492 201 008	-17 847 483	-3,5%
Transfers and Subsidies: Capital	936 858	8 695 652	0	8 695 652	187 120	2,2%	8 695 652	0	0,0%
Transfers and Subsidies: Donations	0	0	0	0	0	0,0%	0	0	#DIV/0!
Revenue Grand Total	442 780 639	518 744 143	0	518 744 143	259 374 964	50,0%	500 896 660	-17 847 483	-3,4%
Expenditure / Employee related costs	16 502 115	19 995 946	0	19 995 946	8 725 471	43,6%	17 120 120	-2 875 826	-14,4%
Expenditure / Remuneration of councillors	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Bulk purchases - electricity	328 988 074	357 093 221	0	357 093 221	158 639 973	44,4%	366 201 209	9 107 988	2,6%
Expenditure / Inventory consumed	2 590 735	2 718 087	0	2 718 087	708 345	26,1%	2 718 087	0	0,0%
Expenditure / Dept Impairment	17 620 522	21 971 964	0	21 971 964	9 154 985	41,7%	21 971 964	0	0,0%
Expenditure / Depreciation and amortisation	9 536 378	20 335 652	12 872	20 348 524	4 348 483	21,4%	20 348 524	0	0,0%
Expenditure / Interest	6 305 696	5 525 187	0	5 525 187	2 379 739	43,1%	4 071 839	-1 453 348	-26,3%
Expenditure / Contracted services	27 877 212	25 198 416	150 000	25 348 416	9 035 172	35,6%	25 348 416	0	0,0%
Expenditure / Transfers and subsidies	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Irrecoverable debts written off	0	1 750 875	0	1 750 875	0	0,0%	1 750 875	0	0,0%
Expenditure / Operational costs	6 347 287	7 688 760	0	7 688 760	3 497 546	45,5%	7 688 760	0	0,0%
Expenditure / Other Losses	0	0	0	0	0	0,0%	0	0	#DIV/0!
Operating Expenditure Grand Total	415 768 019	462 278 108	162 872	462 440 980	196 489 715	42%	467 219 793	4 778 813	#DIV/0!
Surplus/ -Deficit	27 012 620	56 466 035	-162 872	56 303 163	62 885 249	112%	33 676 867	-22 626 296	#DIV/0!

- The above table depicts Electrical Services Directorate (Vote 7). It comprises of the Operations and Maintenance East and West, Fleet Management as well as Loss Control Departments.

- Main revenue source is the billing of Electricity, interest raised on outstanding accounts as well as the Equitable Share grant.

- YTD expenditure is at 42% against annual budget of R 462.4 million.

3.4.6 TECHNICAL SERVICES

Table 2.9: High Level Summary of Vote 8: Technical Services Operating Financial Performance per Category

Description	2024/2025 Audited Outcome	Budget Year 2025/2026							
		Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
A	B	C	D	E	F	G	H	I	J
Exchange Revenue / Service charges - Water	99 352 519	112 803 280	0	112 803 280	57 979 926	51,4%	104 633 740	-8 169 540	-7,2%
Exchange Revenue / Service charges - Waste Water Management	31 707 880	79 041 338	0	79 041 338	20 706 212	26,2%	39 667 656	-39 373 682	-49,8%
Exchange Revenue / Service charges - Waste Management	0	0	0	0	0	0,0%	0	0	#DIV/0!
Exchange Revenue / Sale of Goods and Rendering of Services	25 552	26 006	0	26 006	23 885	91,8%	23 885	-2 121	-8,2%
Exchange Revenue / Agency services	0	0	0	0	0	0,0%	0	0	#DIV/0!
Exchange Revenue / Interest earned from Receivables	14 101 342	15 710 654	0	15 710 654	6 357 441	40,5%	12 716 302	-2 994 352	-19,1%
Exchange Revenue / Operational Revenue	3 764 668	4 000 649	0	4 000 649	1 088 227	27,2%	3 463 482	-537 167	-13,4%
Non-Exchange Revenue / Property rates	0	0	0	0	0	0,0%	0	0	#DIV/0!
Non-Exchange Revenue / Fines, penalties and forfeits	258 825	0	0	0	0	0,0%	0	0	#DIV/0!
Non-Exchange Revenue / Licences or permits	0	0	0	0	0	0,0%	0	0	#DIV/0!
Non-Exchange Revenue / Transfer and subsidies - Operational	63 090 327	67 904 236	-27 304	67 876 932	47 136 258	69,4%	67 876 932	0	0,0%
Sub-Total	212 301 113	279 486 163	-27 304	279 458 859	133 291 950	47,7%	228 381 998	-51 076 861	-18,3%
Transfers and Subsidies: Capital	40 941 109	45 865 522	27 304	45 892 826	14 506 370	31,6%	45 892 826	0	0,0%
Transfers and Subsidies: Donations	0	0	0	0	0	0,0%	0	0	#DIV/0!
Revenue Grand Total	253 242 222	325 351 685	0	325 351 685	147 798 320	45,4%	274 274 824	-51 076 861	-15,7%
Expenditure / Employee related costs	78 346 626	85 104 437	-27 304	85 077 133	40 319 150	47,4%	77 742 437	-7 334 696	-8,6%
Expenditure / Remuneration of councillors	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Bulk purchases - electricity	0	0	0	0	0	#DIV/0!	0	0	#DIV/0!
Expenditure / Inventory consumed	27 863 278	33 064 756	119 730	33 184 486	8 054 564	24,3%	37 694 385	4 509 899	13,6%
Expenditure / Dept Impairment	21 515 035	13 977 709	0	13 977 709	5 824 050	41,7%	13 977 709	0	0,0%
Expenditure / Depreciation and amortisation	36 340 329	41 224 858	-3 527 140	37 697 718	14 007 579	37,2%	37 697 718	0	0,0%
Expenditure / Interest	24 377 839	21 437 914	-1 129	21 436 785	11 127 950	51,9%	21 854 432	417 647	1,9%
Expenditure / Contracted services	17 832 098	24 739 738	-180 000	24 559 738	4 737 124	19,3%	24 559 738	0	0,0%
Expenditure / Transfers and subsidies	0	0	0	0	0	0,0%	0	0	#DIV/0!
Expenditure / Irrecoverable debts written off	0	3 824 280	0	3 824 280	0	0,0%	3 824 280	0	0,0%
Expenditure / Operational costs	12 199 931	12 088 550	60 270	12 148 820	4 154 018	34,2%	12 148 820	0	0,0%
Expenditure / Other Losses	8 451	0	0	0	0	0,0%	0	0	#DIV/0!
Operating Expenditure Grand Total	218 483 587	235 462 242	-3 555 573	231 906 669	88 224 435	38%	229 499 519	-2 407 150	#DIV/0!
Surplus/ -Deficit	34 758 635	89 889 443	3 555 573	93 445 016	59 573 885	64%	44 775 305	-48 669 711	#DIV/0!

- The above table depicts Technical Services Directorate (Vote 8). It comprises of the Office of the Director, Waster and Waste Water Services, Roads Transport and Storm water as well as Project Management Office.

- Main revenue source is the billing of Water and Sanitation, interest raised on outstanding accounts as well as the Equitable Share grant for the relief of the Indigent customers.

- YTD expenditure is at 38% against annual budget of R 231.9 million under performance being under Contracted Services as well as Inventory Consumed.

3.4.6 HOUSING SERVICES

Table 2.10: High Level Summary of Vote 9: Housing Services Operating Financial Performance per Category

Description	2024/2025 Audited Outcome	Budget Year 2025/2026							
		Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual 31/12/2025	Actual as a % of Roll-Over Adjusted Budget	Projected Budget for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
A	B	C	D	E	F	G	H	I	J
Exchange Revenue / Sale of Goods and Rendering of Services	21 601 285	25 245 151	0	25 245 151	18 314 037	72,5%	25 243 692	-1 459	0,0%
Exchange Revenue / Agency services	0	0	0	0	0	0,0%	0	0	#DIV/0!
Exchange Revenue / Interest earned from Receivables	3 905	4 087	0	4 087	2 839	69,5%	5 944	1 857	45,4%
Non-Exchange Revenue / Property rates	6	6	0	6	3	51,0%	6	0	2,0%
Non-Exchange Revenue / Fines, penalties and forfeits	10 000	10 460	0	10 460	0	0,0%	0	-10 460	-100,0%
Sub-Total	23 075 998	25 259 704	0	25 259 704	18 316 879	72,5%	25 249 643	-10 061	0,0%
Transfers and Subsidies: Capital	3 014 650	8 000 000	0	8 000 000	0	0,0%	8 000 000	0	0,0%
Transfers and Subsidies: Donations	0	0	0	0	0	0,0%	0	0	#DIV/0!
Revenue Grand Total	26 090 648	33 259 704	0	33 259 704	18 316 879	55,1%	33 249 643	-10 061	0,0%
Expenditure / Employee related costs	7 253 146	8 783 958	0	8 783 958	3 900 613	44,4%	7 615 959	-1 167 999	-13,3%
Expenditure / Inventory consumed	123 559	155 000	0	155 000	48 879	31,5%	155 000	0	0,0%
Expenditure / Dept Impairment	30 983	-2 845 800	0	-2 845 800	-1 185 750	41,7%	-2 845 800	0	0,0%
Expenditure / Depreciation and amortisation	59 454	111 905	134 155	246 060	95 867	39,0%	246 060	0	0,0%
Expenditure / Interest	273 685	191 276	-8	191 268	107 500	56,2%	207 059	15 791	8,3%
Expenditure / Contracted services	32 542 553	34 053 200	-800 000	33 253 200	21 100 295	63,5%	33 253 200	0	0,0%
Expenditure / Operational costs	403 534	996 341	0	996 341	235 185	23,6%	996 341	0	0,0%
Expenditure / Other Losses	265	0	0	0	0	0,0%	0	0	#DIV/0!
Operating Expenditure Grand Total	40 687 179	41 445 880	-665 853	40 780 027	24 302 588	60%	39 627 819	-1 152 208	#DIV/0!
Surplus/ -Deficit	-14 596 531	-8 186 176	665 853	-7 520 323	-5 985 709	80%	-6 378 176	1 142 147	#DIV/0!

- The above table depicts Housing Services Directorate (Vote 9). It comprises of the Office of the Director, Human Settlement, Rental Programs as well as Housing Finance and Projects.

- Main revenue source being the Human Settlement Grant.

- YTD expenditure is at 60% against annual budget of R 40.7.

3.5 CASH FLOW SUMMARY

2025-26 CASH FLOW PROJECTIONS

Item Description	Budget	YTD Budget	Dec 2025 Actuals	Jan-June 2026 Projections	Projected Actuals End June 2026
Property Rates	- 354 137 028	- 177 068 526	- 185 278 292	- 155 759 762	- 341 038 054
Services Charges - Electricity	- 442 040 010	- 221 020 014	- 126 833 679	- 120 941 466	- 247 775 145
Services Charges - Water	- 103 621 949	- 51 810 984	- 49 963 691	- 50 593 722	- 100 557 413
Service Charges - Waste Water	- 70 421 611	- 35 210 814	- 14 157 824	- 14 658 724	- 28 816 547
Service Charges - Waste	- 41 307 090	- 20 653 554	- 21 179 491	- 22 638 718	- 43 818 209
Rental from Fixed Assets	- 8 576 714	- 4 288 356	- 2 767 175	- 2 767 329	- 5 534 504
Unallocated Credits	- 48 628 394	- 57 381 840	- 26 096 013	- 26 984 519	- 53 080 532
TOTAL	**- 1 068 732 796**	**- 567 434 088**	**- 426 276 164**	**- 394 344 240**	**- 820 620 405**
Prepaid Revenue			- 101 519 104	- 94 790 931	- 196 310 034
Interest earned - external investments			- 2 406 715	- 2 532 619	- 4 939 334
Fines, penalties and forfeits	- 49 325 403	- 24 662 700	- 12 081 803	- 16 271 555	- 28 353 358
Licences and permits	- 1 841 965	- 920 982	676 709	- 1 949 402	- 1 272 693
Agency services	- 4 037 734	- 2 018 868	- 803 382	- 803 310	- 1 606 692
Transfers and Subsidies - Operational	- 180 865 550	- 85 136 910	- 120 099 257	- 73 366 613	- 193 465 870
Transfers and Subsidies - Capital	- 63 660 478	- 31 816 590	- 14 693 490	- 17 632 187	- 32 325 677
TOTAL RECEIPTS	**- 1 368 463 926**	**- 711 990 138**	**- 677 203 205**	**- 601 690 858**	**- 1 278 894 063**
Expenditure / Employee related costs	368 385 533	184 206 568	185 294 605	169 492 073	354 786 678
Expenditure / Remuneration of councillors	11 925 784	5 962 892	4 941 168	5 160 673	10 101 841
Expenditure / Bulk purchases - electricity	357 093 221	178 546 611	198 670 319	149 599 762	348 270 081
Expenditure / Inventory consumed	48 534 114	24 267 057	9 309 590	10 401 769	19 711 359
Expenditure / Interest	29 426 064	14 713 032	14 754 304	13 428 808	28 183 112
Expenditure / Contracted services	175 132 373	87 566 187	79 338 535	127 575 995	206 914 530
Expenditure / Transfers and subsidies	14 253 854	7 126 927	4 243 027	670 858	4 913 885
Expenditure / Operational costs	100 856 538	50 428 269	46 581 498	74 609 333	121 190 831
Capital assets	172 584 854	86 292 427	19 200 146	40 695 838	178 000 000
Repayment of borrowing	50 675 440	25 338 000	24 406 268	25 226 043	49 632 311
TOTAL PAYMENTS	**1 328 867 775**	**271 464 842**	**586 739 460**	**616 861 153**	**1 321 704 628**

2024-2025 CASH FLOW ACTUALS

Item Description	Dec 2024 Actuals	Jan-June 2025 Actuals	Actuals End June 2025	1st 6mo % incl/Decr	
Property Rates	- 182 427 127	- 136 233 959	- 318 661 086	2%	- 2 851 165
Services Charges - Electricity	- 118 916 377	- 107 515 986	- 226 432 363	7%	- 7 917 302
Services Charges - Water	- 43 513 713	- 48 204 044	- 91 717 756	15%	- 6 449 979
Service Charges - Waste Water	- 14 863 567	- 12 042 543	- 26 906 109	-5%	705 743
Service Charges - Waste	- 18 483 094	- 15 193 617	- 33 676 711	15%	- 2 696 397
Rental from Fixed Assets	- 2 853 248	- 2 925 869	- 5 779 117	-3%	86 074
Unallocated Credits	- 28 715 525	- 38 917 538	- 67 633 063	-9%	2 619 512
TOTAL	**- 409 772 651**	**- 361 033 555**	**- 770 806 206**	4%	- 16 503 514
Prepaid Revenue	- 90 334 694	- 84 634 760	- 174 969 454	12%	- 11 184 410
Interest earned - external investments	- 1 411 099	- 1 258 385	- 2 669 484	71%	- 995 616
Fines, penalties and forfeits	- 12 446 734	- 11 130 968	- 23 577 702	-3%	364 931
Licences and permits	- 2 446 148	- 1 869 033	- 4 315 181	-128%	3 122 857
Agency services	- 1 748 963	- 3 558 594	- 5 307 557	-54%	945 581
Transfers and Subsidies - Operational	- 113 661 484	- 39 409 166	- 153 070 650	6%	- 6 437 773
Transfers and Subsidies - Capital	- 23 067 344	- 23 896 811	- 46 964 155	-36%	8 373 854
TOTAL RECEIPTS	**- 654 889 115**	**- 526 791 273**	**- 1 181 680 388**	3%	- 22 314 090
Expenditure / Employee related costs	175 965 988	159 092 005	335 057 992	5%	9 328 617
Expenditure / Remuneration of councillors	4 971 110	4 712 995	9 684 105	-1%	- 29 941
Expenditure / Bulk purchases - electricity	184 837 096	138 518 298	323 355 394	7%	13 833 223
Expenditure / Inventory consumed	11 525 081	12 105 738	23 630 818	-19%	- 2 215 491
Expenditure / Interest	21 603 387	15 774 902	37 378 289	-32%	- 6 849 083
Expenditure / Contracted services	85 053 416	73 854 084	158 907 500	-7%	- 5 714 881
Expenditure / Transfers and subsidies	711 665	949 374	1 661 039	496%	3 531 362
Expenditure / Operational costs	42 526 975	37 839 092	80 366 066	10%	4 054 523
Capital assets	28 619 971	34 852 728	63 472 699	-33%	- 9 419 825
Repayment of borrowing	27 659 442	23 886 242	51 545 684	-12%	- 3 253 174
TOTAL PAYMENTS	**583 474 130**	**501 585 457**	**1 085 059 587**	1%	3 265 330

The above table depicts Cash Flow performance for December 2024 compared to December 2025 as well as projections for the remainder of the financial year

Cash and cash equivalent at year end 2023 was R23.6 million and that significently improved to R106.0 million with the 2024 audited outcome.

As at end December 2025 the Cash was at R140.5 million including investments and R76.2 million excluding commitments in cash such as unspent grants, trade payables as well as consumer deposits.

4. HIGH LEVEL CAPITAL BUDGET ASSESSMENT

4.1 Capital Expenditure per Directorate

4.1.1 Council originally approved a capital budget of R172.5 million (Row 9 & Column C) for the 2025-2026 financial year, as presented in Table 4 below.

Council subsequently approved a Roll-Over Adjustments budget in August 2025 resulting in an increase to R 178.9million (Row 9 & Column E).

Row Number	Description	2024/2025 Audited Outcome	Budget Year 2025/2026 Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual Expenditure 31/12/2025	Actual Revenue as a % of Budgeted Expenditure	Projected Expenditure for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
Column Reference	A	B	C	D	E	F	G	H	I	J
1	Vote 1 - Executive and Council	0	84 700	0	84 700	37 871	44,7%	84 700	0	0,0%
2	Vote 2 - Corporate Services	268 141	1 050 000	16 540	1 066 540	255 628	24,0%	1 066 540	0	0,0%
3	Vote 3 - Financial Services	8 392	45 000	0	45 000	0	0,0%	45 000	0	0,0%
4	Vote 5 - Planning and development	2 071 539	0	86 000	86 000	85 993	100,0%	86 000	0	0,0%
5	Vote 6 - Community Services	8 163 668	20 618 120	2 069 419	22 687 539	2 641 142	11,6%	22 687 539	0	0,0%
6	Vote 7 - Electrical Services	2 626 632	16 495 652	2 575 410	19 071 062	187 120	1,0%	19 071 062	0	0,0%
7	Vote 8 - Technical Services	47 319 678	125 091 382	1 147 932	126 239 314	15 246 434	12,1%	126 239 314	0	0,0%
8	Vote 9 - Housing Services	3 014 650	9 200 000	500 000	9 700 000	745 959	7,7%	9 700 000	0	0,0%
9	Grand Total	63 472 700	172 584 854	6 395 301	178 980 155	19 200 146	10,7%	178 980 155	0	0,0%

4.1.2 Actual capital expenditure during the first six months of the 2025-2026 financial year (capital commitments excluded) equates to R19.2 million (Row 9 & Column F) or 10.7% against the Adjusted Budget of R 178.9 million.

This expenditure is less compared to R28.6 million reported December 2024 against final annual budget of R 103.8 million.

4.1.3 The capital projects have been revised and re-prioritized significantly by the Service Departments to cater for the Water Crisis and this will be addressed with the main adjustments budget process.

There are projects funded through internal funds such as the Establishment of the Rheenendal Fire Station, funding has been re-directed to the Acquisition of the Fire truck as per the Community requirements, separate item on this was submitted to Council for approval.

4.2 Capital Expenditure per Funding Source

4.2.1 Table 5 below depicts the same financial information contained in Table 4 above, however Table 5 categorises the capital expenditure by funding source.

Table 4: High Level Capital Budget per Directorate

			Budget Year 2025/2026							
Row Number	Description	2024/2025 Audited Outcome	Original Budget	Adjustments/ Virements	Roll-Over Adjusted Budget and Virements	Year-To-Date Actual Expenditure 31/12/2025	Actual Expenditure as a % of Budgeted Expenditure	Projected Revenue for the Year	Positive / (Negative) Variance (D to G)	Positive / (Negative) Variance %
Column Reference	A	B	C	D	E	F	G	H	I	J
1	National Government	41 542 331	52 387 261	27 304	52 414 565	12 812 741	24,4%	52 414 565	0	0,0%
2	Provincial Government	6 808 498	11 245 913	0	11 245 913	2 574 248	22,9%	11 245 913	0	0,0%
3	District Grant	170 000	0	0	0	0	#DIV/0!	0	0	100,0%
4	Public Contributions and Donations	0	0	0	0	0	#DIV/0!	0	0	0,0%
5	Borrowings	0	40 000 000	0	40 000 000	0	0,0%	40 000 000	0	0,0%
6	Internally Generated Funds	14 951 870	68 951 680	6 367 997	75 319 677	3 813 158	5,1%	75 319 677	0	0,0%
7	Grand Total	63 472 699	172 584 854	6 395 301	178 980 155	19 200 146	10,7%	178 980 155	0	0,0%

4.2.2 The spending patterns of the funding sources are discussed below:

(a) National Government Grants: Actual expenditure amounts to R 12.8 million (Row 1 & Column F) or 24.4% (Row 1 & Column G) of the budgeted amount of R 52.4million (Row 1 & Column E).

The actual expenditure is less the R 21.5 million reported for the same period in December 2024.

Some of the roll-over Capital grants from MIG, NDPG and INEP were not approved instead deducted from the 2nd tranche of the Equitable Share.

(b) Provincial Grant: Actual incurred is R2.5 million against annual budget of R11.2 million.

(c) External Borrowings: R40 million loans was approved by Council to be drawn for the implementation of the Smart Meter projects however possible reduction of this grant as there are funds that were rolled over from 2024-2025 to start with the Piloting of the Sedgefield area for the installation of Smart Meters. No tender process started as well as no expenditure incurred against the grant.

(d) Internally Generated Funds: Actual expenditure amounts to R 3.8 million (Row 6 & Column F) or 5.1% (Row 6 & Column G) of the budgeted amount of R 75.3 million (Row 6 & Column E).

The actuals are significantly lower than the projected expenditure as per Procurement Plan and service departments to fast track progress and provide revised cash flows where possible to update system for reporting purposes as well as main adjustments budget.

5. 2024/2025 DRAFT ANNUAL REPORT

5.1 Submission of 2024/2025 Draft Annual Report

5.1.1 As legislated, Knysna Municipality submitted the Unaudited Annual Financial Statements for the 2024/2025 financial year to the Auditor-General of South Africa on 31 August 2025. By November 2025 re-statements were produced and submitted to AG for the changes and the Audit outcome from the AGSA on Knysna audited financials was an Unqualified Audit opinion with findings.

5.1.2 AG is auditing the Annual Report and currently has sent back to the Municipality request for changes and confirmation in some data and tables that forms part of the Annual Report. This exercise should be completed by end January 2026.

5.1.3 The below table The below table is an extract from the Management Report on AG's summary of problems, Recommendation and Management Response identified by AG during audit:

Recommendation and management response	Year originally recommended	Status of implementation
Recommendation: The accounting officer together with the CFO should implement internal controls, including the monitoring thereof, that will ensure that financial statements are free from material misstatements. This should include specific controls around the identification of ageing infrastructure for impairment, billing customers for all services rendered and goods supplied as well as ensuring that all qualitative disclosures are made in line with the GRAP/legislative requirements. **Response:** Management's responses to audit findings are still being assessed.	2022-23	In process – behind schedule
Recommendation: The accounting officer should further implement controls and the monitoring thereof around the development of KPI's and targets that are useful and adhere to the SMART criteria. The development of controls over the KPI's should be extended to the preparation and presentation of the APR, as well as monitoring how KPI's are tracked throughout the year by user departments. **Response:** Management's responses to audit findings are still being assessed.	2022-23	In process – behind schedule
Recommendation: The accounting officer should further design and implement controls to ensure compliance with laws and regulations is part and parcel of the culture of the municipality's operations. Specific focus should be given to the supply chain management area and areas where there are instances of repeat material non-compliance. **Response:** Management's responses to audit findings are still being assessed.	2022-23	In process – behind schedule

Addressing these root causes requires a focused and systematic approach and an action plan that is focused on addressing root causes.

Overall recommendations

	Recommendation	Year originally recommended	Status of implementation
1.	**Recommendation**: The municipal manager and senior leadership team should develop, implement and monitor a credible action plan (aligned to the back-to-basics approach of COGTA) to evaluate the entire internal control environment, identify deficiencies and improve control where deficiencies are identified by the end of the next financial year, 30 June 2026. The municipal manager should implement controls, including the use of internal audit, to monitor the implementation thereof on an ongoing basis, and where necessary, implement consequence management where officials do not comply. The accounting officer should report to council and the audit committee on a continuous basis on the progress made with the implementation of this recommendation for their oversight thereof.	2023-24	In process – behind schedule
2.	**Recommendation**: The municipal manager should focus on the skills and competences of the key officials and to address skills gaps through training and performance monitoring. Key service delivery departments should be fully capacitated with officials who meet all the legislated qualification requirements. This should be actioned prior to the next financial year end, 30 June 2026. Where key functions are performed by consultants, processes should be implemented where skills and institutional knowledge is transferred. **Response**: Management's responses are not yet due	2022-23	In process
3.	**Recommendation**: The municipal manager and senior management should implement processes to prevent irregular, fruitless and wasteful and unauthorised expenditure and ensure that council and its committees (e.g. MPAC) are provided with complete information in a timely manner to enable them to perform their oversight function with regards to section 32 of the MFMA. This should include tracking the investigations and enabling the speedy completion thereof into irregular, fruitless and wasteful and unauthorised expenditure. **Response**: Management's responses are not yet due	2023-24	In process – behind schedule

5.2 2024/2025 Operating Budget Results

5.2.1 2024/2025 Operating Revenue Results

5.2.1.1 Table 6 below depicts the audited revenue results for the 2024/2025 financial year:

Table 6: Audited Revenue for the 2024/2025 Financial Year						
Row Number	Description	Final Budget	Unaudited Actual Revenue	% of Budgeted Revenue	Positive / (Negative) Variance (B to C)	Positive / (Negative) Variance % (B to C)
Column Reference	A	B	C	D	E	F
1	Exchange Revenue / Service charges - Electricity	406 172 031	397 815 523	97,9%	-8 356 508	-2,1%
2	Exchange Revenue / Service charges - Water	84 136 418	99 352 519	118,1%	15 216 101	18,1%
3	Exchange Revenue / Service charges - Waste Water Management	30 695 627	31 707 880	103,3%	1 012 253	3,3%
4	Exchange Revenue / Service charges - Waste Management	38 843 365	37 859 716	97,5%	-983 649	-2,5%
5	Exchange Revenue / Sale of Goods and Rendering of Services	30 333 698	29 433 817	97,0%	-899 881	-3,0%
6	Exchange Revenue / Agency services	3 860 166	3 663 094	94,9%	-197 072	-5,1%
7	Exchange Revenue / Interest earned from Receivables	30 072 442	29 520 070	98,2%	-552 372	-1,8%
8	Exchange Revenue / Interest earned from Current and Non Current Assets	3 076 949	5 307 557	172,5%	2 230 608	72,5%
9	Exchange Revenue / Rental from Fixed Assets	8 119 444	7 758 222	95,6%	-361 222	-4,4%
10	Exchange Revenue / Licence and permits	368 369	319 536	86,7%	-48 833	-13,3%
11	Exchange Revenue / Operational Revenue	2 895 572	6 196 884	214,0%	3 301 312	114,0%
12	Non-Exchange Revenue / Property rates	344 356 295	348 305 529	101,1%	3 949 234	1,1%
13	Non-Exchange Revenue / Fines, penalties and forfeits	98 668 700	97 189 773	98,5%	-1 478 927	-1,5%
14	Non-Exchange Revenue / Licences or permits	1 392 592	1 478 151	106,1%	85 559	6,1%
15	Non-Exchange Revenue / Transfer and subsidies - Operational	168 270 075	153 070 650	91,0%	-15 199 425	-9,0%
16	Non-Exchange Revenue / Interest	11 522 844	11 092 660	96,3%	-430 184	-3,7%
17	Non-Exchange Revenue / Gains on disposal of Assets	16 050 000	0	0,0%	-16 050 000	-100,0%
18	Non-Exchange Revenue / Other Gains	916 010	8 495 566	927,5%	7 579 556	827,5%
19	Sub-Total	1 279 750 597	1 268 567 147	99,1%	-11 183 450	-0,9%
20	Transfers and Subsidies: Capital	71 840 695	46 964 155	65,4%	-24 876 540	-34,6%
21	Transfers and Subsidies: Donations	0	850 425	0,0%	850 425	#DIV/0!
22	Grand Total	1 351 591 292	1 316 381 727	97,4%	-35 209 565	-2,6%

5.2.1.2 The audited actual revenue (including capital grants) for the 2024-2025 financial year amounted to R 1.316 billion (Row 22 & Column C) and compared with the budget of R 1.351 billion (Row 22 & Column B), resulted in a negative variance of R 35.2 million (Row 22 & Column E).

5.2.1.3 The main contributors towards the negative variance is the Transfers and Subsidies Capital; Transfers and Subsidies Operational; Gains on Disposal of Assets as well as Service Charges – Electricity.

5.2.2 2023/2024 Operating Expenditure Results

5.2.2.1 Table 7 below depicts the audited operating expenditure results for the 2023/2024 financial year:

Table 7: Audited Operating Expenditure for the 2024/2025 Financial Year						
Row Number	Description	Final Budget	Unaudited Actual Expenditure	% of Budgeted Expenditure	Positive / (Negative) Variance (B to C)	Positive / (Negative) Variance % (B to C)
Column Reference	A	B	C	D	E	F
1	Expenditure / Employee related costs	329 006 304	333 976 569	101,5%	-4 970 265	-1,5%
2	Expenditure / Remuneration of councillors	9 767 729	9 684 105	99,1%	83 624	0,9%
3	Expenditure / Bulk purchases - electricity	328 988 076	328 988 074	100,0%	2	0,0%
4	Expenditure / Inventory consumed	41 677 989	40 896 343	98,1%	781 646	1,9%
5	Expenditure / Dept Impairment	163 330 912	126 780 470	77,6%	36 550 442	22,4%
6	Expenditure / Depreciation and amortisation	58 383 147	54 160 812	92,8%	4 222 336	7,2%
7	Expenditure / Interest	38 529 291	35 701 142	92,7%	2 828 149	7,3%
8	Expenditure / Contracted services	154 109 856	150 412 891	97,6%	3 696 965	2,4%
9	Expenditure / Transfers and subsidies	12 120 805	1 661 039	13,7%	10 459 766	86,3%
10	Expenditure / Irrecoverable debts written off	853 964	0	0,0%	853 964	100,0%
11	Expenditure / Operational costs	81 516 752	84 343 265	103,5%	-2 826 513	-3,5%
12	Expenditure / Other Losses	7 694 368		0,0%	7 694 368	100,0%
13	Grand Total	1 225 979 193	1 166 604 708	95,2%	51 680 117	4,2%

5.2.2.2. The actual operating expenditure for the year under review amounted to R 1.166 billion (Row 13 & Column C) compared with the budgeted operating expenditure amount of R 1 225 billion (Row 13 & Column B), resulted in a negative variance of R 51.6 million (Row 13 & Column E) or 4.2% (Row 13 & Column F).

5.2.2.3 The main contributor towards the variance of R 14.8 million is the transfers and subsidies SETA grant as well as Debt Impairment.

5.3.1 <u>2023/2024 Operating Revenue and Expenditure Results</u>

5.3.3.1 Table 8 below depicts a summary of the audited operating results for the 2023/2024 financial year.

Table 8: Unaudited Revenue and Expenditure for the 2024/2025 Financial Year						
Row Number	Description	Final Budget	Unaudited Actual Revenue / Expenditure	% of Budgeted Revenue / Expenditure	Positive / (Negative) Variance (B to C)	Positive / (Negative) Variance % (B to C)
Column Reference	A	B	C	D	E	F
1	Total Operating Revenue	1 279 750 597	1 268 567 147	99,1%	-11 183 450	-0,9%
2	Total Operating Expenditure	1 225 979 193	1 166 604 708	95,2%	59 374 485	4,8%
3	Operating Surplus / (Deficit)	53 771 404	101 962 439	189,6%	48 191 035	89,6%
4	Transfers and Subsidies: Capital	71 840 695	46 964 155	0,0%	-24 876 540	0,0%
5	Transfers and Subsidies: Donations	0	850 425	#DIV/0!	850 425	#DIV/0!
6	Surplus / (Deficit) for the Year	125 612 099	149 777 019	119,2%	24 164 920	19,2%

5.3.3.2 The actual operating deficit (capital grants excluded) for the year under review amounted to R 101.9 million (Row 3 & Column C) compared with the budgeted operating surplus amount of R 53.7 million (Row 3 & Column B), resulted in a positive variance of R 48.1 million (Row 3 & Column E).

5.3.3.3 there was an overall surplus/deficit improvement from the 2023/2024 restated figure of R 23.6 million surplus to R 106.0 million surplus in the 2024/2025 audited figures.

5.4 Analysis of Outstanding Debtors

5.4.1 Section 78(1)(d) of the Municipal Finance Management Act (MFMA) determines that:

> "*Each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that all revenue due to the municipality is collected*".

5.4.2 It is therefore not only the responsibility of the Directorate: Financial Services to ensure that all **revenue is billed and collected**. All Directors, senior managers and middle management should work collectively to ensure that billing business processes are implemented and complied with.

5.4.3 The Municipality is primarily dependent on the cash flow from operations and as such, all billed revenue must be collected. An analysis of the revenue collection rates for the year under review and the outstanding debtors is discussed hereunder, which indicates that the Municipality is still a going concern.

5.4.4 Outstanding Debtors per Revenue Source as at 30 June 2025

5.4.4.1 Table 9 below presents the age analysis of outstanding debtors (VAT inclusive) per revenue source as at 30 June 2025. Outstanding debtors went up from 2023/2024 (R 466.3 million) when comparing to the audited outcome of 2024/2025 (R 513.4 million (Row 8 & Column E) and after taking the R 361.2 million (Row 8 & Column G) of provision for bad debts into consideration, the net difference results in a possible recoverable outstanding debtor amount of R 152.1 million (Row 8 & Column H.

5.4.4.2 Outstanding debt (90 days and older) amounting to R 416.6 million (Row 8 & Column E).

5.4.4.3 Current outstanding debt amounting to R 57.7 million (Row 8 & Column B) represents 11.2% (Row 9 & Column B) of total outstanding debtors of R 513.4 million (Row 8 & Column F).

5.4.4.4 Current outstanding debt amounting to R 57.7 million (Row 8 & Column B) represents 37.9% (Row 10 & Column B) of net outstanding debtors of R 152.1 million (Row 8 & Column H).

Table 9: Unaudited Debtors Age Analysis per Revenue Source as at 30 June 2025

Row Number	Revenue Source	Outstanding Debtors Current	Outstanding Debtors 31 - 60 Days	Outstanding Debtors 61 - 90 Days	Outstanding Debtors 91+ Days	Total Outstanding Debtors	Provision for Bad Debt Impairment	Net Outstanding Debtors
Column Reference	A	B	C	D	E	F	G	H
1	Property Rates	24 314 278	8 228 221	5 044 746	107 060 202	144 647 447	-62 769 929	81 877 518
2	Service Charges: Electricity	21 586 986	8 185 457	4 440 720	81 156 090	115 369 253	-82 380 119	32 989 134
3	Service Charges: Water	7 433 355	4 735 059	2 483 201	77 764 980	92 416 595	-73 728 983	18 687 612
4	Service Charges: Sanitation	2 779 515	1 492 593	1 195 762	68 518 168	73 986 038	-66 961 010	7 025 028
5	Service Charges: Refuse	1 017 024	1 523 696	1 181 677	59 846 873	63 569 270	-56 494 043	7 075 227
6	Housing Rentals	464 700	148 038	67 852	8 131 847	8 812 437	-7 033 124	1 779 313
7	Sundry Debtors	135 088	228 048	119 499	14 125 816	14 608 451	-11 914 699	2 693 752
8	Total Outstanding Debtors (Including VAT)	57 730 946	24 541 112	14 533 457	416 603 976	513 409 491	-361 281 907	152 127 584
9	% of Total Outstanding Debt	11,2%	4,8%	2,8%	81,1%	100,0%		
10	% of Net Outstanding Debt	37,9%	16,1%	9,6%				

5.4.5 Outstanding Debtors per Revenue Source as at 30 June 2024

5.4.5.1 Table 10 below presents the age analysis of outstanding debtors (VAT inclusive) per revenue source as at 30 June 2024. Outstanding debtors amounted to R 466.3 million (Row 8 & Column F) and after taking the R 321.5 million (Row 8 & Column G) of provision for bad debts into consideration, the net difference results in a possible recoverable outstanding debtor amount of R 144.8 million (Row 8 & Column H).

Table 10: Audited Debtors Age Analysis per Revenue Source as at 30 June 2024

Row Number	Revenue Source	Outstanding Debtors Current	Outstanding Debtors 31 - 60 Days	Outstanding Debtors 61 - 90 Days	Outstanding Debtors 91+ Days	Total Outstanding Debtors	Provision for Bad Debt Impairment	Net Outstanding Debtors
Column Reference	A	B	C	D	E	F	G	H
1	Property Rates	21 119 420	8 293 347	5 018 113	96 679 701	131 110 581	-58 226 430	72 884 151
2	Service Charges: Electricity	21 137 162	6 546 728	4 356 705	68 786 507	100 827 102	-63 919 121	36 907 981
3	Service Charges: Water	8 814 085	4 228 776	3 111 315	68 989 299	85 143 475	-66 309 610	18 833 865
4	Service Charges: Sanitation	2 471 994	1 523 978	1 231 378	62 592 749	67 820 099	-62 364 682	5 455 417
5	Service Charges: Refuse	1 909 136	1 346 479	1 074 323	53 373 861	57 703 799	-50 984 619	6 719 180
6	Housing Rentals	485 968	182 824	104 359	7 875 391	8 648 542	-7 041 750	1 606 792
7	Sundry Debtors	168 236	134 212	103 189	14 663 282	15 068 919	-12 671 661	2 397 258
8	Total Outstanding Debtors (Including VAT)	56 106 001	22 256 344	14 999 382	372 960 790	466 322 517	-321 517 873	144 804 644
9	% of Total Outstanding Debt	12,0%	4,8%	3,2%	80,0%	100,0%		
10	% of Net Outstanding Debt	38,7%	15,4%	10,4%				

5.4.5.2 Outstanding debt (90 days and older) amounting to R 372.9 million (Row 8 & Column E)

5.4.5.3 Current outstanding debt amounting to R 56.1 million (Row 8 & Column B) represents 12.0% (Row 9 & Column B) of total outstanding debtors of R 466.3 million (Row 8 & Column F).

5.4.5.4 Current outstanding debt amounting to R 56.1 million (Row 8 & Column B) represented 38.7% (Row 10 & Column B) of net outstanding debtors of R 144.8 million (Row 8 & Column H).

6. RECOMMENDATIONS

6.1 It is recommended:

(a) That Council takes notes the content of the Section 72 Mid-Year Budget Assessment Report,

(b) That the Municipal Manager and Directors compile an Adjustments Budget for 2025/2026 based on the findings within the Section 72 Mid-Year Budget Assessment Report.

(c) That the Section 72 Mid-Year Budget Assessment Report be submitted to the National Treasury, Western Cape Provincial Treasury, the Internal Audit Department and the Audit Committee.

(d) That the Section 72 Mid-Year Budget Assessment Report be published on the municipal website.

7. APPENDICES

Appendix A: Municipal Budget and Reporting Regulations C-Schedules

8. TABLES

9. MUNICIPAL MANAGER'S QUALITY CERTIFICATE

QUALITY CERTIFICATE

I, Dr Lulamile Mapholoba, the Municipal Manager of Knysna Municipality (WC 048), hereby certify that:

- [ ] the monthly budget statement
- [ ] the quarterly report on the implementation of the budget and financial state of affairs of the municipality
- [X] the mid-year budget assessment

for the six-month period ending December 2025, has been prepared in accordance with the Municipal Finance Management Act (Act No. 56 of 2003) and Regulations made under this Act.

Name: **DR LULAMILE MAPHOLOBA**

Signature:

Date: **23 January 2026**

APPENDIX A

Municipal Budget and Reporting Regulations C-Schedules