

NELSON MANDELA BAY METROPOLITAN MUNICIPALITY



Office of the Speaker
Noninzi Luzipho Building
GQEBERHA
22 August 2025

FIRST SUPPLEMENTARY AGENDA FOR COUNCIL

(MEETING : 26 AUGUST 2025 – POSTPONED FROM 7 AND 14 AUGUST 2025)

13. 1ST SUPPLEMENTARY REPORT BY THE ACTING CITY MANAGER

**COUNCILLOR E JOHNSON
SPEAKER OF COUNCIL**

NB: ALL MEMBERS MUST SIGN THE ATTENDANCE REGISTER.

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1ST SUPPLEMENTARY REPORT BY ACTING CITY MANAGER

Meeting : 26 AUGUST 2025 (Postponed from 14 August 2025 and 7 August 2025)

1. AMENDMENT TO THE ORIGINAL 2025/26 BUDGET WITH THE PROPER SPLIT OF THE URBAN DEVELOPMENT FINANCING GRANT (UDFG) AS PER THE LETTER FROM NATIONAL TREASURY DATED 2ND APRIL 2025

Purpose

The purpose of this item is to recommend to Council the approval of an amendment of the 2025/26 budget to take care of the proper split of the Urban Development Financing Grant (UDFG) as tabulated in the letter from National Treasury dated 2nd April 2025.

Background

During the 2025/26 financial year the National Treasury introduced a new grant (i.e. Urban Development Financing Grant (UDFG)) amounting to **R48 800 000**. As the framework linked to this allocation was not finalised by the time budgetary processes were concluded, the decision taken by Budget and Treasury Directorate was to rather allocate this funding temporarily under the Operating Budget in totality.

We are aware that there has been delays in budgeting processes this year, leading to the delayed approval of the Appropriation Bill late in July 2025, affecting the availability of the framework dealing with this new grant.

Discussion

Through interaction with National Treasury senior colleagues, it has been confirmed that the Urban Development Financing Grant (UDFG) amounting to **R48 800 000** is split as reflected in terms of the following Table: -

Table 1: - Split of the Urban Development Financing Grant (UDFG)

Provisional Allocation for 2025/26 as per the Division of Revenue Bill 2025:

COMPONENT	BUDGET SPLIT
Metro Trading Services	<i>The award of this provisional allocation, as finalised in the National Adjusted Budget process, is subject to Metro Councils passing a satisfactory A3 PIAP v1 with minimum commitments</i>
NDPG	R20 000 000
PPPSG	R16 000 000
PEP	R12 800 000
TOTAL	R48 800 000

It must be confirmed that the NDPG allocation amounting to **R20 000 000** relates to the Capital infrastructure based on the project named as Njoli Development Upgrading. Based on the information confirmed by National Treasury what is outstanding in as far as the R20 million allocation is concerned, is for the NMBM to avail the business plan that details projects to be implemented to the allocated amount. It is a pre-requisite that such Business Plan be approved by National Treasury prior the incorporation of the amount into the Capital Budget.

As it relates to the other two grants (i.e. PPPSG and PEP) amounting to R16 000 000 and R12 800 000 respectively, are both Operating in nature or can be incurred within the Operating Budget in the 2025/26 financial year. Furthermore, National Treasury has confirmed that both grants (i.e. PPPSG and PEP) contain business plans that have been accepted or approved by National Treasury. This therefore requires that the spending of both grants can proceed without further delays to avoid any unspent portions of the grants by the end of the financial year.

It is also important to note that the allocation of both grants in the Operating Budget affect both Expenditure and Income (Revenue) component.

The following Table indicates the corrections to the current allocations of the two Operating Grants totalling to **R28.8m** (i.e. R16m + R12.8m) in terms of the Operating Budget for both Expenditure and Revenue to be effected: -

Table 2: - Corrections to the current allocations (2025/26) of the two Operating Grants totalling to R28.8m

LINE ITEM / VOTE NUMBER	ITEM DESCRIPTION	ACTION (INCREASE / (REDUCE))	EXPENDITURE TYPE (EXPENDITURE / REVENUE)	FROM	TO
1668 8570	NDPG - Public Employment Programme Grant	Reduce	Revenue	(R28 800 000)	R0
1668 8539	IG Public Safety	Reduce	Expenditure	R28 800 000	R0

The following Table gives an indication of how the sum of **R28.8 million** will be split in the 2025/26 Operating Budget: -

Table 3: - How the sum of the R28.8 million is to be split in the Operating Budget (2025/26)

LINE ITEM / VOTE NUMBER	ITEM DESCRIPTION	DIRECTORATE	ACTION (INCREASE / (REDUCE))	EXPENDITURE TYPE (EXPENDITURE / REVENUE)	FROM	TO
1758 8851	PPPSG (Programme and Project Preparation Support Grant)	EDTA	Increase	Revenue	R0	(R13 913 043) (Ex Vat)
1758 5970	Vat: Government Grants – Operating	EDTA	Increase	Revenue (Vat Portion)	R0	(R2 086 957)
1758 8850	PPPSG (Programme and Project Preparation Support Grant) <i>(NB: New Projects and job numbers to be created in line with the National Treasury approved business plan)</i>	EDTA	Increase	Expenditure	R0	R16 000 000 (Incl Vat)
1474 8570	NDPG - Public Employment Programme Grant	EDTA	Increase	Revenue	R0	(R12 800 000)
1474 8847	PEP - Social Cohesion through Arts	EDTA	Increase	Expenditure	R0	R1 600 000
1474 8845	PEP - Vulindlela Fleet Management	EDTA	Increase	Expenditure	R0	R3 000 000
1474 8846	PEP - Safety Monitors and Ambassadors	EDTA	Increase	Expenditure	R0	R3 600 000
1474 8848	PEP - Civic Education Programme	EDTA	Increase	Expenditure	R0	R3 100 000
1474 8849	PEP - Informal Settlement Waste Management & Food Security	EDTA	Increase	Expenditure	R0	R1 500 000

Budget and Treasury Comments

Budget and Treasury Directorate has perused the item and agrees with the recommendations as this is aimed at amending the 2025/26 original budget approved by Council in its meeting dated 18th June 2026 to properly account for the Urban Development Financing Grant (UDFG). It can be confirmed that the UDFG has been gazetted.

IT IS RECOMMENDED:

- (a) That Council, **by resolution taken by majority of its full numbers** and in terms of section (30)(2) of the Local Government: Municipal Structures Act, (Act 17 of 1998) (as amended), read in conjunction with Chapter 4 of the Local Government: Municipal Finance Management Act (Act 56 of 2003) and clause 1.6 of the Council's Financial Management Policies approves the amendment of the 2025/26 Budget to correct the UDFG allocation of **R28 800 000** as follows: -

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1474 8849	PEP - Informal Settlement Waste Management & Food Security	EDTA	Increase	Expenditure	R0	R1 500 000

- (b) That Council notes that the above amendments will also form part of the 2025/26 Adjustment Budget to be tabled at Council on or before end February 2026, however, the urgency at this stage is to correct the budget so that projects can continue.

- (c) That R20m be incorporated under capital expenditure for the Njoli Development Upgrading project, noting that a Business Plan be submitted to National Treasury for approval.

ACTING CITY MANAGER

22 April 2025

