

## **REPORT TO COUNCIL: 22 AUGUST 2025**

File No.:5/1/1/1[24/25]

AUTHOR: Executive Mayor (P. Faku)/my

### **FOURTH ADJUSTMENT BUDGET REPORT FOR THE 2024/2025 FINANCIAL YEAR**

#### **1. PURPOSE**

The purpose of the report is for Council to **CONSIDER** and **APPROVE** the fourth adjustment budget report of Buffalo City Metropolitan Municipality for the 2024/2025 financial year in terms of section 28 of the MFMA.

#### **2. AUTHORITY**

Buffalo City Metropolitan Council.

#### **3. LEGAL / STATUTORY REQUIREMENTS**

The Constitution of the Republic of South Africa, 1996

Municipal Finance Management Act No 56, 2003 Chapter 4, Section 28

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.*

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*(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.*

*(7) Sections 22(b), 23(3) and 24(3) apply in respect of an adjustments budget, and in such application a reference in those sections to an annual budget must be read as a reference to an adjustments budget.”*

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

## 5. EXPOSITION OF FACTS

The fourth adjustment budget is being prepared for the purpose of correcting identified misallocations made during the 2024/2025 financial year. Some of the misallocations were within capital and / operating budget but between expenditure types and votes. It is necessary to correct these misallocations to eliminate unauthorised expenditure that is reported in the Annual Financial Statements. This process also assists in improving the City's expenditure performance.

An intensive process of assessing the transactions allocated to the operating and capital budget was undertaken and such misallocations were detected and are being corrected in line with the requirements of section 28(2) (f) of the MFMA. This process is in line with the Metro's Budget Management Policy, MBRR and MFMA and other National Treasury guidelines such as MFMA Budget Circulars.

### 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	2024/2025 APPROVED BUDGET	2024/2025 FIRST ADJ. BUDGET	2024/2025 MID-YEAR ADJ. BUDGET	2024/2025 THIRD ADJ. BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJ. BUDGET	2025/2026 FINAL BUDGET	2026/2027 FINAL BUDGET
Total Revenue	10 045 925 785	10 088 031 644	10 176 320 785	10 212 873 112	13 942 788	10 226 815 900	10 931 597 465	11 773 418 282
Total Operating Expenditure Excluding Operating Projects	9 675 178 134	9 675 178 134	9 641 800 872	9 686 512 460	24 005 748	9 710 518 208	10 367 169 865	11 230 326 466
Operating Projects	365 551 741	407 657 600	529 324 003	521 164 742	-10 062 960	511 101 782	545 172 500	492 932 233
Total Operating Expenditure Including Operating Projects	10 040 729 875	10 082 835 734	10 171 124 875	10 207 677 202	13 942 788	10 221 619 990	10 912 342 365	11 723 258 699
(Surplus) / Deficit	5 195 910	5 195 910	5 195 910	5 195 910	0	5 195 910	19 255 100	50 159 583
Total Capital Expenditure	1 230 884 811	1 321 353 871	1 433 483 872	1 425 932 752	-13 942 788	1 411 989 964	1 278 092 976	1 343 573 663
Total Opex and Capex Budget	11 271 594 686	11 404 189 605	11 604 608 746	11 633 609 954	0	11 633 609 954	12 190 435 341	13 066 832 362

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

OPERATING AND CAPITAL BUDGET EXPENDITURE	2024/2025 APPROVED BUDGET	2024/2025 FIRST ADJ. BUDGET	2024/2025 MID-YEAR ADJ. BUDGET	2024/2025 THIRD ADJ. BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJ. BUDGET	2025/2026 FINAL BUDGET	2026/2027 FINAL BUDGET
Total Revenue	88 885 506	88 885 506	88 885 506	88 885 506	2 646 188	91 531 694	46 045 000	47 760 000
Total Operating Expenditure	88 885 506	88 885 506	88 885 506	88 885 506	2 646 188	91 531 694	46 045 000	47 760 000
(Surplus) / Deficit	0	0	0	0	0	0	0	0
Total Capital Expenditure	250 000	250 000	250 000	250 000	0	250 000	250 000	620 000
Total Opex and Capex Budget	89 135 506	89 135 506	89 135 506	89 135 506	2 646 188	91 781 694	46 295 000	48 380 000

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

OPERATING AND CAPITAL BUDGET EXPENDITURE	2024/2025	2024/2025	2024/2025	2024/2025	ADJUSTMENTS	2024/2025	2025/2026	2026/2027
	APPROVED	FIRST	MID-YEAR	THIRD		FOURTH	FINAL	FINAL
	BUDGET	ADJ. BUDGET	ADJ. BUDGET	ADJ. BUDGET		ADJ. BUDGET	BUDGET	BUDGET
Total Revenue	10 134 811 291	10 176 917 150	10 265 206 291	10 301 758 619	16 588 976	10 318 347 595	10 977 642 052	11 821 177 918
Total Operating Expenditure Excluding Operating Projects	9 764 063 615	9 764 063 615	9 730 686 353	9 775 397 965	26 651 936	9 802 049 901	10 413 214 453	11 278 086 102
Operating Projects	365 551 741	407 657 600	529 324 003	521 164 742	-10 062 960	511 101 782	545 172 500	492 932 233
Total Operating Expenditure Including Operating Projects	10 129 615 356	10 171 721 215	10 260 010 356	10 296 562 707	16 588 976	10 313 151 683	10 958 386 953	11 771 018 335
(Surplus) / Deficit	5 195 910	5 195 910	5 195 910	5 195 910	0	5 195 910	19 255 099	50 159 583
Total Capital Expenditure	1 231 114 811	1 321 603 871	1 433 733 872	1 426 182 752	-13 942 788	1 412 239 964	1 278 342 998	1 344 193 682
Total Opex and Capex Budget	11 360 730 167	11 493 325 086	11 693 744 228	11 722 745 459	2 646 188	11 725 391 647	12 236 729 951	13 115 212 017

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		



## PART 1 – ADJUSTMENT BUDGET

### 5.1 EXECUTIVE MAYOR'S REPORT

The 2024/2025 fourth adjustment emanates from the re-alignment of budgetary provision (funding sources, transfers, misallocations and reallocation between votes), which could not be foreseen during the financial year.

The following table provides a high-level summary of the Operating and Capital Budget adjustments:

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

OPERATING AND CAPITAL BUDGET EXPENDITURE	2024/2025 APPROVED BUDGET	2024/2025 FIRST ADJ. BUDGET	2024/2025 MID-YEAR ADJ. BUDGET	2024/2025 THIRD ADJ. BUDGET	ADJUSTMENTS	2024/2025 THIRD ADJ. BUDGET	2025/2026 FINAL BUDGET	2026/2027 FINAL BUDGET
Total Revenue	10 134 811 291	10 176 917 150	10 265 206 291	10 301 758 619	16 588 976	10 318 347 595	10 977 642 052	11 821 177 918
Total Operating Expenditure	10 129 615 356	10 171 721 215	10 260 010 356	10 296 562 707	16 588 976	10 313 151 683	10 958 386 953	11 771 018 335
(Surplus) / Deficit	5 195 935	5 195 935	5 195 935	5 195 912	0	5 195 912	19 255 099	50 159 583
Total Capital Expenditure	1 231 114 811	1 321 603 871	1 433 733 872	1 426 182 752	-13 942 788	1 412 239 964	1 278 342 998	1 344 193 682
Total Opex and Capex Budget	11 360 730 167	11 493 325 086	11 693 744 228	11 722 745 459	2 646 188	11 725 391 647	12 236 729 951	13 115 212 017

## 5.2 COUNCIL RESOLUTIONS

On 31 May 2024 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2024/25 MTREF Budget. The Council further met on 22 August 2024 to consider and approve the roll-over adjustment budget. On 26 February 2025, BCMM Council met to consider the 2024/2025 mid-year adjustment budget. On 30 April 2025 the Council met to consider and approve the third 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**:

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### A. The adjusted budget of the Parent municipality (BCMM) for the 2024/2025

Fourth Adjustment Budget as follows:

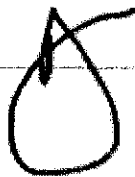
- i. The adjustment from R10 212 873 112 to R10 226 815 900 of the BCMM 2024/2025 Operating Revenue Budget.
- ii. The adjustment from R10 207 677 202 to R10 221 619 990 of the BCMM 2024/2025 Operating Expenditure Budget.
- iii. The adjustment from R1 425 932 752 to R1 411 989 964 of the BCMM 2024/2025 Capital Budget.

### B. The adjusted budget of the Entity (BCMDA) for the 2024/2025 Fourth Adjustment Budget as follows:

- i. The adjustment from R88 885 506 to R91 531 694 of the BCMM 2024/2025 Operating Revenue Budget.
- ii. The adjustment from R88 885 506 to R91 531 694 of the BCMM 2024/2025 Operating Expenditure Budget.
- iii. The capital budget for the Entity remains at R250 000.

C. The consolidated adjusted budget for the 2024/2025 Fourth Adjustment Budget as follows:

- i. The adjustment from R10 301 758 619 to R10 318 347 595 of the consolidated 2024/2025 Operating Revenue Budget.
- ii. The adjustment from R10 296 562 707 to R10 313 151 683 of the consolidated 2024/2025 Operating Expenditure Budget.
- iii. The adjustment from R1 426 182 752 to R1 412 239 964 of the consolidated 2024/2025 Capital Budget.



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**P. FAKU**

**EXECUTIVE MAYOR**

**BUFFALO CITY METROPOLITAN MUNICIPALITY**

MXOLISI YAWA/ VP

**15 AUGUST 2025**

**DATE**

**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 (Parent Municipality)
- Annexure 4: National Treasury E Schedules (BCMDA)
- Annexure 5: National Treasury B Schedules (Consolidated)

### 5.3 EXECUTIVE SUMMARY

BCMM continues to take a more conservative approach in the manner in which it approaches the budgeting including this fourth adjustment budget. The 2024/2025 fourth adjustment emanates from the re-alignment of budgetary provision (funding sources, transfers, misallocations and reallocation between votes), which could not be foreseen during the financial year. This process also assists in improving the City's expenditure performance.

The operating revenue budget has increased by R16 588 976 from R10 301 758 619 to R10 318 347 595 (refer to section 5.4 below for details). The operating expenditure budget has also increased by R16 588 976 from R10 296 562 707 to R10 313 151 683 (refer to section 5.5 below for details). The capital budget has reduced by R13 942 788 from R1 426 182 752 to R1 412 239 964 (refer to section 5.6 below for details).

#### 5.3.1 Budget Adjustment Summary

The main reason for this adjustment budget is to effect realignments and misallocations in the 2024/2025 annual budget. The table below indicates the summary of the 2024/2025 fourth adjustment budget.

**Table 2: 2024/2025 Consolidated Fourth Adjustment Budget Summary**

OPERATING AND CAPITAL BUDGET EXPENDITURE	2024/2025 APPROVED BUDGET	2024/2025 FIRST ADJ. BUDGET	2024/2025 MID-YEAR ADJ. BUDGET	2024/2025 THIRD ADJ. BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJ. BUDGET	2025/2026 FINAL BUDGET	2026/2027 FINAL BUDGET
Total Revenue	10 134 811 291	10 176 917 150	10 265 206 291	10 301 758 619	16 588 976	10 318 347 595	10 977 642 052	11 821 177 918
Total Operating Expenditure Excluding Operating Projects	9 764 063 615	9 764 063 615	9 730 686 353	9 775 397 965	26 651 936	9 802 049 901	10 413 214 453	11 278 086 102
Operating Projects	365 551 741	407 657 600	529 324 003	521 164 742	-10 062 960	511 101 782	545 172 500	492 932 233
Total Operating Expenditure Including Operating Projects	10 129 615 356	10 171 721 215	10 260 010 356	10 296 562 707	16 588 976	10 313 151 683	10 958 386 953	11 771 018 335
(Surplus) / Deficit	5 195 910	5 195 910	5 195 910	5 195 910	0	5 195 910	19 255 099	50 159 583
Total Capital Expenditure	1 231 114 811	1 321 603 871	1 433 733 872	1 426 182 752	-13 942 788	1 412 239 964	1 278 342 998	1 344 193 682
Total Opex and Capex Budget	11 360 730 167	11 493 325 086	11 693 744 228	11 722 745 459	2 646 188	11 725 391 647	12 236 729 951	13 115 212 017

## 5.4 OPERATING REVENUE FRAMEWORK

The following table (table 3) depicts an adjustment to the operating revenue budget per source. The increase in the budget for operating revenue of R16 588 976 is resulting from the re-allocation of grant funding from Capital projects to Operating projects.

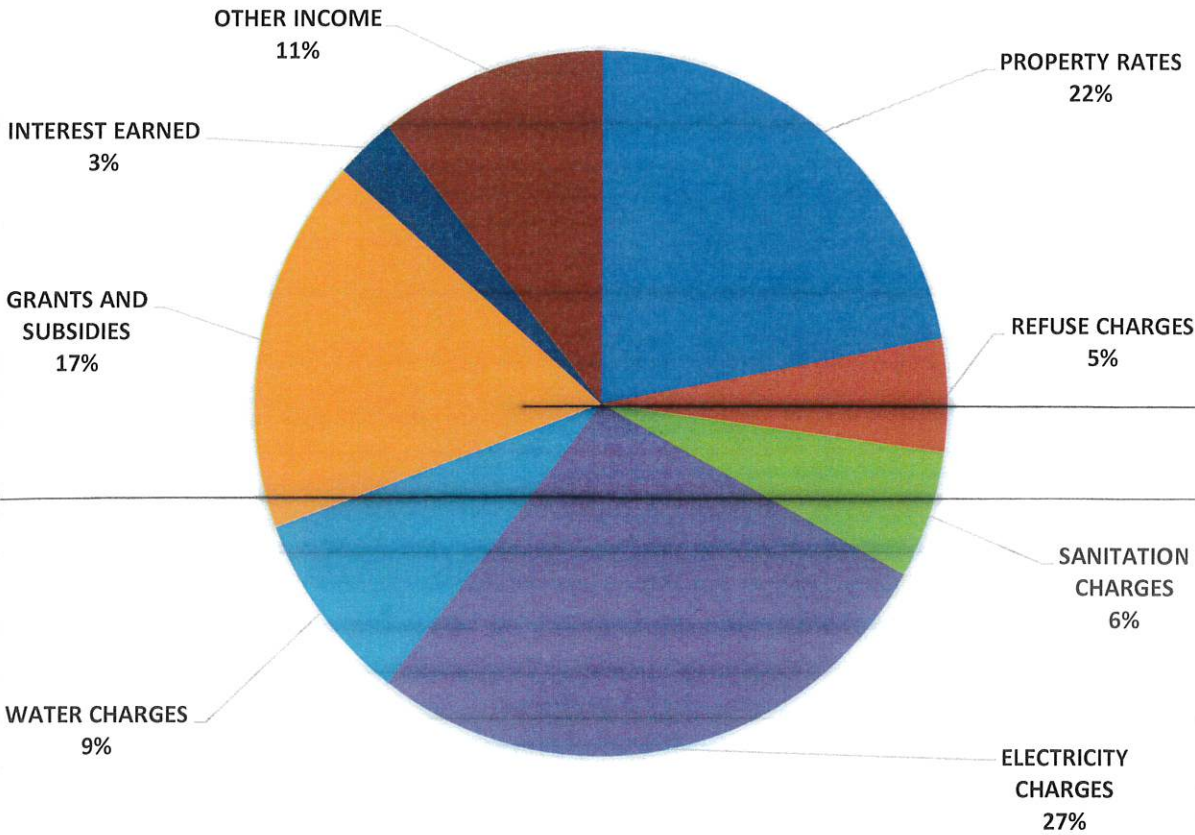
**Table 3: 2024/2025 Fourth Adjusted Revenue per Source**

REVENUE BY SOURCE	2024/2025 APPROVED BUDGET	2024/2025 FIRST ADJUSTMENT BUDGET	2024/2025 MID-YEAR YEAR ADJUSTMENT BUDGET	2024/2025 THIRD ADJUSTMENT BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJUSTMENT BUDGET
<b>Exchange Revenue</b>						
Service charges - Electricity	2 835 813 816	2 835 813 816	2 835 813 816	2 835 813 816	0	2 835 813 816
Service charges - Water	911 567 707	911 567 707	911 567 707	911 567 707	0	911 567 707
Service charges - Waste Water Management	603 379 368	603 379 368	603 379 368	603 379 368	0	603 379 368
Service charges - Waste Management	535 776 573	535 776 573	535 776 573	535 776 573	0	535 776 573
Sale of Goods and Rendering of Services	153 109 768	153 109 768	153 109 768	153 109 768	0	153 109 768
Agency services	28 176 903	28 176 903	28 176 903	28 176 903	0	28 176 903
Interest earned from Receivables	222 299 092	222 299 092	222 299 092	222 299 092	0	222 299 092
Interest earned from Current and Non-Current Assets	25 655 547	25 655 547	25 655 547	71 136 052	1 061 287	72 197 339
Rental from Fixed Assets	24 262 696	24 262 696	24 262 696	24 262 696	0	24 262 696
Operational Revenue	88 261 110	88 261 110	88 261 110	88 261 110	0	88 261 110
<b>Non-Exchange Revenue</b>						
Property rates	2 269 496 542	2 269 496 542	2 269 496 542	2 269 496 542	0	2 269 496 542
Fines, Penalties and forfeits	9 691 234	9 691 234	9 691 234	9 691 234	0	9 691 234
Licences or permits	14 022 111	14 022 111	14 022 111	14 022 111	0	14 022 111
Transfer and subsidies - Operational	1 636 166 824	1 678 272 683	1 766 561 824	1 757 633 647	15 527 689	1 773 161 336
Fuel Levy	777 132 000	777 132 000	777 132 000	777 132 000	0	777 132 000
<b>TOTAL OPERATING REVENUE</b>	<b>10 134 811 291</b>	<b>10 176 917 150</b>	<b>10 265 206 291</b>	<b>10 301 758 619</b>	<b>16 588 976</b>	<b>10 318 347 595</b>

The pie chart (figure 1) below depicts operating revenue budget per source. In terms of service revenue, electricity continues to be the main contributor to the revenue of the municipality by generating 27% of the total revenue. This is followed by water tariffs at 9%, sanitation tariff at 6% and refuse tariff at 5%. Property rates revenue totals 22% of the total Municipal revenue. The municipality receives grants and subsidies totalling 17% of the total

revenue, interest earned is 3% of the total revenue. Other revenue contributes 11% of the total revenue.

Figure 1: 2024/2025 Operating Revenue per Source



## 5.5 OPERATING EXPENDITURE FRAMEWORK

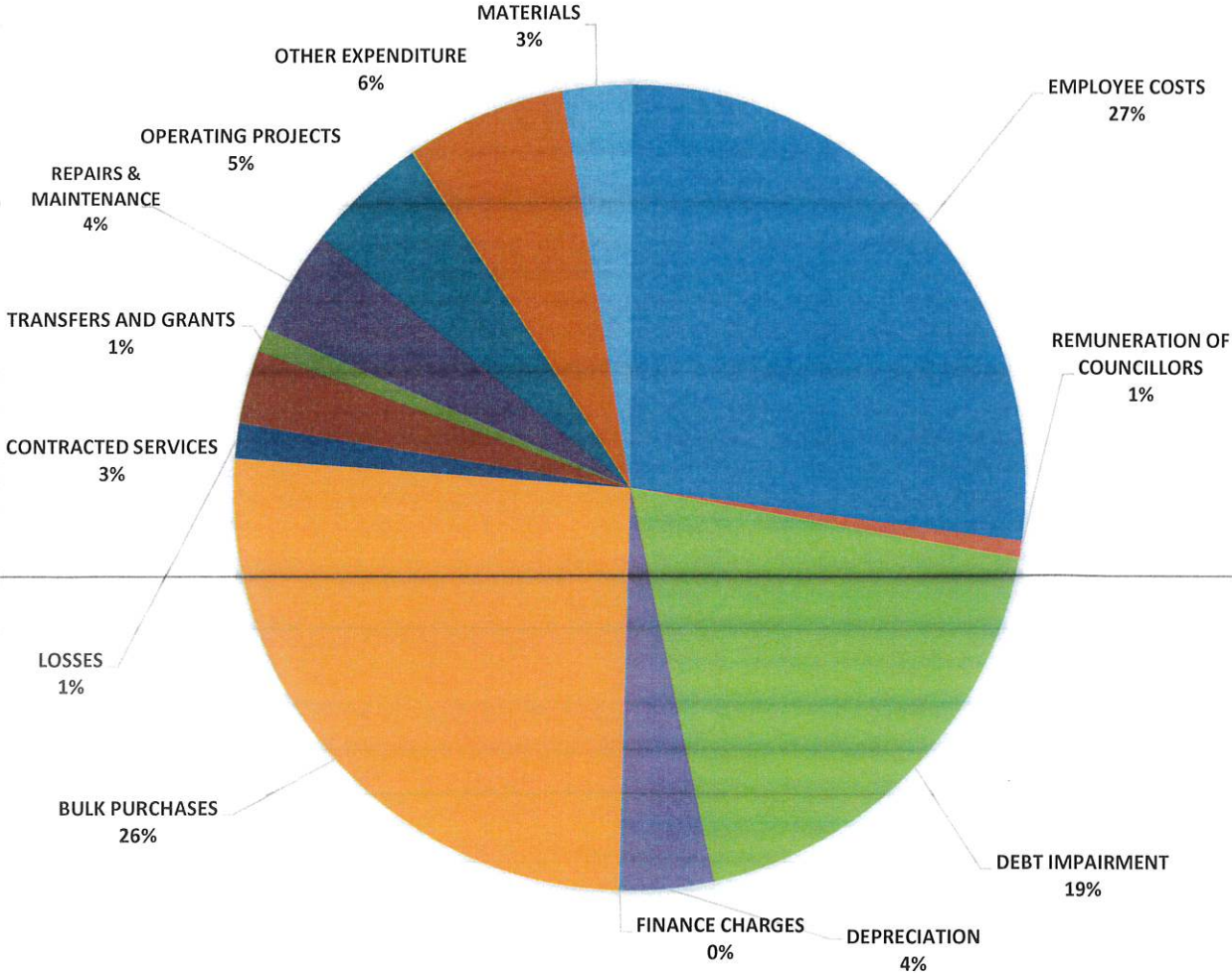
The following table (table 4) details adjustments to the operating expenditure budget per category. The net increase in the budget for operating expenditure of R16 588 976 is resulting from the re-allocation of grant funding from Capital projects to Operating Projects as well as re-allocation of funding between expenditure types.

**Table 4: 2024/2025 Fourth Adjusted Expenditure Budget per Category**

EXPENDITURE TYPE	2024/2025 APPROVED BUDGET	2024/2025 FIRST ADJUSTMENT BUDGET	2024/2025 MID-YEAR ADJUSTMENT BUDGET	2024/2025 THIRD ADJUSTMENT BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJUSTMENT BUDGET
Employee related costs	2 900 668 489	2 900 668 489	2 667 286 683	2 667 287 036	123 336 195	2 790 623 231
Remuneration of councillors	77 685 850	77 685 850	77 685 850	77 685 849	-7 312 537	70 373 312
Debt impairment	1 681 728 272	1 681 728 272	1 754 846 892	1 754 846 890	184 451 300	1 939 298 190
Depreciation & asset impairment	567 615 359	567 615 359	567 615 359	577 826 942	-190 051 185	387 775 757
Finance charges	8 966 469	8 966 469	8 966 469	8 966 469	-319	8 966 150
Electricity Bulk Purchases	2 832 585 844	2 832 585 844	2 832 585 844	2 832 585 844	-170 233 390	2 662 352 454
Contracted services	193 323 715	193 323 715	257 156 846	272 256 506	27 845 708	300 102 214
Transfers and grants	100 950 580	100 950 580	102 850 580	102 850 580	-5 512 418	97 338 162
Repairs and Maintenance	525 069 817	525 069 817	487 456 161	507 456 162	-72 134 489	435 321 673
Operating projects	365 551 741	407 657 600	529 324 003	521 164 742	-10 062 960	511 101 782
Other expenditure	490 735 934	490 735 934	593 066 010	592 066 027	74 854 414	666 920 441
Losses	114 998 963	114 998 963	114 998 963	114 998 964	32 014 256	147 013 220
Other materials	269 734 323	269 734 323	266 170 696	266 570 696	29 394 400	295 965 096
<b>Total Direct Operating Expenditure</b>	<b>10 129 615 356</b>	<b>10 171 721 215</b>	<b>10 260 010 356</b>	<b>10 296 562 707</b>	<b>16 588 976</b>	<b>10 313 151 683</b>

The pie chart (figure 2) below depicts split of operating expenditure budget per category. Employee Costs and Electricity Bulk Purchases represent the largest cost of the municipality at 27% and 26% of the total operating expenditure respectively. Depreciation totals 4% 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 account is 6% of the total operating budget. Operating Projects and Repairs and Maintenance each account for 5% and 4% of the total operating budget respectively. Contracted Services and Other Materials each account to 3% of the total operating expenditure budget respectively. Debt Impairment accounts for 19% for the total operating budget. Remuneration of Councillors and Transfers and Grants account for 1%.

Figure 2: 2024/2025 Operating Expenditure per Type





### 5.5.1 Fourth Adjustment Budget on Operating Projects

The following tables (table 5 and 6) tabulate adjustments to the operating projects expenditure budget per funding source and per directorate respectively.

**Table 5: 2024/2025 Fourth Adjustments to Operating Projects - Funding Source**

FUNDING SOURCE	2024/2025 APPROVED OPEX BUDGET	2024/2025 FIRST ADJUSTMENTS BUDGET	2024/2025 MID-YEAR ADJUSTMENTS BUDGET	2024/2025 THIRD ADJUSTMENTS BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJUSTMENTS BUDGET
<b>TOTAL OWN FUNDING</b>	<b>84 597 617</b>	<b>84 597 617</b>	<b>117 974 879</b>	<b>118 743 795</b>	<b>-24 005 748</b>	<b>94 738 047</b>
URBAN SETTLEMENT DEVELOPMENT GRANT	46 710 950	36 710 950	45 710 950	50 710 950	10 661 897	61 372 847
FINANCE MANAGEMENT GRANT	885 000	885 000	1 000 000	973 108	8 298	981 406
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	24 767 799	24 767 799	26 467 799	19 960 811	3 272 593	23 233 404
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	10 800 000	10 800 000	10 800 000	10 800 000	0	10 800 000
PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)	15 000 000	15 000 000	15 000 000	15 000 000	0	15 000 000
EXPANDED PUBLIC WORKS PROGRAMME	2 314 000	2 314 000	2 314 000	2 314 000	0	2 314 000
HUMAN SETTLEMENTS DEVELOPMENT GRANT	125 000 000	125 000 000	127 224 141	127 224 141	0	127 224 141
HUMAN SETTLEMENTS DEVELOPMENT GRANT C/O	0	52 340 858	52 340 858	52 340 858	0	52 340 858
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	36 000 000	35 655 000	35 655 000	35 655 000	0	35 655 000
SETA	19 476 375	19 476 375	19 476 375	12 082 078	0	12 082 078
CITY OF OLDENBURG	0	110 000	360 000	360 000	0	360 000
DEPARTMENT OF TRANSPORT	0	0	75 000 000	75 000 000	0	75 000 000
<b>TOTAL GRANTS</b>	<b>280 954 124</b>	<b>323 059 982</b>	<b>411 349 123</b>	<b>402 420 946</b>	<b>13 942 788</b>	<b>416 363 734</b>
<b>TOTAL OPERATING PROJECTS BUDGET</b>	<b>365 551 741</b>	<b>407 657 599</b>	<b>529 324 002</b>	<b>521 164 741</b>	<b>-10 062 959</b>	<b>511 101 782</b>

**Table 6: 2024/2025 Fourth Adjustments to Operating Projects – Directorate**

DIRECTORATE	2024/2025 APPROVED OPEX BUDGET	2024/2025 FIRST ADJUSTMENTS BUDGET	2024/2025 MID-YEAR ADJUSTMENTS BUDGET	2024/2025 THIRD ADJUSTMENTS BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJUSTMENT BUDGET
EXECUTIVE SUPPORT SERVICES	10 000 000	10 110 000	10 360 000	10 360 000	-2 864 620	7 495 3
CITY MANAGER'S OFFICE	38 822 567	38 822 567	43 072 567	43 072 567	-8 092 728	34 979 8
CORPORATE SERVICES	12 800 000	12 800 000	12 800 000	12 800 000	85 900	12 885 9
SPATIAL PLANNING & DEVELOPMENT	10 434 249	10 434 249	8 934 249	6 927 261	78 397	7 005 6
ECONOMIC DEVELOPMENT & AGENCIES	39 226 375	38 881 375	36 793 985	30 168 604	-1 027 433	29 141 1
FINANCE SERVICES	11 185 000	11 185 000	19 210 190	19 183 298	1 728 959	20 912 2
PUBLIC SAFETY & EMERGENCY SERVICES	2 750 000	2 750 000	4 050 000	4 050 000	-2 962 120	1 087 8
HUMAN SETTLEMENTS	145 583 550	197 924 408	201 151 555	196 651 555	2 455 899	199 107 4
INFRASTRUCTURE SERVICES	53 300 000	43 300 000	132 600 000	137 600 000	-427 513	137 172 4
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	6 600 000	6 600 000	6 900 000	6 900 000	-2 663 149	4 236 8
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	34 850 000	34 850 000	53 451 457	53 451 457	3 625 450	57 076 9
<b>TOTAL OPERATING PROJECTS</b>	<b>365 551 741</b>	<b>407 657 599</b>	<b>529 324 003</b>	<b>521 164 742</b>	<b>-10 062 960</b>	<b>511 101 7</b>

Various adjustments as detailed in table 8 above were made between directorates within same funding sources in order to improve overall performance within operating projects.

Detailed schedule of operating projects is attached as **Annexure 1**.

## 5.6 CAPITAL EXPENDITURE FRAMEWORK

The tables (table 7 and 8) below indicate adjustments to the capital expenditure budget per funding source and per directorate respectively.

**Table 7:2024/2025 Fourth Adjustments to Capital Expenditure Budget –Funding**

CAPITAL BUDGET PER FUNDING	2024/2025 APPROVED CAPITAL BUDGET	2024/2025 FIRST ADJUSTMENT CAPITAL BUDGET	2024/2025 MID-YEAR ADJUSTMENT CAPITAL BUDGET	2024/2025 THIRD ADJUSTMENT CAPITAL BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJUSTMENT CAPITAL BUDGET
<b>TOTAL OWN FUNDING</b>	<b>442 551 560</b>	<b>523 040 620</b>	<b>523 040 621</b>	<b>511 040 621</b>	<b>0</b>	<b>511 040 621</b>
URBAN SETTLEMENT DEVELOPMENT GRANT	488 654 050	498 654 050	489 654 050	574 654 050	-10 661 897	563 992 153
FINANCE MANAGEMENT GRANT	115 000	115 000	0	26 892	-8 298	18 594
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	279 939 201	279 939 201	278 239 201	215 661 189	-3 272 593	212 388 596
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	19 655 000	19 655 000	20 000 000	2 000 000	0	2 000 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	200 000	200 000	200 000	200 000	0	200 000
MUNICIPAL DISASTER RESPONSE GRANT	0	0	44 600 000	44 600 000	0	44 600 000
DISASTER RECOVERY GRANT	0	0	78 000 000	78 000 000	0	78 000 000
<b>TOTAL GRANTS</b>	<b>788 563 251</b>	<b>798 563 251</b>	<b>910 693 251</b>	<b>915 142 131</b>	<b>-13 942 788</b>	<b>901 199 343</b>
<b>TOTAL CAPITAL BUDGET</b>	<b>1 231 114 811</b>	<b>1 321 603 871</b>	<b>1 433 733 872</b>	<b>1 426 182 752</b>	<b>-13 942 788</b>	<b>1 412 239 964</b>

**Table 8: 2024/2025 Fourth Adjustments to Capital Expenditure Budget – Directorate**

Various adjustments as detailed in table 8 above were made between directorates within same funding sources in order to improve overall performance within capital projects.

Detailed schedule of capital projects is attached as **Annexure 2**.

CAPITAL BUDGET PER DIRECTORATE	2024/2025 APPROVED CAPITAL BUDGET	2024/2025 FIRST ADJUSTMENT CAPITAL BUDGET	2024/2025 MID- YEAR ADJUSTMENT CAPITAL BUDGET	2024/2025 THIRD ADJUSTMENT CAPITAL BUDGET	ADJUSTMENTS	2024/2025 FOURTH ADJUSTMENT CAPITAL BUDGET
EXECUTIVE SUPPORT SERVICES	500 000	500 000	1 040 000	1 040 000	0	1 040 000
CITY MANAGER'S OFFICE	9 650 000	10 075 674	18 075 674	18 075 674	-7 934 697	10 140 977
CORPORATE SERVICES	16 700 000	19 052 214	18 625 149	18 625 149	-684 415	17 940 734
SPATIAL PLANNING & DEVELOPMENT	81 907 810	82 557 813	82 182 813	82 182 813	4 173 125	86 355 938
ECONOMIC DEVELOPMENT & AGENCIES	42 888 554	48 764 518	44 631 928	31 853 218	635 958	32 489 176
FINANCE SERVICES	78 058 365	80 084 361	98 577 415	98 604 307	23 109 067	121 713 374
PUBLIC SAFETY & EMERGENCY SERVICES	18 050 000	46 696 746	45 696 746	45 696 746	-18 632 885	27 063 861
HUMAN SETTLEMENTS	225 926 643	225 926 643	227 226 643	205 547 836	6 903 756	212 461 592
INFRASTRUCTURE SERVICES	650 863 439	684 638 191	801 060 434	829 066 287	-13 095 123	815 971 164
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	25 850 000	29 009 407	35 109 407	33 983 059	3 556 075	37 539 134
SOLID WASTE & ENVIRONMENTAL MANAGEMENT	80 470 000	94 048 305	61 257 664	61 257 664	-11 973 649	49 284 015
<b>TOTAL CAPITAL BUDGET: BCMM</b>	<b>1 230 864 811</b>	<b>1 321 353 872</b>	<b>1 433 483 873</b>	<b>1 425 932 753</b>	<b>-13 942 789</b>	<b>1 411 989 964</b>
BCMDA	250 000	250 000	250 000	250 000	0	250 000
<b>TOTAL CAPITAL: CONSOLIDATED</b>	<b>1 231 114 811</b>	<b>1 321 603 872</b>	<b>1 433 733 873</b>	<b>1 426 182 753</b>	<b>-13 942 789</b>	<b>1 412 239 964</b>

## **PART 2 – SUPPORTING DOCUMENTATION**

### **6. SUPPORTING DOCUMENTATION**

#### **6.1. ADJUSTMENT TO BUDGET ASSUMPTIONS**

The budget assumptions have not been adjusted as a result this adjustment budget does not have an impact on tariffs.

#### **6.2. ADJUSTMENTS TO ALLOCATIONS OR GRANTS MADE BY THE MUNICIPALITY**

There have been no new allocations or grants made by the municipality.

#### **6.3. ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN**

Section 54 (1) of the MFMA 56 of 2003 states: On receipt of a statement or report submitted by the accounting officer of the municipality 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 revisions 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 adjustments budget.*

This adjustment budget is in respect of projects that are already in the IDP and SDBIP and therefore it has not been necessary revise these documents.

### **7. CHALLENGES**

None.

### **8. STAFF IMPLICATIONS**

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

## **9. FINANCIAL IMPLICATIONS**

The 2024/2025 Fourth Adjustment Budget does 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 2024/2025 Capital and Operating Budget are outlined below:

A. The adjusted budget of the Parent municipality (BCMM) for the 2024/2025 Fourth Adjustment Budget as follows:

- i. The adjustment from R10 212 873 112 to R10 226 815 900 of the BCMM 2024/2025 Operating Revenue Budget.
  - ii. The adjustment from R10 207 677 202 to R10 221 619 990 of the BCMM 2024/2025 Operating Expenditure Budget.
  - iii. The adjustment from R1 425 932 752 to R1 411 989 964 of the BCMM 2024/2025 Capital Budget.
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B. The adjusted budget of the Entity (BCMDA) for the 2024/2025 Fourth Adjustment Budget as follows:

- i. The adjustment from R88 885 506 to R91 531 694 of the BCMM 2024/2025 Operating Revenue Budget.
- ii. The adjustment from R88 885 506 to R91 531 694 of the BCMM 2024/2025 Operating Expenditure Budget.
- iii. The capital budget for the Entity remains at R250 000.

C. The consolidated adjusted budget for the 2024/2025 Fourth Adjustment Budget as follows:

- i. The adjustment from R10 301 758 619 to R10 318 347 595 of the consolidated 2024/2025 Operating Revenue Budget.
- ii. The adjustment from R10 296 562 707 to R10 313 151 683 of the consolidated 2024/2025 Operating Expenditure Budget.

- iii. The adjustment from R1 426 182 752 to R1 412 239 964 of the consolidated 2024/2025 Capital Budget.

#### **10. OTHER PARTIES CONSULTED**

All Directorates.

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## 11. 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 vincent Pelly

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City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature Pelly

Date 15-08-2025