

Stakeholder Summit

24 April 2018

Pillar 5 -

*“A City that is Open, Honest and
Responsive”*

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Legislative Framework

- Section 16(2) of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) (MFMA), stipulates the mayor of the municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year.
- Section 23(2) of the MFMA stipulates further that “after considering all budget submissions, the Council must give the Executive Mayor an opportunity –
 - To respond to the submissions; and
 - If necessary, to revise the budget and table amendments for consideration by the council”.
- The budget is a valuable tool for keeping the community involved and informed about what their city is doing to serve its residents.

Strategic Intent of the IDP



Strategic Pillar 5

Strategic Pillar 5: A City that is open, honest and responsive

- The City is committed to transparent and accountable governance with zero tolerance for corruption.
- City processes and systems will be run in an open and effective way and only the best people will be retained and attracted to improve the City's performance.
- The City prioritises being responsive to residents and to work together on the issues that impact on communities to find solutions together.
- The focus for this pillar are supported by the following priorities:
 - Building a capable city government
 - Fighting corruption
 - Communicating regularly and effectively with residents

Strategic Pillar 5

IDP Key Priority	Action	2018/19 deliverable
Building a capable city government	Establishing professional and effective government processes (connectivity)	<ul style="list-style-type: none"> • Improved sustainability of the free Wi-Fi • Review broadband strategy and approach • Explore DFI funding for infrastructure
	Establishing professional and effective government processes (processes and systems)	<ul style="list-style-type: none"> • SAP real estate implementation • Automation of service applications • Streamline policy development, review and implementation • Improve turnaround on issuing business licences • Six re-engineered key service delivery areas • Reduction in the cost of fleet • Understand and initiate SMART City strategy • Develop strategic procurement policy aligned to the green strategy of the City

Strategic Pillar 5

IDP Key Priority	Action	2018/19 deliverable
Building a capable city government	Establishing professional and effective government processes (people)	<ul style="list-style-type: none"> • 6 000 personnel trained and skills enhanced • Adherence to key regulations • 75% evaluation of technical service delivery officials • Roles and responsibility alignment on disciplinary process.
	Establishing professional and effective government processes (customer services)	<ul style="list-style-type: none"> • Training of frontline staff, supervisors etc • Align service delivery to org structure • Corporate membership – knowledge man • Implement corporate identity for frontline staff • Implementation of queue management • Standardise service at walk-in centres • Batho Pele • Introduce culture change programme • Develop and implement customer value chain management framework

Strategic Pillar 5

IDP Key Priority	Action	2018/19 deliverable
Building a capable city government	Establishing professional and effective government processes (customer services)	<ul style="list-style-type: none"> • Maximum usage of technology for customer interaction eg. Online, mobile • Enhance proactive communication • Customer education and awareness • Pro-actively respond to customers using reporting analysis and intelligence
	Establishing professional and effective government processes (finance)	<ul style="list-style-type: none"> • Reduce non-revenue Water and Electricity • Develop and implement procedure for blacklisting of underperforming suppliers • Finalise and implement price benchmarking • Meet revenue targets • Finalisation of centralised warehousing • Monitoring of the financial sustainability plan • mSCOA compliance

Strategic Pillar 5

IDP Key Priority	Action	2018/19 deliverable
Building a capable city government	Improving the revenue	<ul style="list-style-type: none"> • Improve billing accuracy • Increase transactions n eTshwane • Consumer education to improve payment • Consolidated property disposal plans • Lease audit and approval of property strategy • Develop and implement a revenue model for highest and best use development • Increase revenue generation from property portfolio by 5% • Feasibility study on waste resource revenue • Increase advertising revenue • Develop a position on land value capture • Reconfigure City cleansing levy
	Effective and Transparent utilisation of Grants	<ul style="list-style-type: none"> • 100% utilization of grants per conditions

Strategic Pillar 5

IDP Key Priority	Action	2018/19 deliverable
Fighting Corruption	<p>Putting measures in place to root out corruption</p> <ul style="list-style-type: none">• Fraud prevention programmes• Fraud detection• Investigation of allegations of fraud, corruption and maladministration finalised against registered cases	<ul style="list-style-type: none">• Quarterly fraud awareness programmes• Blitz and operations to uncover unethical conduct• Business and process intelligence driven investigations• 100% investigation of fraud and corruption incidents reported.• 100% percent execution of all referred matters.• Pursuing of recovery of any losses suffered• Reporting entities to SARS based on the outcome of each investigation• Ring-fence capacity in forensic services to attend to all EM, MMC's and CM referred matters.• Quarterly reporting to Governance Structures as relevant.

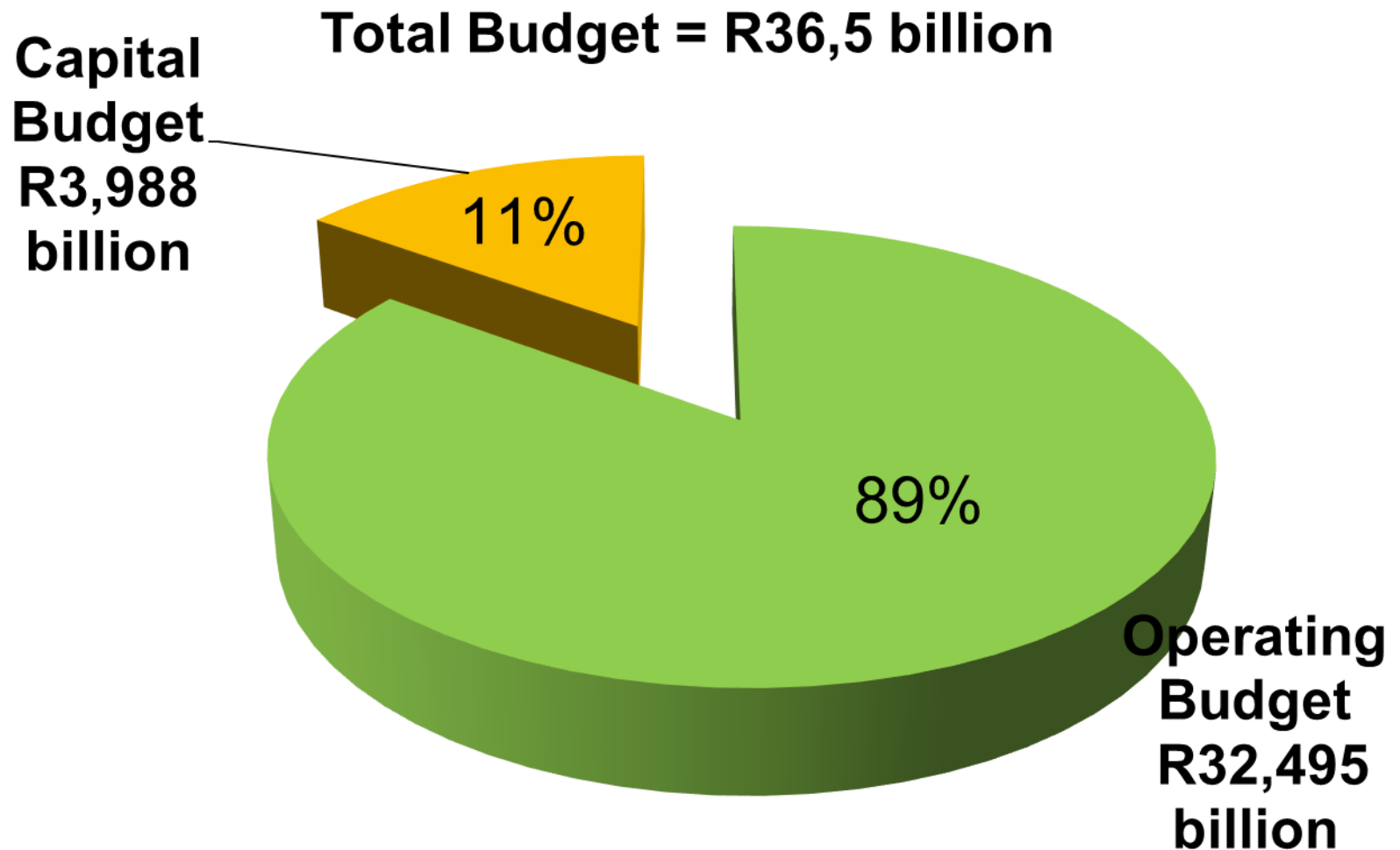
Strategic Pillar 5

IDP Key Priority	Action	2018/19 Deliverable
Communicating regularly and effectively with residents	Regularly hosting report back meetings in all communities in order to inform residents of the work of the City	<ul style="list-style-type: none"> Anchor message: “I am Tshwane” to both customers and staff
	Prioritising public participation processes to listen to community members regarding decisions that impact on them	<ul style="list-style-type: none"> Implement customer point infrastructure improvements
	Using technology like social media creatively to reach more residents in the City’s communication efforts	<ul style="list-style-type: none"> Based on a pilot, integrate Batho Pele app into Tshwane App
	Ensuring that the ward system is functional to allow people to provide oversight and provide inputs regarding City business at ward level	<ul style="list-style-type: none"> Define/conceptualise a functioning ward committee Capacitate ward committee members

Principles guiding the budget

- The preparation of the budget is directly informed by the needs submitted by the community through the Integrated Development Plan (IDP) process. This is done through analysis of Ward based community needs that was done in the previous financial year and the Mayoral Community Consultation meetings that was done from August 2017. Critical is that:
 - The Needs always exceed the affordability and must be prioritised.
 - Ensuring that the City is financial sustainable
 - Changing the way we do things within limited resources – value for money
 - Framed by the need to *stabilise, revitalise, deliver*

Draft 2017/18 MTREF



DRAFT 2017/18 MTREF – Cost Containment

Results of the implementation of cost containment measures:

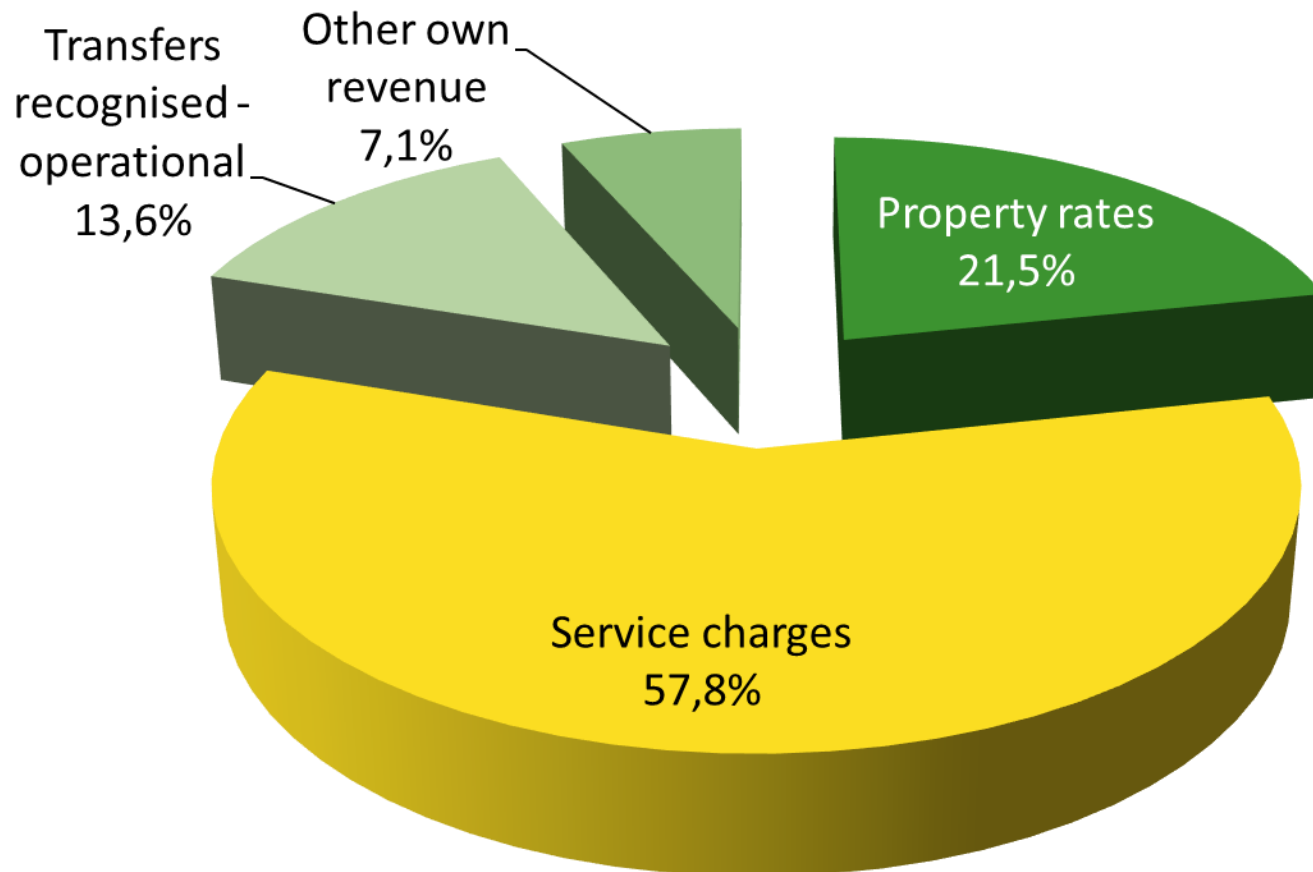
In finalising the draft 2018/19 MTREF the city has taken into account the draft Municipal cost containment regulations as issued by National Treasury during February 2018.

The following table indicates outcomes of the initiatives implemented in the 2018/19 draft budget to reduce expenditure and eliminate non priority spending:

Description	Budget 2017/18	2018/19 Medium Term Revenue & Expenditure Framework		
		Budget Year 2018/19	Budget Year +1 2019/20	Budget Year +2 2020/21
Contracted services	3,429,290,466	3,281,438,561	3,508,579,558	3,840,003,042
% increase/(decrease)	19%	-4%	7%	9%
Other expenditure	3,251,472,006	2,926,547,283	2,693,535,530	2,795,460,473
% increase/(decrease)	13%	-10%	-8%	4%

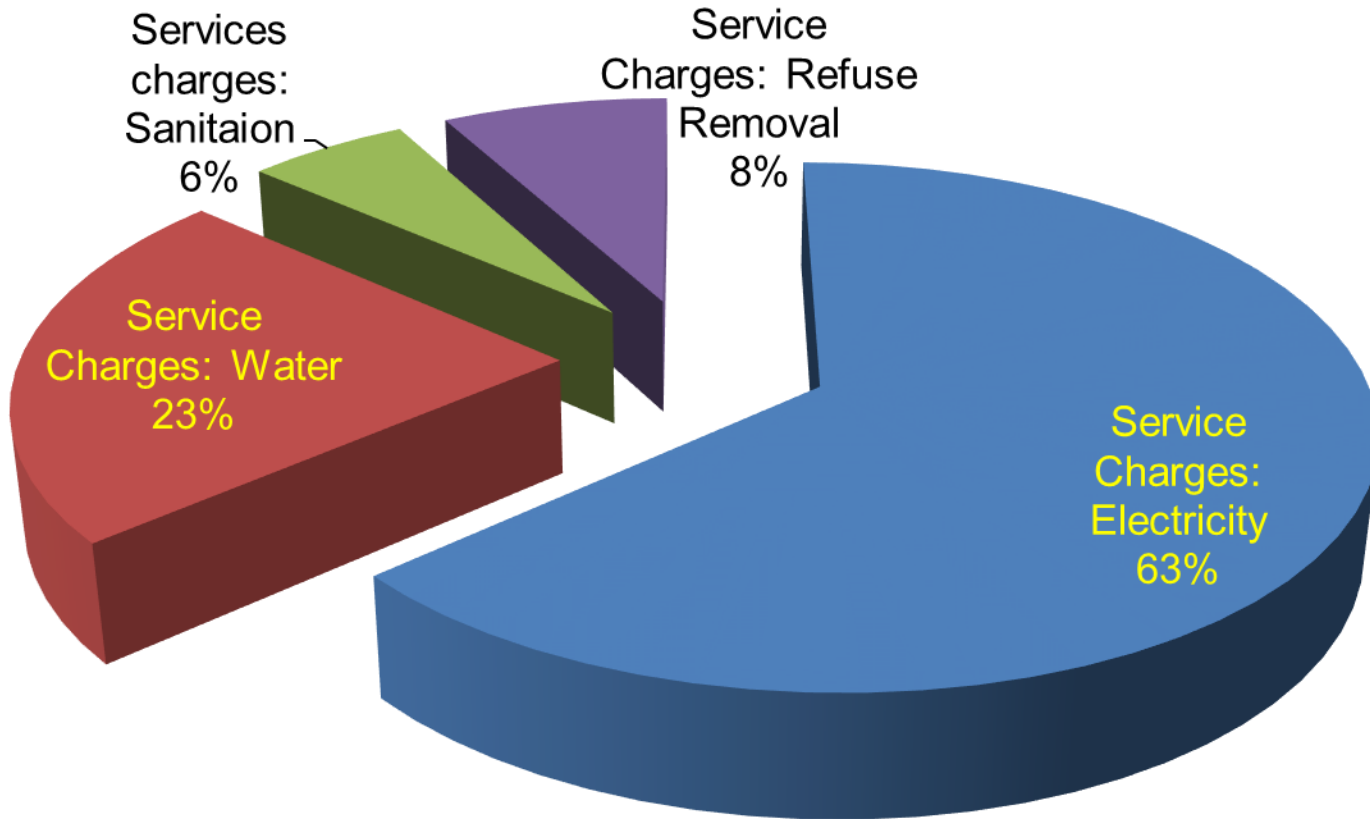
Draft 2018/19 MTREF Operating Budget

Where does the operational revenue come from?



Draft 2018/19 MTREF Operating Budget

How much is generated from Main Service Charges?



Draft 2018/19 MTREF - Tariffs

2018/19 MTREF proposed tariff increments

Revenue category	2018/19 proposed tariff increase (%)	2019/20 proposed tariff increase (%)	2020/21 proposed tariff increase (%)
Sanitation	10,5	5,5	5,5
Refuse removal	6,0	5,4	5,5
Water (Bulk 12,2%)	10,5	5,5	5,5
Electricity (Bulk 7,32%)	6,8	5,4	5,5
Property Rates: Business & Commercial and Industrial	4,0	5,4	5,5
Property Rates: All other categories	6,0	5,4	5,5

With the compilation of the 2018/19 draft budget the City has endeavoured to keep all tariff increments at single digits and mitigate against passing the burden onto the consumers.

Draft 2018/19 MTREF - FBS

- Social package for providing free basic services in support of indigents and pop;

Service	Social package available to registered indigent formal households in terms of the Indigent Policy	Monthly support per registered indigent household based on a R160 000 house.	Estimated revenue loss for the 2018/19 financial year (*110 000 indigent households)
		R	R
Property Rates	100% rebate	125,67	165 880 000
Water	12kℓ	153,54	202 672 800
Electricity	100kWh	141,78	187 145 218
Sanitation	6kℓ	43,81	57 823 920
Waste removal	85ℓ removed once a week	95,40	125 933 280
Total		560,19	739 455 218
*Number of formal households anticipated to be registered on the billing system			

Draft 2018/19 MTREF – Account analysis

Municipal Monthly Accounts 2018/19									
Description	1			2			3		
Property Value (Rand)	300 000			500 000			700 000		
Electricity (kWh)	350			500			1 000		
Water (kℓ)	20			25			30		
Sanitation (kℓ)	(20)			(25)			(30)		
Waste Services (containers)	1x 240ℓ, once a week			1x 240ℓ, once a week			1x 240ℓ, once a week		
Description	1			2			3		
	2017/18	2018/19	% incr	2017/18	2018/19	% incr	2017/18	2018/19	% incr
Property Rates	R 164,10	R 164,33	0,1%	R 346,43	R 357,67	3,2%	R 528,77	R 551,00	4,2%
Electricity	R 520,95	R 556,58	6,8%	R 767,80	R 820,32	6,8%	R 1 660,00	R 1 773,54	6,8%
Water	R 287,70	R 317,90	10,5%	R 394,16	R 435,52	10,5%	R 512,46	R 566,22	10,5%
Sanitation	R 155,74	R 172,11	10,5%	R 190,02	R 209,99	10,5%	R 220,55	R 243,71	10,5%
Waste Services	R 254,08	R 269,38	6,0%	R 254,08	R 269,38	6,0%	R 254,08	R 269,38	6,0%
Total excluding VAT	R 1 382,57	R 1 480,30	7,1%	R 1 952,50	R 2 092,87	7,2%	R 3 175,86	R 3 403,85	7,2%
VAT	R 170,59	R 197,40		R 224,85	R 260,28		R 370,59	R 427,93	
Total service charge (VAT incl)	R 1 553,16	R 1 677,70	8,0%	R 2 177,35	R 2 353,15	8,1%	R 3 546,45	R 3 831,77	8,0%
Increase in Rand	124,54			175,80			285,32		
% increase	8,0%			8,1%			8,0%		

Key operational programmes for 2018/19

- Revenue enhancement - R92,3 million
- WCDM feasibility (NRW) - R31 million
- Asset Register Administration (clean audit) - R80 million.
- Internal audit and forensic - R57 million
- Strategic marketing and communication - R14,3 million
- Events - R32,1 million
- Capacity Building, training and development R7,2 million
- Community Development: Education and Training -R2,9 million
- Human Resource management -R71,9 million
- Community and public participation - R7,3 million

Key Capital programmes for 2018/19

- SAP CRM contact centre optimization - R17 million
- Implementation of mSCOA- R60 million
- Building and Equipment - security at the stores - R10 million
- Treasury management - R6 million
- Reduction of water losses R60 million
- Insurance replacement – R40 million
- Audio Visual equipment and systems in the Tshwane House Council Chambers – R10 million
- OITPS - R10 million
- Reduction of electricity losses (joint with Electricity) - R500 million

Written Submissions

Members of the public and stakeholders are invited to comment on the MTREF. The document can be viewed at the Municipality's customer care centers (tel 012 358 9999/4333), community libraries and regional offices, and is available on the Municipality's website at www.tshwane.gov.za from April 2017. Anyone who wishes to comment on these documents can submit their comments as follows:

- IDP: Email to **IDPcomments@tshwane.gov.za** or hand-deliver into the IDP comments box, reception desk, Ground Floor, Tshwane House, 320 Madiba Street, Pretoria by 15:00, 2 May 2018.
- Draft 2018/19 MTREF (and related tariffs): Email to Stephani Botes at **stephanib@tshwane.gov.za** or hand-deliver into the MTREF comments box, reception desk, Ground Floor, Tshwane House, 320 Madiba Street, Pretoria, by 15:00, 2 May 2018
- Draft Property Rates Policy and By-law: Email to Sam Chepape at **samch@tshwane.gov.za** or hand-deliver into the Property Rates Policy and By-laws comments box, reception desk, Ground Floor, Tshwane House, 320 Madiba Street, Pretoria by 15:00, 7 May 2018

THANK YOU