

ITEM No.
REPORT
COUNCIL

: K (ii) 1 (08/2025)
: 2025-2026 APPROVED SPECIAL ADJUSTMENT BUDGET REPORT – CIVIC
CENTRE REDEVELOPMENT
: 28 AUGUST 2025

REPORT OF THE FINANCE DEPARTMENT (BUDGET & TREASURY)



**2025-2026 SPECIAL ADJUSTMENT BUDGET
REPORT**

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APPROVED 2025/2026 SPECIAL ADJUSTMENT BUDGET

1. Purpose of Report

The purpose of this report is to table before Council for approval the proposed special adjustments on the approved original 2025/2026 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.
- Correspondence from National Treasury- Neighbourhood Development Programme Unit.

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 Correspondence from National Treasury (Neighbourhood Development Programme Unit). –

a) Stated that permission has been granted to the municipality to proceed with further stages for the Civic Centre Redevelopment along key link in the Krugersdorp CBD-Phase 1B, this expenditure is funded by the Neighbourhood Development Partnership Grant (NDPG). Conditions have been attached for the rollout of additional funds for the project.

b) **Conditions of the grant are listed below:**

- I. The Municipality will be required to submit monthly progress reports detailing the monthly expenditure on professional fees and construction, photographs illustrating progress and relevant Payment Certificate/s.
- II. A Close-Out Report will be required to confirm finalisation of the project as per NDPP requirements.
- III. Note that any contracting done by the Municipality against a project where permission to proceed with construction has not been given by the NDPP Unit will be for the municipal account.
- IV. Any cash flow implications (timing of expenditure, sequencing, etc.) of approved implementation stages must within the annual published allocation for the relevant municipality.
- V. NDPP reserves the right to withhold/withdraw payment of funds should unsatisfactory spend be recorded or should the scope of work for the planned project vary from the final product.
- VI. All Conditional Grants amounts are VAT and inflation inclusive (this also applies to any fees incurred for detailed designs on actual costs at the time of implementation).

4. Financial implications

4.1 Approved Special Capital Budget

The project below is adjusted during the additional allocation of grant follows:

- Civic Centre Redevelopment Along Key Link Krugersdorp CBD – Phase 1B

4.2 In view of the following table is a consolidated overview of Approved 2025/2026 Special Adjustment budget:

The effect of the change is that the total revenue budget will increase from R5,5 billion to R5,6 billion, after accounting for an increase of R85,8 million which is made up of the following,

- An increase in the capital grants income by R85 million to R384 million from R288 million.
- Similarly, the capital budget will increase by the same amount from R500 million to R585 million.

Table 1: Total Operational & Capital Budget

Description	mSCOA code	Approved 2025/2026 Original Budget	NT/PT, District Grants & Rollovers	Total Inputs	Approved Special Adjustment 2025/2026	Approved Special Adjustment 2026/2027	Approved Special Adjustment 2027/2028
Total operating revenue		5 624 691 771	85 886 000	85 886 000	5 710 577 771	5 796 259 780	6 032 466 357
Total Operating expenditure		5 087 451 122	-	-	5 087 451 122	5 397 191 416	5 563 949 400
Operating surplus/(deficit)		537 240 648	85 886 000	85 886 000	623 126 648	399 068 363	468 516 957
Capital grants - National		287 421 262	85 886 000	85 886 000	373 307 262	248 216 262	270 145 262
Capital grants - Provincial		1 430 000	-	-	1 430 000	1 430 000	3 714 244
Own Funded required capital		211 797 626	-	-	211 797 626	82 052 201	67 062 201
Total Expenditure (opex & capex)		5 588 100 010	85 886 000	85 886 000	5 673 986 010	5 728 889 880	5 904 871 107
Surplus(Deficit)		36 591 760	-	-	36 591 760	67 369 900	127 595 249

4.3 APPROVED OPERATING ADJUSTMENT BUDGET

Table 2: Approved Special Revenue Adjustments

2025-2026 APPROVED SPECIAL REVENUE & EXPENDITURE FRAMEWORK (MTREF) ADJUSTMENT BUDGET						Schedule 1	
Description	mSCOA code 6.8	Approved 2025/2026 Original Budget	NT/PT, District Grants & Rollovers	Total Inputs	Approved CRGB 2025/2026	Approved CRGB 2026/2027	Approved CRGB 2027/2028
Statement of Financial Performance							
Revenue							
Service charges - electricity revenue	0300	1 961 926 891	-	-	1 961 926 891	2 050 213 601	2 142 473 213
Service charges - water revenue	0400	713 900 581	-	-	713 900 581	746 026 107	764 676 760
Service charges - waste water management	0500	386 460 139	-	-	386 460 139	403 850 845	413 947 116
Service charges - waste management	0600	162 653 233	-	-	162 653 233	170 135 282	177 621 234
Revenue Foregone - Indigents Subsidies	nil	-	-	-	-	-	-
Total Service Charges		3 224 940 844	-	-	3 224 940 844	3 370 225 835	3 498 718 323
Sale of Goods and Rendering of Services	0700	26 042 314	-	-	26 042 314	27 240 260	28 438 832
Income from agency services	0800	65 153 508	-	-	65 153 508	68 150 569	71 149 194
Interest	0900	-	-	-	-	-	-
Interest received - Outstanding debtors	1000	171 327 316	-	-	171 327 316	179 208 373	187 093 541
Interest received - investments	1100	20 860 000	-	-	20 860 000	21 819 560	22 779 621
Dividends received	1200	-	-	-	-	-	-
Rent on Land	1300	-	-	-	-	-	-
Rental of facilities and equipment	1400	5 550 079	-	-	5 550 079	5 805 383	6 060 819
Exchange Revenue / Licence and permits	1500	-	-	-	-	-	-
Exchange Revenue / Operational Revenue	1600	44 448 160	-	-	44 448 160	46 492 775	48 538 457
Gains on disposal of PPE	1601	-	-	-	-	-	-
Total revenue from exchange transactions		3 558 322 221	-	-	3 558 322 221	3 718 942 756	3 862 778 788
Revenue from non - exchange transactions							
Taxation revenue							
Property Rates	1800	920 927 737	-	-	920 927 737	920 927 737	962 369 485
Add: Estimated Property Supplementary Valuation	1801	-	-	-	-	-	-
Property Rates Net of Revenue Foregone		920 927 737	-	-	920 927 737	920 927 737	962 369 485
Surcharges and Taxes	1900	43 179 880	-	-	43 179 880	45 166 154	47 153 465
Fines and Penalties Imposed	2000	37 746 690	-	-	37 746 690	39 483 038	41 220 291
Non-Exchange Revenue / Licences or permits	2100	1 056 165	-	-	1 056 165	1 104 749	1 153 358
Operational grants & subsidies	2200	729 962 507	-	-	729 962 507	773 986 507	807 406 034
Capital grants & subsidies	4600	288 561 028	85 886 000	85 886 000	374 447 028	249 646 262	261 314 244
Interest	2300	44 850 644	-	-	44 850 644	46 913 774	48 977 980
Fuel Levy	2400	-	-	-	-	-	-
Non-Exchange Revenue / Operational Revenue	2500	-	-	-	-	-	-
Gains on disposal of Assets	2600	-	-	-	-	-	-
Other Gains	2700	84 898	-	-	84 898	88 804	92 711
Investment Property Fair value adjustment	2701	-	-	-	-	-	-
Total revenue from non - exchange transactions		2 066 369 550	85 886 000	85 886 000	2 152 255 550	2 077 317 024	2 169 687 568
Total operating revenue		5 624 691 771	85 886 000	85 886 000	5 710 577 771	5 796 259 780	6 032 466 357
Total revenue excluding capital grants		5 336 130 743	-	-	5 336 130 743	5 546 613 518	5 771 152 113

Table 3: Operational Expenditure Budget

2025-2026 APPROVED SPECIAL REVENUE & EXPENDITURE FRAMEWORK (MTREF) ADJUSTMENT BUDGET						Annexure 1	
Description	mSCOA code_6.8	Approved 2025/2026 Original Budget	NT/PT, District Grants & Rollovers	Total Inputs	Approved ORGB 2025/2026	Approved ORGB 2026/2027	Approved ORGB 2027/2028
Expenditure							
Employee related costs	3100	1 203 521 898	-	-	1 203 521 898	1 278 179 452	1 349 620 549
Remuneration of Councillors	3200	51 633 814	-	-	51 633 814	54 008 969	55 312 067
Bulk purchases : Electricity	3300	1 520 376 057	-	-	1 520 376 057	1 588 792 980	1 628 512 804
Other materials & Inventory Consumed	3400	704 720 675	-	-	704 720 675	718 825 088	733 106 052
Debt impairment	3500	386 424 186	-	-	386 424 186	498 178 136	517 393 927
Depreciation and armotisation	3600	286 928 023	-	-	286 928 023	289 797 303	292 695 276
Impairment loss/Reversal of impairments	3601	-	-	-	-	-	-
Finance costs	3700	18 494 426	-	-	18 494 426	18 864 315	19 241 601
Collection costs	4101	-	-	-	-	-	-
Contracted services	3800	621 933 143	-	-	621 933 143	648 337 895	661 424 730
Grants and subsidies paid	3900	10 685 670	-	-	10 685 670	10 899 383	11 117 371
Irrecoverable debts written off	4000	-	-	-	-	-	-
Operational costs	4100	282 712 829	-	-	282 712 829	291 287 086	295 503 797
Losses on disposal of Assets	4200	-	-	-	-	-	-
Other Losses	4300	20 400	-	-	20 400	20 808	21 224
Total Operating expenditure		5 087 451 122	-	-	5 087 451 122	5 397 191 416	5 563 949 400

Table 4: Approved Special Adjusted Capital Budget Per Source of Funding

Funding source description	Approved Original 2025/2026 Budget	Total Adjustments	Approved Special 2025/2026 Budget	Approved Special 2026/2027 Budget	Approved Special 2027/2028 Budget
Human Settlement Development Grant	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	14 000 000	14 633 000
Integrated Urban Development Grant	152 807 262	-	152 807 262	154 216 262	161 218 262
Local Government Financial Management Grant	-	-	-	-	-
Neighbourhood Development Partnership Grant	62 114 000	85 886 000	148 000 000	20 000 000	36 294 000
Sports and Recreation Grant	1 430 000	-	1 430 000	1 430 000	3 714 244
Water Services Infrastructure Grant	72 500 000	-	72 500 000	60 000 000	58 000 000
Transfer from Operational Revenue	211 797 626	-	211 797 626	82 052 201	67 062 201
Total	500 648 888	85 886 000	586 534 888	331 698 463	340 921 707

The Proposed Capital Expenditure Budget indicates increase of R R86 million.

Table 5: Approved Special Adjusted Capital Budget Per Department

Department	Approved Original 2025/2026 Budget	Total Adjustment s	Approved Special 2025/2026 Budget	Approved Special 2026/2027 Budget	Approved Special 2027/2028 Budget
Community Development Services	30 616 818	-	30 616 818	38 430 000	47 714 244
Corporate Support Services	10 845 000	-	10 845 000	-	-
Economic Development Services	64 809 000	85 886 000	150 695 000	20 000 000	36 294 000
Financial Mangement Services	2 347 355	-	2 347 355	-	-
Infrastructure Development Service	301 915 059	-	301 915 059	222 062 201	180 197 201
Intergrated Environmental Magement	30 781 750	-	30 781 750	28 206 262	66 642 160
Internal Audit	332 000	-	332 000	-	-
Municipal Council	1 228 632	-	1 228 632	-	-
Municipal Manager's Office	-	-	-	-	-
Operations Management	710 000	-	710 000	-	-
Strategic Investment Programme	57 063 274	-	57 063 274	23 000 000	10 074 102
Municipal Manager	-	-	-	-	-
Total	500 648 888	85 886 000	586 534 888	331 698 463	340 921 707

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

8. Council Resolution

8.1 That cognizance be taken on the following:

8.1.1 Mayoral Committee recommends to Council for approval the report tabling operating revenue, expenditure, and capital budget Special adjustment budgets of Mogale City Local Municipality for the financial year 2025/2026 and the indicative estimates for the two projected outer years 2026/2027 and 2027/2028 be noted.

8.1.2 That Mayoral Committee recommends to Council for approval the proposed Special adjustment of 2025/2026 Adjusted Operational, 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 communication from National Treasury (Neighbourhood Development Programme Unit).

CLLR LUCKY SELE

EXECUTIVE MAYOR

DATE: _____

9. Municipal Manager's Quality Certificate



Email: mm@mogalecity.gov.za

Tel: (011) 951-2037

P O BOX 94
KRUGERSDORP

1740

MCLM: GT481 2025/2026 Special Adjustment Budget and MTREF

Municipal Manager's quality certificate

I Binang Monkwe, Acting Municipal Manager of Mogale City, hereby certify that the 2025/2026 Special 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: Binang Monkwe

Acting Municipal Manager of Mogale City (GT481)



Signature: _____

Date: 15 August 2025

10. Annexures

- 10.1 2025/2026 Approved Special Adjustment Operating Revenue Budget.
- 10.2 2025/2026 Approved Special Adjustment Capital Budget project list.
- 10.3 Correspondence from National Treasury- Neighbourhood Development Programme Unit.