SALDANHA BAY MUNICIPALITY

REPORT TO THE MUNICIPAL COUNCIL

SUBJECT:	2024/2025 ADJUSTMENTS BUDGET APRIL 2025
DIRECTORATE:	FINANCE
AUTHOR:	M CORNETT/ S ROETS
DATE:	14 April 2025
FILE NO:	5/1/1 – 2024/25
ITEM NUMBER:	R……….

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1. Purpose of the report

The purpose of the report is to submit an adjustments budget for 2024/2025 to Council for approval, based on the decreasing of grant funding and to account for the additional grant received.

2. Background

A Government Gazette (no 52381) was issued by the Minister of Finance, Mr Enoch Godongwana on 25 March 2025 whereby the Municipal Infrastructure Grant (MIG) and the Integrated National Electrification Programme (INEP) grant was reduced. The municipality also received a municipal disaster response grant for infrastructure damages caused by 2024 floods and storm surges.

3. Legislative compliance

3.1 Section 28 of the MFMA stipulates inter alia the following:

In terms of section 28 of the Municipal Finance Management Act (MFMA) a municipality may revise an approved annual budget through an adjustments budget.
An adjustments budget –

- Must adjust the *revenue and expenditure estimates downwards* if *there is a material under-collection of revenue* during the year;
- 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.

3.2 Municipal Budget and Reporting Regulation 23(3)

There is no timeframe stipulated in the Municipal Budget and Reporting Regulations (MBRR) for the tabling of an adjustment budget referred to in section 28 (2)(a) of the MFMA.

The Municipal Budget and Reporting regulation 23(3) stipulates that if a National or Provincial adjustment budget allocates or transfers additional revenues to a municipality, the Mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustment budget, table an adjustments budget referred to in section 28 (2)(b) of the MFMA in the municipal council to appropriate these additional revenues.

4. Part 1 – Adjustments budget

4.1 Mayors Report

The municipal budget will be adjusted to correctly reflect the revenue and expenditure of the adjusted grants in the operating and capital budget.

4.2 Resolutions

The recommendations at the end of the report will contain the prescribed recommended resolutions as required in terms of the MBRR.

4.3 Executive summary

An adjustment budget is necessary to correctly reflect the revenue and expenditure relating to the capital grants, due to the adjustment of the MIG, INEP and disaster response grant. The impact of the adjustments will be as follow:

4.3.1 Operating Budget

The operating revenue decreased from R1.757 billion to R1.751 billion, while the operating expenditure remains the same at R1.783 billion. The nett result of the operating adjustment budget reflected on the B1 schedule changes from a deficit after capital grants expenditure of R25.890 million to a deficit of R31.228 million.

Transfers and subsidies- capital have been adjusted downwards with R 5.3 million because of the reduction of the MIG, INEP and additional Municipal Disaster Response grant that was gazetted.

A summary of adjustments to the operating budget 2024/2025 are reflected in the table below:

Table 1: Operating Revenue

Revenue	ADJB Feb 2025 R	Adjustments R	ADJB April 2025 R
Revenue: Exchange			
Service charges - Electricity	559,882,818	-	559,882,818
Service charges - Water	186,603,213	-	186,603,213
Service charges - Waste Water Management	101,251,918	-	101,251,918
Service charges - Waste Management	95,354,172	-	95,354,172
Sale of Goods and Rendering of Services	27,688,385	-	27,688,385
Agency services	10,527,432	-	10,527,432
Interest earned from Receivables	13,222,696	-	13,222,696
Interest earned from Current and Non Current Assets	77,243,257	-	77,243,257
Rental from Fixed Assets	15,308,159	-	15,308,159
Licence and permits Exch	1,543,705	-	1,543,705
Operational Revenue exch	9,710,768	-	9,710,768
Revenue: Non-Exchange			
Property rates	357,386,901	-	357,386,901
Fines, penalties and forfeits	26,665,636	-	26,665,636
Licences or permits Non Exch	4,777	-	4,777
Transfer and subsidies - Operational	160,880,522	-	160,880,522
Interest-non exch	8,892,758	-	8,892,758
Operational Revenue	35,704,536	-	35,704,536
Transfers and subsidies - capital	69,395,809	(5,338,000)	64,057,809
Total Revenue	**1,757,267,462**	**(5,338,000)**	**1,751,929,462**

Table 2: Operating Expenditure

Expenditure	ADJB Feb 2025 R	Adjustments R	ADJB April 2025 R
Employee related costs	562,858,569	-	562,858,569
Remuneration of councillors	16,097,339	-	16,097,339
Bulk purchases - electricity	473,708,236	-	473,708,236
Inventory consumed	142,526,238	(154,583)	142,371,655
Debt impairment	2,154,758	-	2,154,758
Depreciation and amortisation	195,597,312	-	195,597,312
Interest expenditure	19,528,931	-	19,528,931
Contracted services	214,674,135	(155,917)	214,518,218
Transfers and subsidies	1,499,507	150,000	1,649,507
Irrecoverable debts written off	29,344,221	-	29,344,221
Operational costs	107,829,274	160,500	107,989,774
Other Losses	17,338,994	-	17,338,994
Total Expenditure	**1,783,157,514**	**-**	**1,783,157,514**
Surplus/(Deficit)	**(25,890,052)**	**(5,338,000)**	**(31,228,052)**

4.3.2 Capital Budget

The capital budget is reduced by R 5.3 million from R 336 million to R330.7 million.

Below is a summary of the capital budget per funding source and per directorate:

Table 3: Capital Budget per Fund

Funding Source	ADJB Feb 2025	Grant Adjustment	ADJB April 2025
Capital Replacement Reserve	261,726,136	-	261,726,136
External Financing Fund (Annuities)	4,910,742	-	4,910,742
Conditional Grants (Provincial)	25,033,109	-	25,033,109
Conditional Grants (National)	44,362,700	(5,338,000)	39,024,700
TOTAL	**336,032,687**	(5,338,000)	**330,694,687**

The summarised changes per directorate is as follows:

Table 4: Capital Budget per Directorate

Directorate	ADJB Feb 2025	Grant Adjustment	ADJB April 2025
Financial Services	562,288	-	562,288
Community & Operational Services	19,757,017	-	19,757,017
Infrastructure & Planning Services	197,231,794	(5,795,000)	191,436,794
Corporate & Public Safety Services	30,429,193	590,000	31,019,193
Office of the Municipal Manager	85,010	-	85,010
Council	-	-	-
Economic Development and Strategic Services	12,974,378	-	12,974,378
Energy and Electro Technical Services	74,993,007	(133,000)	74,860,007
TOTAL	**336,032,687**	**(5,338,000)**	**330,694,687**

The capital projects that will be affected by the adjustment budget are provided in the table below**.**

Table 5: Capital projects affected by the adjustment budget

Directorate	Function	Project Short Description	Region	Funding	ADJB Feb 2025	Grant Adjustment	ADJB April 2025
IPS	PMU (303)	Rugby field turf and irrigation Laingville	Ward 12	MIG	10,690,433	(5,299,605)	5,390,828
IPS	Landfill sites (366)	Transport assets - All dept	Whole	MIG	5,997,978	1,625,364	7,623,342
IPS	Sewer Distribution (370)	Upgrade Laingville sewer pumpstations pipelines and associated works	Ward 12	MIG	1,313,289	(9)	1,313,280
IPS	Sewer Purification (376)	Upgrade Laingville WWTW - Phase 1	Whole	MIG	3,000,000	(2,120,750)	879,250
Corporate	Municipal buildings (450)	Replace portion of asbestos roof admin building	Whole	MDRG	-	590,000	590,000
Energy	Electricity:Distribution (886)	Diazville phase 2 -559 houses electrification	Ward 4	INEP	133,000	(133,000)	-
TOTAL					**21,134,700**	**(5,338,000)**	**15,796,700**

5. Attachments

(a) **Annexure “A”** B Schedules as prescribed

(b) **Annexure “B”** Summaries Capital budget;

(c) **Annexure “C”** Government Gazette with adjustment allocations;

(d) **Annexure “D’’**: Signed quality certificate;

6. Recommendations

i. That the report be noted;

ii. That the individual capital projects as contained in this 2025/25 Adjustments Budget, supportive of the B-Schedules and other annexures, be approved;

iii. That the funding of the adjusted capital budget contained in this report and annexures be approved;

iv. That the adjustments budget for 2024/2025 as contained in the prescribed budget schedules in **Annexure “A**”, be approved and submitted to National Treasury and Provincial Treasury: Western Cape.

v. That the adjusted grant allocation as attached in **Annexure “B”** be noted;

vi. That the signed quality certificate attached as **Annexure “C”** be noted; and

vii. That, where relevant, the SDBIP and the applicable performance agreements be adjusted accordingly.

15 April 2025

MS MANDY CORNETT | DATE
MANAGER: BUDGETING

15 April 2025

MR SYBRAND ROETS | DATE
SENIOR MANAGER: FINANCIAL MANAGEMENT

Stefan Vorster

16 April 2025

MR S VORSTER | DATE

CHIEF FINANCIAL OFFICER