



**national treasury**

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## **PRESS RELEASE**

**2 November 2009**

### **Local Government Capital and Operating Expenditure of approved budgets for the 2009 Medium Term Revenue and Expenditure Framework (MTREF)**

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#### **Introduction:**

1. The Minister of Finance has approved the release of the 2009/10 budget information for all 283 municipalities on the National Treasury's website. The publication of this information on National Treasury's website is now an annual event.
2. The information released together with this press statement reflects aggregated municipal budget totals for the 2009/10 financial year and over the medium term period for all municipalities. The information is summarized in a variety of ways including per category of municipality as well as per province. The information being released includes the following:
  - Press Release – Main document;
  - Aggregated / consolidated municipal MTREF information;
  - A set of Graphs;
  - Operating Budgets for 2009/10 – Annexure A;
  - Capital Budgets for 2009/10 – Annexure B;
  - Operating Budgets for 2010/11 – Annexure C;
  - Capital Budgets for 2010/11 – Annexure D;
  - Operating Budgets for 2011/12 – Annexure E;
  - Capital Budgets for 2011/12 – Annexure F;
  - Growth in municipal budgets compared to the Section 71 Q4 2008/09 preliminary results – Annexure G; and
  - Changes to baseline – Annexure H.

All information is available on the National Treasury's website at [www.treasury.gov.za](http://www.treasury.gov.za).

3. This information will assist policy makers, researchers, sector specialists, elected representatives, academics and those responsible for implementation. It will also be used by National Treasury as the basis for the In-year Management, Monitoring and Reporting System for Local Government (IYM) in terms of Section 71 of the MFMA. The MFMA envisages that regularly published budget information will enable and empower communities to hold their Municipal Councils accountable.

#### **Summary:**

4. Section 24(3) of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003)(MFMA) requires the Accounting Officer of a municipality submit the municipality's approved annual budgets to National Treasury and the relevant provincial treasury once approved by their respective Councils. The National Treasury has been placing these budgets on the National Treasury's website on an annual basis since the 2005/06 financial year. Any queries on budget, revenue or expenditure numbers reflected in the statement should therefore be referred to the relevant Municipal Manager, or the relevant Chief Financial Officer.
5. The Municipal Budget and Reporting Regulations with the supporting formats, was promulgated on 17 April 2009. The six metros and 21 secondary cities were required to conform to the new budget format by completing and submitting their 2009 Budgets in the prescribed formats (Schedules A1). Of the 27 municipalities, 25 complied and 11 other municipalities volunteered to conform to this new legislative requirement early. This effectively means that over 68 per cent of the aggregated municipal budget is already covered in the new budget formats. These budgets are published separately on the website. All municipalities are required to comply with the new formats in their 2010/11 Budgets.
6. National Treasury would like to extend our appreciation to all those municipalities who have sought to comply with the new Budget and Reporting Regulations for the 2009 Budget. This reform greatly enhances the transparency of municipal budgets.

#### **DETAILED ANALYSIS OF THE 2009/10 MTREF:**

7. The analysis contained in this press release is restricted to the aggregated expenditure by category of municipality, an overview of the budgets of the six metropolitan councils, the secondary cities (next top 21 municipalities) and a summary of municipal budgets per province. The detail in supporting tables will provide more information by type of expenditure item and operational information.

#### ***Aggregated Operating and Capital Budget per Municipal Category***

8. Table 1a shows budgeted aggregated revenue by category of municipality over the MTREF period. In aggregate, the budgeted revenue for 2009/10 is R212.3 billion, increasing to R225.3 billion in 2010/11, and to R239.7 billion in 2011/12. The 2009/10 budgeted revenue shows an increase of 16.6 per cent over the 2008/09 original budget (8.4 per cent increase in the capital revenue budget and 19.4 per cent for the operating revenue budget).

**1a. Aggregated Operating and Capital revenue per category, 2009/10 - 2011/12**

R thousand	2009/10			2010/11			2011/12		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Category A	23 443 775	91 903 030	<b>115 346 805</b>	20 339 971	102 366 626	<b>122 706 597</b>	18 959 682	113 802 565	<b>132 762 247</b>
Category B	19 560 473	59 167 664	<b>78 728 137</b>	19 162 440	66 060 584	<b>85 223 024</b>	17 396 910	71 726 495	<b>89 123 405</b>
Category C	6 942 222	11 253 746	<b>18 195 968</b>	6 313 087	11 091 779	<b>17 404 866</b>	6 134 392	11 663 405	<b>17 797 797</b>
<b>Total</b>	<b>49 946 470</b>	<b>162 324 440</b>	<b>212 270 910</b>	<b>45 815 498</b>	<b>179 518 989</b>	<b>225 334 487</b>	<b>42 490 984</b>	<b>197 192 465</b>	<b>239 683 449</b>
<b>% of total expenditure</b>									
Category A	46.9%	56.6%	54.3%	44.4%	57.0%	54.5%	44.6%	57.7%	55.4%
Category B	39.2%	36.5%	37.1%	41.8%	36.8%	37.8%	40.9%	36.4%	37.2%
Category C	13.9%	6.9%	8.6%	13.8%	6.2%	7.7%	14.4%	5.9%	7.4%

Source: National Treasury Local Government Database

9. Table 1b shows budgeted aggregated expenditure by category of municipality over the MTREF period. In aggregate, the 2009/10 budget is R202.9 billion, increasing to R214.2 billion in 2010/11, and to R227.3 billion in 2011/12. The 2009/10 budget is an increase of 15.2 per cent over the 2008/09 original budget (8.4 per cent increase in the capital budget and 17.6 per cent for the operating budget).

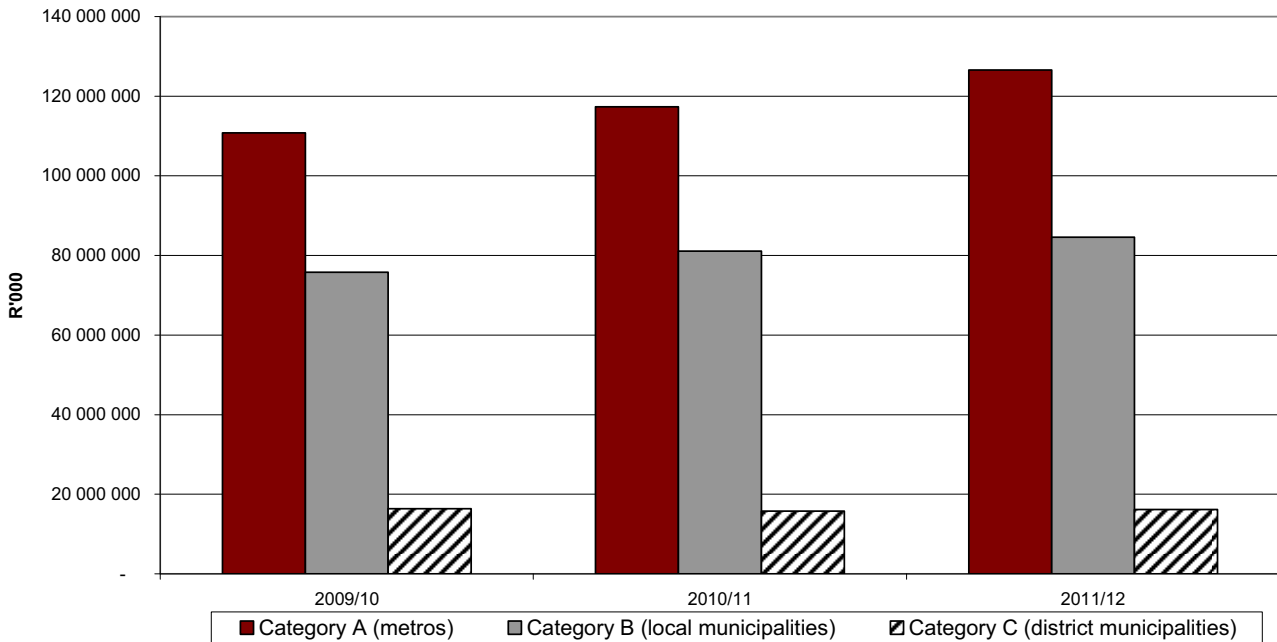
**1b. Aggregated Operating and Capital expenditure per category, 2009/10 - 2011/12**

R thousand	2009/10			2010/11			2011/12		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Category A	23 443 775	87 356 450	<b>110 800 225</b>	20 339 971	96 999 659	<b>117 339 630</b>	18 959 682	107 604 114	<b>126 563 796</b>
Category B	19 560 473	56 219 360	<b>75 779 833</b>	19 162 440	61 957 479	<b>81 119 919</b>	17 396 910	67 190 797	<b>84 587 707</b>
Category C	6 942 222	9 437 193	<b>16 379 415</b>	6 313 087	9 451 456	<b>15 764 543</b>	6 134 392	9 993 892	<b>16 128 284</b>
<b>Total</b>	<b>49 946 470</b>	<b>153 013 003</b>	<b>202 959 473</b>	<b>45 815 498</b>	<b>168 408 594</b>	<b>214 224 092</b>	<b>42 490 984</b>	<b>184 788 803</b>	<b>227 279 787</b>
<b>% of total expenditure</b>									
Category A	46.9%	57.1%	54.6%	44.4%	57.6%	54.8%	44.6%	58.2%	55.7%
Category B	39.2%	36.7%	37.3%	41.8%	36.8%	37.9%	40.9%	36.4%	37.2%
Category C	13.9%	6.2%	8.1%	13.8%	5.6%	7.4%	14.4%	5.4%	7.1%

Source: National Treasury Local Government Database

10. The expenditure budget of the six Metros as a share of the total local government budget in the 2009/10 financial year constitutes 54.6 per cent, whereas local municipalities represent 37.3 per cent. District municipalities represent only 8.1 per cent. The configuration of the shares remains largely constant over the MTREF period.
11. Capital expenditure in aggregate represents 24.6 per cent in 2009/10, 21.4 per cent in 2010/11 and 18.7 per cent in 2011/12 of the overall budget of municipalities.

**Figure 1: Aggregated budgeted expenditure per category, 2009/10 - 2011/12**



***Aggregated Operating and Capital Budget for Metros***

12. The aggregate budgeted expenditure for all Metros over the MTREF period is shown in Table 2a. The total expenditure budget amounts to R110.8 billion in 2009/10, R117.3 billion in 2010/11 and R126.6 billion in 2011/12, reflecting an average annual increase of 6.9 per cent. Spending by metros on capital will decline over the MTREF, partly due to the finalization of 2010 projects and the associated decrease in grant funding and borrowing for these projects. However, operating expenditure will on average increase by 11 per cent per annum. The capital budget of the metros constitutes 46.9 per cent of the total municipal capital budget for 2009/10, but this decreases to 44 per cent in outer two years of the MTREF.
  
13. The table also expresses each Metro’s budget as a percentage of the total expenditure budget of all Metros. The comparison is intended to reflect the size of each metro relative to others but also indicates if there are any changes over the MTREF. As seen in the table, the size of the budget for most metros remains fairly constant.

**Table 2a: Aggregated Operating and Capital expenditure for metros, 2009/10 - 2011/12**

R thousand		2009/10			2010/11			2011/12		
		Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
Nelson Mandela Bay	EC000	2 339 454	5 184 345	<b>7 523 799</b>	1 631 372	5 865 612	<b>7 496 984</b>	1 479 819	6 308 111	<b>7 787 930</b>
Ekurhuleni Metro	GT000	2 382 686	13 181 564	<b>15 564 250</b>	1 828 443	15 078 576	<b>16 907 019</b>	1 888 793	17 164 909	<b>19 053 702</b>
City Of Johannesburg	GT001	3 520 959	22 324 968	<b>25 845 927</b>	4 074 763	24 466 140	<b>28 540 903</b>	3 328 670	26 787 663	<b>30 116 333</b>
City Of Tshwane	GT002	3 547 508	13 948 043	<b>17 495 551</b>	3 623 005	14 604 428	<b>18 227 433</b>	3 172 136	15 622 055	<b>18 794 191</b>
eThekwini	KZ000	5 450 704	15 952 534	<b>21 403 238</b>	4 978 813	17 823 653	<b>22 802 466</b>	4 925 701	19 890 814	<b>24 816 515</b>
Cape Town	WC000	6 202 464	16 764 996	<b>22 967 460</b>	4 203 575	19 161 250	<b>23 364 825</b>	4 164 563	21 830 562	<b>25 995 125</b>
<b>Total</b>		<b>23 443 775</b>	<b>87 356 450</b>	<b>110 800 225</b>	<b>20 339 971</b>	<b>96 999 659</b>	<b>117 339 630</b>	<b>18 959 682</b>	<b>107 604 114</b>	<b>126 563 796</b>
<b>% of total expenditure</b>										
Nelson Mandela Bay		10.0%	5.9%	6.8%	8.0%	6.0%	6.4%	7.8%	5.9%	6.2%
Ekurhuleni Metro		10.2%	15.1%	14.0%	9.0%	15.5%	14.4%	10.0%	16.0%	15.1%
City Of Johannesburg		15.0%	25.6%	23.3%	20.0%	25.2%	24.3%	17.6%	24.9%	23.8%
City Of Tshwane		15.1%	16.0%	15.8%	17.8%	15.1%	15.5%	16.7%	14.5%	14.8%
eThekwini		23.3%	18.3%	19.3%	24.5%	18.4%	19.4%	26.0%	18.5%	19.6%
Cape Town		26.5%	19.2%	20.7%	20.7%	19.8%	19.9%	22.0%	20.3%	20.5%
<b>Per capita spending</b>										
Nelson Mandela Bay		2 326	5 155	7 481	1 622	5 832	7 454	1 471	6 272	7 743
Ekurhuleni Metro		961	5 318	6 279	738	6 083	6 821	762	6 925	7 687
City Of Johannesburg		1 092	6 922	8 013	1 263	7 586	8 849	1 032	8 305	9 338
City Of Tshwane		1 790	7 037	8 826	1 828	7 368	9 195	1 600	7 881	9 481
eThekwini		1 764	5 162	6 926	1 611	5 768	7 379	1 594	6 437	8 031
Cape Town		2 145	5 797	7 941	1 453	6 625	8 078	1 440	7 548	8 988

Source:

National Treasury Local Government Database

StatsSA Census 2001, restated in 2005 for demarcation

14. Operating expenditure by metros accounts for more than half (57.6 per cent) of total municipal operating expenditure over the MTREF.
15. The amount to be generated by metros through the sale of core municipal services is reflected in Table 2b. The majors drivers of revenue in 2009/10 are electricity (R30.9 billion), water (R11.2 billion), refuse removal (R2.9 billion) and sanitation (R2 billion). Over the MTREF, large increases are anticipated for electricity. There are also above average increases of 13 per cent for refuse removal and 10 per cent for water and sanitation.

**Table 2b: Aggregated budgeted operating revenue for metros for functions, 2008/09 - 2010/11**

R thousand	Electricity			Water			Sewerage/Sanitation			Refuse removal		
	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
Nelson Mandela Bay	1 852 194	2 222 613	2 667 113	367 052	412 938	456 399	238 227	263 498	294 806	108 763	117 078	126 061
Ekurhuleni Metro	5 905 429	7 144 165	8 617 980	1 744 864	2 031 128	2 306 166	532 796	609 593	697 620	534 251	610 291	699 504
City Of Johannesburg	6 909 043	8 253 902	9 704 009	4 125 648	4 484 434	4 791 439	-	-	-	885 037	945 090	1 009 120
City Of Tshwane	5 030 220	5 533 242	6 086 566	1 561 424	1 691 666	1 827 897	384 448	415 204	448 101	383 838	414 546	447 710
eThekwini	5 963 635	6 981 554	7 953 781	1 867 880	2 052 635	2 255 672	76 259	83 809	92 106	325 386	357 599	393 001
Cape Town	5 270 275	6 407 977	7 823 447	1 507 653	1 727 710	1 960 897	817 308	872 255	930 696	640 378	825 909	1 016 194
<b>Total expenditure</b>	<b>30 930 796</b>	<b>36 543 453</b>	<b>42 852 896</b>	<b>11 174 521</b>	<b>12 400 511</b>	<b>13 598 470</b>	<b>2 049 038</b>	<b>2 244 359</b>	<b>2 463 329</b>	<b>2 877 653</b>	<b>3 270 513</b>	<b>3 691 590</b>

Source: National Treasury Local Government Database

16. Tables 2c provides information on what metros project to spend on bulk purchases for the electricity and water functions over the MTREF. The amount budgeted for electricity in 2009/10 is R19.9 billion and increases by 46.7 per cent to R29.2 billion in 2011/12. The difference between revenue from electricity in Table 2b and expenditure

on bulk electricity in table 2c is almost entirely accounted for by additional expenditure related to personnel, materials and maintenance expenditures related to the delivery of the electricity service. This means it is incorrect to assume that the difference represents a profit on electricity sales. In reality the profit is quite limited, and has been eroded over time by the need to increase maintenance expenditures and the increased cost of providing free basic electricity.

17. Expenditure on bulk water amounts to R5.3 billion in 2009/10 and increases by 21.6 per cent to R6.5 billion in 2011/12.

**Table 2c: Bulk purchase expenditure for metros for functions, 2009/10 - 2011/12**

R thousand	Electricity			Water		
	2009/10	2010/11	2011/12	2009/10	2010/11	2011/12
Nelson Mandela Bay	1 183 799	1 478 978	1 847 950	50 609	58 103	66 712
Ekurhuleni Metro	3 852 448	4 775 617	5 682 961	1 493 056	1 694 471	1 974 566
City Of Johannesburg	4 830 710	5 960 500	7 323 700	1 778 657	1 888 639	1 992 809
City Of Tshwane	2 793 087	3 072 294	3 379 413	703 590	759 123	819 055
eThekweni	3 733 337	4 519 496	5 252 941	1 007 919	1 080 399	1 188 637
Cape Town	3 540 578	4 513 688	5 752 283	289 579	370 676	431 147
<b>Total expenditure</b>	<b>19 933 959</b>	<b>24 320 573</b>	<b>29 239 248</b>	<b>5 323 410</b>	<b>5 851 411</b>	<b>6 472 926</b>

Source: National Treasury Local Government Database

### *Aggregated Operating and Capital Budget for secondary cities*

18. Table 3 shows the aggregate budgeted expenditure for the secondary cities (top 21 municipalities) over the MTREF period. The total expenditure budget amounts to R34.9 billion in 2009/10, R35.8 billion in 2010/11, and R38.9 billion in 2011/12. Similar to the metro trends, spending on capital by secondary cities over the MTREF is expected to decline, partly due to poor multi-year budgeting practices and insufficient provision for the eradication of backlogs identified. However, operating expenditure is expected to increase by 9.2 per cent in 2010/11 and by 11.5 per cent in 2011/12.
19. Mbombela, Rustenburg and Polokwane are all host cities of the 2010 World Cup. Polokwane projects to spend 51.9 per cent of its total budget in 2009/10 for capital expenditure, followed by Mbombela with 50.7 per cent budgeted expenditure for capital in 2009/10. By contrast Rustenburg has budgeted only 21.1 per cent of its total budget in 2009/10 for capital which could be due to the fact that the stadium has already been completed.

**Table 3: Aggregated Operating and Capital expenditure for secondary cities, 2009/10 - 2011/12**

R thousand	2009/10			2010/11			2011/12		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
<b>Top 21 Municipalities</b>	<b>8 635 374</b>	<b>26 293 057</b>	<b>34 928 431</b>	<b>7 102 740</b>	<b>28 722 567</b>	<b>35 825 307</b>	<b>6 934 757</b>	<b>32 022 035</b>	<b>38 956 792</b>
Buffalo City EC125	1 015 284	2 804 725	<b>3 820 009</b>	520 093	3 189 172	<b>3 709 265</b>	799 340	3 774 441	<b>4 573 781</b>
City Of Matlosana NW403	220 902	1 299 821	<b>1 520 723</b>	146 592	1 366 112	<b>1 512 704</b>	128 110	1 428 953	<b>1 557 063</b>
Drakenstein WC023	262 934	919 945	<b>1 182 879</b>	273 993	1 078 534	<b>1 352 527</b>	287 360	1 227 667	<b>1 515 027</b>
Emalahleni (Mp) MP312	229 397	1 057 138	<b>1 286 535</b>	243 161	1 120 192	<b>1 363 353</b>	262 614	1 209 808	<b>1 472 422</b>
Emfuleni GT421	360 504	1 747 443	<b>2 107 947</b>	358 022	2 103 933	<b>2 461 955</b>	359 444	2 471 483	<b>2 830 927</b>
George WC044	249 080	890 323	<b>1 139 403</b>	258 206	966 577	<b>1 224 783</b>	233 062	1 150 816	<b>1 383 878</b>
Govan Mbeki MP307	108 670	813 377	<b>922 047</b>	135 556	948 579	<b>1 084 135</b>	145 813	1 078 094	<b>1 223 907</b>
Madibeng NW372	263 498	767 382	<b>1 030 880</b>	245 014	814 177	<b>1 059 191</b>	184 889	866 633	<b>1 051 522</b>
Mangaung FS172	841 739	2 619 323	<b>3 461 062</b>	1 039 312	2 813 127	<b>3 852 439</b>	934 757	3 057 462	<b>3 992 219</b>
Matjhabeng FS184	172 232	1 167 018	<b>1 339 250</b>	209 868	1 198 570	<b>1 408 438</b>	240 590	1 311 627	<b>1 552 217</b>
Mbombela MP322	1 034 864	1 007 800	<b>2 042 664</b>	501 499	1 096 365	<b>1 597 864</b>	544 864	1 221 927	<b>1 766 791</b>
Mogale City GT481	179 508	1 230 292	<b>1 409 800</b>	139 826	1 376 368	<b>1 516 194</b>	153 907	1 600 676	<b>1 754 583</b>
Msunduzi KZN225	327 343	2 276 849	<b>2 604 192</b>	322 774	2 383 655	<b>2 706 429</b>	629 241	2 561 760	<b>3 191 001</b>
Newcastle KZN252	167 261	887 646	<b>1 054 907</b>	117 018	989 118	<b>1 106 136</b>	44 626	1 083 706	<b>1 128 332</b>
Polokwane LIM354	1 322 338	1 227 947	<b>2 550 285</b>	645 682	1 100 499	<b>1 746 181</b>	674 968	1 138 234	<b>1 813 202</b>
Potchefstroom NW402	122 464	565 113	<b>687 577</b>	84 434	593 934	<b>678 368</b>	75 643	621 255	<b>696 898</b>
Rustenburg NW373	416 761	1 555 050	<b>1 971 811</b>	870 377	1 730 466	<b>2 600 843</b>	414 780	1 919 530	<b>2 334 310</b>
Sol Plaatje NC091	113 199	942 736	<b>1 055 935</b>	66 657	1 032 568	<b>1 099 225</b>	65 290	1 139 626	<b>1 204 916</b>
Stellenbosch WC024	269 217	648 662	<b>917 879</b>	238 770	728 016	<b>966 786</b>	201 137	799 934	<b>1 001 071</b>
Steve Tshwete MP313	368 084	576 743	<b>944 827</b>	280 698	643 325	<b>924 023</b>	232 780	710 730	<b>943 510</b>
uMhlathuze KZN282	590 095	1 287 724	<b>1 877 819</b>	405 188	1 449 280	<b>1 854 468</b>	321 542	1 647 673	<b>1 969 215</b>

Source: National Treasury Local Government Database

20. Municipalities with the lowest proportion of capital budget to total budget are Sol Plaatje, Msunduzi, Mogale City, Matjhabeng, and Govan Mbeki – all with percentages below 13 per cent. It should be noted that for 2009/10 the average percentage capital budget to total budget for secondary cities was 24.7 per cent compared to the metros at 21.2 per cent. Note that metros tend to deliver a wider range of services with higher levels of operational expenditure e.g. health and police. Over the medium term both the capital and operating budgets of the secondary cities show some stability with slight growths in the operating budgets in the 2010/11 year and 2011/12 years, while the capital budgets decrease.

### *Aggregated Operating and Capital Budgets per Province*

21. Table 4 shows the budgeted aggregated expenditure for all municipalities, analysed per province over the MTREF period. KwaZulu-Natal with 61 municipalities including 1 metro and 3 secondary cities, has the highest capital budget at 21.5 per cent of the total capital budget. Gauteng with 14 municipalities including 3 metros, contributes 20.9 per cent and the Western Cape with 30 municipalities including 1 metro and 3 secondary cities, contribute 17 per cent of the total capital budget. It should be noted that the Eastern Cape which has a high number of municipalities which are mainly rural and only 1 metro, also has the fourth highest capital budget which seems to indicate plans for significant infrastructure development in this area.

**Table 4: Aggregated Operating and Capital expenditure for provinces, 2009/10 - 2011/12**

	2009/10			2010/11			2011/12		
	Capital	Operating	Total	Capital	Operating	Total	Capital	Operating	Total
<b>R thousand</b>									
Eastern Cape	6 247 691	13 834 521	<b>20 082 212</b>	4 803 514	15 032 995	<b>19 836 509</b>	4 805 225	16 452 963	<b>21 258 188</b>
Free State	2 065 170	7 785 104	<b>9 850 274</b>	2 380 578	8 247 081	<b>10 627 659</b>	2 247 685	8 870 354	<b>11 118 039</b>
Gauteng	10 460 417	54 997 274	<b>65 457 691</b>	10 621 903	60 372 538	<b>70 994 441</b>	9 419 196	66 612 516	<b>76 031 712</b>
KwaZulu-Natal	10 749 559	27 421 500	<b>38 171 059</b>	9 063 764	30 051 456	<b>39 115 220</b>	9 297 247	33 110 070	<b>42 407 317</b>
Limpopo	4 833 767	6 475 846	<b>11 309 613</b>	3 904 569	6 547 647	<b>10 452 216</b>	4 055 086	7 020 355	<b>11 075 441</b>
Mpumalanga	3 323 424	6 543 788	<b>9 867 212</b>	3 435 146	7 101 058	<b>10 536 204</b>	2 808 025	7 906 285	<b>10 714 310</b>
Northern Cape	861 304	3 217 444	<b>4 078 748</b>	749 675	2 986 156	<b>3 735 831</b>	724 074	3 219 588	<b>3 943 662</b>
North West	2 923 357	7 541 770	<b>10 465 127</b>	4 424 942	9 668 329	<b>14 093 271</b>	2 948 497	9 400 654	<b>12 349 151</b>
Western Cape	8 481 781	25 195 756	<b>33 677 537</b>	6 431 407	28 401 333	<b>34 832 740</b>	6 185 949	32 196 018	<b>38 381 967</b>
<b>Total</b>	<b>49 946 470</b>	<b>153 013 003</b>	<b>202 959 473</b>	<b>45 815 498</b>	<b>168 408 593</b>	<b>214 224 091</b>	<b>42 490 984</b>	<b>184 788 803</b>	<b>227 279 787</b>
<b>Per capita spending</b>									
Eastern Cape	995	2 203	3 198	765	2394	3159	765	2 620	3 386
Free State	763	2 876	3 639	879	3047	3926	830	3 277	4 107
Gauteng	1 140	5 995	7 136	1158	6581	7739	1 027	7 262	8 289
KwaZulu-Natal	1 122	2 861	3 983	946	3136	4081	970	3 455	4 425
Limpopo	1 042	1 396	2 437	841	1411	2252	874	1 513	2 387
Mpumalanga	987	1 944	2 932	1021	2110	3130	834	2 349	3 183
Northern Cape	868	3 244	4 112	756	3010	3766	730	3 246	3 976
North West	915	2 361	3 277	1386	3027	4413	923	2 944	3 867
Western Cape	1 875	5 569	7 444	1422	6277	7699	1 367	7 116	8 483
<b>Total</b>	<b>1 123</b>	<b>3 442</b>	<b>4 565</b>	<b>1031</b>	<b>3788</b>	<b>4818</b>	<b>956</b>	<b>4 156</b>	<b>5 112</b>

Source:

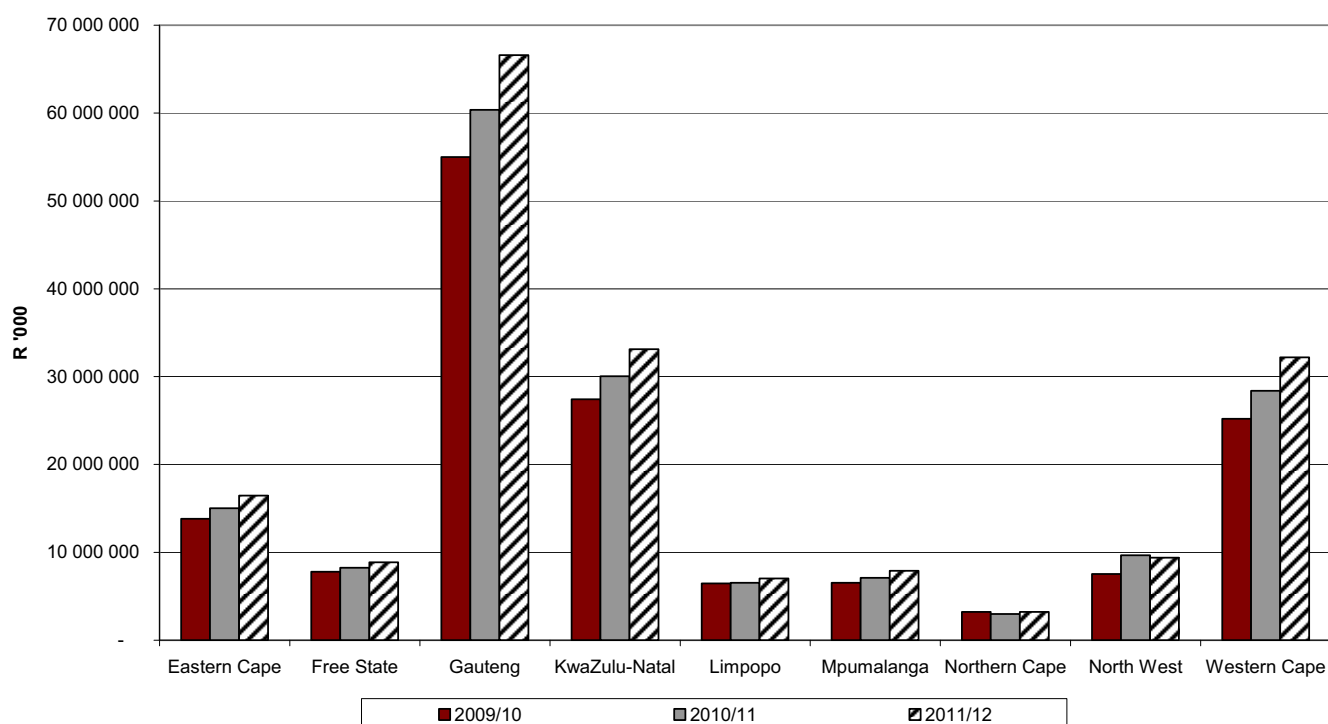
National Treasury Local Government Database

StatsSA Census 2001, restated in 2005 for demarcation

22. Only two provinces have per capita spending above the national average of R4 565 in 2009/10, namely Western Cape at R7 444 per capita and Gauteng at R7 136 per capita. Both these provinces are significantly above the national average – probably due to the fact that both are home to a significant proportion of the country’s economic activity – which tends to increase spending on traded items like electricity and water.
23. The lowest level of per capita spending is in Limpopo, at just R2 437 per capita in 2009/10. No improvement compared to a similar position last year.
24. Free State shows the lowest level of per capita spending on capital in 2009/10, though its relative position changes significantly in 2010/11 – where Northern Cape shows the lowest level of per capita spending on capital.



**Figure 3: Total operating and capital expenditure per province, 2009/10 - 2011/12**



### *Aggregated Budgeted Repairs and Maintenance*

25. Table 5 shows the aggregated budgeted expenditure for repairs and maintenance by category of municipalities, and for the six metros.
26. The average share of the funds allocated for repairs and maintenance as a percentage of the total adopted budget, ranges between 4.7 per cent to 4.9 per cent over the 2009 MTREF period and appears to be very conservative. Of particular concern is the amount allocated by the City of Johannesburg.

### **5. Budgeted repairs and maintenance per category of municipality, 2009/10 - 2011/12**

	Total adopted budget 2009/10	Repairs & maintenance	% of adopted budget	Total adopted budget 2010/11	Repairs & maintenance	% of adopted budget	Total adopted budget 2011/12	Repairs & maintenance	% of adopted budget
<b>Rand thousand</b>									
Category A (Metro)	115 346 805	5 996 872	5.2%	122 706 597	6 406 047	5.2%	132 762 247	6 923 317	5.2%
Category B (Local)	78 728 137	3 323 455	4.2%	85 223 024	3 670 636	4.3%	89 123 405	4 130 881	4.6%
Category C (District)	18 195 968	732 219	4.0%	17 404 866	677 405	3.9%	17 797 797	704 264	4.0%
<b>Total</b>	<b>212 270 910</b>	<b>10 052 546</b>	<b>4.7%</b>	<b>225 334 487</b>	<b>10 754 088</b>	<b>4.8%</b>	<b>239 683 449</b>	<b>11 758 462</b>	<b>4.9%</b>
<i>Metros</i>									
Nelson Mandela Bay	7 523 799	449 638	6.0%	7 496 984	469 708	6.3%	7 787 930	514 974	6.6%
Ekurhuleni Metro	15 564 250	-	0.0%	16 907 019	-	0.0%	19 053 702	-	0.0%
City Of Johannesburg	25 845 927	469 513	1.8%	28 540 903	509 973	1.8%	30 116 333	544 861	1.8%
City Of Tshwane	17 495 551	1 609 287	9.2%	18 227 433	1 722 247	9.4%	18 794 191	1 843 460	9.8%
eThekweni	21 403 238	1 949 500	9.1%	22 802 466	2 068 579	9.1%	24 816 515	2 256 557	9.1%
Cape Town	22 967 460	1 518 934	6.6%	23 364 825	1 635 540	7.0%	25 995 125	1 763 465	6.8%
<b>Total</b>	<b>110 800 225</b>	<b>5 996 872</b>	<b>5.4%</b>	<b>117 339 630</b>	<b>6 406 047</b>	<b>5.5%</b>	<b>126 563 796</b>	<b>6 923 317</b>	<b>5.5%</b>

Source: National Treasury Local Government Database

27. In addition, compared to last year's publication the National Treasury has further introduced five additional sets of information to enrich this publication. They are listed below:

- Summary of expenditure per function – Annexure I;
- Summary of large expenditure items – Annexure J;
- Average tariff increases – Annexure K;
- Budgeted wage increases – Annexure L;
- A set of ratios based on the municipal budgets for 2009/10 – Annexure M;
- Audited results for 2007/08 – Annexure N;
- Audited results for 2006/07 – Annexure O; and
- Schedule A1 of the municipalities that attempted to comply with the new Municipal Budget and Reporting Regulations – Annexure P.

**Conclusion:**

28. The above summary provides an aggregate view of municipal budgets for the 2009/10 financial year and over the medium term period.
29. Further information on individual municipalities is contained in the supporting schedules that form part of this publication and are published on the National Treasury website.

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