REPORT TO COUNCIL: 25 AUGUST 2026

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AUTHOR: Executive Mayor (P. Faku))/my

FIRST ADJUSTMENT BUDGET REPORT FOR THE 2026/2027 FINANCIAL YEAR

1. PURPOSE

The purpose of the report is for Council to **CONSIDER** and **APPROVE** the first adjustment budget of Buffalo City Metropolitan Municipality for the 2026/2027 financial year.

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.

(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."

Furthermore, the Municipal Budget and Reporting Regulations (MBRR), 2009, (Reg. 23) (5) stipulates the following:

"An adjustments budget referred to in Section 28(2)(e) of the Act may only be tabled after the end of the financial year to which the roll-overs relate and must be approved by the municipal council by 25 August of the financial year following the financial year to which the roll-overs relate."

"An adjustment budget and supporting documentation of a municipality 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).

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

5. EXPOSITION OF FACTS

The first adjustment budget is being prepared as informed by requests from various directorates for roll-over of own funding and unconditional grants that were unspent at the end of 2025/2026 financial year. At year end on 30 June 2026, various directorates indicated that certain capital projects provided for execution in the 2025/2026 financial year could not be completed. Such under-spending on capital projects could not reasonably have been foreseen at the time of execution and finalisation of 2026/2027 MTREF.

An intensive process of assessing and determining whether the unspent funding that is requested to be rolled over is committed to identifiable projects was undertaken. To enable the completion of these projects, it is necessary to incorporate these projects in the already approved 2026/2027 budget. This process is in line with the legislative requirements of section 28 of the MFMA and Municipal Budget and Reporting Regulations for submitting a municipal rollover budget to Council for adoption.

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	2026/2027 APPROVED BUDGET	ADJUSTMENTS	2026/2027 FIRST ADJ. BUDGET	2027/2028 FINAL BUDGET	2028/2029 FINAL BUDGET
Total Revenue	11 394 066 468	47 761 003	11 441 827 471	11 932 836 036	12 510 666 919
Total Operating Expenditure Excluding Operating Projects	10 865 288 182	27 000 000	10 892 288 182	11 444 968 109	12 009 448 928
Operating Projects	526 682 921	20 761 003	547 443 924	485 873 483	499 449 334
Total Operating Expenditure Including Operating Projects	11 391 971 103	47 761 003	11 439 732 106	11 930 841 592	12 508 898 262
Surplus /(Deficit)	2 095 365	0	2 095 365	1 994 444	1 768 657
Total Capital Expenditure	1 396 735 148	57 056 943	1 453 792 092	1 428 248 604	1 640 889 984
Total Opex and Capex Budget	12 788 706 251	104 817 946	12 893 524 198	13 359 090 196	14 149 788 246

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

OPERATING AND CAPITAL BUDGET EXPENDITURE	2026/2027 APPROVED BUDGET	ADJUSTMENTS	2026/2027 FIRST ADJ. BUDGET	2027/2028 FINAL BUDGET	2028/2029 FINAL BUDGET
Total Revenue	11 460 359 474	47 761 003	11 508 120 477	12 003 432 141	12 585 362 396
Total Operating Expenditure Excluding Operating Projects	10 931 581 193	27 000 000	10 958 581 193	11 515 564 214	12 084 144 405
Operating Projects	526 682 921	20 761 003	547 443 924	485 873 483	499 449 334
Total Operating Expenditure Including Operating Projects	11 458 264 115	47 761 003	11 506 025 118	12 001 437 697	12 583 593 739
Surplus/ (Deficit)	2 095 359	0	2 095 359	1 994 444	1 768 657
Total Capital Expenditure	1 397 435 148	57 056 943	1 454 492 092	1 428 975 008	1 641 638 989
Total Opex and Capex Budget	12 855 699 263	104 817 946	12 960 517 210	13 430 412 705	14 225 232 728

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	KPA	Key Performance Area

	Management		
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 primary reason for the recommendation to consider and adopt the first adjustment budget during August 2026 emanates from prior year commitment that compels rollovers and re-alignment of budgetary provision.

The first adjustment budget is being tabled at Council in terms of the Section 28 (2)(e) of the MFMA and Regulation 23 (5) of the Municipal Budget and Reporting Regulations.

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	2026/2027 APPROVED BUDGET	ADJUSTMENTS	2026/2027 FIRST ADJ. BUDGET	2027/2028 FINAL BUDGET	2028/2029 FINAL BUDGET
Total Revenue	11 460 359 474	47 761 003	11 508 120 477	12 003 432 141	12 585 362 396
Total Operating Expenditure	11 458 264 115	47 761 003	11 506 025 118	12 001 437 697	12 583 593 739
Surplus/ (Deficit)	2 095 359	0	2 095 359	1 994 444	1 768 657
Total Capital Expenditure	1 397 435 148	57 056 943	1 454 492 092	1 428 975 008	1 641 638 989
Total Opex and Capex Budget	12 855 699 263	104 817 946	12 960 517 210	13 430 412 705	14 225 232 728

The following factors were taken into cognisance when formulating the 2026/2027 first adjustment budget:

a) Those contractual components or works awarded or commenced during the 2025/2026 financial year but not yet completed and settled by 30 June 2026 and therefore no budgetary provision made on the 2026/2027 budget.
b) Reasons explaining why the 2025/2026 budgetary provisions were committed but not spent by 30 June 2026.
c) Consideration of roll-over proposals on Council's 2026/2027 operating and capital budget was taken in the context of affordability and funding certainty for the period, and furthermore informed by the adopted 2026/2027 MTREF as well as implementation capacity for the financial period.

The City continues to budget for a surplus and produce a funded budget which is in line with National Treasury requirements.

The roll-over of own funded operating projects has the potential of reducing the surplus budgeted in the original approved budget and may even drive it into a deficit. To avoid the above, the roll-over of own funded operating projects was not considered in this adjustment budget as there are no savings realised in the 2026/2027 financial year budget that could be used to fund such roll-overs. The net effect of the consolidated Metro's budget after first adjustment is nil and the surplus remains constant at R2 095 365 before capital transfers recognised.

5.2 COUNCIL RESOLUTIONS

On 28 May 2026 the Council of Buffalo City Metropolitan Municipality met to consider, approve and adopt the 2026/2027 MTREF 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 2026/2027 First Adjustment Budget as follows:

   i. The adjustment from R11 394 066 468 to R11 441 827 471 of the BCMM 2026/2027 Operating Revenue Budget.

   ii. The adjustment from R11 391 971 103 to R11 439 732 106 of the BCMM 2026/2027 Operating Expenditure Budget.

   iii. The adjustment from R1 396 735 148 to R1 453 792 092 of the BCMM 2026/2027 Capital Budget.

B. The consolidated adjusted budget for the 2026/2027 First Adjustment Budget as follows:

   i. The adjustment from R11 460 359 474 to R11 508 120 477 of the consolidated 2026/2027 Operating Revenue Budget.

   ii. The adjustment from R11 458 264 115 to R11 506 025 118 of the consolidated 2026/2027 Operating Expenditure Budget.

   iii. The adjustment from R1 397 435 148 to R1 454 492 092 of the consolidated 2026/2027 Capital Budget.

C. Council **NOTE** that, in order to improve operational efficiency, the detailed consolidated schedules of capital projects and operating 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).

13 | 08 | 26

P. FAKU **DATE**

EXECUTIVE MAYOR

BUFFALO CITY METROPOLITAN MUNICIPALITY

MXOLISI YAWA/ SP

ANNEXURES:

Annexure 1: Detailed Schedule of Operating Projects (Rolled-up)

Annexure 1.1: Detailed Schedule of Operating Projects

Annexure 2: Detailed Schedule of Capital Projects (Rolled-up)

Annexure 2.1: Detailed Schedule of Capital Projects

Annexure 3: National Treasury B Schedules (Parent Municipality)

Annexure 4: National Treasury B – Consolidated Schedules

5.3 EXECUTIVE SUMMARY

BCMM continues to take a more conservative approach in the manner in which it approaches budgeting including this first adjustment budget. This approach involved an intensive internal process of assessing 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 operating revenue budget has been increased by R47 761 003 from R11 460 359 474 to R11 508 120 477. The consolidated operating expenditure budget has also increased by R47 761 003 from R11 458 264 115 to R11 506 025 118.

The reasons for the increase and decrease are detailed in section 5.4 and 5.5 of the report. The consolidated overall operating surplus before capital transfers recognised remains constant at R2 095 359.

The consolidated capital expenditure budget is increasing by R57 056 943 from R1 397 435 148 to R1 454 492 092. These are detailed in section 5.6 of the report.

5.3.1 Budget Adjustment Summary

The reasons for this adjustment budget is to roll-over budget that was unspent in the 2025/2026 financial year but committed to identifiable projects for own funding and unconditional grants.

The table below indicates the summary of the 2026/2027 consolidated first adjustment budget.

Table 2: 2026/2027 Consolidated First Adjustment Budget Summary

OPERATING AND CAPITAL BUDGET EXPENDITURE	2026/2027 APPROVED BUDGET	ADJUSTMENTS	2026/2027 FIRST ADJ. BUDGET	2027/2028 FINAL BUDGET	2028/2029 FINAL BUDGET
Total Revenue	11 460 359 474	47 761 003	11 508 120 477	12 003 432 141	12 585 362 396
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Total Opex and Capex Budget	12 855 699 263	104 817 946	12 960 517 210	13 430 412 705	14 225 232 728

5.4 OPERATING REVENUE FRAMEWORK

The following table depicts an upward adjustment to the consolidated operating revenue budget per source totalling to R47 761 003. This amount of R47 761 003 on transfers and subsidies is made-up of the following adjustments:

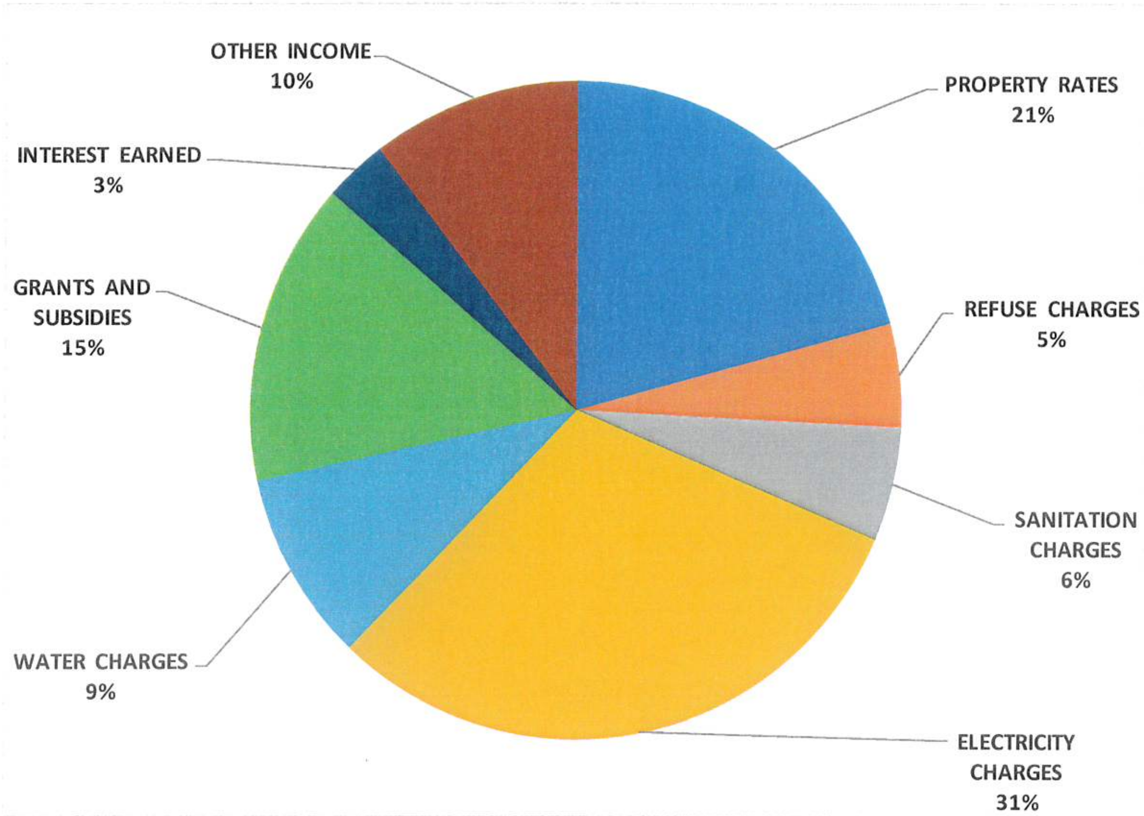
a) An increase of R721 099 resulting from the rollover of the unspent funds from the City of Oldenburg.
b) An increase of R45 187 831 resulting from the rollover of unspent funds from the Department of Transport.
c) An increase of R1 852 073 resulting from the rollover of the SETA Grant funding from the 2025/2026 financial year.

Table 3: 2026/2027 First Adjusted Revenue per Source

2026/2027 FIRST ADJUSTMENT BUDGET REVENUE FRAMEWORK	2026/2027 APPROVED BUDGET	ADJUSTMENTS	2026/2027 FIRST ADJUSTMENT BUDGET
Revenue by Source			
Exchange Revenue			
Service charges - Electricity	3 542 329 702	0	3 542 329 702
Service charges - Water	1 079 693 124	0	1 079 693 124
Service charges - Waste Water Management	643 739 130	0	643 739 130
Service charges - Waste Management	587 884 060	0	587 884 060
Sale of Goods and Rendering of Services	138 202 535	0	138 202 535
Agency services	30 475 885	0	30 475 885
Interest earned from Receivables	291 996 065	0	291 996 065
Interest earned from Current and Non-Current Assets	60 459 935	0	60 459 935
Rental from Fixed Assets	26 242 314	0	26 242 314
Operational Revenue	90 890 414	0	90 890 414
Non-Exchange Revenue			
Property rates	2 382 108 748	0	2 382 108 748
Fines, penalties and forfeits	10 481 951	0	10 481 951
Licences or permits	13 432 292	0	13 432 292
Transfer and subsidies - Operational	1 669 116 319	47 761 003	1 716 877 322
Fuel Levy	827 976 000	0	827 976 000
Interest	6 740 500	0	6 740 500
Operational Revenue	58 590 500	0	58 590 500
TOTAL OPERATING REVENUE	**11 460 359 474**	**47 761 003**	**11 508 120 477**

The figure below provides a split of consolidated operating revenue budget per source. In terms of revenue services, electricity continues to be the main contributor to the revenue of the municipality by generating 31% of the total revenue. This is followed by water tariffs at 9%, sanitation tariff at 6% and refuse tariff at 5%. The property rates revenue totals 21% of the total municipal revenue. The municipality receives grants and subsidies totalling 15% of the total revenue. Other revenue contributes 10% and interest earned 3% of the total revenue.

Figure 1: Operating Revenue per Source



5.5 OPERATING EXPENDITURE FRAMEWORK

The following table depicts an upward adjustment to the consolidated operating budget per expenditure type totalling to R47 761 003. This amount of R47 761 003 is made-up of the following adjustments:

a) Operating budget: Increasing by R47 761 003 from the following adjustments:

i. An increase of R721 099 resulting from the rollover of the unspent funds from the City of Oldenburg Operating Project .

ii. A rollover of R45 187 831 for the Department of Transport grant to fund the Quenera Lagoon Access road operating project.

iii. The Own funding amounting to R25 000 000 funding the Quenera Lagoon Access Road is proposed to be reallocated to the operating budget to fund Depreciation (The project will now be funded through the Department of Transport Grant rollover).

iv. Amount of R2 000 000 has been reallocated from the Cyber Security Operating project to fund Software Licences operating vote.

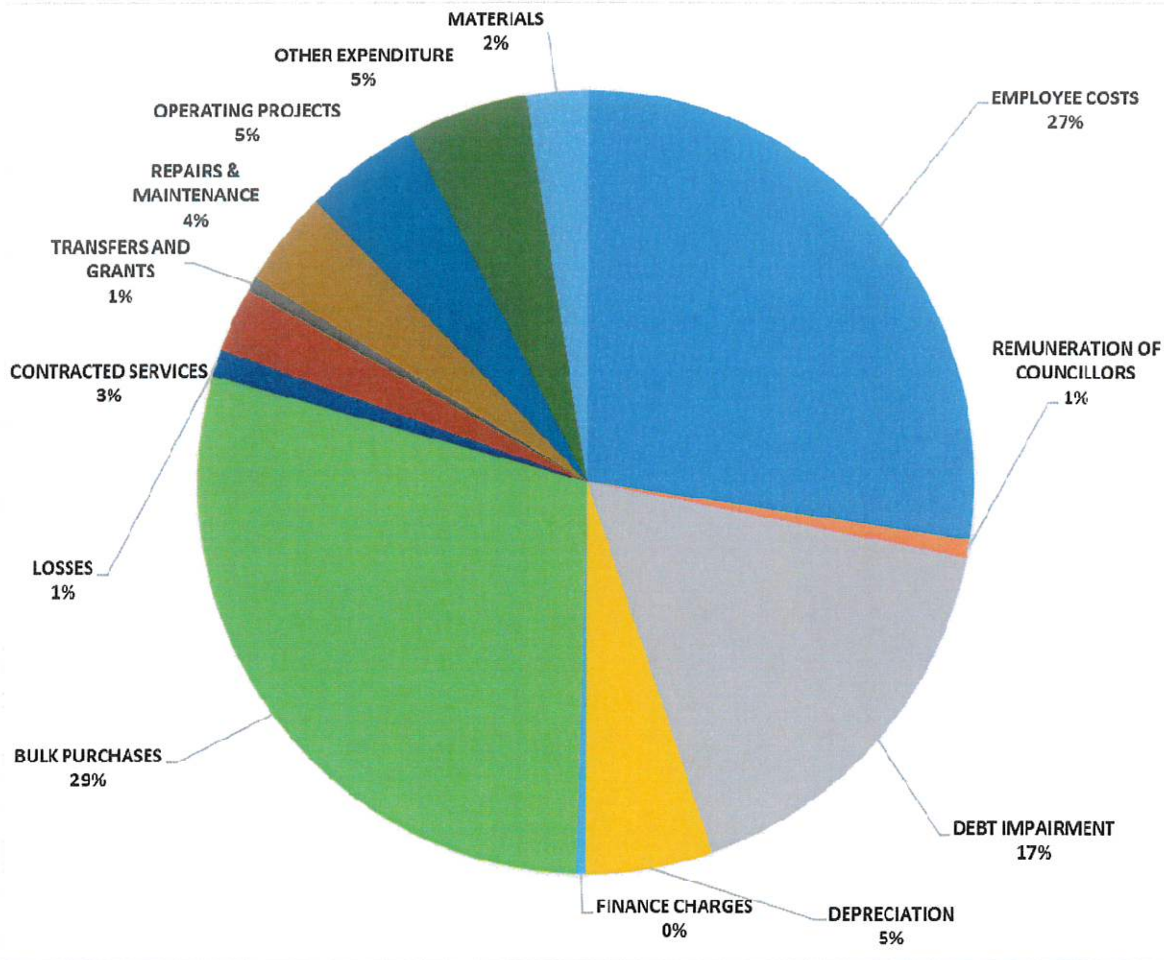
v. A rollover of R1 852 073 for the SETA Grant to fund the Learning programmes Operating project under the Directorate of Economic Development & Agencies.

Table 4: 2026/2027 First Adjusted Expenditure Budget per Category

2026/2027 FIRST ADJUSTMENT BUDGET EXPENDITURE FRAMEWORK	2026/2027 APPROVED BUDGET	ADJUSTMENTS	2026/2027 FIRST ADJUSTMENT BUDGET
Expenditure Per Category			
Employee related costs	3 146 709 515	0	3 146 709 515
Remuneration of councillors	85 452 859	0	85 452 859
Debt impairment	1 910 727 807	0	1 910 727 807
Depreciation & asset impairment	587 596 976	25 000 000	612 596 976
Finance charges	44 669 071	0	44 669 071
Electricity Bulk Purchases	3 334 208 859	0	3 334 208 859
Contracted services	304 596 974	0	304 596 974
Transfers and grants	71 137 469	0	71 137 469
Repairs and Maintenance	452 870 688	0	452 870 688
Operating projects	526 682 921	20 761 003	547 443 924
Other expenditure	571 635 917	2 000 000	573 635 917
Losses	127 840 542	0	127 840 542
Other materials	294 134 518	0	294 134 518
Total Direct Operating Expenditure	**11 458 264 115**	**47 761 003**	**11 506 025 118**

The figure below gives the split of consolidated operating expenditure budget per category. Employee costs represent the largest cost of the municipality and totals 27% of the total operating expenditure. Bulk Purchases for Electricity also represents 29% of the total costs. Operating projects contribute 5% of total operating expenditure. Depreciation totals 5% of the total cost base for the institution. This represents the proportional funding requirements for the replacement of existing infrastructure assets. Repairs and Maintenance totals 4% and Other Expenditure accounts for 5% of the total operating budget. Debt impairment account for 17%. Contracted Services and Other materials account for 3% and 2% of the total operating budget respectively. Remuneration of Councillors, Losses and Transfers and Grants each account for 1% of the total expenditure.

Figure 2: 2026/2027 Operating Expenditure per Type



5.5.1 First Adjustment Budget 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 increase of R20 761 003 to the operating projects budget due to the following adjustments:

a) Executive Support Services:
   1. Rollover amount of R721 099 for the City of Oldenburg funding.

b) Directorate of Corporate Services:
   1. An amount of R2 000 000 is proposed to be reallocated from the Cyber Security operating project to fund the Software licences operating vote.

c) Directorate of Economic Developments & Agencies:
   2. Rollover of the Services SETA Discretionary Grant amounting to R1 852 073 for the Learning Programmes.

d) Directorate of Infrastructure Services:
   1. Rollover of the grant from the Department of Transport amounting to R45 187 831 for the Quenera Lagoon Access Road operating project.
   2. Reallocation of own funding amounting to R25 000 000 that was allocated to fund Quenera Lagoon Access Road to the operating budget to fund depreciation.

e) Electricity & Energy Trading Service:
   1. PPPSG funding amounting to R4 800 000 is proposed to be reallocated from the West Bank & Woodbrook Battery Storage Feasibility Study operating project because this project is in a process of being concluded.

f) Water & Sanitation Trading Service:

1. PPPSG funding amounting to R4 800 000 is proposed to be reallocated from the Electricity & Energy Trading Service to fund the following operating projects within the Water & Sanitation Trading Service:
   - ✓ R2 000 000 allocated to the Water & Sanitation Asset Management Plan operating project;
   - ✓ R2 800 000 allocated to the Water & Sanitation Masterplans operating project.

In order to improve operational efficiency, the detailed schedule of operating projects that is attached as Annexure 1 has been rolled up to the project level to allow budget transfers between votes/account numbers that make up that particular project to be managed at administrative level rather than being treated as a virement or an adjustment budget. Annexure 1.1 has also been attached for information only, it contains the detailed mSCOA breakdown of the rolled-up operating projects.

Table 5: 2026/2027 Operating Projects Per Funding Source First Adjustment Budget

FUNDING SOURCE	2026/2027 FINAL OPEX BUDGET	ADJUSTMENTS	2026/2027 FIRST ADJUSTMENT OPEX BUDGET
OWN FUNDING	300 130 122	-27 000 000	273 130 122
TOTAL OWN FUNDING	**300 130 122**	**-27 000 000**	**273 130 122**
URBAN SETTLEMENT DEVELOPMENT GRANT	34 661 910	0	34 661 910
FINANCE MANAGEMENT GRANT	1 200 000	0	1 200 000
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	15 500 000	0	15 500 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	9 300 000	0	9 300 000
PROGRAMME AND PROJECT PREPARATION SUPPORT GRANT (PPPSG)	10 971 000	0	10 971 000
EXPANDED PUBLIC WORKS PROGRAMME	4 024 000	0	4 024 000
HUMAN SETTLEMENTS DEVELOPMENT GRANT	117 898 000	0	117 898 000
SETA	3 000 000	0	3 000 000
SETA C/O	0	1 852 073	1 852 073
UDFG	29 997 890	0	29 997 890
CITY OF OLDENBURG C/O	0	721 099	721 099
DEPARTMENT OF TRANSPORT C/O	0	45 187 831	45 187 831
TOTAL GRANTS	**226 552 799**	**47 761 003**	**274 313 802**
TOTAL OPERATING PROJECTS BUDGET	**526 682 921**	**20 761 003**	**547 443 924**

Table 6: 2026/2027 Operating Projects Adjustments Per Directorate

DIRECTORATE	2026/2027 FINAL OPEX BUDGET	ADJUSTMENTS	2026/2027 FIRST ADJUSTMENT OPEX BUDGET
EXECUTIVE SUPPORT SERVICES	31 000 000	721 099	31 721 099
CITY MANAGER'S OFFICE	36 542 032	0	36 542 032
CORPORATE SERVICES	20 800 000	-2 000 000	18 800 000
SPATIAL PLANNING & DEVELOPMENT	4 200 000	0	4 200 000
ECONOMIC DEVELOPMENT & AGENCIES	50 990 000	1 852 073	52 842 073
FINANCE SERVICES	46 500 000	0	46 500 000
PUBLIC SAFETY & EMERGENCY SERVICES	2 600 000	0	2 600 000
HUMAN SETTLEMENTS	135 898 000	0	135 898 000
ELECTRICITY & ENERGY TRADING SERVICE	42 955 000	-4 800 000	38 155 000
INFRASTRUCTURE SERVICES	28 000 000	20 187 831	48 187 831
WATER & SANITATION TRADING SERVICE	52 997 890	4 800 000	57 797 890
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	10 500 000	0	10 500 000
SOLID WASTE TRADING SERVICE	44 500 000	0	44 500 000
HEALTH & ENVIRONMENTAL MANAGEMENT	19 200 000	0	19 200 000
TOTAL OPERATING PROJECTS	526 682 921	20 761 003	547 443 924

5.6 CAPITAL EXPENDITURE FRAMEWORK

The tables (table 7 and 8) below indicate adjustments to the consolidated capital expenditure budget per funding source and per directorate respectively. It shows a total increase of R57 056 943 due to the following adjustments:

5.6.1 Own Funding: Increasing by R56 226 070

i. City Managers Office– committed funds amounting to R1 500 000 to be rolled over:
   a. A budget amounting to R1 500 000 for Audit Software;

ii. Directorate of Spatial Planning and Development – committed funds amounting to R2 004 708 to be rolled over:
   a) A budget amounting to R2 004 708 for Construction of Office Accommodation -Customer Care Office-Midland;

iii. Directorate of Economic Development and Agencies – committed funds amounting to R820 994 to be rolled over:
   b) A budget amounting to R449 000 for Upgrading of buildings;
   c) A budget amounting to R371 994 for Refurbishment of Kiwane Resort;

iv. Directorate of Finance – committed funds amounting to R7 417 735 to be rolled over:

a. A budget amounting to R5 983 791 for Asset replacement;
b. A budget amounting to R1 433 944 for Refurbishment of Finance Buildings.

v. Directorate Public Safety and Emergency Service – committed funds amounting to R19 925 037 to be rolled over:

a) A budget amounting to R217 457 for Office Furniture & Equipment;
b) A budget amounting to R9 000 000 for the Establishment of new Disaster Management Centre;
c) A budget amounting to R178 708 for Disaster Management Vehicles;
d) A budget amounting to R253 563 for Early Warning Systems;
e) A budget amounting to R5 733 550 for Fire Engines procured;
f) A budget amounting to R250 000 for Fire Equipment.
g) A budget amounting to R1 766 471 for Public Safety Specialised vehicles;
h) A budget amounting to R826 509 for Closed Circuit Television Network;
i) A budget amounting to R498 779 for Refurbishment of Traffic Services/Law Enforcement building;
j) A budget amounting to R450 000 for Traffic and Law Enforcement Equipment;
k) A budget amounting to R750 000 for Back-up Generators;

vi. Water & Sanitation Trading Service – committed funds amounting to R3 411 911 to be rolled over:

a. A budget amounting to R669 694 for Renewal of Infrastructure (Treatment works);
b. A budget amounting to R1 181 528 for the Purchase of Critical Laboratory Equipment;
c. A budget amounting to R116 000 for the Office Furniture & Equipment;
d. A budget amounting to R1 444 689 for Distribution Points (Pipe and Water Meter Replacement in Bisho, KWT & Dimbaza);

vii. Directorate of Health & Environmental Management – committed funds amounting to R14 019 205 to be rolled over:

a. A budget amounting to R199 778 for Office Furniture & Equipment.
b. A budget amounting to R300 000 for Installation of Alternative Energy System;
c. A budget amounting to R300 000 for Refurbishment & Upgrading of Facilities at Beaches;
d. A budget amounting to R300 000 for Fencing & Stabilisation of Beaches Facilities;
e. A budget amounting to R900 000 for Pilot Blue Flag Beaches (Gonubie & Kidds Beach);
f. A budget amounting to R1 727 956 for Fencing of EM & MHS Office Complex & Construction of Guardhouse;
g. A budget amounting to R676 108 for Refurbishment of EM & MHS Offices;
h. A budget amounting to R285 015 for Grass Cutting Equipment;
i. A budget amounting to R300 000 for Refurbishment of Nature Reserves;
j. A budget amounting to R180 000 for Nature reserve Plant;

k. A budget amounting to R1 389 240 for Purchase of Tools & Equipment;

l. A budget amounting to R900 000 for Acquisition of Parkhomes for NU6 Depot;

m. A budget amounting to R4 761 108 for Air Monitoring Station;

n. A budget amounting to R1 800 000 for Acquisition of Fleet;

viii. Directorate of Sport, Recreation & Community Development – committed funds amounting to R7 126 480 to be rolled over:

e. A budget amounting to R669 739 for Refurbishment of Chalets;

f. A budget amounting to R850 000 for the Refurbishment of Backpackers;

g. A budget amounting to R82 702 for the Refurbishment of Ablution Blocks at Resorts;

h. A budget amounting to R1 643 436 for Development , Upgrade & Refurbishment of Sports Facilities & Stadiums.

i. A budget amounting to R797 800 for the Upgrading & Refurbishment of Swimming Pools (Coastal);

j. A budget amounting to R800 000 for the Development of Cemeteries (Coastal);

k. A budget amounting to R1 504 000 for the Development of Cemeteries (Inland);

l. A budget amounting to R778 803 for Fencing of Rural Cemeteries.

5.6.2 City of Oldenburg: Increasing by R830 873

i. Water & Sanitation Trading Service – committed funds amounting to R830 873 to be rolled over:

a. A budget amounting to R830 873 for Eastbank Wastewatrer Treatment Works

In order to improve operational efficiency, the detailed schedule of capital projects that is attached as **Annexure 2** of this report has been rolled up to the project level to allow budget transfers between votes/account numbers that make up that particular project to be managed at administrative level rather than being treated as a virement or an adjustment budget. **Annexure 2.1** has also been attached for information only, it contains the detailed mSCOA breakdown of the rolled-up capital projects. The following summarises the identifiable projects on which the requested roll-over funding is committed:

Table 7: 2026/2027 Capital Budget Adjustment Per Funding

CAPITAL BUDGET PER FUNDING	2026/2027 APPROVED CAPITAL BUDGET	ADJUSTMENT	2026/2027 FIRST ADJUSTMENT BUDGET
OWN FUNDING	426 172 561	0	426 172 561
OWN FUNDING C/O	0	56 226 070	56 226 070
TOTAL OWN FUNDING	**426 172 561**	**56 226 070**	**482 398 631**
URBAN SETTLEMENT DEVELOPMENT GRANT	162 735 092	0	162 735 092
FINANCE MANAGEMENT GRANT	0	0	0
INFORMAL SETTLEMENTS UPGRADING PARTNERSHIP GRANT	282 601 006	0	282 601 006
NEIGHBOURHOOD DEVELOPMENT PARTNERSHIP GRANT	31 185 000	0	31 185 000
INFRASTRUCTURE SKILLS DEVELOPMENT GRANT	200 000	0	200 000
URBAN DEVELOPMENT FINANCING GRANT	494 541 490	0	494 541 490
CITY OF OLDERNBURG	0	830 873	830 873
TOTAL GRANTS	**971 262 587**	**830 873**	**972 093 461**
TOTAL CAPITAL BUDGET	**1 397 435 148**	**57 056 943**	**1 454 492 092**

Table 8: 2026/2027 Capital Budget Adjustments per Directorate

CAPITAL BUDGET PER DIRECTORATE	2026/2027 FINAL CAPITAL BUDGET	ADJUSTMENT	2026/2027 FIRST ADJUSTMENT BUDGET
EXECUTIVE SUPPORT SERVICES	2 500 000	0	2 500 000
CITY MANAGER'S OFFICE	11 800 000	1 500 000	13 300 000
CORPORATE SERVICES	20 150 000	0	20 150 000
SPATIAL PLANNING & DEVELOPMENT	63 563 917	2 004 708	65 568 625
ECONOMIC DEVELOPMENT & AGENCIES	48 108 000	820 994	48 928 994
FINANCE SERVICES	17 400 000	7 417 735	24 817 735
PUBLIC SAFETY & EMERGENCY SERVICES	44 335 693	19 925 037	64 260 730
HUMAN SETTLEMENTS	227 769 732	0	227 769 732
ELECTRICITY & ENERGY TRADING SERVICE	174 723 999	0	174 723 999
INFRASTRUCTURE SERVICES	156 909 565	0	156 909 565
WATER & SANITATION TRADING SERVICE	432 010 669	4 242 784	436 253 454
SPORTS, RECREATION & COMMUNITY DEVELOPMENT	87 518 383	7 126 480	94 644 863
SOLID WASTE TRADING SERVICE	84 035 190	0	84 035 190
HEALTH & ENVIRONMENTAL MANAGEMENT	25 910 000	14 019 205	39 929 205
TOTAL CAPITAL BUDGET: BCMM	**1 396 735 148**	**57 056 943**	**1 453 792 092**
BCMDA	700 000	0	700 000
TOTAL CAPITAL: CONSOLIDATED	**1 397 435 148**	**57 056 943**	**1 454 492 092**

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 adjustments to allocations or grants made by the municipality.

6.3 ADJUSTMENTS TO SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)

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 roll-overs for projects that are already in the IDP and SDBIP and therefore it has not been necessary to revise these documents. A mid-year performance assessment will be done later in the financial year to inform the revision of the approved SDBIP.

7. CHALLENGES

None.

8. STAFF IMPLICATIONS

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

9. FINANCIAL IMPLICATIONS

The first adjustments to the consolidated 2026/2027 budget do not have an impact on tariffs. The effects of the adjustments to the consolidated 2026/2027 Operating and Capital Budget are outlined below:

A. The adjusted budget of the Parent municipality (BCMM) for the 2026/2027 First Adjustment Budget as follows:

   i. The adjustment from R11 394 066 468 to R11 441 827 471 of the BCMM 2026/2027 Operating Revenue Budget.
   ii. The adjustment from R11 391 971 103 to R11 439 732 106 of the BCMM 2026/2027 Operating Expenditure Budget.
   iii. The adjustment from R1 396 735 148 to R1 453 792 092 of the BCMM 2026/2027 Capital Budget.

B. The consolidated adjusted budget for the 2026/2027 First Adjustment Budget as follows:

   i. The adjustment from R11 460 359 474 to R11 508 120 477 of the consolidated 2026/2027 Operating Revenue Budget.
   ii. The adjustment from R11 458 264 115 to R11 506 025 118 of the consolidated 2026/2027 Operating Expenditure Budget.
   iii. The adjustment from R1 397 435 148 to R1 454 492 092 of the consolidated 2026/2027 Capital Budget.

10. OTHER PARTIES CONSULTED

All Directorates.

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 M. M. YAWA

City Manager of Buffalo City Metropolitan Municipality (BUF)

Signature

Date 12/08/2026