

ITEM 8.2 VAN DIE AGENDA VAN 'N RAADSVERGADERING WAT GEHOU SAL WORD OP 31 MAART 2025

ONDERWERP: GOEDKEURING VAN DIE 2024/2025 SPESIALE AANSUIWERINGSKAPITAAL EN BEDRYFSBEGROTING

SUBJECT: APPROVAL OF THE 2024/2025 SPECIAL ADJUSTMENTS CAPITAL AND OPERATING BUDGET

1. BACKGROUND

In the early hours of Thursday, 8 August 2024, the walls of three dams located on the Farm Dassenberg that borders on the Swartland municipal area, collapsed and resulted in severe flooding to parts of Chatsworth and Riverlands. The flooding caused destruction of municipal roads and the water supply network.

A Municipal Disaster Response Grant of R9 241 000 was received from the Department of Cooperative Governance (DCOG) for infrastructure damages caused by the above mentioned flood (letter dated 12 February 2025 – **Annexure B**).

1.1 SECTION 28 MUNICIPAL ADJUSTMENTS BUDGETS

(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.

2. HIGH-LEVEL DISCUSSION / MOTIVATION

The adjustments to the 2024/2025 Capital Budget are necessitated mainly due to the additional Municipal Disaster Response Grant that was received for the infrastructure damages caused by the severe flooding to parts of Chatsworth and Riverlands. The 2024/2025 capital budget will increase by R17 779 370, from R308 029 709 to R325 809 079 (**Annexure A-1: Adjusted 2024/25 Capital Budget**).

The adjustments in respect of the Operating Budget for 2024/2025 (**Annexure A-2**) will result in the gross budgeted surplus of R264 848 427 increasing to R274 089 427 including capital grants and contributions. The adjustments will have no effect on the budgeted net surplus excluding capital grants and contributions of R26 812 417. **At this juncture it is appropriate to emphasize that the aforementioned net surplus of R26 812 417 is the more appropriate measurement of budgeted surpluses/deficits from a budgeted cash flow perspective.**

The adjustments to the 2024/2025 balance sheet budget are due to the adjustments to the operating and capital budget.

Note: The difference between the actual adjustment amounts listed above and the adjustment amounts in the B-schedule are because of virements within departments that now also forms part of the proposed special adjusted budget.

2.1 OPERATING REVENUE

Operating revenue must increase from R1 475 819 204 to R1 485 060 204. The R9 241 000 increase in operating revenue was influenced by the following:

1. Transfer and subsidies – Capital, increases by R9 241 000 due to the Municipal Disaster Response Grant that was received.

2.2 CAPITAL EXPENDITURE

Capital expenditure must increase from R308 029 709 to R325 809 709. The R17 779 370 increase is as a result of the following: **(Self explanatory notes attached as Annexure A-1).**

Adjustments to the 2024/2025 Capital budget does not affect the Section 19 disclosure.

The effect of the adjustments on the finance sources are as follows: (Self explanatory notes attached in **Annexure A-1: Adjusted 2024/25 Capital Budget**)

FINANCING SOURCES	Original Budget 2024/25	Mid-Year Adj Budget 2024/25	Special Adj Budget 2024/25	Increase / (Decrease)
Capital Replacement Reserve (CRR)	93 535 241	71 023 189	79 561 559	8 538 370
External Loan	36 950 588	-	-	-
Municipal Infrastructure Grant (MIG)	29 332 000	29 302 000	29 302 000	-
Dept. Human Settlements (DHS)	174 289 166	165 670 203	165 670 203	-
Integrated National Electrification Programme (INEP)	22 818 000	22 401 642	22 401 642	-
Western Cape Education Department (PRIVATE FUNDING)	19 033 109	19 033 109	19 033 109	-
Municipal Disaster Response Grant (MDRG)	-	-	9 241 000	9 241 000
Dept. Cultural Affairs and Sport	484 783	484 783	484 783	-
Community Safety Grant	34 783	34 783	34 783	-
Donations	-	80 000	80 000	-
GRAND TOTAL	376 477 670	308 029 709	325 809 079	17 779 370

RECOMMENDATIONS (as recommended by the Executive Mayoral Committee on 25 March 2025)

- (a) That it be noted that the Budget Steering Committee convened to consider the explanations and motivations provided by the financial and engineering staff in a bid to advise the Executive Mayor on way forward;
- (b) That the following total expenditure by vote (per directorate) be approved, which includes both operating and capital expenditure per directorate, in order that departments pro-actively prevent unauthorised expenditure;

Budget Year 2024/25 R thousands	Capital Expenditure by Vote				Operating Expenditure by Vote				Total Expenditure by Vote			
	Original Budget	Prior Adj Budget	Total Adjusts.	Adjusted Budget	Original Budget	Prior Adj Budget	Total Adjusts.	Adjusted Budget	Original Budget	Prior Adj Budget	Total Adjusts.	Adjusted Budget
Vote 1 - Corporate Services	778	478	-	478	46 746	47 664	-	47 664	47 524	48 142	-	48 142
Vote 2 - Civil Services	127 036	94 369	17 779	112 148	393 895	417 444	702	418 145	520 930	511 813	18 481	530 294
Vote 3 - Council	1 278	1 287	-	1 287	26 049	25 374	-	25 374	27 327	26 660	-	26 660
Vote 4 - Electricity Services	68 971	41 961	-	41 961	458 585	475 934	(52)	475 882	527 556	517 895	(52)	517 843
Vote 5 - Financial Services	698	568	-	568	81 680	79 301	(969)	78 332	82 378	79 869	(969)	78 900
Vote 6 - Development Services	174 824	166 212	-	166 212	51 379	41 940	-	41 940	226 203	208 152	-	208 152
Vote 7 - Municipal Manager	12	100	-	100	10 030	9 985	41	10 025	10 042	10 085	41	10 125
Vote 8 - Protection Services	2 882	3 055	-	3 055	120 682	113 330	278	113 608	123 564	116 385	278	116 663
Grand Total	376 478	308 030	17 779	325 809	1 189 046	1 210 971	-	1 210 971	1 565 523	1 519 000	17 779	1 536 780

- (c) That approval be granted to amend the 2024/2025 capital projects as part of its consolidated capital program as per (**Annexure A-1: Adjusted 2024/25 Capital Budget**), with no amendments to the outer years;
- (d) That council considers the amended funding sources linked to council's capital program and take note that these funding sources are available and have not been committed for other purposes;

FINANCING SOURCES	Original Budget 2024/25	Mid-Year Adj Budget 2024/25	Special Adj Budget 2024/25	Increase / (Decrease)
Capital Replacement Reserve (CRR)	93 535 241	71 023 189	79 561 559	8 538 370
External Loan	36 950 588	-	-	-
Municipal Infrastructure Grant (MIG)	29 332 000	29 302 000	29 302 000	-
Dept. Human Settlements (DHS)	174 289 166	165 670 203	165 670 203	-
Integrated National Electrification Programme (INEP)	22 818 000	22 401 642	22 401 642	-
Western Cape Education Department (PRIVATE FUNDING)	19 033 109	19 033 109	19 033 109	-
Municipal Disaster Response Grant (MDRG)	-	-	9 241 000	9 241 000
Dept. Cultural Affairs and Sport	484 783	484 783	484 783	-
Community Safety Grant	34 783	34 783	34 783	-
Donations	-	80 000	80 000	-
GRAND TOTAL	376 477 670	308 029 709	325 809 079	17 779 370

- (e) That approval be granted to amend the high-level capital and operating budget for 2024/2025 as per (**Annexure A**), with no amendments to the outer years, as follows:

	Original Budget 2024/25	Mid-Year Adj Budget 2024/25	Special Adj Budget 2024/25	Adjustments	Original Budget 2025/26	Original Budget 2026/27
Capital budget	376 477 670	308 029 709	325 809 079	17 779 370	216 639 861	197 984 897
Operating Expenditure	1 189 045 717	1 210 970 777	1 210 970 777	-	1 434 463 775	1 584 420 812
Operating Revenue	1 458 996 894	1 475 819 204	1 485 060 204	9 241 000	1 535 862 828	1 666 597 277
Budgeted (Surplus)/ Deficit	(269 951 177)	(264 848 427)	(274 089 427)	(9 241 000)	(101 399 053)	(82 176 465)
Less: Capital Grants and Donations	246 062 275	238 036 010	247 277 010	9 241 000	97 963 000	81 093 000
(Surplus)/ Deficit	(23 888 902)	(26 812 417)	(26 812 417)	-	(3 436 053)	(1 083 465)

- (f) That it be noted that the changes to the operating budget will have no impact on tariffs in respect of the 2024/2025 financial year or beyond and the budgeted net surplus of R26 812 417 will remain unchanged;
- (g) That it be noted that the standard rate of VAT will increase by a 0.5 percentage point from 1 May 2025 as per the Minister's Budget speech on 12 March 2025 and NT Circular No.130;
- (h) That the adjusted budget schedules (B1 to B10) as required by the Budget and Reporting Regulations be approved as set out in **(Annexure C: Budget Report and B-Schedules 2024/25 – 2026/27)**;
- (i) That the Director: Financial Services adhere to the requirements of the Budget Circulars and Budget Reforms in the context of the reporting requirements to Provincial and National Treasury;
- (j) That the Service Delivery Budget Implementation Plan (SDBIP) where appropriate be amended accordingly.

AANBEVELINGS (soos aanbeveel deur die Uitvoerende Burgemeesterskomitee op 25 Maart 2025)

- (a) Dat kennis geneem word dat die Begrotingsbeheer Komitee vergader het om die verduidelikings en motivering van die finansiële en ingenieurspersoneel te oorweeg in 'n poging om die Uitvoerende Burgemeester te adviseer insake die pad vorentoe;
- (b) Dat die volgende totale uitgawes per departement (per direktoraat) goedgekeur word, wat insluit beide bedryfs- en kapitale uitgawes per departement, ten einde departemente in staat te stel om pro-aktief ongemagtigde uitgawes te voorkom;

Budget Year 2024/25	Capital Expenditure by Vote				Operating Expenditure by Vote				Total Expenditure by Vote			
	Original Budget	Prior Adj Budget	Total Adjusts.	Adjusted Budget	Original Budget	Prior Adj Budget	Total Adjusts.	Adjusted Budget	Original Budget	Prior Adj Budget	Total Adjusts.	Adjusted Budget
R thousands												
Vote 1 - Corporate Services	778	478	-	478	46 746	47 664	-	47 664	47 524	48 142	-	48 142
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Vote 8 - Protection Services	2 882	3 055	-	3 055	120 682	113 330	278	113 608	123 564	116 385	278	116 663
Grand Total	376 478	308 030	17 779	325 809	1 189 046	1 210 971	-	1 210 971	1 565 523	1 519 000	17 779	1 536 780

- (c) Dat goedkeuring verleen word om die 2024/2025 kapitaalprojekte te wysig as deel van die gekonsolideerde kapitaalprogram goedkeur soos gelys in (**Annexure A-1: Adjusted 2024/25 Capital Budget**) met geen wysigings aan die buite jare nie;
- (d) Dat die Raad die gewysigde befondsingsbronne oorweeg wat verband hou met die raad se kapitaalprogram en daarop let dat die befondsingsbronne beskikbaar is en nie vir ander doeleindes geormerk is nie;

FINANCING SOURCES	Original Budget 2024/25	Mid-Year Adj Budget 2024/25	Special Adj Budget 2024/25	Increase / (Decrease)
Capital Replacement Reserve (CRR)	93 535 241	71 023 189	79 561 559	8 538 370
External Loan	36 950 588	-	-	-
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Community Safety Grant	34 783	34 783	34 783	-
Donations	-	80 000	80 000	-
GRAND TOTAL	376 477 670	308 029 709	325 809 079	17 779 370

- (e) Dat goedkeuring verleen word om die hoë-vlak kapitaal- en bedryfsbegroting vir 2024/2025 as volg te wysig (**Annexure A**), met geen wysigings aan die buite jare nie:

	Oorspronklike Begroting 2024/25	Half-Jaar Aansuiwerings begroting 2024/25	Spesiale Aansuiwerings begroting 2024/25	Aanpassings	Oorspronklike Begroting 2025/26	Oorspronklike Begroting 2026/27
Kapitaalebegroting	376 477 670	308 029 709	325 809 079	17 779 370	216 639 861	197 984 897
Bedryfsuitgawes	1 189 045 717	1 210 970 777	1 210 970 777	-	1 434 463 775	1 584 420 812
Bedryfsinkomste	1 458 996 894	1 475 819 204	1 485 060 204	9 241 000	1 535 862 828	1 666 597 277
Begrote (Surplus)/ Tekort	(269 951 177)	(264 848 427)	(274 089 427)	(9 241 000)	(101 399 053)	(82 176 465)
Minus: Kapitaal Toekennings en Donasies	246 062 275	238 036 010	247 277 010	9 241 000	97 963 000	81 093 000
(Surplus)/ Tekort	(23 888 902)	(26 812 417)	(26 812 417)	-	(3 436 053)	(1 083 465)

- (f) Dat kennis geneem word dat die veranderinge in die bedryfsbegroting geen impak op tariewe het ten opsigte van die 2024/2025 finansiële jaar of verder nie en dat die begrote netto surplus van R26 812 417 onveranderd bly;
- (g) Dat kennis geneem word dat die standaard BTW-koers met 0.5 persentasiepunte sal verhoog met ingang van 1 Mei 2025, soos bepaal deur die Minister se Begrotingsrede op 12 Maart 2025 en NT Omsendskrywe Nr.130;
- (h) Dat die aangepaste begrotingskedules (B1 tot B10) soos vereis deur die Begroting en Verslagdoening Regulasies goedgekeur word soos vervat in (**Annexure C: Budget Report and B-Schedules 2024/25 – 2026/27**);

- (i) Dat die Direkteur: Finansiële Dienste voldoen aan die vereistes van die Begrotingsomsendbriewe en –formate in die konteks van die verslagdoeningsvereistes aan Provinsiale en Nasionale Tesourie;
- (j) Dat die Dienslewering – en Begroting Implementeringsplan (SDBIP) toepaslik dien ooreenkomstig gewysig word.

(Get) M BOLTON

DIREKTEUR: Finansiële Dienste