

REPORT TO COUNCIL: 28 FEBRUARY 2024

File No.:5/1/1/1[23/24]

AUTHOR: Executive Mayor (Princess Faku)

MID-YEAR ADJUSTMENTS BUDGET REPORT FOR THE 2023/2024 FINANCIAL YEAR

1. PURPOSE

The purpose of the report is for the Council to **consider** and **approve** the Mid-Year Adjustments Budget of Buffalo City Metropolitan Municipality for the 2023/2024 financial year in terms of section 28 of the MFMA.

2. AUTHORITY

Buffalo City Metropolitan Council.

3. LEGAL / STATUTORY REQUIREMENTS

3.1 The Constitution of the Republic of South Africa, 1996

3.2 Municipal Finance Management Act No 56, 2003

3.3 Municipal Budget and Reporting Regulations, 2009

4. BACKGROUND

In terms of Section 28, of the Municipal Finance Management Act No. 56, 2003, Chapter 4, the following applies: -

(1) "A municipality may revise an approved annual budget through an adjustment 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) to (g) may only be tabled within any prescribed limitations as to timing or frequency.*
- (5) When an adjustments budget is tabled, it must be accompanied by—*
- (a) an explanation how the adjustments budget affects the annual budget;*
 - (b) a motivation of any material changes to the annual budget;*
 - (c) an explanation of the impact of any increased spending on the annual budget and the annual budgets for the next two financial years; and*
 - (d) any other supporting documentation that may be prescribed.*
- (6) Municipal tax and tariffs may not be increased during a financial year except when required in terms of a financial recovery plan.”*

According to the Municipal Budget and Reporting Regulations (MBRR), 2009, (Reg. 23)

“(1) an adjustments budget referred to in Section 28(2)(b), (d) and (f) of the Act may be tabled in the municipal council at any time after the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.”

“An adjustment budget and supporting documentation must be in the format specified in Schedule B and include all the required tables, charts and explanatory information taking into account any guidelines issued by the Minister in terms of

S168(1) of the Act” (MFMA).

In terms of Section 54(1) on receipt of a statement or report submitted by the Accounting Officer of the municipality and in terms of Section 71 or 72, the Mayor must–

“(c) consider and, if necessary, make any revisions to the Service Delivery and Budget Implementation Plan, provided that the revision to the service delivery targets and performance indicators in the plan may only be made with the approval of the Council following approval of an adjustment.”

This report responds to the above sections of MFMA (28(2)(e)) and follows the legislative requirements of the Municipal Budget and Reporting Regulations (Schedule B format).

5. EXPOSITION OF FACTS

The mid-year adjustments budget is being prepared as informed by the Mid-Year Budget and Performance Assessment and certain adjustments have been identified in terms of Section 28(2) of the MFMA. The Mid-Year Budget and Performance Assessment was tabled at Council on 26th January 2024. The following are the main reasons for the adjustment budget but not limited to:

- i. Revision of the revenue and expenditure estimates downwards.
- ii. Reduction in collection rate
- iii. appropriation of additional revenue (grant funding) that has become available; and
- iv. revision and re-allocation of budget between capital and operating budget, votes, expenditure categories and revenue sources in order to improve operational efficiencies and service delivery.

A. The following table provides a high-level summary of the Operating and Capital Budget Adjustments for the Parent Municipality (BCMM):

OPERATING AND CAPITAL BUDGET EXPENDITURE	2023/2024	2023/2024	ADJUSTMENTS	2023/2024	2024/2025	2025/2026
	APPROVED BUDGET	FIRST ADJ. BUDGET		MID-YEAR ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	9 347 595 449	9 350 657 567	-63 017 321	9 287 640 246	10 039 707 815	10 837 229 726
Total Operating Expenditure Excluding Operating Projects	8 940 142 163	8 940 142 163	-7 979 112	8 932 163 051	9 682 738 350	10 458 793 769
Operating Projects	397 238 176	400 300 294	-45 059 513	355 240 781	346 757 320	370 856 827
Total Operating Expenditure Including Operating Projects	9 337 380 339	9 340 442 457	-53 038 625	9 287 403 832	10 029 495 670	10 829 650 596
Surplus /(Deficit)	10 215 110	10 215 110	-9 978 696	236 414	10 212 145	7 579 130
Total Capital Expenditure	1 217 893 078	1 293 867 019	-800 000	1 293 087 019	1 166 286 224	1 191 506 658
Total Opex and Capex Budget	10 555 273 417	10 634 329 476	-53 838 625	10 580 490 851	11 195 781 894	12 021 157 254

B. The following table provides a high-level summary of the Operating and Capital Budget Adjustments for the Municipal entity (BCMDA):

OPERATING AND CAPITAL BUDGET EXPENDITURE	2023/2024	2023/2024	ADJUSTMENTS	2023/2024	2024/2025	2025/2026
	APPROVED BUDGET	FIRST ADJ. BUDGET		MID-YEAR ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	67 961 491	67 961 491	30 928 110	98 889 601	63 110 324	58 232 053
Total Operating Expenditure Including Operating Projects	67 961 491	67 961 491	30 928 110	98 889 601	63 110 324	58 232 053
Surplus /(Deficit)	0	0	0	0	0	0
Total Capital Expenditure	1 433 226	1 433 226	-625 083	808 143	1 520 030	1 589 952
Total Opex and Capex Budget	69 394 717	69 394 717	30 303 027	99 697 744	64 630 354	59 822 005

C. The following table provides a high-level summary of the Consolidated Operating and Consolidated Capital Budget Adjustments:

OPERATING AND CAPITAL BUDGET EXPENDITURE	2023/2024	2023/2024	ADJUSTMENTS	2023/2024	2024/2025	2025/2026
	APPROVED BUDGET	FIRST ADJ. BUDGET		MID-YEAR ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	9 415 556 940	9 418 619 058	-32 089 211	9 386 529 847	10 102 818 139	10 895 461 779
Total Operating Expenditure Excluding Operating Projects	9 008 103 654	9 008 103 654	67 170 027	9 075 273 681	9 745 848 674	10 517 025 822
Operating Projects	397 238 176	400 300 294	-45 059 513	355 240 781	346 757 320	370 856 827
Total Operating Expenditure Including Operating Projects	9 405 341 830	9 408 403 948	-22 110 514	9 386 293 434	10 092 605 994	10 887 882 649
Surplus / (Deficit)	10 215 110	10 215 110	-9 978 697	236 413	10 212 145	7 579 130
Total Capital Expenditure	1 219 326 304	1 295 320 245	-1 425 083	1 293 895 162	1 167 806 254	1 193 096 609
Total Opex and Capex Budget	10 624 668 134	10 703 724 193	-23 535 597	10 680 188 596	11 260 412 248	12 080 979 258

Further details on exposition of facts are detailed below for the Consolidated adjustments in the prescribed format.

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ABBREVIATIONS AND ACRONYMS

AMR	Automated Meter Reading	EU	European Union
ASGISA	Accelerated and Shared Growth Initiative South Africa	ELIDZ	East London Industrial Development Zone
BCMM	Buffalo City Metropolitan Municipality	FBS	Free Basic Services
BCMDA	Buffalo City Development Agency	FMG	Finance Management Grant
BEPP	Built Environment Performance Plan	GAMAP	Generally Accepted Municipal Accounting Practice
BSC	Budget Steering Committee	GDP	Gross Domestic Product
CBD	Central Business District	GFS	Government Financial Statistics
CFO	Chief Financial Officer	GRAP	Generally Recognized Accounting Practice
CM	City Manager	HR	Human Resources
CoGTA	Cooperative Government & Traditional Affairs	HSDG	Human Settlement Development Grant
CPI	Consumer Price Index	HSRC	Human Science Research Council
CRRF	Capital Replacement Reserve Fund	ICDG	Integrated City Development Grant
DBSA	Development Bank South Africa	IDP	Integrated Development Plan
DEDEAT	Department of Economic Development, Environmental Affairs and Tourism	INEP	Integrated National Electrification Programme
DoRA	Division of Revenue Act	IT	Information Technology
DRDLR	Department of Rural Development and Land Reform	ISUPG	Informal Settlements Upgrading Partnership Grant
DTI	Department of Trade & Industry	KPI	Key Performance Indicator
DWA	Department of Water Affairs	kℓ	Kilolitre
ECDC	Easter Cape Development Corporation	KFA	Key Focus Area
EE	Employment Equity	Km	Kilometre
EEDSM	Energy Efficiency Demand Side Management	KPA	Key Performance Area
EM	Executive Mayor	kWh	Kilowatt hour
EPWP	Expanded Public Works Programme	ℓ	Litre

ECPTA	Eastern Cape Parks & Tourism	LED	Local Economic Development
MBRR	Municipal Budgeting and Reporting Regulations	PPP	Public Private Partnership
MDGS	Metro Growth and Development Strategy	PT	Provincial Treasury
MEC	Member of the Executive Committee	PMS	Performance Management System
MFMA	Municipal Finance Management Act	PTIS	Public Transport Infrastructure System
MIG	Municipal Infrastructure Grant	SALGA	South African Local Government Association
MMC	Member of Mayoral Committee	SAT	South African Tourism
MPRA	Municipal Property Rates Act	SDBIP	Service Delivery Budget Implementation Plan
MSA	Municipal Systems Act	SDF	Spatial Development Framework
MTEF	Medium-Term Expenditure Framework	SMME	Small Micro and Medium Enterprises
MTREF	Medium-Term Revenue and Expenditure Framework	TRAs	Temporary Relocation Areas
NDPG	Neighbourhood Development Partnership Grant	UK	United Kingdom
NERSA	National Electricity Regulator South Africa	US	United States
NGO	Non-Governmental Organisations	USDG	Urban Settlement Development Grant
NKPIs	National Key Performance Indicators	VAT	Value Added Tax
NT	National Treasury	WSA	Waster Services Authority
OP	Operational Plan	WSDP	Water Services Development Plan
PPE	Property, Plant and Equipment		

5.1 EXECUTIVE MAYOR'S REPORT

The 2023/2024 mid-year adjustments budget is being prepared as informed by the Mid-Year Budget and Performance Assessment and in terms of the MFMA and Municipal Budget and Reporting Regulations. The main reason for this adjustment budget is to reduce collection rate, to implement budget reduction

on budgeted revenue and expenditure, the revision and re-allocation of budget between capital and operating budget, votes, expenditure categories and revenue sources in order to improve operational efficiencies and service delivery. The following table provides a high-level summary of the Consolidated Operating and Capital Budget Adjustments:

Table 1: High Level Summary of Consolidated Operating and Capital Budget Adjustments

OPERATING AND CAPITAL BUDGET EXPENDITURE	2023/2024	2023/2024	ADJUSTMENTS	2023/2024	2024/2025	2025/2026
	APPROVED BUDGET	FIRST ADJ. BUDGET		MID-YEAR ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	9 415 556 940	9 418 619 058	-32 089 211	9 386 529 847	10 102 818 139	10 895 461 779
Total Operating Expenditure	9 405 341 830	9 408 403 948	-22 110 514	9 386 293 434	10 092 605 994	10 887 882 649
Surplus / (Deficit)	10 215 110	10 215 110	-9 978 697	236 413	10 212 145	7 579 130
Total Capital Expenditure	1 219 326 304	1 295 320 245	-1 425 083	1 293 895 162	1 167 806 254	1 193 096 609
Total Opex and Capex Budget	10 624 668 134	10 703 724 193	-23 535 597	10 680 188 596	11 260 412 248	12 080 979 258

The following factors were considered in the formulation of the mid-year adjustments budget:

- (a) Projected annual revenue for all revenue sources after taking into consideration the actual revenue realised in the mid-year.
- (b) Ability to improve revenue performance.
- (c) Adjustments between the different expenditure types as requested by directorates.
- (d) Continuous enforcement of cost containment measures.
- (e) Funding availability and affordability.
- (f) Reduction of budgeted expenditure due to reduction in collection rate (collection rate revised downwards from 80.5% to 78%)
- (g) Status of implementation readiness for each project.

5.2 COUNCIL RESOLUTIONS

On 31 May 2023 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2023/24 MTREF Budget. The Council further met on 25 August 2023 to consider and approve the roll-over adjustment budget. In terms of Chapter 4, Section 28 (1) to (7) of the Municipal Finance Management Act No. 56 of 2003, "A municipality may adjust an approved budget through an adjustment budget."

It is therefore recommended that the BCMM Council **considers** and **approves**:

A. The adjusted budget of the Parent municipality (BCMM) for the 2023/2024 Mid-Year Adjustment Budget as follows:

- i. The adjustment from R9 350 657 567 to R9 287 640 246 of the BCMM 2023/2024 Operating Revenue Budget.
- ii. The adjustment from R9 340 442 457 to R9 287 403 832 of the BCMM 2023/2024 Operating Expenditure Budget.
- iii. The adjustment from R1 293 887 019 to R1 293 087 019 of the BCMM 2023/2024 Capital Budget.

B. The adjusted budget of the Municipal Entity (BCMDA) for the 2023/2024 Mid-Year Adjustment Budget as follows:

- i. The adjustment from R67 961 491 to R98 889 601 of the BCMDA 2023/2024 Operating Revenue Budget.
- ii. The adjustment from R67 961 491 to R98 889 601 of the BCMDA 2023/2024 Operating Expenditure Budget.
- iii. The adjustment from R1 433 226 to R808 143 of the BCMDA Capital Budget.

C. The consolidated adjusted budget for the 2023/2024 Mid-Year Adjustment Budget as follows:

- i. The adjustment from R9 418 619 058 to R9 386 529 847 of the consolidated 2023/2024 Operating Revenue Budget.
- ii. The adjustment from R9 408 403 948 to R9 386 293 434 of the consolidated 2023/2024 Operating Expenditure Budget.
- iii. The adjustment from R1 295 320 245 to R1 293 895 162 of the consolidated 2023/2024 Capital Budget.

D. Council **notes** that, in order to improve operational efficiency, the consolidated detailed schedules of operating projects and capital projects that are attached as **Annexure 1 and 2** respectively have been rolled up to project and or programme level to allow budget transfers between vote/account numbers that make up that particular project or programme to be managed at administrative level rather than being treated as a virement or an adjustment budget (**Annexure 1.1 and 2.1** are provided for information only).



P. FAKU

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

MXOLISI YAWA/ VP

19-02-2024

DATE

5.3 EXECUTIVE SUMMARY

BCMM continues to take a more conservative approach in the manner in which it approaches budgeting including this second adjustment budget. This approach involved an intensive internal process of assessing mid-year performance and determining whether the unspent funding that is requested to be rolled over is committed to identifiable projects. This process is in line with the process followed by National Treasury for approval of conditional grants roll-overs.

The consolidated capital budget spending as at 31 December 2023 is 38% (R496.80 million, inclusive of reclaimed vat) of its 2023/2024 adjusted capital budget of R1.29 billion. This reflects an improvement when compared to the same period in the previous financial year where 23% (R417.64 million, inclusive of reclaimed vat) of the adjusted budget of R1.80 billion was spent.

Having assessed the consolidated mid-year performance of the City, the collection rate has been revised downwards from 80.5% to 78%, this has resulted in an increase in the budget allocated to debt impairment. Operating revenue budget has been reduced by R32 089 211 from R9 418 619 058 to R9 386 529 847. The operating expenditure budget has been reduced by R22 110 514 from R9 408 403 948 to R9 386 293 434; these are detailed in section 5.4 and 5.5 of the report. The overall operating surplus before capital transfers reduces by R9 978 697 from R10 215 110 to R236 413. The capital expenditure budget has been reduced by R1 415 083 from R1 295 320 245 to R1 293 895 162; this is detailed in section 5.6 of the report.

5.3.1 Budget Adjustment Summary

The main reason for this adjustment budget is the implement budget reduction to budgeted revenue and expenditure, reduction of collection rate and the re-allocation of budget between capital and operating budget, votes, expenditure types, revenue sources to improve operational efficiencies and service delivery.

The table below indicates the summary of the 2023/2024 Consolidated mid-year adjustments budget.

Table 2: 2023/2024 Consolidated Mid-Year Adjustment Budget Summary

OPERATING AND CAPITAL BUDGET EXPENDITURE	2023/2024	2023/2024	ADJUSTMENTS	2023/2024	2024/2025	2025/2026
	APPROVED BUDGET	FIRST ADJ. BUDGET		MID-YEAR ADJ. BUDGET	FINAL BUDGET	FINAL BUDGET
Total Revenue	9 415 556 940	9 418 619 058	-32 089 211	9 386 529 847	10 102 818 139	10 895 461 779
Total Operating Expenditure Excluding Operating Projects	9 008 103 654	9 008 103 654	67 170 027	9 075 273 681	9 745 848 674	10 517 025 822
Operating Projects	397 238 176	400 300 294	-45 059 513	355 240 781	346 757 320	370 856 827
Total Operating Expenditure Including Operating Projects	9 405 341 830	9 408 403 948	-22 110 514	9 386 293 434	10 092 605 994	10 887 882 649
Surplus / (Deficit)	10 215 110	10 215 110	-9 978 697	236 413	10 212 145	7 579 130
Total Capital Expenditure	1 219 326 304	1 295 320 245	-1 425 083	1 293 895 162	1 167 806 254	1 193 096 609
Total Opex and Capex Budget	10 624 668 134	10 703 724 193	-23 535 597	10 680 188 596	11 260 412 248	12 080 979 258

5.4 OPERATING REVENUE FRAMEWORK

The following factors were taken into consideration in arriving to the proposed adjustments in the City's Revenue Framework:

- (a) Projected annual revenue for all revenue sources after taking into consideration the actual revenue realised in the mid-year.
- (b) Ability to improve revenue performance.

The following table (Table 3) depicts adjustments to the consolidated operating revenue budget per source. Table 3 below reflects that there has been a decrease in revenue totalling to R32 089 211.

Table 3: 2023/24 Consolidated Mid-Year Adjusted Revenue per Source

2023/2024 FIRST ADJUSTMENT BUDGET REVENUE FRAMEWORK	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJUSTMENT BUDGET	ADJUSTMENTS	2023/2024 MID YEAR ADJUSTMENTS BUDGET
Revenue by Source				
Property rates	2 208 577 405	2 208 577 405	0	2 208 577 405
Service charges - electricity revenue	2 614 160 794	2 614 160 794	-154 865 142	2 459 295 652
Service charges - water revenue	933 423 445	933 423 445	-87 734 878	845 688 567
Service charges - sanitation revenue	493 350 607	493 350 607	80 203 926	573 554 533
Service charges - refuse revenue	406 053 181	406 053 181	103 240 139	509 293 320
Rental of facilities and equipment	23 129 360	23 129 360	0	23 129 360
Interest earned - external investments	24 054 418	24 054 418	14 499 079	38 553 497
Interest earned - outstanding debtors	211 915 246	211 915 246	0	211 915 246
Fines, penalties and forfeits	20 080 395	20 080 395	-10 841 849	9 238 546
Licences and permits	17 667 120	17 667 120	-4 300 000	13 367 120
Agency services	27 260 728	27 260 728	671 893	27 932 621
Transfers and subsidies - Operating	1 463 862 078	1 466 924 196	27 022 274	1 493 946 470
Sale of Goods and Rendering of Services	145 957 834	145 957 834	0	145 957 834
Fuel Levy	741 926 000	741 926 000	0	741 926 000
Other revenue	84 138 329	84 138 329	15 047	84 153 376
Total Direct Operating Revenue	9 415 556 940	9 418 619 058	-32 089 211	9 386 529 547

Net upward adjustments amounting to R32 089 211:

- i. **Service Charges (Electricity) adjusted downwards by R154 865 142**
 - Reduction of Electricity Service charges by R154 865 142 due to underperformance. The MFMA indicates that budgeted revenue is to be based on realistically revenue to be collected. Taking into account the huge difference

between the year to date budget and the year to date actual it is proposed that this revenue budget be revised downwards by R154 865 142.

ii. **Service Charges (Water) adjusted downwards by R87 734 878**

- Reduction of Water Service charges by R87 734 878 due to underperformance. The MFMA indicates that budgeted revenue is to be based on realistically revenue to be collected. Taking into account the huge difference between the year to date budget and the year to date actual it is proposed that this revenue budget be revised downwards by R87 734 878.

iii. **Service Charges (Waste Water) adjusted upwards by R80 203 926**

- Upward adjustment of Waste Water Service charges by R80 203 926 due to overperformance. The MFMA indicates that budgeted revenue is to be based on realistically revenue to be collected. Taking into account the huge difference between the year to date budget and the year to date actual it is proposed that this revenue budget be revised upwards downwards by R80 203 926.

iv. **Service Charges (Refuse) adjusted upwards by R103 240 139**

- Upward adjustment of Refuse Service charges by R103 240 139 due to overperformance. The MFMA indicates that budgeted revenue is to be based on realistically revenue to be collected. Taking into account the huge difference between the year to date budget and the year to date actual it is proposed that this revenue budget be revised upwards downwards by R103 240 139.

iv. **Interest Earned on External Investments adjusted upwards by R14 499 079**

- Through the Mid-year performance assessment, it was identified that the actual interest earned on external investments exceeded the allocated budget for this revenue source, taking this into account it is proposed that this revenue budget be revised upwards by R14 499 079:
 - Upward adjustment of R14 000 000 by Buffalo City Metropolitan Municipality
 - Upward adjustment of R499 079 by Buffalo City Metropolitan Developmental Agency

v. Fines, Penalties & Forfeits adjusted downwards by R10 841 849

- Reduction of budgeted revenue is due to underperformance mainly caused by the following:
 - Traffic fines (section 56 notices) that are struck off the court roll.
 - Tracing offenders is a challenge due to people not updating their particulars i.e., residential address when relocating.
 - Buyers of vehicles not registering their vehicles in their name thus details are not updated to new owner's details which makes it difficult to trace traffic offenders.

vi. Licences & Permits adjusted downwards by R4 300 000

- Reduction of budgeted revenue is due to underperformance caused by the following:
 - Three companies other than BCMM also offer roadworthy testing of vehicles.
 - Learners Licenses and Professional Driver's License testing can also be undertaken at the Department of Transport.

vii. Agency Services adjusted upwards by R671 893

- The agency has proposed an upward adjustment of R671 893 on the budgeted revenue for Agency services.

viii. Other revenue adjusted upwards by R15 047

- The agency has proposed an upward adjustment of R15 047 on the budgeted revenue for Other revenue.

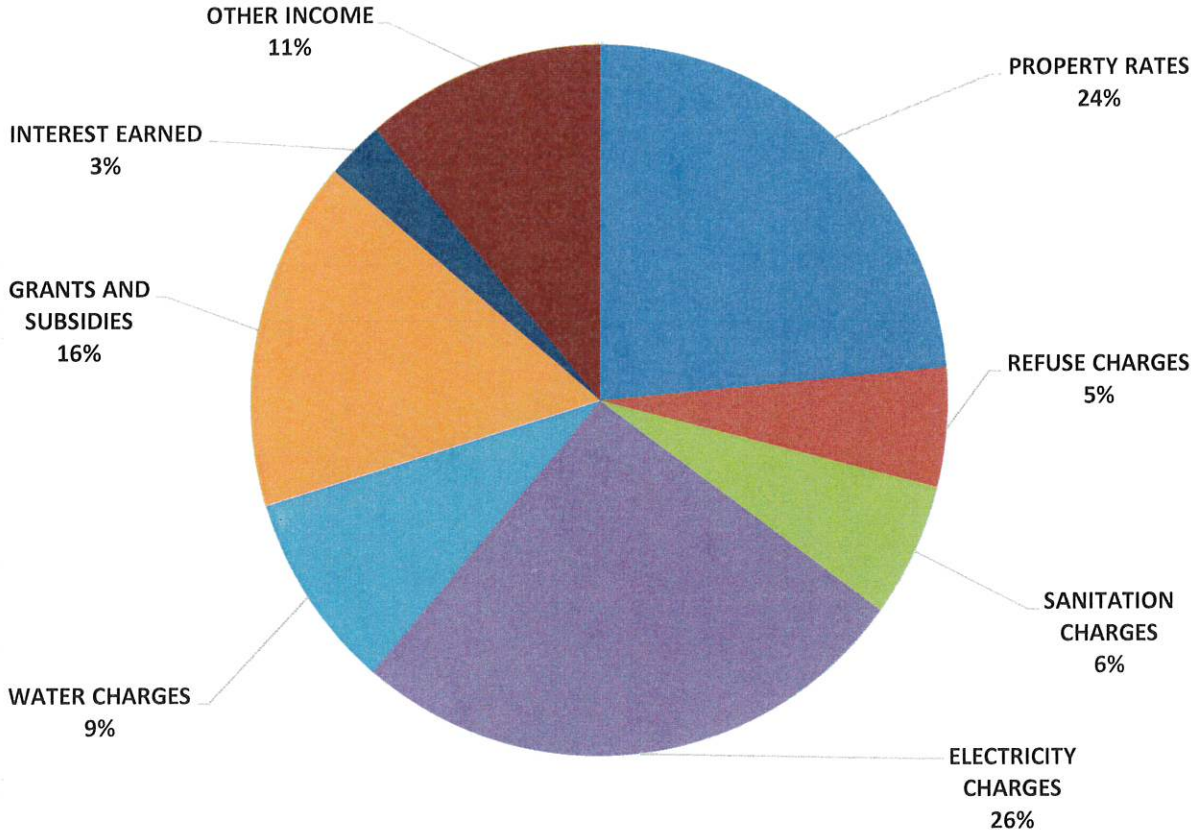
ix. Transfers & Subsidies (Operational) adjusted upwards by R27 022 274:

- Budget reduction of R8 908 000 to transfers and subsidies, this reduction is to align the allocated funding for the Programme & Project Preparation Support grant (PPPSG) to the amended Dora bill.
- Budget reduction of R230 000 to transfers and subsidies, this reduction is to align the allocated funding for the Infrastructure Skills Development grant to the amended Dora Bill.

- Budget reduction of R340 000 to transfers and subsidies, this reduction is to align the allocated funding for the Expanded Public Works Programme to the amended Dora Bill.
- Budget reduction of R10 363 136 on HSDG funded projects at the Directorate of Human Settlements
- Additional budget allocation of R16 143 125 to transfers & subsidies, this is the funding that has been allocated for the Duncan Village Buy Back Centre that is implemented by the Entity.
- Additional budget allocation of R5 178 494 to transfers and subsidies, this is an approved rollover of unspent grant on NDPG funded Public Employment Programmes.
- Transfer of ISUPG funding amounting to R4 200 000 from operating projects to Capital projects within the Directorate of Human Settlements.
- An additional budget allocation of R29 741 791 to transfers and subsidies at the Buffalo City Development Agency relating to various operating grants.

The pie chart (Figure 1) below depicts operating revenue budget per source. In terms of service revenue, electricity remains the main contributor to the revenue of the municipality by generating 26% of the total revenue, this is followed by water revenue at 9%, sanitation revenue at 6% and refuse revenue at 5%. The Property Rates revenue totals 24% of the total municipal revenue. The municipality receives operating grants and subsidies totalling 16% of the total revenue, interest earned is 3% of the total revenue. Other revenue contributes 11% of the total revenue.

Figure 1: 2023/2024 Consolidated Operating Revenue per Source



5.5 OPERATING EXPENDITURE FRAMEWORK

In arriving to the proposed operating expenditure framework adjustments in the mid-year adjustment budget, the following factors were considered:

- (a) Reduction of budgeted expenditure.
- (b) Identified potential savings vs additional budget requests received.
- (c) Adjustments between the different expenditure types as requested by directorates.
- (d) Continuous enforcement of cost containment measures.
- (e) Funding availability and affordability.
- (f) Status of implementation readiness for each project.

The following table (Table 4) details adjustments to the Consolidated operating expenditure budget per category. Table 4 below reflects that there is a total reduction of R22 110 515. The adjustments in table 4 below reflect budget reductions &

reallocations of the budget to fund critical expenditure items. It also reflects reallocation of funding between the expenditure types to improve operational efficiency.

Table 4: 2023/2024 Consolidated Mid-Year Adjusted Expenditure Budget per Category

2023/2024 FIRST ADJUSTMENT BUDGET REVENUE FRAMEWORK	2023/2024 APPROVED BUDGET	2023/2024 FIRST ADJUSTMENT BUDGET	ADJUSTMENTS	2023/2024 MID YEAR ADJUSTMENTS BUDGET
Employee related costs	2 844 638 310	2 844 638 310	-192 075 290	2 652 563 020
Remuneration of councillors	76 503 054	76 503 054	0	76 503 054
Debt impairment	1 328 916 502	1 328 916 502	154 974 393	1 483 890 895
Depreciation & asset impairment	609 619 463	609 619 463	0	609 619 463
Finance charges	13 567 183	13 567 183	0	13 567 183
Electricity Bulk Purchases	2 512 494 096	2 512 494 096	0	2 512 494 096
Contracted services	175 748 202	175 748 202	25 308 975	201 057 177
Transfers and grants	76 051 060	76 051 060	10 018 610	86 069 670
Repairs and Maintenance	497 440 370	497 440 370	4 521 927	501 962 297
Operating projects	397 238 177	400 300 295	-45 059 513	355 240 781
Other expenditure	512 386 394	512 386 394	20 328 642	532 715 036
Losses	92 539 935	92 539 935	0	92 539 935
Other materials	268 199 084	268 199 084	-128 259	268 070 825
Total Operating Expenditure	9 405 341 830	9 408 403 948	-22 110 515	9 386 293 432

After assessing the mid-year performance of the City and taking into account the considerations that are indicated above, it has been necessary that the following adjustments on the Operating Expenditure Budget be made:

- i. **Employee related costs have been adjusted downwards by R192 075 290:**
 - Budget reduction of R195 995 440 to the BCMM Employee related costs
 - Additional budget allocation of R3 920 150 to the BCMDA Employee related costs

- ii. **Debt impairment has been adjusted upwards by R154 974 393:**
 - The City is proposing a revised collection rate from 80.5% to 78%, this has resulted in an upward adjustment of R154 974 393 to debt impairment

iii. **Contracted services have been adjusted upwards by R25 308 975:**

- Budget reduction of R2 934 057 implemented to Contracted services votes:
 - R1 512 275 reduced from Executive Support Services
 - R54 503 reduced from City Manager's office
 - R93 066 reduced from Corporate Services
 - R3 679 reduced from Spatial Planning & Development
 - R590 923 reduced from Economic Development & Agencies
 - R90 507 reduced from Finance Services
 - R23 021 reduced from Human Settlements
 - R122 327 reduced from Infrastructure Services
 - R87 546 reduced from Solid Waste & Environmental Management
 - R356 210 reduced from Sport, recreation & Community Development
- Budget reallocation amounting to R456 088 has been allocated to other expenditure types.
- Additional funding of R3 108 640 has been allocated to Security Services at the directorate of Public Safety & Emergency services.
- Additional funding of R1 500 000 has been allocated to Forensic investigations at the City Manager's office
- Additional funding of R24 090 480 has been allocated to Contracted services at the Buffalo City Metropolitan Development Agency

iv. **Transfers & Grants has been revised upwards by R10 018 610:**

- Budget reduction of R11 626 805 from the Sponsorship vote
- Additional budget allocation of R5 000 000 to Bursaries to non employees
- Additional budget allocation of R600 000 to Social responsibility fund
- Additional budget allocation of R16 143 125 for the grant received for the Duncan Village Buy Back centre that is implemented by the BCMDA.
- Budget reduction of R97 710 from Transfers & Grants at the Buffalo City Metropolitan Development Agency

v. **Repairs & Maintenance have been adjusted upwards by R4 521 927:**

- Budget reduction of R13 478 073 implemented to Repairs & Maintenance:
 - R542 632 reduced from Executive Support Services
 - R56 257 reduced from City Manager's office
 - R1 847 392 reduced from Corporate Services
 - R1 730 905 reduced from Spatial Planning & Development
 - R326 849 reduced from Economic Development & Agencies
 - R3 222 831 reduced from Finance Services
 - R110 975 reduced from Human Settlements
 - R1 181 042 reduced from Infrastructure Services
 - R900 206 reduced from Solid Waste & Environmental Management
 - R3 408 974 reduced from Sport, recreation & Community Development
- Additional funding of R6 000 000 allocated to Repairs & Maintenance at Electricity department
- Additional funding of R10 000 000 allocated to Repairs & Maintenance at the Waste water department
- Additional funding of R2 000 000 allocated to repairs & Maintenance at the Solid Waste department.

vi. **Other Expenditure has been adjusted upwards by R20 328 642:**

- Budget reduction of R28 373 181 implemented from Other Expenditure:
 - R3 832 044 reduced from Executive Support Services
 - R3 817 8356 reduced from City Manager's office
 - R6 596 162 reduced from Corporate Services
 - R475 011 reduced from Spatial Planning & Development
 - R1 289 936 reduced from Economic Development & Agencies
 - R4 282 882 reduced from Finance Services
 - R595 493 reduced from Human Settlements
 - R779 138 reduced from Infrastructure Services
 - R351 616 reduced from Solid Waste & Environmental Management
 - R6 353 543 reduced from Sport, recreation & Community Development

- Budget reallocation amounting to R20 325 279 has been allocated from other expenditure types.
- Additional funding of R26 941 569 allocated to hire charges at the Solid waste department
- Additional budget allocation of R1 434 975 to Other Expenditure at the Buffalo City Metropolitan Development Agency

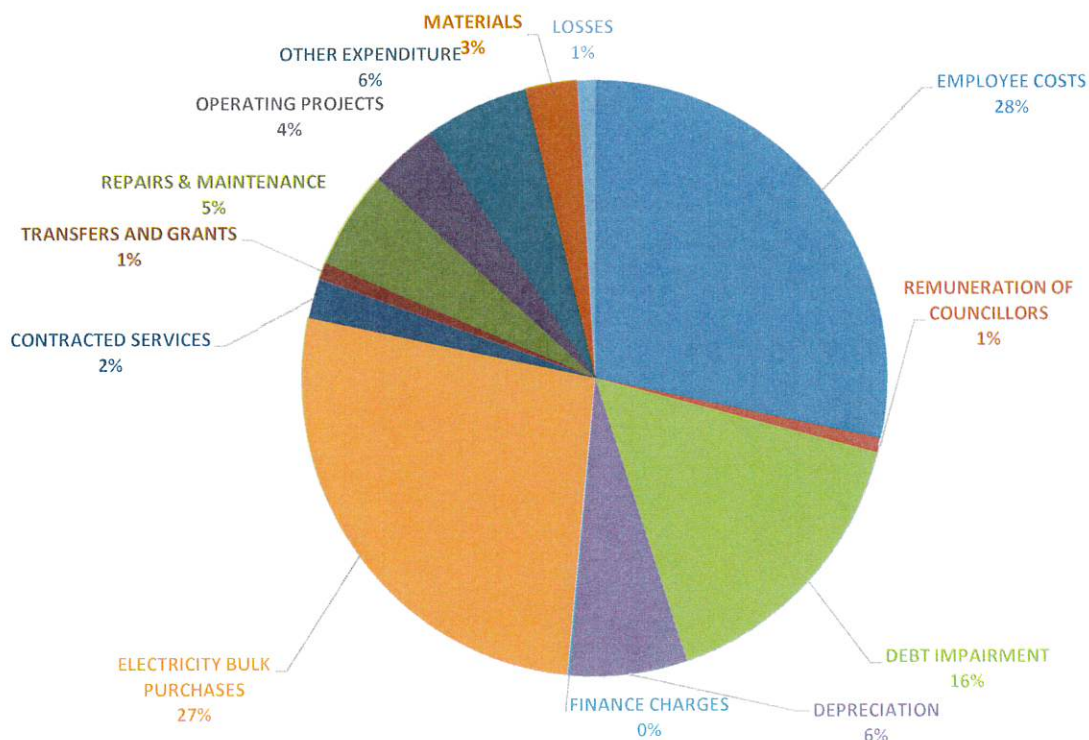
vii. **Other Materials has been adjusted downwards by R128 259:**

- Budget reduction of R1 787 474 implemented to Other Materials:
 - R214 011 reduced from Executive Support Services
 - R63 496 reduced from City Manager's office
 - R51 010 reduced from Corporate Services
 - R60 751 reduced from Spatial Planning & Development
 - R104 263 reduced from Economic Development & Agencies
 - R320 875 reduced from Finance Services
 - R24 963 reduced from Human Settlements
 - R118 915 reduced from Infrastructure Services
 - R216 648 reduced from Solid Waste & Environmental Management
 - R612 542 reduced from Sport, recreation & Community Development
- Budget reallocation amounting to R79 000 has been allocated from other expenditure types:
- Additional budget allocation of R1 580 215 to Other Materials at the Buffalo City Metropolitan Development Agency

viii. **Operating Projects have been adjusted downwards by R45 059 513.** Refer to section 5.5.1 below of this report, for the detailed narration on this item. The details of adjustments per projects are reflected in the schedule of operating projects that is attached as **Annexure 1**.

The pie chart (Figure 2) below depicts split of operating expenditure budget per category. Employee Costs and Bulk Purchases represent the largest cost of the municipality, 28% and 27% of the total operating expenditure respectively. Depreciation totals 6% of the total cost base for the institution. This represents the proportional funding requirements for the replacement of existing infrastructure assets. General Expenses/ Other Expenditure accounts for 6% and Other Materials account for 3% of the total operating budget. Repairs and Maintenance is equal to 5% of the operating expenditure budget. Transfers and Grants paid account for 1%. Debt impairment also account for 16%. Contracted Services account for 2% and Remuneration of Councillors account for 1%.

Figure 2: 2023/2024 Consolidated Operating Expenditure per Type



5.5.1 Mid-Year Budget Adjustment on Operating Projects

The following tables (table 5 and 6) tabulates adjustments to the operating projects expenditure budget per funding source and per directorate respectively. It shows a total reduction of R45 059 513 (a reduction of R26 196 871 in Own funding and a reduction of R18 862 642 in Grant funding).

**Table 5: 2023/2024 Consolidated Mid-Year Adjustments to Operating Projects
- Funding Source**

FUNDING SOURCE	2023/2024 APPROVED OPEX BUDGET	2023/2024 FIRST ADJUSTMENT OPEX BUDGET	ADJUSTMENTS	2023/2024 MID- YEAR ADJUSTMENTS BUDGET
OWN FUNDING	153 838 476	153 838 476	-26 196 871	127 641 605
TOTAL OWN FUNDING	153 838 476	153 838 476	-26 196 871	127 641 605
URBAN SETTLEMENT DEVELOPMENT GRANT	45 441 020	45 441 020	0	45 441 020
FINANCE MANAGEMENT GRANT	1 000 000	1 000 000	0	1 000 000
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	27 407 680	27 407 680	-4 200 000	23 207 680
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	10 850 000	10 850 000	-230 000	10 620 000
PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)	18 908 000	18 908 000	-8 908 000	10 000 000
EXPANDED PUBLIC WORKS PROGRAMME	6 093 000	6 093 000	-340 000	5 753 000
HUMAN SETTLEMENTS DEVELOPMENT GRANT	112 700 000	91 200 000	-10 363 136	80 836 864
HUMAN SETTLEMENTS DEVELOPMENT GRANT (C/O)	0	24 947 434	0	24 947 434
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	21 000 000	20 581 000	5 178 494	25 759 494
SALAIDA C/O	0	33 684	0	33 684
TOTAL GRANTS	243 399 700	246 461 818	-18 862 642	227 599 176
TOTAL OPERATING PROJECTS BUDGET	397 238 176	400 300 294	-45 059 513	355 240 781

**Table 6: 2023/2024 Consolidated Mid-Year Adjustments to Operating Projects –
Directorate**

DIRECTORATE	2023/2024 APPROVED OPEX BUDGET	2023/2024 FIRST ADJUSTMENT OPEX BUDGET	ADJUSTMENTS	2023/2024 MID- YEAR ADJUSTMENTS BUDGET
EXECUTIVE SUPPORT SERVICES	52 954 160	52 987 844	-26 658 431	26 329 412
CITY MANAGER'S OFFICE	37 784 800	37 784 800	-2 109 760	35 675 040
CORPORATE SERVICES	22 950 000	22 950 000	-7 530 000	15 420 000
SPATIAL PLANNING & DEVELOPMENT	9 954 000	9 954 000	1 800 000	11 754 000
ECONOMIC DEVELOPMENT & AGENCIES	28 798 286	28 379 286	-2 338 680	26 040 606
FINANCE SERVICES	23 790 936	23 790 936	3 800 000	27 590 936
PUBLIC SAFETY & EMERGENCY SERVICES	2 320 000	2 320 000	-1 000 000	1 320 000
HUMAN SETTLEMENTS	136 036 680	139 484 114	-14 563 136	124 920 978
INFRASTRUCTURE SERVICES	58 901 600	56 901 600	-5 908 000	50 993 600
DIRECTORATE OF SPORTS , RECREATION & COMMUNITY DEVELOPMENT	576 000	1 500 000	470 000	1 970 000
DIRECTORATE OF SOLID WASTE & ENVIRONMENTAL MANAGEMENT	23 171 714	24 247 714	8 978 494	33 226 208
TOTAL OPERATING PROJECTS	397 238 176	400 300 294	-45 059 513	355 240 781

Table 5 & 6 above depicts that the overall consolidated operating projects expenditure budget is adjusted downwards by R45 059 513 from R400 300 294 to R355 240 781. It reflects that the total own funding budget is reducing by R26 196 871 from R153 838 476 to R127 641 605. The overall grant funding that is allocated to the operating projects is reducing by R18 862 642 from R246 461 818 to R227 599 176.

1. Executive Support Services: (R26 658 431)

- a. Funding reallocated from Ward initiative operating project votes to fund the following operational budget:
- Social responsibility: R600 000
 - Bursaries to non employees: R5 000 000
 - Hire Charges at the Directorate of Solid Waste: R21 058 431

2. City Manager's Office: (R2 109 760)

- a. Additional allocation of R3 000 000 for EPWP counter funding
- b. Budget reduction of R340 000 to EPWP project, this reduction is to align the EPWP grant allocation to the amended Dora bill
- c. Additional budget allocation of R1 500 000 for turnaround plan operating project
- d. Budget reduction of R3 269 760 to the Smart City Project, this funding has been reallocated to other directorates for:
- The funding of an Operating project for Material lease irregularity for R1 800 000 at the directorate of Spatial planning & Development
 - The funding of consultants for R1 469 760 at the directorate of Finance
- e. Budget reduction of R3 000 000 to Precinct Plan, Integrated design framework & Implementation plan for public realm & NMT Upgrades in the King William's town CBD, this reduction is to align the PPPSG allocation to the amended Dora bill

3. Corporate Services: (R7 530 000)

- a. Budget reduction of R500 000 on the Change & Culture Management Project, directorate will utilise this funding in the 2024/2025 financial year
- b. Budget reduction of R1 800 000 to Overtime Feasibility Study
- c. Budget reduction of R230 000 to ISDG project, this reduction is to align the ISDG grant allocation to the amended Dora bill

- d. Budget reduction of R5 000 000 on the Master Data Management Project, directorate will utilise this funding in the 2024/2025 financial year

4. Spatial Planning & Development: R1 800 000

- a. Additional funding of R1 800 000 for the appointment of consultants for the Material lease irregularity operating project. This funding has been reallocated from the Smart City operating project at the Office of the City Manager

5. Economic Development & Agencies: (R2 338 680)

- a. Reduction of funding amount of R470 000 to the Commemoration of National days operating project, this project has been transferred to the Directorate of Sport, Recreation & Community Development (Heritage function)
- b. Budget reduction of R1 868 680 to Dipping tanks

6. Finance Services: R3 800 000

- a. Budget reduction of R1 200 000 to Back scanning operating project, this funding has been reallocated to fund Security services at the directorate of Public Safety & Emergency services : -R1 200 000
- b. Additional budget of R5 000 000 to Financial Systems revenue operating project

7. Public Safety & Emergency Services: (R1 000 000)

- a. Budget reduction of R1 000 000 to the Reviewal of Crime Prevention Strategy operating project

8. Human Settlements: (R14 563 136)

- a. Budget reduction of R10 363 136 to HSDG funded projects
- b. Budget reduction of R500 000 to Informal Settlements Study Review. This funding has been reallocated to Human Settlements capital projects

- c. Budget reduction of R3 700 000 to Potsdam Village Phase 1 & 2 operating project. This funding has been reallocated to Human Settlements capital projects

9. Infrastructure Services: (R5 908 000)

The budget reduction on the following projects is to align the PPPSG funding to amended Dora Bill

- a. Budget reduction of R2 000 000 to Water & Sanitation project preparation
- b. Budget reduction of R900 000 to Mdantsane Stormwater Management Plan
- c. Budget reduction of R3 008 000 to Westbank and Woodbrook Battery Storage facilities

10. Sport, Recreation & Community Development: R470 000

- a. Additional funding of R470 000 for the Commemoration of National days operating project , this project has been transferred from the Directorate of Economic Development & Agencies

11. Solid Waste & Environmental Management: R8 978 494

- a. Additional budget allocation of R2 000 000 to Call to Action programme, this funding has been reallocated from Refuse removal vote (operating budget)
- b. Additional budget of R2 000 000 to Integrated Waste management, Greening & Beautification programme, this funding has been reallocated from Refuse removal (Operating budget)
- c. Budget reduction of R100 000 to Review Existing Climate Change Strategy Operating project to fund Clearing & Grass cutting services
- d. Additional budget of R214 000 to Call to Action Public Employment programme, this additional budget is an approved rollover for the Neighbourhood Development Grant

- e. Additional budget of R4 964 494 to Integrated Waste Management, Greening & Beautification Public Employment Programme, this additional budget is an approved rollover for the Neighbourhood Development Grant
- f. Budget reduction of R100 000 to Review Coastal Management Plan

The details of adjustments per programme/ project are reflected on the schedule of operating projects that is attached as **Annexure 1** where the projects have been rolled up at programme level (**Annexure 1.1** has also been attached and provides details of accounts / votes that make up a programme / project).

5.6 CAPITAL EXPENDITURE FRAMEWORK

The following factors were considered in arriving in the proposed adjustments on the capital expenditure framework:

- (a) Decrease in cash reserves and liquidity position.
- (b) Identified savings versus additional budget requests received.
- (c) Continuous enforcement of cost containment measures.
- (d) Funding availability and affordability.
- (e) Status of implementation readiness for each project.

The tables (table 7 and 8) below indicate adjustments to the capital expenditure budget per funding source and per directorate respectively. To arrive in the adjustments that are summarised in the two tables (table 7 and 8) below, a detailed analysis was undertaken to determine those projects that are having challenges and identify those that are progressing at a pace that is above the original anticipation and therefore requiring additional funding. This was used as the basis for re-allocating funding without compromising the municipality's strategic objectives and priorities as set up in the IDP. Details of reallocation of funding are provided below.

5.6.1 2023/2024 Mid-Year Adjustments to Consolidated Capital Expenditure Budget

Table 7: 2023/2024 Mid-Year Adjustments to Capital Expenditure Budget – Funding

CAPITAL BUDGET PER FUNDING	2023/2024 APPROVED OPEX BUDGET	2023/2024 FIRST ADJUSTMENT OPEX BUDGET	ADJUSTMENTS	2023/2024 MID YEAR ADJUSTMENTS BUDGET
OWN FUNDING	459 854 004	459 854 004	11 286 605	471 140 609
OWN FUNDING C/O	0	75 993 942	-11 911 688	64 082 254
TOTAL OWN FUNDING	459 854 004	535 847 945	-625 083	535 222 862
URBAN SETTLEMENT DEVELOPMENT GRANT	472 592 980	472 592 980	0	472 592 980
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	267 148 320	267 148 320	4 200 000	271 348 320
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	19 581 000	19 581 000	-5 000 000	14 581 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	150 000	150 000	0	150 000
TOTAL GRANTS	759 472 300	759 472 300	-800 000	758 672 300
TOTAL CAPITAL BUDGET	1 219 326 304	1 295 320 245	-1 425 083	1 293 895 162

Table 8: 2023/2024 Mid-Year Adjustments to Capital Expenditure Budget - Directorate

CAPITAL BUDGET PER DIRECTORATE	2023/2024 FIRST ADJUSTMENTS CAPITAL BUDGET	ADJUSTMENTS	2023/2024 MID-YEAR ADJUSTMENTS CAPITAL BUDGET
EXECUTIVE SUPPORT SERVICES	500 000	0	500 000
CITY MANAGER'S OFFICE	600 000	0	600 000
CORPORATE SERVICES	12 218 189	-2 000 000	10 218 189
SPATIAL PLANNING & DEVELOPMENT	137 459 760	-22 640 975	114 818 785
ECONOMIC DEVELOPMENT & AGENCIES	64 123 046	0	64 123 046
FINANCE SERVICES	91 627 184	39 600 525	131 227 709
PUBLIC SAFETY & EMERGENCY SERVICES	54 762 315	-12 037 754	42 724 561
HUMAN SETTLEMENTS	278 200 000	4 200 000	282 400 000
INFRASTRUCTURE SERVICES	520 460 683	-1 000 000	519 460 683
DIRECTORATE OF SPORTS, RECREATION & COMMUNITY DEVELOPMENT	66 161 224	0	66 161 224
DIRECTORATE OF SOLID WASTE & ENVIRONMENTAL MANAGEMENT	54 375 952	-6 921 796	47 454 156
TOTAL CAPITAL BUDGET: BCMM	1 280 488 352	-800 000	1 279 688 352
BCMDA	14 831 893	-625 083	14 206 810
TOTAL CAPITAL: CONSOLIDATED	1 295 320 245	-1 425 083	1 293 895 162

Table 7 & 8 above indicate that the overall consolidated capital expenditure budget is adjusted downwards by R1 425 083 from R1 295 320 245 to R1 293 895 162. This is resulting from the following adjustments:

1. Corporate Services: (R2 000 000)

- a. Budget reduction of R1 000 000 to the Employee Performance Management System
- b. Budget reduction of R1 000 000 to the Payday Electronic Attendance System for BCMM

2. Spatial Planning & Development: (R22 640 975)

- a. Budget reduction of R5 000 000 to Land Acquisition & Buildings
- b. Budget reduction of R8 000 000 to Bridge Designs & Implementation
- c. Budget reduction of R2 000 000 to Township Regeneration Enabling Infrastructure
- d. Budget reduction of R2 000 000 to Aerial Photography & Mapping
- e. Budget reduction of R5 640 975 to Upgrading of KWT Payments Hall

3. Finance Services: R39 600 525

- a. Budget reduction of R7 685 524 to Construction of Office Accommodation –Customer Care Office (Midland)
- b. Budget reduction of R2 493 639 to Cost reflective tariffs
- c. Additional budget allocation of R500 000 to Office Furniture & Equipment
- d. Additional budget allocation of R12 332 440 to Smart Metering Water Solutions
- e. Additional budget allocation of R36 947 248 to Smart Metering Electricity Solutions

4. Public Safety & Emergency Services: (R12 037 754)

- a. Budget reduction of R55 000 to Office Furniture & Equipment
- b. Budget reduction of R10 000 000 to Construction of New Disaster Management Centre

- c. Budget reduction of R300 000 to Fire Equipment
- d. Budget reduction of R300 000 to Furniture & Equipment Law Enforcement Offices
- e. Budget reduction of R1 181 641 to Tactical Radio Network
- f. Budget reduction of R201 113 to Refurbishment of Fire Stations

5. Infrastructure Services: (R1 000 000)

- a. Budget reduction of R5 000 000 to Construction of Roads Infrastructure, this reduction is to align the NDPG funding allocation to the amended Dora bill
- b. Additional budget allocation of R2 000 000 to an Electricity Capital project
- c. Additional budget allocation of R2 000 000 to the Rehabilitation of Settler's way

6. Human Settlements: R4 200 000

- a. Additional budget allocation of R4 200 000 to Manyano Tembelihle Roads & Stormwater, this ISUPG funding has been reallocated from the operating projects within the Directorate of Human Settlements

7. Solid waste & Environmental Management (R6 921 796)

- a. Budget reduction of R73 000 to Office Furniture & Equipment
- b. Budget reduction of R70 000 to Beaches
- c. Budget reduction of R100 000 to Refurbishment & Upgrading of Facilities at Beaches
- d. Budget reduction of R1 500 000 to BCMM Fleet & Plant
- e. Budget reduction of R2 470 000 to Purchase of Cambridge Depot
- f. Budget reduction of R2 500 000 to Galvanised Street Litter Bins
- g. Budget reduction of R82 000 to Grass Cutting Equipment
- h. Budget reduction of R126 796 to Acquisition of Fleet (Cherry Picker Trucks, Crew Cage Truck, Tipper Truck, Tractors, Bush Cutter's, Trailer's for rite one etc)

The details of adjustments per programme/project are reflected on the schedule of operating projects that is attached as **Annexure 2** where the projects have been rolled up at programme level (**Annexure 2.1** has also been attached, it provides the detail of accounts / votes that make up the programme / project).

6. CHALLENGES

None.

7. STAFF IMPLICATIONS

The adjustment budget is linked to the Performance Plans of Heads of Directorates and are therefore responsible to spend the revised budget.

8. FINANCIAL IMPLICATIONS

The mid-year adjustments to the consolidated 2023/2024 budget do not have an impact on tariffs as these are funded from current operating revenue that was already approved by Council, conditional grants and own funding reserves. The effects of the adjustments to the consolidated 2023/2024 Operating and Capital Budget are outlined below:

- A. The adjusted budget of the Parent municipality (BCMM) for the 2023/2024 Mid-Year Adjustment Budget as follows:
 - i. The adjustment from R9 350 657 567 to R9 287 640 246 of the BCMM 2023/2024 Operating Revenue Budget.
 - ii. The adjustment from R9 340 442 457 to R9 287 403 832 of the BCMM 2023/2024 Operating Expenditure Budget.
 - iii. The adjustment from R1 293 887 019 to R1 293 087 019 of the BCMM 2023/2024 Capital Budget.

- B. The adjusted budget of the Municipal Entity (BCMDA) for the 2023/2024 Mid-Year Adjustment Budget as follows:
 - i. The adjustment from R67 961 491 to R98 889 601 of the BCMDA 2023/2024 Operating Revenue Budget.

- ii. The adjustment from R67 961 491 to R98 889 601 of the BCMDA 2023/2024 Operating Expenditure Budget.
 - iii. The adjustment from R1 433 226 to R808 143 of the BCMDA Capital Budget.
- C. The consolidated adjusted budget for the 2023/2024 Mid-Year Adjustment Budget as follows:
- i. The adjustment from R9 418 619 058 to R9 386 529 847 of the consolidated 2023/2024 Operating Revenue Budget.
 - ii. The adjustment from R9 408 403 948 to R9 386 293 434 of the consolidated 2023/2024 Operating Expenditure Budget.
 - iii. The adjustment from R1 295 320 245 to R1 293 895 162 of the consolidated 2023/2024 Capital Budget.

9. OTHER PARTIES CONSULTED

- 9.1 All Directorates.
- 9.2 Budget Steering Committee
- 9.3 Buffalo City Metropolitan Council.

10. CITY MANAGER'S QUALITY CERTIFICATE

I, Mxolisi Yawa, City Manager of Buffalo City Metropolitan Municipality, hereby certify that the adjusted budget and supporting documentation have been prepared in accordance with the Municipal Finance Management Act and the Regulations made under the Act, and that the adjusted budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

Print Name: Mxolisi Yawa

City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature _____

A handwritten signature in black ink, appearing to be 'Mxolisi Yawa', written over a horizontal line.

Date _____

19 / 02 / 2024

ANNEXURES:

Annexure 1: Schedule of Operating Projects per Programme/Project

Annexure 1.1: Detailed Schedule of Operating Projects

Annexure 2: Schedule of Capital Projects per Programme/Project

Annexure 2.1: Detailed Schedule of Capital Projects

Annexure 3: National Treasury B Schedules (Consolidated)

Annexure 4: National Treasury B Schedules (Parent Municipality)

Annexure 5: National Treasury B Schedules (BCMDA)