



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

2005/06 Local Government Capital and Operating Expenditure Budgets

1. In keeping with the MFMA requirements on reporting, the attached reflect the capital and operating budgets for the 2005/06 budget year for all municipalities.
2. The budget figures are divided according to the categories of municipalities, grouped per province and shown in Appendices A and B. These are budgeted amounts of the local government sphere; actual figures were not available at the time of this release.
3. The information in Appendices A and B represents all municipal budgets for the 2005/06 budget year, commencing 1 July 2005 and ending 30 June 2006.

Summary of the 2005/06 Local Government Budgets

4. The combined budgets for local government in South Africa for the 2005/06 budget year amounts to R119.6 billion, of which R25.9 billion was allocated to capital projects and R93.7 billion to operating functions.

Capital/Infrastructure Budgets

5. The capital budgets consist of allocations for infrastructure such as: water and sanitation R6 billion (23 per cent); roads and storm water R4.2 billion (16 per cent); housing R5.3 billion (20 per cent) and electricity reticulation R2.5 billion (10 per cent) and the remainder spread across community facilities and related assets.
6. The capital budgets for municipalities in Gauteng account for over R6 billion (23 per cent), KwaZulu-Natal R4.8 billion (19 per cent), Western Cape R5.5 billion (21 per cent) and Eastern Cape R2.9 billion (11 per cent), whereas the remaining R5.9 billion (26 per cent) was distributed across the remaining 5 provinces.
7. KwaZulu-Natal municipalities devoted the largest share of their capital budgets to the provision of water and sanitation with a budget of R1.2 billion and housing of R1 billion, while Gauteng municipalities has the largest portion of their budget allocated to housing R998 million followed by water and sanitation at R994 million, followed by electricity reticulation at R916 million.

8. The combined municipal capital budget is funded by grants and subsidies of R13.4 billion (52 per cent) from national and provincial government. Other funding sources include internally generated income of R5.9 billion (23 per cent) and borrowings of R4.4 billion (17 per cent). The metropolitan cities of Johannesburg, eThekweni and Tshwane are some of the larger borrowers of funds. The remainder of the capital budget is funded from other sources (8 per cent).

Operating Budgets

9. The combined municipal operating budget is R93.7 billion, with municipalities in Gauteng accounting for R35.5 billion (38 per cent), followed by municipalities in Western Cape with R16.4 billion (17 per cent) followed by municipalities in KwaZulu-Natal with R15.5 billion (16 per cent). Municipalities in other provinces shared the remaining R26.3 billion (28 per cent).
10. In aggregate, municipal salaries and wages make up R27.6 billion (32 per cent), bulk electricity purchases R14.5 billion (17 per cent), repairs and maintenance R6.5 billion (7 per cent), interest and redemption of loans R6.5 billion (7 per cent) and bulk purchases of water R5.4 billion (6 per cent).
11. The operating budget is mainly funded by electricity sales of R24.3 billion (26 per cent), property rates of R17 billion (18 per cent), grants and subsidies of R13.2 billion (14 per cent) and water tariffs of R11.2 billion (12 per cent). The remaining income of R28 billion (30 per cent) is made up of sanitation, refuse removal, levies and other income.

Enquiries about specific information should be directed to the relevant municipalities.

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