

4 June 2024

BUDGET SPEECH 2024

Cllr Jacqui Uys
MMC for Finance

Greetings and acknowledgements

Honourable Speaker
Executive Mayor
Honourable Chief Kekana and his entourage
Honourable Chief Mahlangu and his entourage
Chief Whip of Council
Members of the Mayoral Committee
Leaders of all political parties represented in Council
Honourable aldermen and councillors
Distinguished guests
City Manager
Officials of the City of Tshwane
Members of the media
And, most importantly, our Tshwane residents

A warm welcome to you all and thank you for joining us today.

Honourable Speaker, while it is a great honour to have the opportunity to deliver a budget speech, it remains a greater responsibility to compile a budget that speaks to the needs of the residents of this great capital city.

It is said that no one really cares for the functions of local government until it is no longer there.

It is the water in your taps, the electricity in your home, a clean, well-lit and well-maintained road and waste that is collected on time.

These are not glamorous ribbon-cutting projects or ego-driven projects to build a personal legacy, but it is where local government needs to spend public funds if we want to meet the needs of our society.

And it is on this mandate that a local government must focus. Gone should be the days where local government is expected to compensate for the failures of other spheres of government by using local public funds to augment national and provincial mandates.

With this as our focus, the Executive Mayor and the Mayoral Committee had to disrupt the usual budget-formulation process to reassess how the City finds the balance between the needs of residents with the current financial situation of the City.

This process started in November last year when the Mayoral Committee embarked on a strategic planning process and three strategic documents in the form of Mayoral Charters were produced:

1. A charter to stabilise the City's finances and rebuild the tax administration
2. A charter to improve energy independence and ensure sustainable water and electricity supply
3. A charter to ensure quality urban management and secure our assets

Once these were agreed to a budget was formulated that speaks to these charters and ensures that funding is made available to execute the objectives set out therein.

Honourable Speaker, this budget does not promise a utopia, but establishes a strong building block in our ongoing efforts to turn the City's financial position around. It aims to build on our successes of the recent past, which I would like to reflect on for a moment.

During the 2022/23 financial year, the City improved its audit outcomes from that of an adverse opinion to a qualified audit outcome. We managed to clear two of the three adverse audit findings identified by the Auditor-General, and we now focus on clearing the third relating to property, plant and equipment.

At the same time, Moody's Ratings changed the City's financial outlook to stable, while Ratings Afrika found that the City of Tshwane achieved the best improvement in financial sustainability of all metros in 2023.

This trajectory is the outcome of the current political leadership's commitment to clean governance with a strong focus on our oversight role.

Capital city rescue budget

Honourable Speaker and Executive Mayor, we have completed the Integrated Development Plan and budget public consultation process, where our residents were given the opportunity to express their service delivery concerns. Many have also taken their concerns to various social media channels.

To our residents we say: We have seen your comments, we feel your frustration and this budget was drafted to address service delivery issues that matter the most to our residents. These include public lighting, a stable power supply, reducing water leaks and protecting core infrastructure.

In formulating this budget, we have ensured that it is based on a financially sound plan that will stabilise the City's finances while prioritising service delivery for all.

In this regard, the 2024/25 budget is geared towards stabilising City finances by rendering core municipal services within the City's financial limits.

Honourable Speaker, the City is tabling a total budget of **R50,6 billion**, comprising an operating budget of **R48,3 billion** and a capital infrastructure investment budget of **R2,3 billion** for the **2024/25** financial year.

Rates and tariffs

Our proposed increases in rates and tariffs, when compared to other metros are the most reasonable. We understand the current difficult economic climate and pressures our residents are faced with to make ends meet, therefore, we have worked hard to keep rates and tariff increases within our control as low as possible.

Our tariff increases are in line with inflation and are as follows:

- **5,9%** for water and sanitation
- **5%** for refuse removal
- **5%** for property rates

Outside our control is the increase imposed on us by our bulk electricity supplier Eskom, leading to a **12%** electricity increase.

As part of our efforts to support and offer social relief to our residents, all residential properties are not charged any property rates for the first **R150 000** of the value of the property.

Furthermore, registered indigent households pay no property rates and continue to benefit from various social relief packages offered by the City.

Our metro has one of the most generous baskets of free basic service packages to provide much-needed relief to the poorest of the poor. This includes 100 kWh of electricity per month and 12 kℓ of water per month, as well as free weekly waste collection. These are double the provisions suggested by the national government.

With this budget we have also taken the policy decision to extend our pensioners rebate to be in place for three years without requiring our elderly residents to apply every year.

Revenue enhancement and financial rescue

Honourable Speaker, as indicated earlier, one of our core priorities is to stabilise the City's finances, and this can only be achieved by capacitating our revenue collection work streams to support the Tshwane Ya Tima campaign.

A project management office has been established to take charge of each aspect of the City's revenue value chain. This includes rolling out prepaid electricity meters, dispatching bills, speedily resolving disputes, as well as implementing credit control and debt collection measures, such as issuing summons against debtors.

We have already issued almost **40 000 letters of demand** to defaulting consumers who run up high service bills and fail to pay the City.

We thank those who have been paying their bills on time and in full, and we call on those who have not to make payment arrangements or apply to the Affordability Committee for debt relief.

This is what our **Tshwane Ya Tima** campaign is about: Ensuring that we stop the pervasive culture of non-payment of services rendered.

As we continue to implement our credit control measures, we have encountered increasing cases of electricity theft through illegal connections. Honourable Speaker, it is important that the public is aware that electricity theft is a crime and that all forms of illegal connections are a criminal offence.

This is not a faceless crime. Electricity theft costs the City tens of millions in lost revenue per year. This is stealing much-needed revenue from the City and denying fellow residents enhanced service delivery.

To combat this, we will continue to work with communities and law enforcement to arrest offenders and impose hefty penalties.

Honourable Speaker and Executive Mayor, a successful debt-collection function together with a vigorous illegal disconnection drive are key to the financial rescue of the City. For the upcoming financial year, we have made the following allocations to fully capacitate our revenue-collection operations:

- Prepaid electricity meter roll-out to address undermetering: **R75 million**
- Debt collection
 - **R52,1 million** for meter readers
 - **R54,6 million** for debt collections
 - **R49,5 million** for cash collection fees
- Credit control operations: **R91,9 million**
- Electricity losses (management): **R20 million**
- Tendering bills on WhatsApp and USSD: **R3 million**
- Revenue Management War Room: **R2 million**
- New electricity connections: **R2 million**
- Water conservation: **R60 million**
- Water leak repairs and water losses: **R50,2 million**

This budget allocates **R75 million** to upgrade the prepaid token identity system in order to be ready for the November 2024 deadline and to ensure that our prepaid meters continue to function.

Energy and electricity supply

Honourable Speaker, provision of a reliable electricity supply is one of our coalition government's key deliverables. Therefore, it is important that we prioritise critical infrastructure maintenance and refurbishment to reduce unscheduled outages and drive economic growth within Tshwane.

During his State of the Capital Address a month ago, the Executive Mayor made it clear that we should not normalise substation fires and that we should commit resources to prevent this. In response to those concerns, this budget allocates **R20 million** to battery surge protection at substations.

We are also allocating **R177 million** towards electricity network maintenance materials, of which **R20 million** is ringfenced to reroute feeder cables to the Rua Vista and Doornpoort supply areas to prevent continuous outages.

A total of **R1 million** has been dedicated to the Gomsand and Claudius Substations for repairs to cabling in the substation yards and to stabilise the electricity supply in those areas.

A further **R54 million** is allocated to strengthening the 11 kV cable network, with focus areas like panels in secondary substations, network upgrades and strengthening overhead networks. Specific focus will be on installing new feeder cables between Eerste Fabrieke Substation and Nellmapius Substation to relieve additional capacity to support the Tshwane Automotive Special Economic Zone developments in Waltloo.

Optimally functioning substations are the foundation of a reliable electricity supply and we have allocated **R179 million** to upgrading the following:

- Kentron Substation: **R38 million**
- Soshanguve Powerline Project: **R60 million**
- Wapadrand Substation: **R30 million**
- Monavoni Substation: **R31 million**
- Mooikloof Substation: **R15 million**
- Pyramid Substation: **R25 million**
- Rosslyn Substation: **R13 million**
- Kwagga Infeed Station: **R5 million**

In instances where power outages do occur, we have allocated funds to speed up repair times as follows:

- **R5 million** to trunked radio communication
- **R5 million** to fault reporting and dispatching
- **R25 million** to replacing test equipment

Honourable Speaker, alongside investing in our already existing electricity infrastructure, the City is making progress in our quest to reduce our reliance on Eskom.

The Mayoral Energy Task team is leading the City's efforts to lease out the Pretoria West and Rooiwal Power Stations to the private sector. The task team is also engaging independent power producers for expertise and guidance on generating alternative green energy. These two processes are aiming for a combined target of **1 000 MW** of energy from mixed independent sources by 2026.

To do its job effectively, the Energy Task Team has a budget allocation of **R50 million**. This is significant to ensure that we drive our agenda of energy independence.

Enhancing core basic service delivery

Honourable Speaker, it is important that our City's ratepayers must see value for their money through visible service delivery.

This is what the Mayoral Urban Management Plan seeks to achieve by identifying key routes, open spaces and areas for a concentration of visible services, such as maintaining street lights, patching potholes, fixing water leaks and attending to many other everyday matters.

Public lighting for one is a very important issue with our residents as functioning street lights provide a sense of safety and security for communities. Furthermore, when street lights are on at night it represents a city that is alive and working. For these reasons, we have allocated **R24,5 million** for the Tshwane Public Lighting Programme to install new street lights and made a commitment to use 30% of this to replace current infrastructure with solar solutions to overcome vandalism and reduce costs on electricity purchases.

Other key allocations include the following:

- Repair water leaks and reduce non-revenue water losses: **R78 million**
- Conduct road maintenance and fix potholes: **R50,8 million**
- Maintain the sewerage network: **R34 million** (of which **R6,8 million** will be dedicated to Region 1 (MAWIGA))
- Centurion Lake (maintenance): **R7,6 million**
- Rehabilitate sinkholes: **R15,4 million**

This budget also allocates R2 million towards herbicide and deweeding roadsides, and funds have been allocated to purchase machinery and fill critical vacancies in grass-cutting departments.

Honourable Speaker, the budget allocation alone is not enough to cover every corner of this city and a large part of our success in delivering visible services will be informed by our ability to plan strategically by prioritising the needs of our residents.

Water and sanitation

Honourable Speaker, we are committing significant resources towards ensuring that we provide our residents with clean, potable water. Our Water and Sanitation Department is allocated approximately **R536 million** for the 2024/25 financial year. Key projects include the following.

- Keeping our promise to Hammanskraal residents through the Rooiwal Waste Water Treatment Works Phase 1 upgrade: **R150 million**. This project is managed by the Development Bank of Southern Africa. The first R150 million was already paid over to them and a further R150 million will be prioritised in this budget.
- Upgrading Sunderland Ridge Waste Water Treatment Works: **R84 million**
- Replacing worn-out water network pipes: **R66 million**
- Providing sewer reticulation at Ekangala: **R42 million**
- Constructing Parkmore Reservoir: **R30 million**
- Replacing worn-out water pipes: **R39,5 million**
- Refurbishing and upgrading Bronkhorstspuit Water Treatment Plant: **R11 million** with an additional **R4 million** operational expenditure to purchase new pumps for the current plant

Honourable Speaker and Executive Mayor, when we speak of our commitment to the Mayoral charter of ensuring sustainable water and electricity supply, it is not just political talk, we mean business. We care about the provision of potable water and uninterrupted power supply to our residents.

As such, we have ensured that we allocate about **49%** of the capital budget towards the prioritisation of the electrical grid and water infrastructure in Tshwane. This allocation is approximately **R1,1 billion** of the capital budget, which speaks to our commitment to water and electricity issues.

Quality roads for all

Ensuring safe road conditions remains a core function of any municipality and is a paramount objective for this administration. To demonstrate this, the Executive Mayor recently launched major road rehabilitation and resurfacing projects across Tshwane.

A great deal of work is being done to improve the lifespan and quality of roads in areas such as Mamelodi, Ga-Rankuwa, Lynnwood and other areas. In this coming budget we have allocated the following:

- Bus Rapid Transit transport infrastructure: **R218 million**
- Rehabilitation of roads: **R30 million**
- Internal roads: Northern areas: **R20 million**
- Services for township developments: **R40 million**

- Flooding backlogs: **R102 million**
- Upgrading of road from gravel to tar in Ekangala (Ward 102, 103, 104 and 105): **R22,5 million**

Keeping our city clean

Honourable Speaker, the Environment and Agriculture Management Department plays a crucial role in Tshwane by providing efficient waste management services, protecting natural resources and supporting smallholder farmers.

To carry out its mandate, the department has been allocated **R2,079 billion** in the budget for the 2024/25 financial year.

- **R567,8 million** has been allocated for household refuse removal services.
- **R111,2 million** will go towards clearing illegal dumping and **R30,8 million** will go to renting specialised equipment to assist in this endeavour.
- **R262,7 million** will go to nature conservation and resorts for the maintenance and management of the different reserves and resorts, and taking care of the animals.
- **R2,3 million** is earmarked for initiatives aimed at environmental preservation and the removal of invasive plant species.
- **R660 000** is allocated towards various agricultural initiatives to support agricultural development, promote food security and enhance the livelihoods of farmers within Tshwane.

Community safety

The Community Safety Cluster is made up of the Emergency Services Department and the Tshwane Metro Police Department and plays a very important role in preventing illegal dumping and cable theft, and supporting the objectives of the various mayoral charters. As such, it has been allocated a combined budget of **R4,5 billion** for the 2024/25 financial year.

This allocation will help to enhance safety and drive quality emergency services to our residents.

R3,416 billion will go towards the Tshwane Metro Police Department to empower our law enforcement officers to fulfil their critical mandate, which includes road policing, by-law enforcement and crime prevention. **R3 million** of this allocation will go towards a pilot project to implement smart security services to protect our assets.

R1,038 billion will go towards the Emergency Services Department to continue rendering lifesaving services and to strengthen the department's capacity to effectively respond to emergencies.

The budget will be used for disaster management operations and key deliverables such as 24/7 emergency response services and fire safety inspections.

Supporting the vulnerable

Honourable Speaker, through our Community and Social Development Services Department, the City is committed to supporting poor and vulnerable persons within our communities.

Some of the programmes include the Tshwane Food Bank which supports more than **15 000 families** and **24 non-governmental organisations** annually. The Food Bank has an allocation of **R5,6 million** to continue its important work.

The department is also committed to assist in the fight against unemployment with an allocation of **R18,5 million** towards Expanded Public Works Programme initiatives.

Other support services include **R2,5 million** for early childhood development centres.

Indigent registrations

We are a City that cares for the poor.

Provision has been made to fill critical vacancies and appoint more social workers to fast-track applications to the City's Indigent Programme.

We have a total of 143 464 registered indigents in Tshwane who receive free basic services of 100 kWh of electricity, 12 kℓ of water and free waste collection and property rates.

The cost of the free services to the City is calculated at R1,6 billion per year, making it one of the most generous baskets of free services to the poor.

Providing sustainable housing solutions

Honourable Speaker and Executive Mayor, through our Human Settlements Department, the City has been able to provide housing opportunities, relocate beneficiaries and distribute title deeds to beneficiaries. For this financial year, the department has a combined operational and capital budget of **R1,1 billion**. This allocation will help to continue its work in providing sustainable, quality, liveable housing opportunities.

- A total of **R32 million** will be allocated for township establishment during 2024/25.
- **R55 million** will be made available for the relocation of beneficiaries to permanent stands.

- The City will further allocate a total of **R57 million** for the provision of rudimentary sanitation services to informal settlements.
- **R270 million** will go to the provision of rudimentary water services in informal settlements (water tankers).
- To restore dignity to residents, **R248 503 169** allocated to the Human Settlements Department will be used for the provision of water and sanitation, and construction of roads and storm water, which will be prioritised in the old townships of Mamelodi, Soshanguve, Olievenhoutbosch, Zithobeni, Refilwe, Mabopane, Ga-Rankuwa and Winterveld.
- Following the success of Townlands, the City is now investing in another social housing project in Chantelle **with a capital budget allocation of R98,4 million.**

A healthy and vibrant city

Honourable Speaker, the City manages 24 primary healthcare clinics, all of which are rated at platinum status.

These clinics offer a comprehensive package of health services to prevent disease, promote health and provide curative care. Overall, the objective is to reduce ill health and mortality.

It is on this note that the Health Department has been allocated **R559 million** in the upcoming financial year to give expression to the strategic priority of creating a healthy and vibrant city.

A total of **R104 million** will go towards the Municipal Health Services Section to enforce health and safety compliance and ensure a clean, healthy and safe environment for all.

- **R41 million** will go towards HIV and AIDS management and prevention programmes (**R26 million** is from grant funding)
- **R37 million** will go towards pharmaceutical services to stock medicine
- **R30 million** will go towards anti-substance and drug abuse programmes
- **R17,5 million** will go towards the new Lusaka Clinic in Mamelodi
- **R55 million** will go towards filling critical vacancies

Driving internal performance

Honourable Speaker, for the City to perform optimally it is important to drive good governance from within the organisation. This includes driving a culture of high performance and innovation with a customer-centric approach to service delivery.

Our Shared Services Department is leading the charge by shaping up the metro for the future with a combined operational and capital budget of over **R3,5 billion.**

Two of the most critical support tools are ICT and vehicles. A total of **R40 million** has been allocated to buy our own vehicles so that the City can reduce the amount spent on leased vehicles, which is budgeted at **R255 million**.

Moving to ICT, an allocation of **R120 million** will go to vital ICT infrastructure, which includes rolling out the latest SAP systems to digitise and automate the entire supply chain management value system. This will make procurement more efficient and eliminate corruption opportunities.

Moving to another key department, Group Property will receive **R1,024 billion** to focus on the management and maintenance of our core buildings that house City employees.

Currently, rental costs remain high at a projected rate of R120 million, however, the City's Office Optimisation Strategy is slowly reducing this figure.

In the next financial year, we aim to make savings of over R10 million through the renovation of the Midtown Building.

No organisation can survive without investing in its people, and Group Human Capital Management has been allocated **R553 million**, with **R7,8 million** going to training and development and **R4,2 million** going to bursaries.

Salary increases

The 2024/25 financial year budget makes provision for salary increments of **5,1%** for employees and **5%** for councillors. The proposed increases are reasonable and in line with inflation targets.

We have had difficult years of no increments and this will offer a little bit of relief to all. The City values its workforce. We have hard-working officials in this City who are worth every cent they earn.

Despite making provision for salary increments, the City remains in a financially challenging position. Therefore, all employees should continue working to help with the financial rescue of the City.

Funding Plan

It is important to note that this budget still carries a R4 billion budgetary deficit from previous years, brought on by when the City was illegally placed under administration. And while this did not happen under our watch, it is the commitment of the political leadership to overcome this and bring the City back to financial health.

Therefore, we have a funding plan that accompanies this budget to improve income and curb expenditure in the outer years of this Medium-term Revenue and Expenditure Framework, which includes the following:

- A plan to reduce reliance on contracted services, specifically on water tanks, waste collection, watchmen services and cleaning services, and to build in-house capacity in these areas
- A plan to introduce waste transfer stations in suburbs to curb illegal dumping and the costs related to clearing illegal dumping sites
- A plan to sweat the non-strategic assets of the City

Conclusion

As I conclude, Honourable Speaker, the task before us is not an easy one. Governing a large and complex metro like Tshwane is indeed challenging, which is exacerbated when one works with limited financial resources. However, despite these circumstances, we still have a duty to give our best effort.

Both political and administrative arms must now work together to restore the hope of Tshwane residents through quality service delivery guided by this budget.

The residents of this city deserve value for money as a significant percentage of the budget presented here today comes from City of Tshwane ratepayers. These are residents who dutifully pay their municipal accounts, and so we dare not fail them.

This budget, if executed effectively, will make a difference in the lives of people across Tshwane. To do this we need an administration that is run efficiently. Thus, I want to appeal to the leadership of the administration to ensure that they properly plan and thoroughly execute the projects we have identified.

We owe it to the public to whom we are accountable as they have a right to oversee our progress. We have now had the opportunity to hear the State of the Capital Address, which has been followed by how it will be funded in this Budget Speech. Now we must roll up our sleeves and get to work.

Honourable Speaker, I want to acknowledge the work of our Executive Mayor, Cllr Cilliers Brink, and all the MMCs present for the work and engagements that have gone into preparing this budget. It has not been easy, but like the Springboks, we are stronger together.

I thank you, Speaker!