

ITEM No.  
REPORT

: K(ii) 02 (04-2025)  
: 2024-2025 PROPOSED SPECIAL ADJUSTMENT BUDGET REPORT –  
GAZETTE No. 52381  
: 30 April 2025

COUNCIL

## REPORT OF THE EXECUTIVE MAYOR



# 2024-2025 SPECIAL 2nd ADJUSTMENT BUDGET REPORT

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# **PROPOSED 2024/2025 SPECIAL 2<sup>nd</sup> ADJUSTMENT BUDGET**

## **1. Purpose of Report**

The purpose of this report is to table before Council the proposed special 2<sup>nd</sup> adjustments on the approved adjustment 2024/2025 Adjustment Operational and Capital Budget and the two outer years for the approval thereof as required by the following:

- ✓ MFMA Section 28 (2) (a), (b).
- ✓ Municipal Budget and Reporting Regulations (MBRR) section 23 (3) and.
- ✓ Government Gazette No. 52381 published on 25 March 2025.

## **2. Legislative background**

### **2.1 Municipal Finance Management Act (MFMA) section 28 (2) (a) and (b) respectively states that -**

“An adjustments budget must adjust the revenue and expenditure estimates downwards if there is material under-collection of revenue during the current year”

“An adjustments budget 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”.

### **2.2 Municipal Budget and Reporting Regulations (MBRR) section 23 (3) states that –**

“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”.

**2.3** This budget hereto presented has been compiled based on MFMA Section 28 (2) (a), (b) and Municipal Budget and Reporting Regulations (MBRR) section 23 (3).

**2.4** Cognisance should also be taken of the requirements as set out in Chapter 4 of the Municipal Budget and Reporting Regulations (MBRR), which addresses the following principles:

- Section 21: Formats of adjustment budget.
- Section 22: Funding of adjustment budget.
- Section 23: Timeframes for tabling of adjustment budget.
- Section 24: Submission of tabled adjustment budget.
- Section 25: Approval of adjustment budget.
- Section 26: Publication of approved adjustment budget; and
- Section 27: Submission of approved adjustment budget.

**2.5** The attached adjustments budget follows the format as prescribed in Schedule B of the Municipal Budget and Reporting Regulations.

### 3. Discussion

#### 3.1 Government Gazette No. 52381 published on 25 March 2025 –

- a) The reallocation of a portion of the Integrated Urban Development Grant (IUDG) re-direct allocation to the Neighbourhood Development Partnership Grant (NDPG).
- b) **Reasons for reallocation of the grant are listed below:**
  - I. The municipality (Mogale City) is one of the municipalities affected as they are experiencing various challenges that impact the implementation of the direct IUDG rolling out of infrastructure in underserved communities. The re-allocation of the grant is done in terms of sections 18 and 19 2025 DoRA against municipalities that are identified as having challenges in rolling out direct IUDG allocation.
  - II. The purpose of sections 18 and 19 of the 2024 DoRA is to be a cash management tool and to circumvent transferring more funds to municipalities that are sitting with unspent transferred funds, avoid fiscal dumping, address possible misappropriation of conditional grant funds, and support fast moving projects in-year with additional funding to accelerate the implementation of those projects and service delivery in those municipalities.
  - III. The stopping of funds, however, does not imply that projects should stop, rather municipalities should reprioritise to accelerate against their committed, and implementation ready projects. Only projects that are moving very slowly or are not ready for implementation in the current year are affected by the stopping process as transferring more funds could lead to the misuse of conditional grants. It is also of no use to transfer funds to municipalities which will not fully spend the funds by year end.
  - IV. The stopping and re-allocation process provides that municipalities that are showing accelerated performance could be considered for additional funding which is the case for Mogale City Local Municipality for NDPG funding project.

### 4. Financial implications

#### 4.1 Proposed Special Operating Budget

The following projects are affected during the reallocation of grant as follows:

##### 4.1.1 **Integrated Urban Development Grant (IUDG): These projects funded by IUDG will continue in the new financial year (2025/2026) as multi year projects**

1. Refurbishment of Ethembalethu Sewer Pumpstation.
2. Refurbishment Lusaka 2 & 3 Sewer Pumpstation.
3. IDS-Seekooihoek/Maanharand Pipeline.
4. PWRT-PR4: Roads Rehabilitation and Resurfacing in Kagiso, Munsieville & Krugersdorp\_RS.
5. IDS-Flip Human WWTW refurbishment.

##### 4.1.2 **Project funded by Neighbourhood Development Partnership Grant (NDPG)**

1. Construction of new Municipal Building.

## 4.2 In view of the following table is a consolidated overview of the proposed Special 2<sup>nd</sup> 2024/2025 Adjustment budget:

The effect of the change is that the total revenue budget will remain unchanged at R5 billion, after accounting for an increase of R660,000 which is made up of the following items:

- Increase of NDPG capex grant by R20,360 million.
- EPWP operational grant increase by R300 000.
- Decrease of IUDG capex grant by R20 million.

**Table 1: Total Operational & Capital Budget**

Description	mSCOA code	Audited Actuals - 30 June 2024	7 months Actuals - 31 Jan 2024	Approved 2024/2025 ADJB Budget	Total Adjustment	%	Proposed 2024/2025 Special Adjustment Budget	Proposed 2025/2026 Special Adjustment Budget	Proposed 2026/2027 Special Adjustment Budget
Total operating revenue		4 475 692 948	2 551 976 832	5 000 550 146	660 000	0%	5 001 210 146	5 395 059 078	5 558 175 957
Total Operating expenditure		3 907 927 725	1 906 583 917	4 516 566 973	- 577 152	0%	4 515 989 821	4 761 186 491	4 892 912 993
<b>Operating surplus/(deficit)</b>		<b>567 765 223</b>	<b>645 392 916</b>	<b>483 983 173</b>	<b>1 237 152</b>	<b>0%</b>	<b>485 220 325</b>	<b>633 872 588</b>	<b>665 262 963</b>
Capital grants - National		352 467 636	149 780 101	312 869 848	1 237 152	0%	314 107 000	327 574 730	342 315 593
Capital grants - Provincial		81 806 309	780 109	2 180 000	-	0%	2 180 000	2 282 460	2 385 171
Own Funded required capital		68 528 731	11 452 864	134 358 379	-	0%	134 358 379	82 045 883	85 737 948
<b>Total Expenditure (opex &amp; capex)</b>		<b>4 410 730 401</b>	<b>2 068 596 991</b>	<b>4 965 975 200</b>	<b>660 000</b>	<b>0%</b>	<b>4 966 635 200</b>	<b>5 173 089 564</b>	<b>5 323 351 705</b>
<b>Surplus(Deficit)</b>		<b>64 962 547</b>	<b>483 379 841</b>	<b>34 574 947</b>	<b>-</b>	<b>0%</b>	<b>34 574 947</b>	<b>221 969 514</b>	<b>234 824 252</b>

## 4.2 PROPOSED OPERATING ADJUSTMENT BUDGET

**Table 2: Proposed Special Revenue Adjustments**

Description	mSCOA code_6.8	Audited Actuals - 30 June 2024	6 months Actuals - 31 Dec 2024	Approved 2024/2025 ADJB Budget	Total Inputs	%	Proposed 2024/2025 Special Adjustment Budget	Proposed 2025/2026 Special Adjustment Budget	Proposed 2026/2027 Special Adjustment Budget
<b>Statement of Financial Performance</b>									
<b>Revenue</b>									
Service charges - electricity revenue	0300	1 345 351 444	979 298 639	1 762 737 550	-	0,00%	1 762 737 550	1 986 605 219	2 105 801 532
Service charges - water revenue	0400	521 016 074	264 808 684	619 167 893	-	0,0%	619 167 893	646 411 280	675 499 788
Service charges - waste water management	0500	356 441 324	151 464 618	335 177 916	-	0,0%	335 177 916	349 925 744	365 672 403
Service charges - waste management	0600	145 200 395	72 453 232	155 947 492	-	0,0%	155 947 492	162 809 182	170 135 595
Revenue Foregone - Indigents Subsidies	nil	-	-	-	-	0%	-	-	-
<b>Total Service Charges</b>		<b>2 368 009 237</b>	<b>1 468 025 174</b>	<b>2 873 030 851</b>	-	<b>0,0%</b>	<b>2 873 030 851</b>	<b>3 145 751 425</b>	<b>3 317 109 318</b>
Sale of Goods and Rendering of Services	0700	-	16 852 170	24 968 658	-	0,0%	24 968 658	26 067 279	27 240 307
Income from agency services	0800	54 006 505	30 988 177	62 467 409	-	0,0%	62 467 409	65 215 975	68 150 694
Interest	0900	-	-	-	-	0%	-	-	-
Interest received - Outstanding debtors	1000	171 785 131	111 356 198	145 088 510	-	0,0%	145 088 510	151 472 404	158 288 663
Interest received - investments	1100	12 761 426	12 075 295	20 000 000	-	0,0%	20 000 000	20 880 000	21 819 600
Dividends received	1200	31 232	-	-	-	0%	-	-	-
Rent on Land	1300	-	-	-	-	0%	-	-	-
Rental of facilities and equipment	1400	4 999 537	2 660 638	5 321 265	-	0,0%	5 321 265	5 555 401	5 805 394
Exchange Revenue / Licence and permits	1500	502 006	-	-	-	0%	-	-	-
Exchange Revenue / Operational Revenue	1600	18 837 482	14 194 142	42 615 688	-	0,0%	42 615 688	44 490 778	46 492 863
Gains on disposal of PPE	1601	-	-	-	-	0%	-	-	-
<b>Total revenue from exchange transactions</b>		<b>2 630 932 556</b>	<b>1 656 151 793</b>	<b>3 173 492 381</b>	-	<b>0,0%</b>	<b>3 173 492 381</b>	<b>3 459 433 262</b>	<b>3 644 906 838</b>
<b>Revenue from non - exchange transactions</b>									
<b>Taxation revenue</b>									
Property Rates	1800	649 993 283	188 681 819	708 820 208	-	0,0%	708 820 208	742 134 758	775 530 822
Add: Estimated Property Supplementary Values	1801	-	-	-	-	0%	-	-	-
<b>Property Rates Net of Revenue Foregone</b>		<b>649 993 283</b>	<b>188 681 819</b>	<b>708 820 208</b>	-	<b>0,0%</b>	<b>708 820 208</b>	<b>742 134 758</b>	<b>775 530 822</b>
Surcharges and Taxes	1900	-	26 957	41 399 693	-	0,0%	41 399 693	43 221 279	45 166 237
Fines and Penalties Imposed	2000	63 386 840	11 805 773	36 190 499	-	0,0%	36 190 499	37 782 881	39 483 111
Non-Exchange Revenue / Licences or permits	2100	-	13 855	1 012 622	-	0,0%	1 012 622	1 057 177	1 104 750
Operational grants & subsidies	2200	640 494 096	498 025 059	681 501 921	- 577 152	-0,1%	680 924 769	732 050 060	789 822 198
Capital grants & subsidies	4600	434 273 945	168 457 586	315 049 848	1 237 152	0,4%	316 287 000	334 486 015	215 248 142
Interest	2300	39 270 818	28 732 592	43 001 576	-	0,0%	43 001 576	44 893 645	46 913 859
Fuel Levy	2400	-	-	-	-	0%	-	-	-
Non-Exchange Revenue / Operational Revenue	2500	7 011 743	-	-	-	0%	-	-	-
Gains on disposal of Assets	2600	-	-	-	-	0%	-	-	-
Other Gains	2700	-	81 398	81 398	-	0,0%	81 398	-	-
Investment Property Fair value adjustment	2701	10 329 667	-	-	-	0%	-	-	-
<b>Total revenue from non - exchange transactions</b>		<b>1 844 760 392</b>	<b>895 825 039</b>	<b>1 827 057 765</b>	<b>660 000</b>	<b>0,0%</b>	<b>1 827 717 765</b>	<b>1 935 625 816</b>	<b>1 913 269 119</b>
<b>Total operating revenue</b>		<b>4 475 692 948</b>	<b>2 551 976 832</b>	<b>5 000 550 146</b>	<b>660 000</b>	<b>0,0%</b>	<b>5 001 210 146</b>	<b>5 395 059 078</b>	<b>5 558 175 957</b>

**Table 3: Operational Expenditure Budget**

Description	mSCOA code_6.8	Audited Actuals - 30 June 2024	6 months Actuals - 31 Dec 2024	Approved 2024/2025 ADJB Budget	Total Adjustments	%	Proposed 2024/2025 Special Adjustment Budget	Proposed 2025/2026 Special Adjustment Budget	Proposed 2026/2027 Special Adjustment Budget
<b>Statement of Financial Performance</b>									
<b>Expenditure</b>									
Employee related costs	3100	1 028 416 891	492 338 864	1 092 428 431	- 577 152	-0,1%	1 091 851 279	1 132 731 976	1 183 704 914
Remuneration of Councillors	3200	39 488 117	35 048 792	48 562 766	-	0,0%	48 562 766	50 845 216	53 133 251
Bulk purchases : Electricity	3300	1 109 643 584	653 924 086	1 349 047 078	-	0,00%	1 349 047 078	1 520 376 057	1 588 792 979
Other materials & Inventory Consumed	3400	522 474 344	279 366 272	610 227 373	-	0,0%	610 227 373	622 289 251	634 735 036
Water Inventory	3401	-	-	-	-	0%	-	-	-
Debt impairment	3500	393 975 722	-	410 547 510	-	0,0%	410 547 510	414 427 092	394 488 856
Depreciation and armotisation	3600	240 161 693	142 043 576	284 087 152	-	0,0%	284 087 152	286 928 024	289 797 304
Impairment loss/Reversal of impairments	3601	14 048 943	-	-	-	0%	-	-	-
Finance costs	3700	22 965 599	10 030 024	23 660 086	-	0,0%	23 660 086	24 133 288	24 615 953
Collection costs	4101	24 095 585	-	-	-	0%	-	-	-
Contracted services	3800	341 094 340	182 591 428	467 606 995	-	0,0%	467 606 995	475 857 535	485 374 686
Grants and subsidies paid	3900	1 281 782	1 621 103	9 600 818	-	0,0%	9 600 818	9 792 834	9 988 691
Irrecoverable debts written off	4000	-	-	-	-	0%	-	-	-
Operational costs	4100	170 281 125	109 541 410	220 778 764	-	0,0%	220 778 764	223 784 819	228 260 515
Losses on disposal of Assets	4200	-	-	-	-	0%	-	-	-
Other Losses	4300	-	78 361	20 000	-	0,0%	20 000	20 400	20 808
<b>Total Operating expenditure</b>		<b>3 907 927 725</b>	<b>1 906 583 917</b>	<b>4 516 566 973</b>	<b>- 577 152</b>	<b>0,0%</b>	<b>4 515 989 821</b>	<b>4 761 186 491</b>	<b>4 892 912 993</b>

**Table 4: Proposed Special Adjusted Capital Budget Per Source of Funding**

Funding source description	Approved Mid-Year Adjustment 2024/2025 Budget	Total Adjustments	Proposed Special Adjustment 2024/2025 Budget	Proposed Special Adjustment 2025/2026 Budget	Proposed Special Adjustment 2026/2027 Budget
Human Settlement Development Grant	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-
Integrated Urban Development Grant	151 583 848	- 19 122 848	132 461 000	158 708 288	165 850 161
Local Government Financial Management Grant	-	-	-	-	-
Neighbourhood Development Partnership Grant	61 286 000	20 360 000	81 646 000	64 166 442	67 053 932
Sports and Recreation Grant	2 180 000	-	2 180 000	2 282 460	2 385 171
Water Services Infrastructure Grant	100 000 000	-	100 000 000	104 700 000	109 411 500
Transfer from Operational Revenue	134 358 379	-	134 358 379	82 045 883	85 737 948
<b>Total</b>	<b>449 408 227</b>	<b>1 237 152</b>	<b>450 645 379</b>	<b>411 903 073</b>	<b>430 438 712</b>

The Proposed Capital Expenditure Budget indicates net increase of R 1,2 million.

**Table 5: Proposed Special Adjusted Capital Budget Per Department**

Department	Approved Mid-Year Adjustment 2024/2025 Budget	Total Adjustments	Proposed Special Adjustment 2024/2025 Budget	Proposed Special Adjustment 2025/2026 Budget	Proposed Special Adjustment 2026/2027 Budget
Community Development Services	21 624 002	-	21 624 002	9 854 775	10 298 240
Corporate Support Services	6 572 000	-	6 572 000	6 877 743	7 187 241
Economic Development Services	67 488 114	20 360 000	87 848 114	64 379 820	67 276 911
Financial Management Services	1 487 072	-	1 487 072	673 934	704 261
Infrastructure Development Service	245 026 303	- 19 122 848	225 903 455	227 566 726	237 807 228
Integrated Environmental Management	28 171 275	-	28 171 275	21 276 374	22 233 811
Internal Audit	4 360 543	-	4 360 543	3 114 825	3 254 992
Municipal Council	322 040	-	322 040	329 805	344 646
Operations Management	195 066	-	195 066	181 655	189 829
Strategic Investment Programme	74 146 812	-	74 146 812	77 631 712	81 125 139
Municipal Manager	15 000	-	15 000	15 705	16 412
<b>Total</b>	<b>449 408 227</b>	<b>1 237 152</b>	<b>450 645 379</b>	<b>411 903 073</b>	<b>430 438 712</b>

## **5 Legislative Implications**

Compliance with Municipal Finance Management Act 56 of 2003 and the related Budget Regulations.

## **6 Business Risks Implications**

Meeting financial obligations and service delivery mandate.

## **7 Stakeholders Consulted**

Accounting Officer  
Executive Committee  
Finance Portfolio Committee  
Mayoral Committee  
Council

## **8. Council Resolution**

**8.1** That cognizance be taken on the following:

**8.1.1** Of the report tabling operating revenue, expenditure, and capital budget Special 2<sup>nd</sup> adjustment budgets of Mogale City Local Municipality for the financial year 2024/2025 and the indicative estimates for the two projected outer years 2025/2026 and 2026/2027 as set out in the schedules 10.5 attached below MBRR Table B1 to Table B10.

**8.1.2** Of the Adjusted Operating revenue, expenditure, and Capital Budget of the Municipality for the financial year 2024/2025 and the outer years as set out in the following tables:

**8.1.2.1** Adjustment Budget Summary as contained in (MBRR Table B1).

**8.1.2.2** Adjustments Budget Financial Performance (functional classification) in (MBRR Table B2).

**8.1.2.3** Adjustments Budget Financial Performance (revenue and expenditure by municipal vote) in (MBRR Table B3).

**8.1.2.4** Adjustments Budget Financial Performance (revenue and expenditure) (MBRR Table B4).

**8.1.2.5** Adjustments Capital Expenditure Budget by vote and funding in (MBRR Table B5).

**8.1.3** Of the adjustment budget financial position, cash flows, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets be adopted and approved as set out in the following tables:

**8.1.3.1** Adjustments Budget Financial Position as contained in (MBRR Table. B6)

**8.1.3.2** Adjustments Budget Cash Flows as contained in (MBRR Table B7).

**8.1.3.3** Cash backed reserves and accumulated surplus reconciliation as contained in (MBRR Table B)

**8.1.3.4** Asset management as contained in (MBRR Table B9); and

**8.1.3.5** Basic service delivery measurement as contained in (MBRR Table B10).

**8.2** That the Council note the proposed Special 2<sup>nd</sup> adjustment of 2024/2025 Adjusted Operational and Capital Budget and the two outer years as required in terms of MFMA section 28 (2) (b), Municipal Budget and Reporting Regulations (MBRR) section 23 (3) and Government Gazette No. 52381.

**8.3** That the adjusted operating revenue, expenditure, and capital budget of Mogale City Local Municipality for the financial year 2024/2025 and the indicative estimates for the two projected outer years 2025/2026 and 2026/2027, as set out in the schedules listed be approved.

**8.4** That Municipal Council approves the proposed Special 2<sup>nd</sup> adjustment on the approved 2024/2025 Adjusted Operational and Capital Budget and the two outer years as required in terms of MFMA section 28 (2) (b), Municipal Budget and Reporting Regulations (MBRR) section 23 (3) and Government Gazette No. 52381.

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**CLLR. LUCKY SELE**

**EXECUTIVE MAYOR**

**DATE:** \_\_\_\_\_

## 9. Municipal Manager's Quality Certificate



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1740

### MCLM: GT481 2024/2025 Special 2<sup>nd</sup> Adjustment Budget and MTREF

Municipal Manager's quality certificate

I Makhosana Msezana, Municipal Manager of Mogale City, hereby certify that the 2024/2025 Special 2<sup>nd</sup> Adjustment 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 adjustment budget and supporting documents are consistent with the Integrated Development Plan of the municipality.

**Print Name: Makhosana Msezana**

**Municipal Manager of Mogale City (GT481)**

**Signature:** \_\_\_\_\_

**Date:** 22/04/2025

## **10. Schedules**

- 10.1 2024/2025 Proposed special adjustment operating revenue budget
- 10.2 2024/2025 Proposed special adjustment capital budget project list
- 10.3 2024/2025 Proposed special out-of-books capital budget
- 10.4 Government gazette no. 52381 published on the 25 March 2025
- 10.5 Municipal Budget and Reporting Regulations (MBRR) Table B1 to Table B10