EXTRACT FROM THE COUNCIL MINUTES HELD ON 26 OCTOBER 2026

Item A15. 26.10.2026

ADJUSTMENT BUDGET FOR THE 2026/27 MTREF PERIOD

S Stanley: Chief Financial Officer **(Ref.: 6/1/1/R)**

PURPOSE OF REPORT

The purpose of the report is to table to Council the Adjustment budget report, providing explanations to the proposed changes to the Approved budget for the 2026/27 MTREF period. The adjustment budget is tabled to ensure that additional allocations received, and critical operational activities can be addressed. The Adjustment budget for the 2026/27 MTREF is tabled and require council approval for implementation.

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***

a) *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.*

b) *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.*

c) *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.*

d) *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.*

e) *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.*

f) *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 –*
(g) dealt with as part of the adjustments budget contemplated in sub-regulation (1); and

g) *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."*

DISCUSSION / EXPLANATION

This adjustment budget is tabled to Council in terms of the following legislative provisions

MFMA Municipal Budget and reporting regulations 23(c)

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.

(i) Provincial Gazette – Gazette 9294 dated 11 September 2026

The Provincial Government gazetted an additional funding to the municipality for funding of the Capacity building project after successful submission of a business plan. A formal correspondence letter was received from the Department of Local government dated 8 October 2026.

(ii) Additional Department of Infrastructure (Addendum to signed agreement)

The provincial department of Roads corresponds with the municipality to make available additional funding for the increase in materials cost as well as the fuel cost increases that's currently experiences. These funds are needed for the critical roads maintenance required. The additional addendum was communicated and signed by the Municipal Manager on 16 October 2026.

To ensure that the projects will be complete before the festive season inclusion of these allocations is required to be include in the Adjustment Budget.

(iii) Donated assets – Department of Mobility and Department of Forestry, Fisheries and Environmental

The municipality received additional vehicle donations from the Department of Mobility and Department of Forestry, Fisheries and Environmental. These allocations in kind are required to be updated on the municipal Asset register as PPE owned and needs to be addressed in an adjustment budget.

Other budget adjustments

(iv) Committed Capital projects

Capital commitments were reported as part of the Draft annual financial statements for 2025/26. The procurement process was in advance stage of completion, and the municipality could not cancel these transactions as year-end. Budget provision to ensure delivery of this equipment is now required.

These items are explained in the Adjustment budget report.

(v) Revenue and expenditure adjustments

Adjustments to revenue and expenditure items is required for the following

i Revenue item – Seconding agreement with the department and alignment of revenues
ii Seta duplication of Revenue budgeted as part of Approved budget
iii Virement processed and updated on the financial system

Details relating to the above will be included as part of the Adjustment Budget report tabled to Council. The schedules are included in the budget document in terms of the Municipal Budgeting and Reporting Regulations (MBRR) – see Schedule B attached.

RESOLVED: (Proposed by Ald. T Olivier and seconded by Cllr. N Mabulu)

1) Council resolves that the October Adjustment budget of Overberg District Municipality for the financial year 2026/27, and indicative for the projected outer years 2027/28 and 2028/29 be approved as set out in the following schedules:

i. Adjustment Budget Summary – Table B1;
ii. Budgeted Financial Performance (Revenue and Expenditure by standard Classification) –Table B2;
iii. Budgeted Financial Performance (Revenue and Expenditure by standard Classification) - Table B2;
iv. Budgeted Financial Performance (revenue and expenditure by municipal vote) Table B3;
v. Budgeted Financial Performance (revenue and expenditure by municipal vote) – Table B3;
vi. Budgeted Financial Performance (revenue and expenditure) – Table B4;

vii. Budgeted Capital Expenditure by vote and funding – Table B5;
viii. Budgeted Financial Position – Table B6;
ix. Budgeted Cash Flows Table B7;
x. Cash backed reserves/accumulated surplus reconciliation – Table B8;
xi. Asset Management – Table B9; and
xii. Basic service delivery measurement table B10

2) That the changes (if any) to the SDBIP be considered and approved by Council.

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

Digitally signed by
Richard Bosman
Date: 2026.10.27
14:17:56 +02'00'

R BOSMAN
MUNICIPAL MANAGER