

Budget Speech 2008/09 for the City of Tshwane, delivered by the Executive Mayor, Dr Gwen Ramokgopa, Council Chambers, Tshwane, 29 May 2008

Speaker
Chief Whip
Leader of the Opposition
Councillors
City Manager and officials
Honoured guests and members of the media

It remains my singular honour and privilege to present a budget for the Medium-term Revenue and Expenditure Framework period that takes us to the end of our current term of office. As the African National Congress, we remain humbled by the confidence that the residents of Tshwane showed in us by giving us a clear mandate to work with all stakeholders, to build a solid foundation for our communities to prosper and to increase the pace of making our city a more caring, more just, more efficient and more thriving city. Lest our memories fade or our vision be cluttered, this mandate loudly and clearly beckons us to work together with all stakeholders to –

- eradicate backlogs and invest in infrastructure for basic services and for growth;
- facilitate local economic growth and development and ensure that it is shared and creates sustainable jobs;
- build a safer, more secure and more sustainable environment and communities;
- deepen democracy;
- ensure financial viability and manage resources prudently;
- offer a caring and effective government; and
- build institutional capacity and transformation.

We wish to take this opportunity to thank all those who enabled us to register the progress we have made so far in the past two years. We also wish to congratulate those teams and individual employees who have been recommended for awards for their passion, dedication, innovation and tenacity.

It is through all our people in the institution that we commit to continue striving to excel in delivering services to the communities of this capital city of our beloved country, South Africa. Over the next three years we plan to improve on these achievements.

While we acknowledge that resource limitations mean that our expenditure must focus primarily on our business of service delivery and development in the city, we remain committed to creating an enabling environment that attracts and retains the necessary skills, as well as to providing for employee wellness and growth in a manner that improves our organisational efficiency and effectiveness in keeping with the Batho Pele principles. It is in this context and the context of the alternative service delivery model approved by the Council and agreed to, with all the labour unions that we must

play a key role in ensuring that quality jobs are provided on the one hand, and that employment opportunities are created for the many unemployed on the other.

As a developmental local government, the current unfavourable global economic climate has brought extreme pressure because 65% of our revenue is from ratepayers (residential and corporate) who themselves are struggling to weather this stormy period. This budget attempts to mitigate these tensions and call on all of us to realise that we all need one another's optimal contribution and collaboration to remain focused on our developmental agenda and service delivery goals. The investments that we have seen in our city indicate that the initiatives of attracting more domestic and foreign direct investments are yielding results.

We also want to congratulate Councillors Chueu and Pillay for successfully carrying the inaugural Infrastructure and Investment Conference that is still underway. These are encouraging indicators and, if we continue to work together, we will emerge from this period even better positioned to be globally competitive and to attract more domestic and foreign investment as we together consolidate a better, caring, safer and prosperous city beyond 2010.

Going forward with the identified priorities for the next MTREF taking us to the end of our term, the Council remains focused on the following strategic areas:

- The eradication of backlogs and investment in infrastructure for basic services and for growth
- Economic growth and development that is shared and creates sustainable jobs
- Building safer, more secure and more sustainable communities
- The deepening of democracy
- Financial viability and management of resources
- A caring and effective government
- Institutional capacity and transformation

Guided by the performance review of the City of Tshwane's Council for the midterm, the IDP consultation processes, the inputs from zonal structures through caucus and the discussions in the CGC, the following principles and priorities were agreed to in guiding the State of the City address, the revised IDP and the 2008 to 2011 MTREF. Of note is that the budget framework will take us to the end of our term.

The purpose of a budget is two-fold: first, it provides a projection of revenue and expenditure and, second, it facilitates the Municipality's financial operation and planning. Our current budget is R12 billion. We are pleased to announce for the first time that our capital budget is more than R3 billion. This is indicative of our commitment to eradication of backlogs.

As we sit here today, I am happy to report to you that in the main we have surpassed what we set ourselves to do. For instance, we exceeded expectations in our housing, water and roads service delivery. Honourable Speaker, I am comfortable in the

knowledge that many of the initiatives that I committed to in my inaugural budget speech have been realised and are bringing comfort, security and dignity to thousands of residents in Tshwane.

One of my leading commitments centred on an initiative to attract additional funding for all the key strategic objectives.

Money is needed to deliver services. National government grants, unfortunately, are not sufficient to deliver all the programmes listed in our five-year plan. This necessitates that the city generate its own revenue. Unfortunately, therefore, we have to increase the tariffs for the main services. Given our current economic climate, we realise that this would place more strain on households and individuals. But, the fact is that our current service delivery levels would not be sustainable without the increase.

The increases would be as follows:

Revenue category	2008/09 growth %
Business water	10
Household water	10
Waste services	15
Electricity	12

The following needs mentioning:

- The increase in waste removal is 15% because of the substantial and ongoing rise in petrol and diesel prices, and the cost of maintenance of vehicles and equipment. Furthermore, the City of Tshwane is expanding waste services to areas that were not previously serviced.
- Current power challenges will lead to the increase of 12% in relation to Eskom's 15% increase. When it comes to electricity, we have to put more money into repairs and maintenance of our power stations. Previously we were more dependent on Eskom's generation, now we have to be more self-reliant.
- The water tariff will increase by 8% for residential and 10% for business consumers.

Property rates

The Local Government: Municipal Property Rates Act, 2004, was promulgated on 2 July 2005. We will begin the process of implementation from the 1 July 2008. We now value the total property at market value, which includes land and improvements instead of only the land value as was done previously. This means that the current tariff will drop. There will be several exemptions, reductions and rebates depending on different criteria.

Category	Rebate
Pensioners and the physically and mentally disabled	50% over and above the other residential rebates, or 40% depending on different income criteria
Residential properties (including state-owned residential and agricultural residential properties)	The first R50 000 of the value will not be taxed and a 35% rebate will be granted on the property tax.
Registered indigents	100%
Grants-in-aid	20% for independent schools and 100% for non-profit welfare organisations or institutions on successful application, where the criteria are met

There is an impermissible value of R15 000 on residential properties according to the Municipal Property Rates Act that is not taxable. We added another R35 000 to provide tax relief for the lower value properties. We added further tax relief for houses that are valued at R45 000 or less.

Capital expenditure as an investment to deal with poverty and to allow for growth

We have broken down the capital budget per strategic focus area as follows:

Strategic objective	Budget 2008/09	%	Budget 2009/10	%	Budget 2010/11	%
1. Quality basic services and infrastructure	R1 332 080 073	42,1%	R1 510 165 088	50%	R1 906 051 198	58%
2. Higher shared economic growth and development	R659 677 265	20,9%	R400 550 588	13,3%	R279 723 498	8,5%
3. Fight poverty, build clean, healthy and sustainable communities	R919 345 363	29,1%	R874 366 618	29%	R893 622 548	27,2%
4. Participatory democracy and the principles of Batho Pele	R77 524 398	2,5%	R73 076 398	2,4%	R61 786 398	1,9%
5. Good governance, financial viability and institutional transformation	R173 138 080	5,5%	R159 154 398	5,3%	R147 664 398	4,5%
Total capital budget	R3 161 765 178	100%	R3 017 313 088	100%	R3 288 848 038	100%

Our long-term financial strategy is to ensure sustainability and viability.

A. Provide quality basic services and infrastructure

With the development of infrastructure, 42,1% of the budget has been dedicated to achieving this crucial task. Below is a breakdown of the capital budget per region:

Regions	Budget 2008/09	%	Budget 2009/10	%	Budget 2010/11	%
North East	731,117,891	23.12%	650,863,328	21.57%	701,193,588	21.32%
North West	847,102,191	26.79%	787,028,028	26.08%	675,046,288	20.53%
Central Western	619,247,391	19.59%	596,432,138	19.77%	663,347,238	20.17%
Eastern	574,588,441	18.17%	549,382,738	18.21%	707,054,438	21.50%
Southern	389,709,266	12.33%	433,606,858	14.37%	542,206,488	16.49%
Total	3,161,765,178	100.00%	3,017,313,088	100.00%	3,288,848,038	100.00%

Note:

Some of the projects relates to more than one region. They were therefore allocated pro rata to the affected regions.

- In formalised and proclaimed areas, new and old, the budget allocations will enable us to meet water, sanitation and electrification targets for 2008, 2010 and 2012 respectively. Over this period we will prioritise the continuation of providing electricity in Winterveld; provide rental stock that replaced the hostels in Mamelodi and Atteridgeville through BNG; fast-track the renovations of Nantes, White Block, Schubart Park and Kruger Park; consolidate the roads and stormwater infrastructure programmes in Soshanguve, Ga-Rankuwa, Mabopane and Hammanskraal through the turnkey model; and prioritise the maintenance of infrastructure throughout the city with a greater focus on areas with the greatest needs such as Mamelodi and other old townships.
- In unproclaimed areas we will prioritise the formalisation process, including the registration of households; provide basic minimum services such as water, sanitation, the grading of roads, managing dumping and high-mast lights; ensure that people in informal areas can access programmes to assist with poverty alleviation and early childhood development as well as information and support for other opportunities available for social and economic development provided by the city and other spheres of government.

While on the subject of housing and informal settlements, may I express our sincere regret that there are forces that from time to time prey on the legitimate development needs of our people to create anarchy, lawlessness and violence. These forces are intent on derailing our efforts and our focus from working for a better life for all. These forces were recently in evidence during the recent spate of attacks on foreigners. We regret and shamefully admit that these attacks happened on our soil, the soil of an African country whose tree of freedom was watered by the blood and sufferings of both locals and foreigners.

We salute the communities in Tshwane and elsewhere for standing together and protecting the values of Botho, ubuntu that Africa and Africans are known for. We also appreciate the response from various organisations who condemned these acts and extended a helping hand to those displaced. Our task will only be complete once we re-integrate them back into our homes and rooms in our yards. We must, however, continue to work with Home Affairs and the police to deal decisively with illegal immigration because this is a common concern of local people and the foreigners who are legally in our country.

The capital budget has incorporated various infrastructure-related grants which will respond to these commitments. In terms of the Public Transport Infrastructure and Systems Grant (PTIS), amounts of R510 million, R565 million and R864 million have been gazetted as transfers to the City of Tshwane.

North Eastern Region and Central Western Region

For the 2010 soccer World Cup, the total allocation is R906,8 million. For stadium development (Loftus Versfeld), R76,6 million has been made available for 2009/10 and 2010/11. Furthermore, R160,5 million has been approved for the 2008/09 financial year to upgrade the infrastructure at Wonderboom Airport.

Central Western and Southern Region

An amount of R800 000 has been provided to deal with the Centurion Lake and Kaal Spruit stormwater issue; R35 500 has been budgeted for doubling Lynnwood Road. R1 500 has been allocated for the Shova Kalula Bicycle Project (Tshwane-wide). An additional R9 200 000 has been allocated for 240 ℓ bins to keep the city clean.

The City of Tshwane, in conjunction with the provincial government, has been building homes that are sustainable and affordable and fully integrated into the existing social fabric. The efforts include secure tenure, basic services, top structures and rental stock.

It is expected that the need for low-income dwelling units will increase from 280 4500 in 2005, to 333 775 in 2010, and 358 033 by 2014. This implies that an additional 77 583 dwellings in total will be added between 2005 and 2014 (or 8 620 dwellings every year). To address existing housing backlogs and future growth, 23 500 units (14 868 existing backlog and 8 620 increment) need to be provided. In terms of the Breaking New Ground Policy formula, this would require about 4 500 ha of land for urbanisation, while conventional housing densities and typologies would require about 11 900 ha of land to accommodate the total housing needs.

In the budget we have set aside R160 913 000 in municipal funding and R84 321 988 in external funding to achieve this task. To address the informal settlement backlogs, R136 182 561 has been budgeted for Project-linked Housing on the operating budget

and R74 850 158 (R69 850 158 is external funding and R5 000 000 is municipal funding) is budgeted for Project-linked Housing in the capital budget.

Eastern Region

An in-depth assessment of the sanitation backlogs in our city assisted us in calculating a cost to provide the necessary water and sanitation requirements. At least R12 million has been allocated for the upgrading of sewers in Mamelodi, and another R4 million for water and sanitation network upgrading in Hatfield. A total of R181 671 800 will be spent on water and sanitation city-wide.

North East Region

There are major community-building infrastructure projects such as the building of swimming pools in areas such as Temba and Hammanskraal for R4 million. Another half a million has been allocated for playground equipment for parks city-wide, among many other developments.

B. Accelerate higher and shared economic growth and development

The City of Tshwane has set aside 20,9% of its capital budget for accelerated higher and shared economic growth. The priorities are as announced – strengthen partnership with business; reduce the cost of doing business; transport system and services; increase participation in the economy, develop entrepreneurial skills and reposition the Economic Development Department and the City Planning, Development and Regional Services Department to play a more strategic role.

In addition to the project proposals contained in the 2008/09 medium-term capital budget, a further initiative currently under way in the city relates to the Neighbourhood Development Partnership Grant (NDPG).

Eastern, Central Western and North Western Regions

One of the approved projects is the Tsosoloso and Re Kgabisa which have been allocated R7 million, R12,8 million and R18,3 million gazetted for the 2008/09, 2009/10 and 2010/11 financial years respectively. Tsosoloso is in alignment with the NDPG goals in many ways. The initial focus of the Tsosoloso programme will be in Atteridgeville (Saulsville CBD), Mamelodi (Denneboom, T-section, and Eerste Fabrieke) and Soshanguve (between Giant Stadium and Mabopane Station).

One of the IDP issues that affect the department immediately relates to dealing with illegal land use. To this end we have provided funds to appoint a further five development control officers to increase our capacity to deal with these issues. Four people have been appointed and another should begin next month. This means an increased capacity of 25% per region.

Eastern and North Eastern Regions

The City of Tshwane is the only metro that has a dedicated Agricultural Division and is therefore pioneering the institutionalisation of urban and peri-urban agricultural development. The Agriculture Division has proposed to implement three sustainable agricultural villages in Stinkwater, Rooiwal and Mamelodi to the tune of R16,5 million. The establishment of these villages will contribute to the eradication of food insecurity through food production, job creation and skills development.

Eastern Region

In the recent State of the City Address, I mentioned that the motor industry has become one of the top corporate communities in the city, owing to their large-scale investments. For example, the value of the recently announced investment by the Ford Motor Company is R1,2 billion in the Silverton plant.

It is estimated that the up-and-down-stream further investment in component manufacturing to complement this investment will be at least twice the initial investment. The number of employment opportunities created by the initial investment will be about 700.

North West Region

Tata Motors has also invested an initial R32 million to purchase the old Nissan diesel plant for the manufacture of the Indica passenger vehicle and two additional commercial bakkies. They are expected to invest a further R400 million to upgrade the facility to accommodate these activities. They are currently assembling buses in a second facility in Rosslyn and are going to expand their operations to include commercial trucks.

This investment is R150 million plus a further R50 million for the expansion. The employment opportunities arising from the initial bus and truck assembly will be about 300 and the employment opportunities arising from the old Nissan diesel plant investment will be in the region of 800 initially.

Our critical policy interventions in this are –

- R8 million for the Trade and Investment Fair, which would facilitate additional investments in the city; and
- R20 million, which has been requested for the cooperatives budget.

C. Fight poverty and build clean, healthy, safe and sustainable communities

R919 345 363 for 2008/09 has already been specifically assigned to this strategic objective to address the following commitments: The priority programmes involve fighting poverty at household and community level, the programme to support indigent households, the regional youth, women and disabled development programmes, the school holiday programme with the youth unit, the pre-school support programme, the ward-based community committees against crime, the work with community policing forums to form street committees including

the use of technology to fight crime (operations centre and cctv), the use of Bontle green officers for the environment, parks and cemeteries linked to the extended public works programme.

Finally, we continue to strive for our target of increasing the number of metro police. An additional 350 new constables and 180 peace and development practitioners will join the force in this new financial year.

The Health and Social Development Department has budgeted R44 million for training programmes, development projects and the celebration of international and national events in the following crucial areas: the empowerment of women, the youth, people with disabilities and the elderly.

R3 million was budgeted to make the Youth Development Programme operational. R15 million for early childhood development, of which R6 million goes to the 10 crèches managed by the City of Tshwane and R8 million is aimed at funding the early childhood development centres run by community-based organisations and NGOs.

The registration of indigent households important because it ensures that these households have access to free basic services such as water and electricity. The evaluation of registered indigent households leads to either involving the households' members in development programmes or exiting for those whose financial situation has improved. R1 million has been budgeted for this purpose. R1 million has also been budgeted for development of an indigent exit plan, namely skills development or job placement.

Provision has been made in the MTREF to accommodate the training of officials in various departments. R12 million has been budgeted for the upgrading of environmental health practitioners that will enable the City of Tshwane to perform 50% of the functions as stipulated in the Health Act. The Green Community of Tshwane aims to provide a way of life working and living in a secure community which encompasses landscaped gardens, recycling, and so forth.

Northern and Southern Regions

In this time of global warming and the ill effects of increased urbanisation, it is important that we go a step further in greening our environments. One of the steps we can take is planting indigenous trees. 10 000 trees will be planted in a number of areas, including Soshanguve, Temba and Olievenhoutbosch. An amount of R5 million has been provided for the development of 17 parks and R2 million for the landscaping of six traffic islands and entrances.

Central Western Region

R3,5 million has been budgeted to upgrade Moretele Park Resort, R5 million to upgrade Ga Mothakga Resort and a million to upgrade the Groenkloof Nature Reserve's facilities.

Last, but not least, there is also a budget allocation for the upgrading of cemeteries.

The most critical policy intervention in the building of a sustainable environment is the Tshwane Integrated Environmental Policy (TIEP), which is the overarching piece of environmental policy, directing environmental strategies in the City of Tshwane. Good progress is being made in reaching the five-year targets as set out in the TIEP programme.

With water and sanitation there will be project implementation via the extended public works programme to ensure skills transfer.

D. Foster participatory democracy and the Batho Pele principles through a caring, accessible and accountable service

A total 2,5% of the budget is allocated to fostering democracy and the Batho Pele principles. This will be done through strengthening ward committees and the community development workers programme. In this regard, we have made the following commitments:

- a. Regions to support the Office of the Speaker on strengthening ward committees
- b. Ensure Thusong centres function effectively
- c. Process the turnaround strategy for customer care
- d. Develop a services charter with norms and standards
- e. Ensure responsiveness to the imbizos, outreach and stakeholder forums

We are committed to entrenching a customer-centric attitude towards our private, government and corporate residents guided by the principles of Batho Pele.

Historically, there has been a challenge in credit control and billing services. We have worked tirelessly to find a suitable, yet sustainable method of ensuring that we send out correct accounts to consumers for services rendered. Our Electricity Division has successfully piloted the Automated Meter Reading (AMR) project and is at the procurement stage. We have also begun to consider moving service meters to outside the home to improve access for our meter readers. To ensure that all debt is collected and to improve customer care services, our Financial Services Department has been working on improving and broadening our email and SMS systems.

Our Customer Service Division welcomes suggestions and comments from the public on how to improve our services. With all the new systems that have been put in place, there are loose ends that still need to be tied up, but we are confident that these will be dealt with shortly.

Our corporate and shared services cluster has allocated specific funding to fulfil our mandate of providing a caring, accessible and accountable service. In this regard, the relevant capex projects are:

	Projects	Amount
Customer Relations Management	Contact Centre: North	R10 000 000
Social Development	Ward-based project: Corporate and Shared Services	R12 000 000
Customer Relations Management	ASD Regional Offices	R6 485 000

Southern and Northern Region

In terms of city planning our City Planning Division is expanding its Spatial Development Information Service offices throughout the regions. In addition to the offices in Akasia, Munitoria and Centurion, a new office has been opened in Soshanguve and more offices will be opened in Nellmapius within the next few months (depending on personnel).

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

The City of Tshwane is wholly committed to the principle of good governance and following sound financial principles. We have committed to –

- finalising ASD implementation and set time frames to conclude the process;
- ensuring regional structures are made fully operational;
- introducing service excellence awards linked to strategic priorities;
- developing a skills retention strategy;
- promoting innovation, computer literacy and e-governance;
- doubling the capex budget and building capacity to spend;
- introducing one billing system;
- repositioning the Financial Services Department to manage the budget proactively and ensure investment returns;
- maintaining the good financial viability and credit rating; and
- developing a risk management and corruption strategy and plan.

Honourable Speaker, the City of Tshwane is fully committed to institutional transformation. We have already begun to roll out the alternate service delivery (ASD) programme throughout the organisation. The ASD is the tool we are using to improve our performance in service delivery.

The advisory service, development of the ASD model and options, as well as the project management of the ASD programme are funded from the restructuring grant. The organisational redesign and change management, including the job evaluation

project, were funded from this grant. The City of Tshwane has so far spent R1 358 880 on the change management processes and R372 780 on job evaluation.

The change management exercise has been finalised. The job evaluation exercise will begin in June 2008 with the aim of creating parity among the jobs in accordance with the new ASD organisational structure.

Given the complex political environment, I think we have done well to build relationships and foster cooperative governance through interdepartmental relations. So, we must continue to work together to ensure seamless governance and accelerated service delivery. This is the full summary of the budgeted statement of the City of Tshwane's financial performance until the end of our term.

CITY OF TSHWANE - BUDGETED STATEMENT OF FINANCIAL PERFORMANCE								
Description	Preceding Year 2006/07	Current Year 2007/08			2008/09 Medium Term Revenue and Expenditure Framework			
	Audited Actual	Approved Budget	Adjusted Budget	Full Year Forecast	Budget Year 2008/09	Budget Year +1 2009/10	Budget Year +2 2010/11	Total
Operating Revenue by Source	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Property rates	(1,719,224)	(1,935,541)	(2,007,541)	(2,007,541)	(3,246,000)	(3,473,220)	(3,716,345)	(10,435,565)
Property rates - penalties & collection charges								
Service charges - electricity revenue	(2,664,518)	(2,991,198)	(2,994,198)	(2,994,198)	(3,385,621)	(3,679,411)	(3,996,146)	(11,061,178)
Service charges - water revenue	(1,036,701)	(1,162,275)	(1,198,567)	(1,198,567)	(1,471,069)	(1,598,722)	(1,736,345)	(4,806,137)
Service charges - sanitation revenue	(249,567)	(287,664)	(290,164)	(290,164)	(313,963)	(341,207)	(370,580)	(1,025,750)
Service charges - refuse removal	(250,700)	(286,551)	(286,551)	(286,551)	(328,054)	(336,959)	(365,966)	(1,030,979)
Service charges - other								
Regional Services Levies - turnover		(20,000)	(20,000)	(20,000)				
Regional Services Levies - remuneration								
Rental of facilities and equipment	(70,028)	(68,388)	(74,496)	(74,496)	(68,452)	(74,393)	(80,797)	(223,642)
Interest earned - external investments	(134,187)	(113,303)	(113,303)	(113,303)	(120,441)	(128,269)	(136,608)	(385,318)
Interest earned - outstanding debtors	(142,516)	(160,433)	(160,433)	(160,433)	(173,624)	(188,691)	(204,933)	(567,248)
Dividends received								
Fines	(38,390)	(57,434)	(49,434)	(49,434)	(53,891)	(58,568)	(63,610)	(176,069)
Licences and permits	(21,817)	(23,050)	(23,050)	(23,050)	(24,931)	(27,093)	(29,427)	(81,451)
Income for agency services								
Government Grants and subsidies - Operating	(1,248,260)	(1,498,338)	(1,647,618)	(1,647,618)	(1,725,378)	(1,848,082)	(2,045,236)	(5,618,696)
Government Grants and subsidies - Capital	(317,834)	(798,900)	(554,240)	(554,240)	(961,481)	(1,024,946)	(1,258,309)	(3,244,736)
Other income	(524,232)	(608,333)	(619,483)	(619,483)	(656,770)	(692,017)	(736,997)	(2,085,784)
Public contributions, donated & contributed PPE	(165,567)	(155,000)	(155,000)	(155,000)	(138,000)	(139,656)	(141,192)	(418,848)
Gains on disposal of PPE	(20,915)	(40,352)	(40,352)	(40,352)	(41,302)	(43,985)	(46,843)	(132,130)
Total Revenue By Source	(8,604,455)	(10,206,759)	(10,234,429)	(10,234,429)	(12,708,977)	(13,655,221)	(14,929,335)	(41,293,532)
Operating Expenditure by Type								
Employee related costs	2,111,057	2,255,502	2,248,392	2,248,392	2,725,169	2,813,231	2,970,352	8,508,752
<i>Total Remuneration</i>	<i>2,412,004</i>	<i>2,736,837</i>	<i>2,729,727</i>	<i>2,729,727</i>	<i>3,234,656</i>	<i>3,353,287</i>	<i>3,542,812</i>	<i>10,130,754</i>
<i>Minus: Distribution Accounts Remuneration</i>	<i>(300,947)</i>	<i>(481,335)</i>	<i>(481,335)</i>	<i>(481,335)</i>	<i>(509,487)</i>	<i>(540,056)</i>	<i>(572,460)</i>	<i>(1,622,003)</i>
Remuneration of Councillors	45,946	47,182	48,184	48,184	76,722	81,262	86,070	244,053
Bad debts	193,489	129,021	129,021	129,021	131,774	138,472	145,396	415,642
Collection costs	49,538	53,179	53,179	53,179	70,281	74,568	79,047	223,896
Depreciation	558,584	728,388	728,388	728,388	832,526	953,087	1,069,673	2,855,285
Repairs and maintenance	1,325,086	1,096,958	1,111,117	1,111,117	1,413,138	1,511,763	1,622,778	4,547,679
<i>Primary Cost</i>	<i>727,352</i>	<i>719,384</i>	<i>735,218</i>	<i>735,218</i>	<i>925,937</i>	<i>995,329</i>	<i>1,075,359</i>	<i>2,996,624</i>
<i>Secondary Cost</i>	<i>597,734</i>	<i>377,574</i>	<i>375,899</i>	<i>375,899</i>	<i>487,202</i>	<i>516,434</i>	<i>547,420</i>	<i>1,551,055</i>
Interest paid	314,136	382,139	382,139	382,139	354,567	440,948	483,012	1,278,527
Bulk purchases	2,130,979	2,232,956	2,232,956	2,232,956	2,563,032	2,816,197	3,094,444	8,473,673
Contracted services								
Grants and subsidies paid	8,392	12,185	12,185	12,185	12,953	14,269	15,136	42,358
General expenses	2,004,000	2,118,792	2,388,884	2,388,884	3,319,224	3,602,111	3,809,737	10,731,072
<i>Primary Cost</i>	<i>1,903,974</i>	<i>2,024,768</i>	<i>2,287,372</i>	<i>2,287,372</i>	<i>3,215,092</i>	<i>3,491,731</i>	<i>3,692,734</i>	<i>10,399,557</i>
<i>Secondary Cost</i>	<i>100,026</i>	<i>94,024</i>	<i>101,512</i>	<i>101,512</i>	<i>104,132</i>	<i>110,380</i>	<i>117,003</i>	<i>331,515</i>
Operating Expenditure by Vote	8,741,209	9,056,301	9,334,443	9,334,443	11,499,385	12,445,907	13,375,646	37,320,938
(SURPLUS)/DEFICIT (1)	136,754	(1,150,458)	(899,986)	(899,986)	(1,209,592)	(1,209,313)	(1,553,689)	(3,972,594)
Reserve movements (1)								
Transfer to Government Grant Reserve	317,834	798,900	554,240	554,240	961,481	1,024,946	1,258,309	3,244,736
Depreciation off-sets	(353,582)	(373,331)	(373,331)	(373,331)	(408,143)	(445,583)	(490,189)	(1,343,914)
Transfers To/From Other Reserves	(101,005)	724,889	719,077	719,077	227,599	236,703	246,172	710,474
Transfer to CRR					428,654	393,247	539,397	1,361,298
(SURPLUS)/DEFICIT after reserves	-	-	-	-	-	-	-	-

Notes

1. Surplus includes capital government grants which are appropriated to the capital expenditure budget.
2. Includes depreciation charges for externally funded assets offset by transfer from reserve accounts.

There is a part of a Hadith from the teachings of the prophet Muhammad, which says: "The pens have been lifted and the pages have dried, know what has passed you by, was not going to befall you and what has befallen you was not going to pass you by."

History has shown many a time how a gentle and soft approach has won hearts where a sledgehammer approach failed.

Asalam wa aleikum warahmatullahi wabarakatu (peace be on you and the mercy and blessings of Allah)

In conclusion Comrade Speaker, allow me to take this opportunity to thank all the MMCs, councillors and employees of the City of Tshwane – all of whom have shown the necessary perseverance and commitment to deliver on its mandate to our communities.

Thank you