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IDP, BUDGET & SDBIP: AN ANALYSIS OF MAKANA MUNICIPALITY

THE ROLE OF WARD COMMITTEE MEMBERS

DISCUSSION OUTLINE

- THE ROLE OF WARD COMMITTEES IN:
 - **Integrated Development Planning (IDP)** (*Strategic Plan*)
 - **Municipal Budgeting** (*Financial Plan*)
 - **Service Delivery & Budget Implementation Plan (SDBIP)** (*Operational Plan*)

INTEGRATED DEVELOPMENT PLAN (IDP)

- The IDP is a legally binding document given effect by the Municipal Systems Act (MSA) 32 of 2000.
- This Act requires Makana Municipality to undertake a developmentally orientated planning & states the requirements of this planning on Chapter 5.
- IDP is a process of consultation, participation and information sharing at municipal level for a five year period.
- It is reviewed and refined annually with an involvement of internal and external stakeholders including Ward Committees as an external stakeholder.

ROLE OF WARD COMMITTEES IN THE IDP

- Ward Committees have a responsibility:
 - to create a citizen participation platform (e.g. meetings), so that citizens can give inputs to the IDP.
 - To identify key development priorities of the Municipality from people's social needs.
 - Give input in the IDP process and its decisions.

MUNICIPAL BUDGETING

- The budget process involves government institutions planning, collaborating, negotiating and deciding together on a comprehensive plan for spending public resources over an agreed period.
- Chapter 4 of the **Municipal Financial Management Act (2003) (MFMA)** guides how a Makana Municipality must prepare and execute its budget.
- According to Municipal Fiscal Powers & Functions Act (2007), Makana Municipality **budget must be** prepared, executed, monitored and controlled in an **open, transparent and accountable manner to the Public.**
- **Section 153 (1) (a)** of the South African Constitution **emphasizes** the importance of **preparing a budget that prioritizes the needs of the community.**
- The municipal budget process constitutes five phases: **strategic planning**; municipal-wide budget preparation process; **tabling of the draft budget**; **public consultations (e.g. Ward Committee meetings)** and **external assessments**; and **tabling of the final budget** (Van der Westhuizen, Taylor, Van Zyl, & Rubin, undated, p. 67).

WHAT MAKES UP A MUNICIPAL BUDGET?

■ OPERATING BUDGET:

- Deals with the 'day-to-day' expenses such as:
 - Salaries,
 - Purchase of bulk water
 - and electricity.

■ CAPITAL BUDGET:

- Deals with the expenditure on things with a long lifespan such as:
 - land,
 - buildings,
 - vehicles,
 - Infrastructure Projects

SOURCES OF THE MUNICIPAL REVENUE

■ OPERATING BUDGET

- Service charges (e.g. basic services)
- Property rates
- Operating transfers from National Government (e.g. Municipal Equitable Share)
- Own revenue (e.g. traffic fines, resident electricity & water rates).

■ CAPITAL BUDGET

- Government grants (e.g. Municipal Infrastructure Grants)
- Borrowing (e.g. Development Bank South Africa)
- Internal generated funds (e.g. surpluses from previous years)
- Public contributions and donations

OPERATING BUDGET FOR 2017/18

Description	Current Year	2017/18 Medium Term Revenue & Expenditure Framework		
		R Thousands	Budget Year 2017/18	Budget Year 2018/19
	Adjusted Budget 2016/17	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Total Operating Revenue	422 210	432 216	454 211	479 647
Total Operating Expenditure	387 033	432 271	460 084	486 280
Expenditure non-cash items (depreciation and debt impairment)	35 177	42 677	45 511	47 635

CAPITAL BUDGET FOR 2017/18

Description	Current Year	2017/18 Medium Term Revenue & Expenditure Framework		
		R Thousands	Budget Year 2017/18	Budget Year 2018/19
Total Capital Expenditure	43 168	229 236	79 801	68 267

SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN (SDBIP)

- Makana Municipality is obligated by the Municipal Financial Management Act (MFMA) (56 of 2003) to **develop, approve** and **sign a detailed one-year operational plan** – Service Delivery & Budget Implementation Plan (SDBIP).
- Service Delivery & Budget Implementation Plan (SDBIP) is an **Operational Plan** for a Municipality
- The SDBIP must feed into **performance agreements** between **executive authorities** and **accounting officers**
 - **Executive authority** – **Executive Mayor**
 - **Accounting Officer for the Municipal Administration** – **Municipal Manager / Acting MM**
 - **Accounting Officers for Directorates** – **Senior Managers or Directors**
- The SDBIP must provide **Quarterly Performance Measures** and **Targets**, as well as **Quarterly Budget information**.

IDP-BUDGET-SDBIP ALIGNMENT

- IDP must be aligned to Municipal Systems Act 32 of 2000
- IDP must prioritize Makana Citizens' needs and participation of Makana residents in its development
- Budget development must be aligned to the Municipal Financial Management Act
- Budget development must be aligned to the National and Eastern Cape Provincial Budget Allocation for Local Government represented by Cooperative Governance and Traditional Affairs (COGTA)
- Budget must be drawn to address Makana community needs identified in the IDP
- Budget and SDBIP must be developed taking into account the municipal human resources to delivers services to residents
- the SDBIP must be responding to the needs of the Makana community identified in the IDP.
- The SDBIP must be planning to address the municipality challenges identified in the IDP and not new projects

QUESTIONS & COMMENTS

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