



EXTRACT FROM THE COUNCIL MINUTES HELD ON 26 JUNE 2026

Item A67. 26.06.2026

ADJUSTMENT BUDGET FOR 2025/26 - 2027/2028

S Stanley: Chief Financial Officer

(Ref.: 6/1/1/1)

PURPOSE

The purpose of this report is to table before Council the Adjustment Budget process for the 2025/26 Medium-Term Revenue and Expenditure Framework (MTREF), in compliance with Section 28 of the Municipal Finance Management Act (MFMA), for Council's consideration and approval.

BACKGROUND

In terms of the MFMA an adjustment budget must be approved by every municipality whenever it is required to address adjusted revenue expectations, expenditure adjustments and capital project modifications. The Adjustment Budget has been compiled and is submitted to Council for consideration.

When a prior financial period concludes and a new budget year commence for a municipality, it is frequent that roll-over grant funding already committed needs to be approved by National and Provincial Treasury. The funding approval is only received a few months further in the new financial year; hence these amounts successfully agreed upon needs to be added in an adjustment budget. Furthermore, priority projects (capital or operational) impacting sustainable service delivery are also highlighted in this adjustment budget as a matter of importance.

The Medium-Term Revenue and Expenditure Framework (MTREF) report inclusive of the budget schedules, which are compiled in terms of the Municipal Budgeting and Reporting Regulations (MBRR), will be distributed prior to the Council meeting of 26 June 2026.

LEGAL FRAMEWORK

Section 28 of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003) and section 23 of the Municipal Budgeting and Reporting Regulations (MBRR) stipulates as follows:

Municipal adjustments budgets (MFMA)

"28.(1) A municipality may revise an approved annual budget through an adjustments budget.

(2) An adjustments budget —

- a) must adjust the revenue and expenditure estimates downwards if there is material under collection of revenue during the budget 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 financial year preceding the budget year, where the under-spending could not reasonably have been foreseen at the time when the annual budget for the budget 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.”*

In addition to section 28 of the MFMA, section 23 of the Municipal Budgeting and Reporting Regulations states as follows:

“23. Timeframes for tabling of adjustments budgets

- (b) *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 during the mid-year budget and performance assessment has been tabled in the council, but not later than 28 February of the current year.*
- (c) *Only one adjustments budget referred to in sub-regulation (1) may be tabled in the municipal council during a financial year, except when the additional revenues contemplated in section 28(2)(b) of the Act are allocations to a municipality in a national or provincial adjustments budget, in which case sub-regulation (3) applies.*
- (d) *If a national or provincial adjustments budget allocates or transfers additional revenues to a municipality, the mayor of the municipality must, at the next available council meeting, but within 60 days of the approval of the relevant national or provincial adjustments budget, table an adjustments budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.*
- (e) *An adjustments budget referred to in section 28(2)(c) of the Act must be tabled in the municipal council at the first available opportunity after the unforeseeable and unavoidable expenditure contemplated in that section was incurred within the period set in section 29(3) of the Act.*
- (f) *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.*
- (g) *An adjustments budget contemplated in section 28(2)(G) of the Act may only authorize unauthorized expenditure as anticipated by section 32(2)(a)(i) of the Act, and must be –*
- (h) *dealt with as part of the adjustments budget contemplated in sub-regulation (1); and*
- (i) *A special adjustments budget tabled in the municipal council when the mayor tables the annual report in terms of section 127(2) of the Act, which may only deal with unauthorized expenditure from the previous financial year which the council is being requested to authorize in terms of section 32(2)(a) (i) of the Act.”*

COMMENTS

An adjustments budget referred to in section 28(2) of the MFMA will be tabled for consideration to the municipal council.

Amendments include:

CAPITAL BUDGET

Amendments to the Capital budget is as follows:

THE KARWYDERSKRAAL REGIONAL LANDFILL SITE – New Cell development Cell 5A

Project budgeting was as follows:

Financial Year	Original Budget	Mid-Year Budget	June Adjust Budget
2025/26	R 9,200,000	R33 500 000	R23 500 000
2026/27	R20,000,000	R20 800 000	R30 800 000
2027/28	R20,000,000	R2 900 000	R2 900 000

The final adjustment budget amendment relates to the actual construction performed at Karwyderskraal landfill development project. This project funding for the project needs to re-align with the actual implementation and revised cashflow projections of the development for the Cell 5 A, the composting expansion site and road upgrade. The actual construction is impacted by external factors such as weather conditions, material availabilities, fuel and others.

The anticipated operations of the cell have been postponed until November, since the current landfill will only be to full capacity later than projected.

DONATED CAPITAL ASSETS - R1 286 630

The Department of Infrastructure (DOI) donated two fleet vehicles and a water tank to the Emergency Services department of the municipality. These donated assets must be incorporated into the budget for the year. Estimated market values on these donated assets amounts to **R1 286 630**

CAPITAL PROJECT AMENDMENTS

Office building in Caledon

After two SCM tender processes conducted in the financial year, the scope of work required to repair and evaluate the property's structural condition and repair did not align with the budget. The item has been forwarded to the new financial position already in the new financial capital budget and the approach are reconsidered. **R1 020 000.**

Savings

Savings after projects are completed will return to the CRR fund or utilise/reallocated to fund emergency projects unforeseen or shortages on budgets identified within the same vote structures.

Please find the amended Capital project list in the budget document. Virements performed during the period to date was already included in the budgeted outcomes.

OPERATIONAL BUDGET

The Operational budget also requires adjustments with additional revenue and expenditure for the period to date. The only other amendments are due to budget re-alignment matters.

The municipality remains vigilant with spending, however ensuring all expenses will be covered for the financial period.

REVENUE

Additions

1. Additional revenue amounting **R869 565** for the contribution from Cape Agulhas Municipality towards the Suiderstrand road re-gravel project needs to be recognised.
2. Reimbursement for the secondment of the Municipal Manager towards the Department of Community Safety amounts to **R600 000** revenue

Reductions

3. Interest on Investments reduce with **R850 000** due to the delay in receiving our advance transfer for the Roads function from the Department of Infrastructure as well as that we await two months of invoices. The Karwyderskraal landfill funding also impacted ODM reserved as own funding was utilised until the loan funds are received.

EXPENDITURE

Reductions

4. The feasibility study for the resorts is co-funded between grant funding from provincial government and ODM. After bids were received it was noted that grant funding will be sufficient for the study hence, the co-funding amounting to **R750 000** can be saved on the project.

Additions

5. The saving of the feasibility study R750 000 will mostly be reallocated to assist in the over anticipated municipal running costs to date.

R100 000 Security services
R200 000 Fuel
R200 000 Municipal services
R250 000 will materialise as a saving

6. Roads revenue for the Suiderstrand re-gravel project amounting to **R869 565** will be allocated towards the fuel cost.

Overall, the nett effect of the movements in the operational budget will remain the status quo amount as the previous adjustment budget of R997 030 with capital transfers (R49 047 Nett surplus).

The schedules are included in the budget document in terms of the Municipal Budgeting and Reporting Regulations (MBRR) – see Schedule B attached adjustment budget for the period.

RESOLVED: (Proposed by Ald. J Niewoudt and seconded by Ald. A Franken)

- 1) The June Adjustment Budget for 2025/26–2027/28, with amendments, was approved by Council.
- 2) The changes to the SDBIP, if any, were considered and approved by Council.

CERTIFIED A TRUE EXTRACT FROM THE MINUTES OF THE COUNCIL MEETING HELD ON 26 JUNE 2026.



E PHILLIPS
ACTING MUNICIPAL MANAGER