

# **LOCAL GOVERNMENT BUDGETING**

Presented by Lungile Penxa, Local Government Researcher  
at the Public Service Accountability Monitor (PSAM).  
Contact details: 046 603 8829/ [L.Penxa@ru.ac.za](mailto:L.Penxa@ru.ac.za).

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- **What does the budget mean to citizens & civil society?**
- **How can citizens and civil society interpret a budget (including the municipal budget)?**

# WHAT IS A GOVERNMENT BUDGET?

- A Government Budget is “the financial expression of government plans and policies” (IPPFWHR, 2010, p. 41) translated into the allocation of financial resources (Lewis, 2007, p. 179).
- A government budget must be “comprehensive, encompassing all government revenue and expenditure, so that necessary trade-offs between different policy options can be assessed” (OECD (2001, p. 4).
- The budget process involves government institutions planning, collaborating, negotiating and deciding together on a comprehensive plan for spending public resources over an agreed period.

# MUNICIPAL BUDGETING

- A **Municipal Budget is guided** by Chapter 4 of the **Municipal Financial Management Act (2003) (MFMA)** which stipulates how a municipality must prepare and execute its budget.
- A **Municipal budget must be** prepared, executed, monitored and controlled in an **open, transparent and accountable manner to the Public** (Municipal Fiscal Powers & Functions Act (2007); Kumar & Moodley (2003, p. 66).
- **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** 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, the purchase of bulk water and electricity.

## CAPITAL BUDGET :

- Deals with the expenditure on things with a long lifespan such as land, buildings, vehicles, municipal & provincial roads.

# SOURCES OF THE MUNICIPAL BUDGET

## 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.

# MAKANA MUNICIPALITY BUDGET

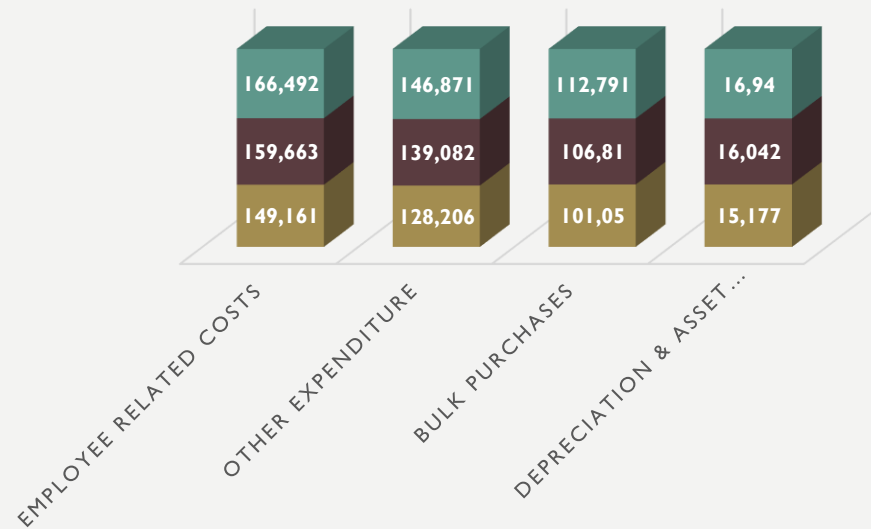
Description	2015/16	2016/17	2017/18 Medium Term Revenue & Expenditure Framework		
R Thousands	Budget Year 2015/16	Budget Year 2016/17	Budget Year 2017/18	Budget Year 2018/19	Budget Year 2019/20
Total Operating Revenue + Budget	427 637	422 210	427 924	452 315	477 645
Surplus/(Deficit)	0	0	0	0	0

# BUDGET EXPENDITURES

## OPERATING EXPENDITURE

### MM OPERATING BUDGET

2017/18 2018/19 2019/20



## CAPITAL EXPENDITURE

### Capital Budget & Expenditure

Infrastructure assets repairs & maintenance	R89,5 million
Water Infrastructure	R177,4 million
Electricity Infrastructure	R 86 million
Water	R 73 million
Sanitation	R 29,4 million



# CITIZEN & CSOS' UNDERSTANDING OF A MUNICIPAL BUDGET

- **AUDIENCE IN THE ROOM SHARE YOUR  
THOUGHTS WITH US**

# HOW CAN YOU AS CITIZENS AND CIVIL SOCIETY INTERPRET THE MUNICIPAL BUDGET

- Understand the community's needs the budget seeks to address.
- Understand the municipal Integrated Development Plan (IDP).
- Understand Municipal Acts and other government legislations on the budget process.
  - Access information from the Municipality, colleagues, local partners, media.
- Understand your municipality's financial position, delivery capacity, delivery capability.
- Attend Municipal meetings and Public Consultation Meetings organised by the Municipality.

**THANK YOU**

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