

THE INAUGURAL BUDGET SPEECH BY DR GWEN RAMOKGOPA, 31 May 2006

Honourable Speaker

Honourable Chief Whip

Honourable Leader of the opposition

Honourable Members of the Mayoral Committee

Honourable Councillors

Distinguished guests and the media

A budget is like a vehicle to transport us from the current times and circumstances to future better dispensation, in this case as a council and as a city. If we are underwater we better be in a submarine; if on water afloat; if we are on land it better be on a tarred fairly open road and if in air, in a time tested pilot with clear skies and at an ideal altitude. Fundamentally though, we need to have determined our collective desired destination, our stop-overs for refuelling and understand the capacity and reliability of the vehicle.

Mr Speaker, the citizens of our country, specifically our residents and investors in our city, the City of Tshwane, have made available a vehicle worth about R 8, 5 b for 06/07 and R27,5 b over the MTREF for us , as a collective , to take the growth and the quality of life of her people to greater heights. They have entrusted us with the responsibility to steer this vehicle in better ways that will ensure we survive poverty, unemployment, crime, grime, inefficiency and inequity.

The desired destination is a city that is prosperous, where children thrive unscathed by poverty , where young skilled people earn an income, where young girls blossom as they admire the beauty of our natural heritage knowing they are secure and where the dignity of men is restored as they work alongside women for their families to have a better life.

It should be, I trust, our common understanding that this vehicle must take us to a city that is cleaner, greener, a preferred place for investors and visitors and a pride of the nation in the way civil servants uphold and respect the rights of citizens and earn their living by being efficient with, uncompromising on setting high standards and achieving them.

It is also a shared understanding , I believe , that throughout the period of travel councillors would be in articulating the needs of all residents equitably and that Council is revered for being ambassadors protecting the rights of all residents to basic quality services , dealing decisively with corruption and strengthening the voice of local communities.

This budget is made up of 70% council own revenue , 16% Government Housing subsidies , 12% Municipal Grants , 1% from National electrification program and another 1% from Pprovincial grants and subsidies.

It is important to note that the total revenue increased by 6,6% against the 2005/6 approved budget. From R7,9 b to R8,5 b with a total of R27,5 b available over the MTREF.

This amount is still not adequate to deal with a backlog on basic services and infrastructure, an additional 25 possible areas of efficiency gains and revenue will be investigated, to impact on the two outer years. This includes a target of 98% in collection rate from the current 94%.

We recommend to council a 6% tariff for water, sanitation, waste and assessment rates and 5,9 % tariff increase for electricity.

The Budget we table in this Council today bears testimony to the fact that as a city, we are committed to improving the quality of lives of all our people. We made public commitments and pronouncements during the State of City address

four days ago, and today we are tabling our financial plan to deliver on our election mandate. We table before you a budget that builds on the advances we have made over the past five years and makes clear our plans for the future.

The budget focuses on funding the priorities outlined in the five year strategic programme we shared with you in council and at the state of the city address a few days ago. These priorities are:

- 1) Provision of quality basic services and Infrastructure Development
- 2) Acceleration of a higher and shared economic growth and development
- 3) To fight poverty, building clean, healthy, safe and sustainable communities
- 4) Foster participatory democracy and Batho Pele principles through a caring, accessible, and accountable service
- 5) To ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.

ACCESS TO BASIC SERVICES AND INFRASTRUCTURE

In celebrating the 10th Anniversary of our internationally acclaimed constitution, we are also reminding ourselves that the provision and access to basic services is a human right. It is in this context that out of a total amount of R1,7 billion of the Capital Budget, 78% (R1.3 billion) is allocated to the provision of infrastructure in 2006/07, increases to R1.9 billion and to R2 billion in 2007/8 and 2008/09 respectively. Of the total capital expenditure of R5,6 b over 3 years Basic Services and infrastructure expenditure is the highest at 77, 78 and 79% over the Medium term representing at least R4 billion in total. Of note there is an increase of 20% on capex due to a higher contribution from council own revenue.

- The percentage infrastructure allocation relating to capital expenditure is as follows:

2006/07 MTREF: CAPEX ANALYSIS

	Budget 2006/07	Budget 2007/08	Budget 2008/09
Water & Sanitation	318,144,000	372,005,000	433,145,000
Roads & Stormwater	282,945,000	373,208,000	318,107,000
Electricity & Energy	314,948,000	311,989,000	332,859,000
Housing	437,893,000	490,795,000	571,765,000
Total: Municipal Infrastructure	1,353,930,000	1,547,997,000	1,655,876,000
Other	370,837,000	378,190,000	421,255,000
Total: Caex Expenditure	1,724,767,000	1,926,187,000	2,077,131,000
% Municipal Infrastructure of Total Expenditure	78%	80%	80%

The operating allocation is as follows:

2006/07 MTREF: OPEX ANALYSIS

	Budget 2006/07	Budget 2007/08	Budget 2008/09
Water & Sanitation	1,187,478,571	1,268,444,545	1,346,640,261
Roads & Stormwater	468,169,630	496,379,986	517,843,804
Electricity & Energy	2,339,388,735	2,590,977,083	2,747,962,552
Housing	977,633,204	1,025,201,441	1,161,323,964
Total: Municipal Infrastructure	4,972,670,140	5,381,003,055	5,773,770,581
Other	2,927,307,004	3,095,206,164	3,276,760,792
Total: Opex Expenditure	7,899,977,145	8,476,209,219	9,050,531,373
% Municipal Infrastructure of Total Expenditure	63%	63%	64%

- The allocations relating to stadiums can be summarized as follows for the 2006/07 Financial Year:
 - Giant Stadium = R15,8 million
 - Attridgeville Super Stadium = R20 million
 - Other Stadiums = R57 million
- Allocations in terms of ward based projects for the 2006/07 Financial Year equates to R38 million (Allocations will range between R1,5m and R3m equitably in wards with no major capital projects).

Furthermore, 60 000 households will benefit from the provision of the following services over a period of three (3) years: roads & stormwater drainage, sewer, water and electricity connections (18 000 in 2006/7, 20 00 in 2007/8 and 22 000

in 2008/9). We will be using City's Service Level Standards for the 2006/07 financial year. Over 60% of this amount is going to be spent in the Northern areas of the city. A Political Task Team has been set up to make recommendations on the effective integrated strategic interventions for the sustainable development of the North.

In order to ensure that our massive investment in the infrastructure is not put to waste, we have increased our maintenance budget to R959,1m for 2006/7 and this will be increased to R1 118,7m in 2008/9. This budget has been allocated proportionally with a bias towards the less developed areas to rehabilitate the infrastructure and for upgrades in the more developed areas.

All the 65 informal settlements will be formalized by 2009. In the current budget, 13 informal settlements i.e 20%, in 2007/8, 52 informal settlements (60%) and in 2009, 20% i.e 13 informal settlements will be formalized. At least 704 single hostel units will be converted into family units per annum over a period of three years. Backlogs will be addressed by the provision of 74 400 houses, 87 937 electricity connections and 71 440 water connections over the three years.

We are going to construct 270 kms of new roads over the next three years, 110 kms of the drainage system over the next three years, 71 000 water connections, also over the next three years, and 120 kms of water pipes and 80 kms of sewer pipes over the same period.

ACCELERATED AND SHARED ECONOMIC GROWTH

I am sure that we are all agreed that unemployment and job creation remain two of the most critical challenges facing us. The municipality will have to work with the private sector and the spheres of government to meet the goal of halving unemployment and poverty nationally by 2014 . Currently the unemployment

level in the city is estimated at 31% with a high concentration of poverty in the northern parts of our city.

By September this year we will host a consultative summit on the City's Growth and Development Strategy to set joint targets and identify key levers to contribute to the provincial economic growth target of 8%, Gauteng's contribution to the 6% national target as part of the Presidential Accelerated Shared Growth Initiatives for South Africa (ASGISA).

The city's economy has grown above the national average of 2% in the last five years, an important feature of this growth has been the emergence of a vibrant SMME contribution to economic development in general and specifically responsible for approximately 25% of the Tshwane's market turnover. It is against this background that we have consciously set aside amount of R50 million over a period of three (3) years, to develop and support the growth of the SMMEs to ensure sustained higher growth rates.

In celebrating the 30th anniversary of youth struggles in June and the 50th anniversary of women's march in August of this year, we must commit the Council to set aside 20 to 50% of all initiatives that are aimed at creating job opportunities, these would include EPWP, SMMEs, Co-operatives and procurement (BBBEE).

For the city to achieve the national targets of halving unemployment and poverty by 2014, we have allocated R10 million towards the establishment of Tshwane Development Agency, and have allocated R33 million for economic growth infrastructure. Through these initiatives and leveraging on the implementation of the revised City Development Strategy and through targeted intergovernmental initiatives coupled with private sector investments we are confident that through joint efforts we can unlock the city's potential to make a significant contribution

to the creation of the estimated 53 000 short-term and 5 000 permanent jobs annually.

To accelerate the shared economic growth, the city is introducing the establishment of co-operatives with a target of 8 000 (inclusive of SMMEs) over the 5 year period. The focus areas for co-operatives will include agriculture, housing, creative industries, textile industries and environmental management. Targeted groups are women and youth who bear a relatively higher burden of poverty and unemployment. The city has begun a process of revising the procurement policy to ensure that we comply with and contribute to the objectives of the BBBEE Act.

The city has identified key economic investment projects for partnerships which are ongoing and some for which feasibility studies will be done in this year. These include the Bloed Street Retail and Taxi Precint, the Tshwane International Convention Centre, the rebuilding of the Munitoria precinct, the leveraging of the Blue IQ projects of the Automotive Supplier Park and Innovation Hub, the Gautrain project as well as a freight logistics airport. These will significantly contribute to the creation of sustainable jobs and largely give impetus to Re Kgabisa Tshwane Project.

The city will further to the above support the collaboration with other cities, the province and national government in taking forward the Gauteng Globally Competitive City Region (GCCR) initiative in order to unlock the potential and exploit economic opportunities of common interest. In this regard the city has identified a strategic link of our metro (Tshwane) to Jo'burg and Ekurhuleni via Centurion and the R21 route to Kempton park as major growth poles. The South African Cities Network in its recently released State of the Cities Report, predicts that the Gauteng Region will represent the twelfth largest metropolitan area in the world by 2015, making it “a global mega city”, larger than even Los Angeles.

Hence we need to exploit economic growth opportunities also from this perspective.

Within the framework of the revised City Development Strategy, The city should continue to respond to economic development imperatives with a three-fold focus:

- o Local economic initiatives supporting SMME's , Co-operatives and Broad Based Black Economic Empowerment
- o Tourism ventures, incorporating initiatives that celebrate the capital status of Tshwane and
- o Transport projects, including transport nodes and corridors, implementation of an effective and integrated city transport system and network inclusive of the Gautrain rapid rail link.

CONTRIBUTION TO TOP 20 TOWNSHIP PROJECT

Tshwane will contribute to the integrated housing, social and economic infrastructure program in partnership with the Gauteng provincial government in Atteridgeville, Mamelodi and Soshanguve as part of the Townships Renewal Programme.

CONTRIBUTION TO TOP 20 TOWNSHIP PROJECT: MTREF

Township	Year 1 (0607)	Year 2 (0708)	Year 3 (0809)
Atteridgeville	R3,020,500	R10,240,500	R5,341,125
Mamelodi	R21,079,000	R30,211,750	R25,383,375
Soshanguve	R42,234,500	R32,462,250	R268,701,125

REDUCING POVERTY AND BUILDING SUSTAINABLE COMMUNITIES

The basic social package aimed at ensuring that poor households have access to basic services. Currently those registered on the indigent list are approximately 42 000. Social Package increase equates to 12,4% increase

(R42,8 million), from R345,5 million to R388,3 million in the 2006/07 Financial Year.

This budget of R388 million is benefiting the elderly, child headed household, the disabled and the unemployed. Our approach in the coming years is to ensure that all indigents linked to economically productive poverty alleviation programs are assisted to exit the programme. The Expanded public works program will be strengthened with respect to community care givers focussing also on early childhood development. In this regard Community Based Organizations (CBOs) and Non-Governmental Organisations (NGO's) will be funded.

We recommend to council that R119,9 m debt owed by the registered families be written off on the basis that they will be involved in programs that aim to improve their household income .

Improving the quality of our people's lives by fighting poverty, promoting a clean, healthy and sustainable environment with a view of reducing the burden of poverty and that of preventable diseases on our people, including malnutrition, chronic illnesses, TB, HIV and AIDS, remains a goal from which we will never depart.

R15 million has been set aside for new 8 crèches in the city. This will go a long way in investing in the future of our city and generally contributing to the Human Capital Development initiatives.

To create stability in the customer care service area from 2006/7 full time posts will be established to alleviate the current high turn-over rate and to ensure quality services. Initially 51 people will be employed. We will also investigate the possibility of establishing a Call Centre for the City in the North.

The ASD program has been allocated an amount of R10 million which is aimed at improving efficiencies including establishment of a decentralised service delivery model - taking services closer to communities

Enhancing Tshwane

- The total budget appropriation towards the Marketing aspect of the CTMM, including salaries equates to R28 million for the 2006/07 Financial Year.
- Renewal of assets, an amount of R127 million (Capital expenditure) has been appropriated in the 2006/07 Financial Year.
- It is part of our Plan to revive and promote Tshwane's reputation as the home of Jazz; a centre of academic and research excellence; the automotive headquarters of our country; and the ICT hub. We shall progressively build a new identity for the City, the focus being on enhancing Tshwane as the Capital City that all South Africans can be proud of and aspire to visit in their lifetime.

Building capacity of our staff (Computer Literacy)

In this budget, we will also be sending a message of hope and appreciation to the 13 300 employees in our city, that "We Care". We are setting aside a budget to empower all our employees to be computer literate and to have an e-mail address. We are also going to focus on the frontline staff as part of our efforts to integrate the principles of Batho Pele in the work of council. This will further entrench a customer centric approach to service delivery.

To this end, we have set aside R15 million Training budget, inclusive of the Premos Training Centre, 2006/07 Financial Year.

Visible Policing

- Total vacancies for Metropolitan Police equates to approximately R45 million, including additional staff for Licensing Services.

- Capital amount allocated to Metropolitan Police Services over the 2006/07, 2007/08 and 2008/09 MTREF is R21 million, R29 Million and R19 million respectively. These allocations are for; upgrading the operations centre , mobile support centres and additional police offices in regions 1 and 5
- As indicated previously, we are going to double the number of metro police officers over the five year period.

To ensure good governance, financial viability and optimal institutional transformation with capacity to execute its mandate.

Our major focus will be on strengthening the city's Monitoring and Implementation's capabilities w.r.t performance.

- The cost of the planning, budgeting and monitoring equates to supporting the following:
 - The Financial Management Division, including Budget Control, Tariffs, Stats, Financial Advisory Service and Budget Compilation (R16 million)
 - The IDP Office (R3,8 million)
 - The Corporate and Business Planning Unit (R4,9 million)

Mr Speaker , we have prepared for this journey to the best of our ability , we have focussed the budget on the priorities and we are ready to make sure that indeed this City work better for all citizens , residents and business .

Building on President Thabo Mbeki's encouragements of this as a New Age of Hope, we say, faith is the substance of things hoped for and evidence of things to come. We have faith that through our further joint efforts and actions, these things we have budgeted for can be considered done.

We are delivering a budget that is laying a solid foundation for the integration of the poorer areas of the city in the North, West and North East (2nd Economy) and the richer and more developed areas in the South and East (1st Economy). We are investing in our people and in quality basic infrastructure for sustainable growth and social development. We have the courage to tackle the poverty and underdevelopment imposed on our people for over forty years of apartheid rule. Our suffering is far from over until we conquer poverty and unemployment. To alter the future of our great city, we have to pay special attention to people's issues and to recognize the fact that prosperity must be shared if it is to be sustained.

As responsible residents, we must actively participate in shaping a better future for our children, our city, our country, our region and our continent.

Through this budget we have intensified the assault on poverty, inequality, unemployment and underdevelopment. This budget is about building houses, bringing water and electricity to communities, early childhood development and training of the unemployed that will give our people hope and confidence in our city's future.

Ons het volle vertroue in die toekoms van ons stad en sy mense

Tau tsa tlhoka seboka di shitwa ke nare e hlotsa. Kgole ke mo re tswago, kgauswi ke mo re ya go.

I Thank You