

## Draft budget of the City of Banja Luka for 2014:

### BUDGET MORE AND MORE ADMINISTRATIVE, AND LESS AND LESS DEVELOPMENTAL

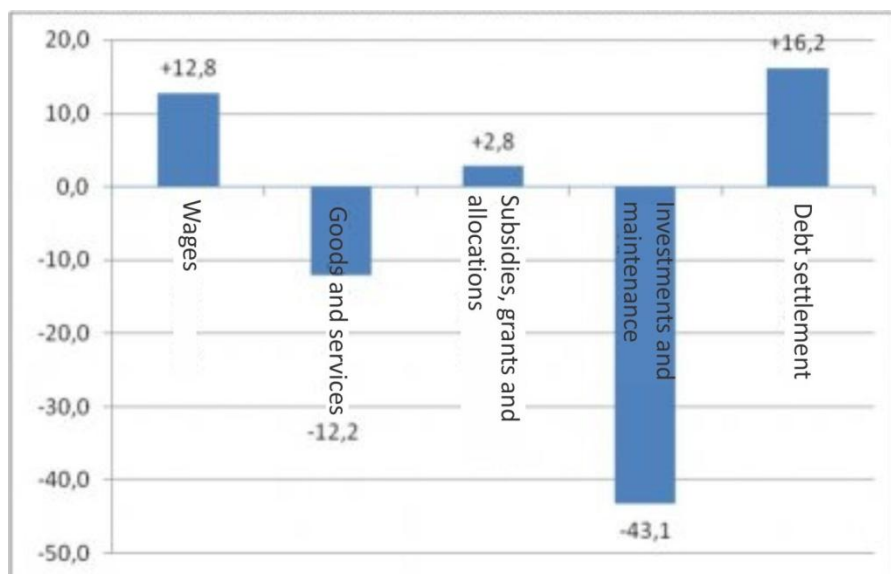
Since public discussion on 2014 draft budget of the city of Banja Luka is in progress, we wish to point out the problem of extremely unfavorable structure of budget expenditure planned by this draft budget.

One of the biggest problems is the unsustainably high participation of the expense for wages of the administration, which will, in 2014, reach 29% of the whole budget expenditure, or 26.8 million BAM.

Thereby, budget of the City of Banja Luka is becoming increasingly administrative, and less and less developmental. This is best confirmed by comparing the 2007 budget and draft budget for 2014.

#### *Comparison of some items of budget expenditure of the City of Banja Luka (2007 and draft 2014)*

	2007	2014 draft		2007	2014 draft
	<i>In millions BAM</i>			<i>Structure in %</i>	
Wages	24,0	36,8		17%	29%
Goods and services	40,5	28,3		28%	22%
Subsidies, grants and allocations	16,6	19,4		12%	15%
Investments and maintenance	59,1	16,0		41%	13%
Debt settlement	0,9	17,0		1%	13%
Other	3,4	9,4		2%	7%
<b>Total budget expenditure</b>	<b>144,5</b>	<b>126,9</b>		<b>100%</b>	<b>100%</b>



**Changes in budget items between the budget from 2007 and draft budget for 2014 (in mil. BAM)**

From 2007 to 2014 allocations for wages have increased by 12.8 million BAM, so their share in total budget expenditure has increased from 17% to entire 29%.

On the other hand, expenses for investments have plummeted. In comparison with 2007 that fall equals to 43 million BAM. Thereby, investments participation in the budget has decreased from 41% to 13%.

Furthermore, in a period of crisis, when revenues of the City have fallen significantly, worryingly high growth of allocations for wages has occurred. It is not known how much has this been the result of increasing wages and other personal incomes, and to which extent has it the resulted from increased employment, because overall data on the number of employees in the administrative service and all other budgetary users of the City are currently not presented in official reports or on website of the City.

It should not be forgotten that the City is in charge of the following public companies and institutions: ODJKP "Gradsko groblje" (City Cemetery), JP "DEP-OT Regionalna deponija" (Regional waste disposal yard), JP "Akvana" (Aquana – a swimming pool complex), "Toplana" (Heating utility), "Vodovod a.d." (Water supply), "Čistoća" a.d.(Public cleanliness), JZU "Dom zdravlja"(Public hospital) and JU "Radnički univerzitet" Banja Luka (Worker university). The issue of the number of employees in these companies is also important, because some of these are not financially sustainable, so significant funds are allocated from the City budget ("Toplana", for example).

Positive example in the draft budget for 2014 is the decrease of allocations for goods and services in relation to 2007 of 12.2 million BAM.

Detailed analysis of the budgeting in the City of Banja Luka can be found in the document "Analysis of budget policy and budget of the City of Banja Luka – from the aspect of citizen participation", made by Center for Research and Studies GEA for the needs of "Re:action – Citizens initiative for Banja Luka", which is available in local language at [www.gea.ba](http://www.gea.ba).