

Local Government Budgets and Expenditure Review

2001/02 – 2007/08



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National Treasury

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Foreword

The *Local Government Budgets and Expenditure Review* sets out trends in revenue, budgets and expenditure for seven years. While most of the data are aggregated according to categories of municipalities, the publication also presents selected data for the 25 largest municipalities which comprise 68 per cent of combined local government budgets. This allows policy makers, analysts and the public to compare and benchmark municipalities.

From a service delivery perspective, the Review reasserts the good progress the country has made in realising the goal of a *better life for all*. After a decade of democracy, more South Africans have access to electricity, water, sanitation and other municipal services. For those households that cannot afford to pay for basic services, Government provides them for free. By 2005 about 8,8 million household were receiving free basic services. However, the data presented in this Review also shows that there are areas of the country that do not yet have access to services. Coincidentally, these are the areas where capacity constraints may be more severe, both from a financial and technical point of view.

In relation to finances, the data presented in this *Review* confirm that there are wide variations among South Africa's municipalities. Metropolitan municipalities are mainly self-funding while a large number of local municipalities rely on national transfers to execute the functions assigned to them by the Constitution. A notable positive development is that capital budgets and expenditure have grown faster in absolute terms and as a share of total local government budgets during the period covered in this *Review*. However, the bulk of the growth in capital budgets has been funded from increases in national capital transfers which rose from R2,2 billion in 2001/02 to R5,3 billion in 2004/05. The Review also shows that all categories of municipalities face similar challenges with respect to debt collection. Between 2001/02 and 2004/05, combined outstanding debts of municipalities rose by R21 billion to R37 billion.

Combined with capacity challenges, some of the financial trends contained in this *Review* underline the need for stepping up technical support to local government in order to ensure that the sphere can be placed in a position to fulfil its developmental mandate. The trends also point to a possible need for much more differentiated approaches to the funding of municipalities.

We expect the Review to be a valuable source of information for Councils, Legislatures and Parliament.

Production of these *Reviews* is always a collective effort. I wish to express my sincere appreciation to the national departments responsible for the various functions covered in this publication, to the municipalities that provided the data and to the team in the National Treasury who pulled all of this together.

Lesetja Kganyago
Director-General: National Treasury

Technical notes

These notes are intended to assist readers and analysts who will use this *Review*.

General points on the data

The data presented in this review are based on actual revenue, budget and expenditure figures submitted by 59 municipalities to the Auditor General and National Treasury. Where no actual figures were submitted, budget figures as approved by municipalities and submitted to National Treasury are used.

Some of the figures contained in this *Review* may not tally with those published in the approved budgets of municipalities due to adjustment budgets that may have been passed in the intervening period.

For most of the analysis in this publication past trends in metropolitan municipalities are based on actual revenue and expenditure figures as submitted by these municipalities.

The figures on local and district municipalities in tables in the body of the document will not always tally with those in the schedules. This is because the schedules use budget information only, while the tables in the text use actual revenue and expenditure figures where these were submitted by the municipality or uses budget information where actual revenue and expenditure figures were not provided.

All efforts were made to avoid duplication and double counting in relation to districts and the local municipalities.

The following municipalities' actual information was used in the publication.

Eastern Cape

Amatole	DC12
Buffalo City	EC125
Cacadu	DC10
Lukhanji	EC134
Makana	EC104
Nelson Mandela Bay	EC000
O .R. Tambo	DC15

Free State

Lejweleputswa	DC18
Maluti-a-Phofung	FS194
Mangaung	FS172
Motheo	DC17
Tswelopele	FS183
Matjhabeng	FS184

Gauteng

City Of Johannesburg	GT001
City Of Tshwane	GT002
Ekurhuleni Metro	GT000
Mogale City	GT481
Randfontein	GT482
West Rand	DC48

Kwazulu Natal

Emnambithi/Ladysmith	KZ232
eThekweni	KZ000
KwaDukuza	KZ292
Mthonjaneni	KZ285
Ugu	DC21
Ulundi	KZ266
Umzinyathi	DC24
Umlalazi	KZ284
Amajuba	DC25
Abaqulusi	KZ263

Limpopo

Capricorn	DC35
Ba-Phalaborwa	NP334
Greater Giyani	NP331
Greater Marble Hall	NP03a4
Greater Sekhukhune	DC47
Greater Tzaneen	NP333
Makhudutamaga	NP03a2
Mogalakwena	NP367
Polokwane	NP354
Waterberg	DC36

Mpumalanga

Delmas	MP311
Ehlanzeni	DC32
Govan Mbeki	MP307
Mbombela	MP322
Steve Tshwete	MP313
Umjindi	MP323

North West

City Of Matlosana	NW403
Mafikeng	NW383
Potchefstroom	NW402
Rustenburg	NW373

Northern Cape

Emthanjeni	NC073
Frances Baard	DC9

Western Cape

Cape Agulhas	WC033
Cape Town	WC000
Central Karoo	DC5
Eden	DC4
Knysna	WC048
Saldanha Bay	WC014
Swartland	WC015
West Coast	DC1

First Publication

It is the first time that actual revenue and expenditure figures for local government are published by the National Treasury in a *Review* such as this one. In some instances the data are not verifiable, but we expect that this will improve in the period ahead as reporting on revenue and expenditures becomes institutionalised under the reporting requirements contained in the Municipal Finance Management Act.

Financial period covered

The data presented in this *Review* cover the period: 2001/02 – 2007/08. A financial year for the local government sphere starts on 1 July and ends on 30 June of the following year. However, in cases where national and provincial budget and spending figures are used they refer to the financial year for these spheres which commences on 1 April and ends on 31 March. The text always attempts to make this clear.

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