

CFO Forum: Western Cape Province

Budget Reforms - *Successes and Challenges*

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Department:
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REPUBLIC OF SOUTH AFRICA

Background

- The Municipal Budget and Reporting Regulations with the supporting tables, were promulgated on 17 April 2009.
- All municipalities were required to conform to the new budget formats by completing and submitting their 2011/12 MTREF budgets in the prescribed formats (schedule A). For in-year reporting purposes the prescribed formats are (schedule C).
- Budgeting is improving, only 6 municipalities (as apposed to 11 the previous year) did not conform to this new legislative requirement.
- Coverage of 276 municipalities was obtained for the first quarter section 71 publication. Two municipalities did not submit Section 71 reports, namely: LIM331 Greater Giyane and MP321 Thaba Chweu.

Budget reform successes

- The roll-out of the Municipal Budget and Reporting Regulations municipalities is improving the quality of information available on municipal budgets.
- In-year reporting has become a routine for all municipalities.
- Seventy three percent of municipalities in the Western Cape passed the 2011/12 MTREF budget funding compliance test.
- Significant improvement in the number of verified municipal budgets during 2011/12 MTREF period. In the Western Cape, 21 municipalities were verified.

Benchmark exercise funding outcome in 2011/12 - WC

Municipality	Outcome	Municipality	Outcome
Cape Town	✓	Cape Agulhas	✗
Matzikama	✓	Swellendam	✗
Cederberg	✓	Overberg	✗
Bergrivier	✓	Kannaland	✗
Saldanha Bay	✗	Hessequa	✓
Swartland	✓	Mossel Bay	✓
West Coast	✓	George	✓
Witzenberg	✗	Oudtshoorn	✓
Drakenstein	✓	Bitou	✓
Stellenbosch	✓	Knysna	✓
Breede Valley	✗	Eden	✓
Langeberg	✓	Laingsburg	✗
Cape Winelands DM	✓	Prince Albert	✓
Theewaterskloof	✓	Beaufort West	✓
Overstrand	✓	Central Karoo	✓
Funded budgets = 22, Unfunded budgets = 8			

Budget verification exercise outcome in 2011/12 - WC

Western Cape – 21 Municipalities

CPT	Cape Town	WC032	Overstrand
DC2	Cape Winelands	WC034	Swellendam
DC3	Overberg	WC042	Hessequa
WC011	Matzikama	WC043	Mossel Bay
WC012	Cederberg	WC044	George
WC013	Bergrivier	WC045	Oudtshoorn
WC015	Swartland	WC047	Bitou
WC022	Witzenberg	WC048	Knysna
WC023	Drakenstein	WC051	Laingsburg
WC024	Stellenbosch	WC053	Beaufort West
WC031	Theewaterskloof		

Which areas are we still grappling with?

BUDGET REFORM CHALLENGES

Schedule A1 viewed as a by-product

- A1 to be used as a decision making tool.
- Municipalities should consider customizing their budget management policies in line with the regulations.

Limited narrative information

- Narrative information in the budget document is still lacking in a number of municipalities.

Funding compliance test

- Some municipalities are still battling with the compilation of credible budgets and do not understand the concept of multi-year budgeting.
- Only 123 municipalities had funded budgets in 2010/11 financial year. However in 2011/12, 21 municipal budgets were funded.

Basic service delivery information

- The quality of information produced on cost of free basic services has to be refined. The total social package cannot be determined in some municipalities.

GRAP 17

- A number of inconsistencies were uncovered on budgeting for depreciation specifically with the determination of the value of depreciation and property, plant and equipment.
- The next budget circular will address these challenges.

Envisaged amendments on budget formats

- Asset management information tables.
- Cash back reserves and accumulated surplus reconciliation tables.
- Basic service delivery measurement information.

THANK YOU



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