

# **CONSIDERATION AND APPROVAL OF THE ADJUSTMENT BUDGET 2025/2026 AND INDICATIVE FOR THE PROJECTED TWO OUTER YEARS 2026/2027 AND 2027/2028**

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*English is the original version*

## **PURPOSE OF REPORT**

This report serves to submit the 2025/2026 and indicative two outer years annual adjustment budget for approval.

## **BACKGROUND**

Section 28 of the Municipal Finance Management Act. No 56 of 2003 states:

- (1) A municipality may revise an approved annual budget through and adjustments budget.*
- (2) An adjustments budget -
  - (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;*
  - (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;**

In accordance with section 23 (3) of the Municipal Budget and Reporting Regulation:

- (3) If a national or provincial adjustment 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 and provincial adjustments budget, table an adjustment budget referred to in section 28(2)(b) of the Act in the municipal council to appropriate these additional revenues.*

In accordance with section 10 of the Municipal Budget and Reporting Regulation:

- (2)( c) in the case of agency payments, public contributions, donations, donor grants or any other grants, subsidies or contributions, the relevant service level agreement, contract or other legally binding document which guarantees the funding.*

## **LEGAL RESPONSIBILITIES**

Section 28 of the Municipal Finance Management Act, 56 of 2003, section 23 and section 10 of the Municipal Budget and Reporting Regulations.

## **FINANCIAL IMPLICATIONS**

As contained in the detail report.

## **RECOMMENDATION**

1. The adjustments budget for the financial year 2025 – 2026 be approved as contained in Tables B1 – B10 detailed below:

- ❖ Table B1 – Adjustments Budget Summary
- ❖ Table B2 – Adjustments Budgeted Financial Performance (Revenue and Expenditure by standard classification)
- ❖ Table B3 - Adjustments Budgeted Financial Performance (Revenue and Expenditure by municipal vote)
- ❖ Table B4 - Adjustments Budgeted Financial Performance (Revenue and Expenditure)
- ❖ Table B5 – Adjustments Capital Expenditure by Vote, Standard classification and Funding
- ❖ Table B6 – Adjustments Budgeted Financial Position
- ❖ Table B7 – Adjustments Budgeted Cash Flow
- ❖ Table B8 – Cash backed reserves/Accumulated surplus reconciliation
- ❖ Table B9 – Asset Management
- ❖ Table B10 – Basic service delivery measurement

2. The SDBIP will be adjusted to reflect the adjustments made in the budget allocation and submitted for subsequent approval by the Executive Mayor.

3. The adjustment to Transfer Recognised - Capital remains at R 98 million with the following changes:

Transfers and subsidies - capital		
Vote Description		Decrease
Transfers Recognised - Capital - RSEP		R 486 358
Total Transfers and subsidies - capital		R 486 358

4. The adjustment to Transfer and subsidies – Operational remains at R 182 million with the following changes:

Transfers Recognised - Operating		
Vote Description		(Increase)
Transfers Recognised - Operating - Informal Settlement		-R 128 382
Total Transfers Recognised - Operating		-R 128 382

- 5. The adjustment to Transfers and subsidies remains at R 12 million with the following changes:**

Transfers and subsidies		
Project	Vote Description	Increase / (Decrease)
WC031_Povincial Housing Projects - Grabouw- Hillside 348	Other Materials - Housing Top Structures	R 128 382
Total Transfers and subsidies		R 128 382

- 6. The adjustment to Capital Expenditure decreased from R 115 million to R 114 million due to the following changes:**

Capital Expenditure		
Funding Source	Vote Description	(Decrease)
Regional socio-economic Projects (RSEP)	Villiersdorp Upgrade - Taxi Rank	-R 486 358
Total Capital Expenditure		-R 486 358

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## **1 Part 1 – Adjustment Budget**

### **1.1 Mayor’ report**

In accordance with section 28 of the Municipal Finance Management Act, No 56 of 2003 (MFMA) a municipality must revise its approved annual budget through an adjustments budget, in the following circumstances:

- (i) To 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.
- (ii) To authorise the utilisation of projected savings in one vote towards spending under another vote.
- (iii) To 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 rollovers when the annual budget for the current year was approved by the Council.
- (iv) 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;

In line with the MFMA, the 2025/26 approved Budget has now been adjusted. The adjustment has been mainly necessitated because of the following:

- 1) Approval of the 2023 - 2024 unspent Provincial Infrastructure Conditional grants.
- 2) Correction of the RSEP grant roll-over approval amount.

The Municipal Budget and Reporting Regulations, which were promulgated by National Treasury, prescribe the budget reporting formats for municipalities. Accordingly, this Municipality’s 2025/26 Adjustments Budget has to be presented in accordance with these reporting formats.

The Adjustments Budget reaffirms the Municipality’s commitment to achieve the service delivery targets and performance indicators as reflected in the approved service delivery and budget implementation plan.

The Service Delivery and Budget Implementation Plan (SDBIP) has to be adjusted due to the realignment that has taken place on both the operational and capital expenditure budgets. This will affect service delivery targets and performance targets. The reviewed SDBIP will be submitted for the approval of the Executive Mayor.

### **1.2 Budget related resolutions**

The Municipal Finance Management Act (MFMA) No 56 of 2003 requires the municipality to table and adopt the budget and budget resolutions. The format of the budget and supporting documentation is prescribed by Municipal Budget and Reporting Regulations

The following resolutions are put before council for consideration and approval:

**THAT**

1. The adjustments budget for the financial year 2025 – 2026 be approved as contained in Tables B1 – B10 detailed below:

- ❖ Table B1 – Adjustments Budget Summary
- ❖ Table B2 – Adjustments Budgeted Financial Performance (Revenue and Expenditure by standard classification)
- ❖ Table B3 - Adjustments Budgeted Financial Performance (Revenue and Expenditure by municipal vote)
- ❖ Table B4 - Adjustments Budgeted Financial Performance (Revenue and Expenditure)
- ❖ Table B5 – Adjustments Capital Expenditure by Vote, Standard classification and Funding
- ❖ Table B6 – Adjustments Budgeted Financial Position
- ❖ Table B7 – Adjustments Budgeted Cash Flow
- ❖ Table B8 – Cash backed reserves/Accumulated surplus reconciliation
- ❖ Table B9 – Asset Management
- ❖ Table B10 – Basic service delivery measurement

2. The SDBIP will be adjusted to reflect the adjustments made in the budget allocation and submitted for subsequent approval by the Executive Mayor.

3. The adjustment to Transfer Recognised - Capital remains at R 98 million with the following changes:

Transfers and subsidies - capital	
Vote Description	Decrease
Transfers Recognised - Capital - RSEP	R 486 358
<b>Total Transfers and subsidies - capital</b>	<b>R 486 358</b>

4. The adjustment to Transfer and subsidies – Operational remains at R 182 million with the following changes:

Transfers Recognised - Operating	
Vote Description	(Increase)
Transfers Recognised - Operating - Informal Settlement	-R 128 382
<b>Total Transfers Recognised - Operating</b>	<b>-R 128 382</b>

**5. The adjustment to Transfers and subsidies remains at R 12 million with the following changes:**

Transfers and subsidies		
Project	Vote Description	Increase / (Decrease)
WC031_Povincial Housing Projects - Grabouw- Hillside 348	Other Materials - Housing Top Structures	R 128 382
Total Transfers and subsidies		R 128 382

**6. The adjustment to Capital Expenditure decreased from R 115 million to R 114 million due to the following changes:**

Capital Expenditure		
Funding Source	Vote Description	(Decrease)
Regional socio-economic Projects (RSEP)	Villiersdorp Upgrade - Taxi Rank	-R 486 358
Total Capital Expenditure		-R 486 358

**1.3 Executive summary**  
***Introduction***

This MTREF 2025 - 2026 adjustments budget is prepared on a multi-year basis, in line with the MFMA Municipal Budget and Reporting Regulations.

***Operating Revenue Budget***

Operating revenue remains at R 949 million.

***Operating Expenditure***

Operating expenditure remains at R 884 million.

***Capital Expenditure***

The Capital expenditure decreased from R 115 million to R 114 million.

**1.4 Adjustment budget tables**

- ❖ Table B1 – Adjustments Budget Summary
- ❖ Table B2 – Adjustments Budgeted Financial Performance (Revenue and Expenditure by standard classification)
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## **2 Supporting Information**

### **2.1 Adjustment to budget assumptions**

The budget assumptions which informed the approved 2025/26 Budget have been maintained.

### **2.2 Adjustment to budget funding**

The sources of funding of the municipality's budget have not changed in the current financial year. As reported the adjustments budget is mainly funded by revenue from services rendered, external loans and grant funding as set out in Division of Revenue Act (DORA) and the Provincial Gazette.

### **2.3 Adjustment to Service Delivery and Budget implementation Plan (SDBIP)**

The Accounting officer will submit for approval by the Executive Mayor revised SDBIP's based on the adjustments being approved.

### **2.4 Adjustment to transfer recognised capital and operating**

Transfer Recognised - Capital remains at R 98 million.

Transfer and subsidies – Operational remains at R 182 million.

### **2.5 Adjustment to operating and capital expenditure**

Operating expenditure remains at R 884 million.

Capital expenditure decreased from R 115 million to R 114 million.

### **2.5 Municipal Manager's quality certification**

The quality certification in the format required in the regulations will be signed by the accounting officer on the final Adjustment Budget approved by Council 13 October 2025.



## Quality Certificate

I, WF Hendricks, Municipal Manager of Theewaterskloof Municipality (WC031), hereby certify that the Adjustments 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 adjustments Budget and supporting documentation are consistent with the Integrated Development Plan of the Municipality.

Print Name: WF Hendricks

Municipal Manager of: Theewaterskloof Municipality (WC031)

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

Date: 13 October 2025

Print Name: P Mabhena

Chief Financial Officer of: Theewaterskloof Municipality (WC031)

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

Date: 13 October 2025