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REPORT ON THE 2nd SPECIAL ADJUSTMENT BUDGET FOR THE 2024/2025, 2025/26 AND 2026/27 MEDIUM TERM REVENUE EXPENDITURE FRAMEWORK (MTREF)

Report by the Chief Financial Officer

1. In terms of Section 28(2)(b) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and Section 23(3) of the Municipal Budget and Reporting Requirements (MBRR), municipalities must adjust their 2024/25MTREF budgets to account for the income and expenditure that were under budgeted or over budgeted.

2. The adjustment budget must be divided into a Capital and Operational Budget in accordance with international best practice and must be scheduled in a prescribed format:

- Setting out realistically anticipated revenue for the budget year from each source
- Appropriating expenditure for the budget year under the different votes/data strings of the council
- Setting out indicative revenue per revenue source and projected expenditure by vote/type/data strings for the two financial years following the budget year.
- Setting out estimated revenue and expenditure by vote/data strings for the current year and actual revenue and expenditure by vote for the financial years preceding the current year.
- As a statement containing any other information required by section 215 (3) of the constitution or as prescribed.

3. The adjustment budget may only be funded from:

- Realistically anticipated revenue to be collected
- Cash back accumulated funds from previous year's surplus not committed for other purposes
- Borrowed funds, but only for the Capital Budget referred to in Section 17 of the MFMA.

4. The adjustment budget herewith presented is a credible operating and capital budget which is going for council approval as per the expectations of Gazette No: 52381 of 25 March 2025

- That funds only activities which are consistent with the revised IDP.
- That contains revenue and expenditure projections that are consistent current and past performances.
- That ensures that the financial position is improved to favourable and maintained so that obligations over the short, medium and long term are met,(Working Capital Management)
- That ensures the service delivery and performance targets are met.



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5. The adjustment budget consist of (1) main Schedule of documentation prescribed by legislation: B Schedule of municipal Adjustment Budgets.

BACKGROUND:

- (1) A municipality may revise an approved annual budget through an adjustments budget.
- (2) An adjustments budget:-
 - (a) must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year;
 - (b) may appropriate additional revenues that have become available over and above those anticipated in the annual budget, but only to revise or accelerate spending programmes already budgeted for;
 - (c) may, within a prescribed framework, authorise unforeseeable and unavoidable expenditure recommended by the mayor of the municipality;
 - (d) may authorise the utilisation of projected savings in one vote towards spending under another vote;
 - (e) may authorise the spending of funds that were unspent at the end of the past financial year where the under-spending could not reasonably have been foreseen at the time to include projected roll-overs when the annual budget for the current year was approved by the council;
 - (f) may correct any errors in the annual budget; and
 - (g) May provide for any other expenditure within a prescribed framework.
- (3) An adjustments budget must be in a prescribed form.
- (4) Only the mayor may table an adjustments budget in the municipal council, but an adjustments budget in terms of subsection (2) (b)

DISCUSSION:

- (a) The municipal council approved its February adjustment budget. Since then, the Minister of Finance issued government notice gazette dated the 25th of March 2025 no. 52381 to the municipalities for the Stopping and re- allocation of conditional grants.
- (b) MIG main allocation was R33 559 000 it was reduced by R3 000 000 and the adjusted allocation is R30 559 000
- (c) EPWP main allocation was R1 975 000 and increased by R300 000 and the adjusted allocation R2 275 000.



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(d) The specific projects targeted for this allocation are as follows:-

		2nd Adjustment Budget 2024/2025		
Road Shakadza street paving ward 11	R6,000,000	R6,848,037	R848,037	
Construction of bridge at Tshikotoni	R5,250,000	R6,726,134	R1,476,134	
Masisi Street Paving Phase 1	R7,540,709	R7,145,683	-R395,026	
Paving of Nancefield ext 9 and 10 phase 3	R8,250,000	R4,756,923	-R3,493,077	
Paving of Nancefield phase 6 and 12	R4,840,341	R3,404,271	-R1,436,070	
PMU Admin Fees	R1,677,950	R1,677,950	R0	
	R0			
		R33,559,000	R30,558,998	-R3,000,002

- PMU main budget was R1 677 950.00
- Phase 6 to 1 main budget was R4 840 341.00 and was decreased to R3 404 271.51
- Tshikotoni budget was R5 250 000 and was increased to R6 726 134.15
- Masisi main budget was R7 540 709.00 and was decreased to R7 145 682.81
- Shakadza main budget was R6 000 000 and was increased to R6 848 037.77
- Nancefield ext 9&10 main budget was R5 250 000 and was decreased to R4 756 923.70

(e) This allocation will increase the municipality's revenue budget from R679 838 million to R680 138 million.

(f) The capital expenditure budget will decrease from R35 959 to R32 959 million.



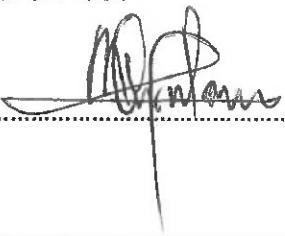
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The above report by the CFO is attached as the narrative of the 2ND Adjustment Budget of 2024/2025 as funded, is submitted for your consideration and approval.

CHIEF FINANCIAL OFFICER

Signature.....  Date:

Comments

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Schedule 5B
SPECIFIC PURPOSE ALLOCATIONS TO MUNICIPALITIES

Department of Public Works and Infrastructure (Vote 13)	Expanded Public Works Programme for Municipalities		
	Column A 2024/25 Main allocation	Column B	Column C 2024/25 Adjusted allocation
		Adjustments- Stopping and re- allocation	
LIMPOPO			
B LIM331 Greater Giyani	3 348	300	3 648
B LIM332 Greater Letaba	1 874		1 874
B LIM333 Greater Tzaneen	5 011		5 011
B LIM334 Ba-Phalaborwa	1 769		1 769
B LIM335 Maruleng	1 616		1 616
C DC33 Mopani District Municipality	6 799		6 799
Total: Mopani Municipalities	20 417	300	20 717
Vhembe			
B LIM341 Musina	1 975	300	2 275
B LIM343 Thulamela	3 683		3 683
B LIM344 Makhado	2 560		2 560
B LIM345 Collins Chabane	1 725		1 725
C DC34 Vhembe District Municipality	5 114		5 114
Total: Vhembe Municipalities	15 057	300	15 357
Capricorn			
B LIM351 Blouberg	2 005		2 005
B LIM353 Molemole	1 386		1 386
B LIM354 Polokwane	6 117		6 117
B LIM355 Lepelle-Nkumpi	1 756		1 756
C DC35 Capricorn District Municipality	2 773		2 773
Total: Capricorn Municipalities	14 037	-	14 037
Waterberg			
B LIM361 Thabazimbi	1 360	(408)	952
B LIM362 Lephale	1 311		1 311
B LIM366 Bela-Bela	1 502		1 502
B LIM367 Mogalakwena	1 610		1 610
B LIM368 Modimolle-Mookgophong	1 641		1 641
C DC36 Waterberg District Municipality	1 200		1 200
Total: Waterberg Municipalities	8 624	(408)	8 216
Greater Sekhukhune			
B LIM471 Ephraim Mogale	1 549		1 549
B LIM472 Elias Motsoaledi	2 609		2 609
B LIM473 Makhuduthamaga	2 348	300	2 648
B LIM476 Fetakgomo Tubatse	1 742		1 742
C DC47 Sekhukhune District Municipality	10 676		10 676
Total: Greater Sekhukhune Municipalities	18 924	300	19 224
Total: Limpopo Municipalities	77 059	492	77 551
MPUMALANGA			
B MP301 Chief Albert Luthuli	2 580		2 580
B MP302 Msukaligwa	1 285		1 285
B MP303 Mkhondo	2 004		2 004
B MP304 Dr Pixley ka Isaka Seme	1 931		1 931
B MP305 Lekwa	1 760	(1 320)	440
B MP306 Dipaleseng	1 285		1 285
B MP307 Govan Mbeki	1 597		1 597
C DC30 Gert Sibande District Municipality	1 718	892	2 610
Total: Gert Sibande Municipalities	14 160	(428)	13 732
Nkangala			
B MP311 Victor Khanye	1 361	300	1 661
B MP312 Emalahleni	3 193		3 193
B MP313 Steve Tshwete	1 808		1 808
B MP314 Emakhazeni	1 434		1 434
B MP315 Thembisile Hani	2 217		2 217
B MP316 Dr JS Moroka	2 155		2 155
C DC31 Nkangala District Municipality	1 706		1 706
Total: Nkangala Municipalities	13 874	300	14 174
Ehlanzeni			
B MP321 Thaba Chweu	1 608		1 608
B MP324 Nkomazi	2 436		2 436
B MP325 Bushbuckridge	3 149		3 149
B MP326 City of Mbombela	5 117		5 117
C DC32 Ehlanzeni District Municipality	1 389		1 389
Total: Ehlanzeni Municipalities	13 699	-	13 699
Total: Mpumalanga Municipalities	41 733	(128)	41 605

Schedule 5B
INFRASTRUCTURE GRANT ALLOCATIONS TO MUNICIPALITIES

Cooperative Governance (Vote 3)		Municipal Infrastructure Grant				
		Column A 2024/25 Main allocation	Adjustments- Correction of Errors - Gazette No. 51233	Adjustments- Stopping & Relocation to District municipalities - Gazette No. 51233	Adjustments- Stopping and re- allocation	Column C 2024/25 Adjusted allocation
LIMPOPO						
B LIM331	Greater Giyani	71 163			15 000	71 163
B LIM332	Greater Letaba	72 204				87 204
B LIM333	Greater Tzaneen	111 062				111 062
B LIM334	Ba-Phalaborwa	37 141				37 141
B LIM335	Maruleng	40 913			25 000	65 913
C DC33	Mopani District Municipality	524 667	(5 305)			519 362
Total: Mopani Municipalities		857 150	(5 305)		40 000	891 845
B LIM341	Musina	33 559			(3 000)	30 559
B LIM343	Thulamela	117 147				117 147
B LIM344	Makhado	105 490			20 000	125 490
B LIM345	Collins Chabane	96 519			20 000	116 519
C DC34	Vhembe District Municipality	594 505	(6 017)		(34 984)	553 504
Total: Vhembe Municipalities		947 220	(6 017)		2 016	943 219
B LIM351	Blouberg	51 769				51 769
B LIM353	Moemole	40 820				40 820
B LIM355	Lepelle-Nkumpi	63 317				39 172
C DC35	Capricorn District Municipality	266 222	(2 659)		20 000	283 563
Total: Capricorn Municipalities		422 128	(2 659)		(4 145)	415 324
B LIM361	Thabazimbi	38 157	(199)		(11 151)	26 807
B LIM362	Lephalale	50 425	(258)		(14 220)	35 947
B LIM366	Bela-Bela	29 632	(123)		8 000	37 509
B LIM367	Mogalakwena	182 540	(1 092)			181 448
B LIM368	Modimolle-Mookgophong	54 550	(210)		10 000	64 340
C DC36	Waterberg District Municipality					-
Total: Waterberg Municipalities		355 304	(1 882)		(7 371)	346 051
B LIM471	Ephraim Mogale	48 796			15 000	63 796
B LIM472	Elias Motoaledi	74 314			17 000	91 314
B LIM473	Makhuduthamaaga	72 858			25 000	97 858
B LIM476	Petakgomo Tubase	109 304			18 000	127 304
C DC47	Sekhukhune District Municipality	548 555	(5 507)		(122 391)	420 657
Total: Greater Sekhukhune Municipalities		853 827	(5 507)		(47 391)	800 929
Total: Limpopo Municipalities		3 435 629	(21 370)		(16 891)	3 397 368
MPUMALANGA						
B MP301	Chief Albert Luthuli	110 913	(487)			110 426
B MP302	Msukaligwa	60 855	(257)		10 000	70 598
B MP303	Mkhondo	90 473	(500)			89 973
B MP304	Dr Pixley ka Isaka Seme	34 213	(82)			34 131
B MP305	Lekwa	33 151	(74)			33 077
B MP306	Dipaleseng	26 218	(67)	(5 000)		21 151
B MP307	Govan Mbeki	77 528	(110)	5 000		77 418
C DC30	Gert Sibande District Municipality					5 000
Total: Gert Sibande Municipalities		433 351	(1 577)		10 000	441 774
B MP311	Victor Khanye	28 420	(83)			28 337
B MP312	Emalahleni	139 733	(628)			139 105
B MP314	Emakhazeni	30 587	(54)		10 000	40 533
B MP315	Thembisa Hani	154 045	(710)			153 335
B MP316	Dr JS Moroka	145 289	(789)			144 500
C DC31	Nkangala District Municipality					-
Total: Nkangala Municipalities		498 074	(2 264)		10 000	505 810
B MP321	Thaba Chweu	54 897	(268)			54 629
B MP324	Nkomazi	262 071	(1 663)			260 408
B MP325	Bushbuckridge	437 117	(2 955)		16 732	450 894
B MP326	City of Mbombela	389 222	(2 530)			386 692
C DC32	Ehlanzeni District Municipality					-
Total: Ehlanzeni Municipalities		1 143 307	(7 416)		16 732	1 152 623
Total: Mpumalanga Municipalities		2 074 732	(11 257)		36 732	2 100 207