

ITEM

FINANCES: REPORT ON SPECIAL ADJUSTMENT BUDGET (2024/2025 FINANCIAL YEAR) (6/1/1(2024/25))

Report of the Chief Financial Officer

Summary

Makhado local Municipality received additional allocation for Municipal infrastructure grant (MIG) and integrated National electrification programme (INEP). The additional allocation is in terms of Government Gazette No.52381 issued on the 25th of March 2025. The approved additional amounts are R 20 million and R 9 .089 million respectively for 2024 /2025 financial year.

Purpose

To seek approval from the Council to increase the approved adjustment budget for 2024/2025 financial year with an amount of R 20 million and R 9 .089 million on its capital budgets through special adjustment.

Legislative Background

Local government: Municipal Finance Management Act: Municipal Budget and Reporting regulations section 23 (3)

(1) If a national or provincial adjustment allocates or transfer additional revenues to the 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 adjustment budget referred to in section 28 (2) b of the act in the municipal council to appropriate these additional revenues.

Content

In compliance to the above section, management had revised the initial budget to accommodate the additional allocations of MIG and INEP of R 20 million and R 9 089 million received from National treasury DORA.

- Inclusion of the above-mentioned grants will increase our government grant allocation by R 20.089 million and capital expenditure will increase by the same amount.
- This grant will fund expenditure for capital for the following approved projects.

This additional allocation should be spent within 2024/2025 financial year 30 June 2025.

CAPITAL BUDGET ADJUSTMENT 2024/2025 TECHNICAL SERVICES DEPARTMENT					
MIG FUNDED					
CO	DESCRIPTION	SOURCES	BUDGET	ADJUSTMENT	SPECIAL ADJUSTED
SC	Upgrading of Tsianda Marundu to Military Base Phase 1	MIG	21,434,316.01	14,845,787.32	36,280,103.33
SC	Upgrading of Luvhalani to Dzanana Access Road	MIG	28,361,548.79	-	28,361,548.79
SC	Upgrading of Midoroni Clinic ring road	MIG	38,790,108.97		38,790,108.97
SC	Makatu to Tshikota Access Road	MIG	11,629,526.23	-	11,629,526.23
SC	Kutama Sinthumule sport Facility	MIG			-
SC	Upgrading of road leading to Mavhoyi FET College	MIG		1,500,000.00	1,500,000.00
SC	Upgrading of Madombidzha (50/50), Ramantsha to Ravele Access Road	MIG		1,850,000.00	1,850,000.00
SC	Upgrading of Tshino Access Road	MIG		1,804,212.68	1,804,212.68
TOTAL			100,215,500.00	20,000,000.00	120,215,500.00
INEP PROJECTS					
CO	DESCRIPTION	SOURCES	BUDGET	ADJUSTMENT	SPECIAL ADJUSTED
SC	Tshituni isha Manyadza / Makongoza / Mapakophele	INEP	4,500,000.00	4,544,500.00	9,044,500.00
SC	Mpofu	INEP	2,640,000.00		2,640,000.00
SC	Mulima	INEP	4,434,000.00		4,434,000.00
SC	Tsianda (Pre-engineering)	INEP	30,000.00		30,000.00
SC	Xinkuwani Xilumani (Pre-Engineering)	INEP	845,000.00	4,544,500.00	5,389,500.00
SC	Woyoza (Pre-Engineering)	INEP	57,000.00		57,000.00
TOTAL			12,506,000.00	9,089,000.00	21,595,000.00

Financial implication

The total approved 2024/25 Revenue budget for Makhado Municipality amounts to R 1 617 427 billion and Adjusted Revenue budget amount to R 1 646 516 billion.

The breakdown is as follows R'000:	Adjusted Budget 2024/25	Special Adjustment	Special Adjusted Budget 2024/25
Own Municipal funding	944 466,00		944 466,00
Capital Grants	117 996,00	29 089	147 085
Operational Grants	520 303,00		520 303,00
Capital in kind	20 000,00		20 000,00
Opening balance cash surplus	14 662,00		14 662,00
TOTAL BUDGET	1 617 427,00	29 089	1 646 516

The total approved operation expenditure budget for Makhado Municipality remains unchanged with an adjusted amount of R 1 334 597 billion.

The breakdown is as follows in R'000:

EXPENDITURE NAME	Final budget	Adjustment	Adjusted Expenditure
Employee related costs	R 377 997		R 377 997
Remuneration of councillors	R 33 768		R 33 768

Debt impairment	R 46 139		R 46 139
Depreciation for assets	R 160 292		R 160 292
Finance charges	R 19 231		R 19 231
Bulk purchases (Eskom)	R 373 100		R 373 100
Other Material	R 51 066		R 51 066
Contracted service	R 212 557		R 212 557
Other expenditure	R 60 446		R 60 446
Total Expenditure	R 1 334 597 billion	R 0	R 1 334 597 billion

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MAKHADO MUNICIPALITY

SUMMARISED CAPITAL BUDGET ADJUSTMENT FOR 2024/2025 FINANCIAL YEAR

DEPARTMENT	BUDGET	SPECIAL ADJUSTED	ADJUSTED FINAL BUDGET
Technical Services	229,005,151.00	29,089,000.00	258,094,151.00
Community Services	6,332,000.00		6,332,000.00
Budget and Treasury	1,500,000.00		1,500,000.00
Corporate Services	8,184,680.00		8,184,680.00
Regional Office	1,091,000.00		1,091,000.00
TOTAL	246,112,831.00	29,089,000.00	275,201,831.00

FUNDING	BUDGET	SPECIAL ADJUSTED	ADJUSTED FINAL BUDGET
INCOME	133,391,331.00		133,391,331.00
MIG	100,215,500.00	20,000,000.00	100,215,500.00
	12,506,000.00	9,089,000.00	21,595,000.00

TOTAL	246,112,831.00	29,089,000.00	275,201,831.00
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COMMENTS MANAGEMENT

1. That the 2024/25 adjusted Budget be adopted by council through special adjustment to cater additional allocation of Municipal infrastructure Grant and integrated electrification programme to be transferred by National treasury (DORA)
2. That the Council note that the adjustment budget for the income and capital expenditure projections for the financial year ending 30 June 2025 is more fully explained in Annexure A attached to the report in this regard.
3. That the additional allocations should be spent within 2024/2025 financial year funding current existing projects.

Finding

The adjusted budget for 2024 /2025 Financial Year is in order.

RECOMMENDATION

MANAGEMENT RESOLVED TO RECOMMEND TO EXECUTIVE COMMITTEE –

1. That the 2024/25 adjusted Budget be adopted by council through special adjustment to cater additional allocation of Municipal infrastructure Grant and integrated electrification programme to be transferred by National treasury (DORA)
2. That the Council note that the adjustment budget for the income and capital expenditure projections for the financial year ending 30 June 2025 is more fully explained in Annexure A attached to the report in this regard.
3. That the additional allocations should be spent within 2024/2025 financial year funding current existing projects.