

**2007/2008 BUDGET SPEECH BY CR WILLIAM MAHLANGU, MEMBER OF THE  
MAYORAL COMMITTEE FOR FINANCE AND AUDIT, ON 31 MAY 2007**

Mr Speaker

Executive Mayor

Chief Whip

Councillors

Members of the media

Our special guests

Officials of the City of Tshwane

Ladies and gentlemen

What is a budget?

It is a political tool utilised by the leading party in government to realise its political objectives. The commonly used definition says it is "a summary of intended expenditures, along with proposals for how to meet them" OR – "a sum of money allocated for a particular purpose."

As the Executive Mayor has pointed out, the desired destination is a city that is a prosperous, non-racial, non-sexist society, where children are schooled and fed, where skilled young people earn an income, where young girls and women are safe from harm, and where the dignity of men and women is restored as they work side by side to ensure that their families have a better life.

And we are getting there.

Since the first democratic elections in 1994, a lot of progress has been made and this budget will demonstrate that.

I therefore wish to refer the Council to page 22 of the agenda.

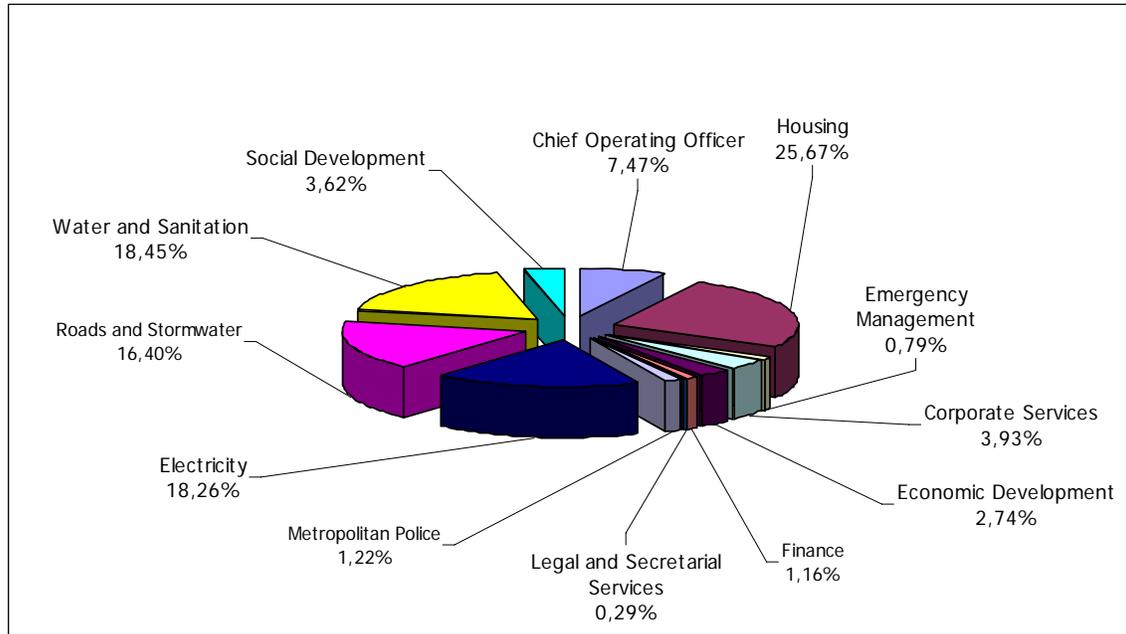
(Refer to graph in the report and pie chart)

**DRAFT 2007/08 MEDIUM-TERM CAPITAL BUDGET PER FUNDING SOURCE & SECTION 80 COMMITTEE**

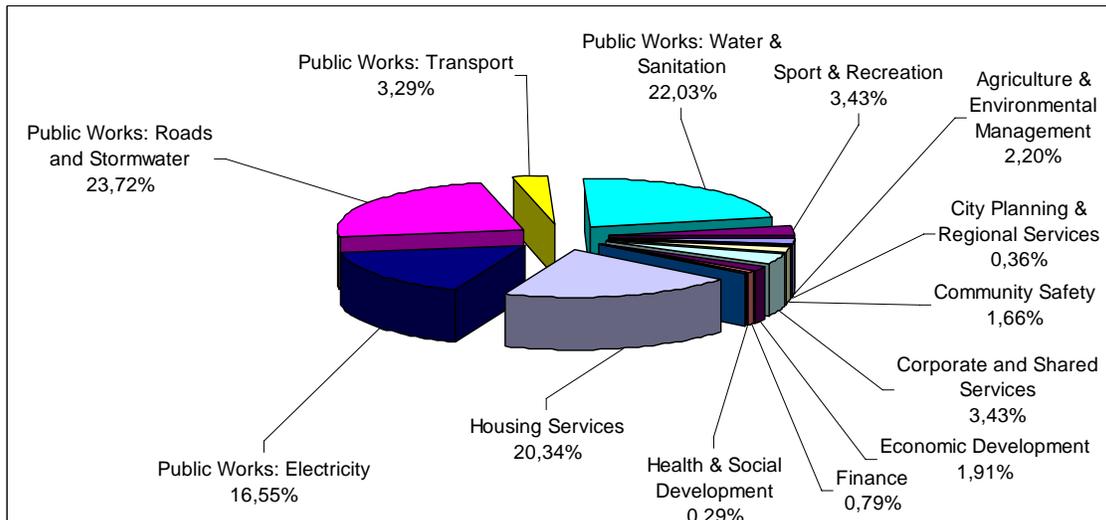
<b>FUNDING SOURCE</b>	<b>Budget 2007/08</b>	<b>%</b>	<b>Budget 2008/09</b>	<b>%</b>	<b>Budget 2009/10</b>	<b>%</b>
Council Funding	1,516,940,000	65.50%	1,692,200,000	60.55%	1,749,550,000	67.34%
Provincial Grants and Subsidies	223,610,000	9.66%	406,450,000	14.54%	158,700,000	6.11%
Government Housing	303,782,000	13.12%	367,500,000	13.15%	385,800,000	14.85%
MIG	234,108,000	10.11%	280,935,000	10.05%	232,200,000	8.94%
National Electrification Programme	37,400,000	1.61%	47,618,000	1.70%	71,710,000	2.76%
<b>TOTAL CAPITAL FUNDING</b>	<b>2,315,840,000</b>	<b>100.00%</b>	<b>2,794,703,000</b>	<b>100.00%</b>	<b>2,597,960,000</b>	<b>100.00%</b>
Agriculture & Environmental Management	48,880,000	2.11%	39,815,000	1.42%	60,200,000	2.32%
City Planning & Regional Services	8,000,000	0.35%	10,000,000	0.36%	4,000,000	0.15%
Community Safety	37,000,000	1.60%	43,000,000	1.54%	29,000,000	1.12%
Corporate and Shared Services	76,400,000	3.30%	79,485,000	2.84%	82,000,000	3.16%
Economic Development	42,525,000	1.84%	49,054,000	1.76%	19,650,000	0.76%
Finance	17,600,000	0.76%	15,500,000	0.55%	15,000,000	0.58%
Health & Social Development	6,520,000	0.28%	39,500,000	1.41%	15,000,000	0.58%
Housing Services	452,695,000	19.55%	552,300,000	19.76%	580,600,000	22.35%
Public Works	1,549,868,000	66.92%	1,789,396,000	64.03%	1,739,377,000	66.95%
- Electricity	<b>368,335,000</b>		<b>409,651,000</b>		<b>435,085,000</b>	
- Roads and Stormwater	<b>617,988,000</b>		<b>529,210,000</b>		<b>421,222,000</b>	
- Transport	<b>73,300,000</b>		<b>326,225,000</b>		<b>187,725,000</b>	
- Water & Sanitation	<b>490,245,000</b>		<b>524,310,000</b>		<b>695,345,000</b>	
Sport & Recreation	76,352,000	3.30%	176,653,000	6.32%	53,133,000	2.05%
<b>TOTAL CAPITAL EXPENDITURE</b>	<b>2,315,840,000</b>	<b>100.00%</b>	<b>2,794,703,000</b>	<b>100.00%</b>	<b>2,597,960,000</b>	<b>100.00%</b>

## 2006/7 and 2007/8 Capital Budget Comparison

2006/7 Capital programme per main function (vote)



2007/08 Capital programme per main function (vote)



CAPEX PER AREA [SUMMARY]

Area	Budget 2007/08	% of Total Budget	Budget 2008/09	% of Total Budget	Budget 2009/10	% of Total Budget
Tshwane Wide	752,445,000	32%	1,158,749,750	41%	1,230,076,000	47%
Other	355,560,000	15%	353,457,000	13%	416,000,000	16%
Northern Areas	713,385,000	31%	761,803,500	27%	644,453,000	25%
Soshanguve	109,950,000	5%	83,500,000	3%	56,000,000	2%
Atteridgeville	126,925,000	5%	127,542,750	5%	72,790,000	3%
Mamelodi	257,575,000	11%	309,650,000	11%	178,641,000	7%
Total	2,315,840,000	100%	2,794,703,000	100%	2,597,960,000	100%

The Metro Police budget includes R71 m for new recruits. More money has been set aside for the CCTV system. This will go a long way in fighting crime in the city. However, the question we should ask is: how soon can we utilise this system for the general management of the city such as reporting garbage on street corners, non-functional robots and potholes?

In this regard, and as mentioned by the Executive Mayor, the general state of the city has improved tremendously with visible policing, better traffic flow, illegal trade reduction and a general reduction in criminal activities. These improvements are a result of increased personnel and the increase in the number of CCTV cameras now covering the whole of the inner city.

Mr Speaker, we are proud to report an average reduction of 15 to 40% per month in crime levels in various areas of the inner city.

Yes, based on this information, it is clear that we have come a long way. However, for us to take it further and continue on this path to truly reach the intended destination, we need to focus on our targets and direct all our energies to meeting them.

The departments set targets each financial year, and they are broken down into sub-targets for each quarter to ensure consistent, high-quality delivery. But I would like for the moment to focus on the mandate which has been given to us: to report on the targets and achievements to date.

As is the case with most of the City of Tshwane's plans and campaigns, each performance report is evaluated against its five strategic objectives, each of which has key performance areas, key performance indicators and targets as contained in the five-year city scorecard.

**First objective: access to basic services and infrastructure**

A large portion of the 2006/07 budget – close on R450 million, in fact – was allocated to the provision of housing, and this endeavour has been progressing well. Since the beginning of this financial year, 5 812 top structures have been built, exceeding the target of 4 500. In 2007/08 we will build more houses.

The Ga-Rankuwa Extension 23 project is one such success story. On 29 March, the City of Tshwane handed over 1 500 title deeds in this area of full services, including tarred roads, street trees, parks, public lighting and quality stormwater drainage. The project was jointly funded by the North West province and the City of Tshwane, to the amount of R120 million.

Mr Speaker, we have also formalised 12 informal settlements, and seven more are in the process of being formalised. The target number for June 2007 is 13, but it is expected to be exceeded.

With a budget of nearly R315 million last year, electricity has been laid on at 4 180 homes, just over 200 short of the target because those houses are still under construction. The annual target for the electrification of completed houses in Winterveld was already exceeded during the third quarter, with 6 579 receiving electricity. In this financial year more and more houses, street lights and high-mast lighting will be connected.

Delivery of water services has exceeded expectations. The plan was to take the approximately R320 million in the budget and supply water connections to 2 500 residential stands each quarter. The annual target of 10 000 has already been exceeded, with 14 683 having been connected to date. Construction of the water reservoir in Hammanskraal West was completed on target. Lephengville in Majaneng, Ramotse and Marokolong will have yard connections by February next year. As this "train" gains momentum, even more areas will be serviced.

The construction and maintenance of roads are ongoing. With a budget of over R280 million, 28,4 km of roads were constructed and 420,8 km maintained, exceeding the target of constructing 25 km of new roads and maintaining 224,8 km.

Mr Speaker, the target of constructing 15,1 km of stormwater drainage to reduce backlogs was exceeded, with 23,1 km having been built.

As part of our contribution to the 20 top township programmes this financial year, all the streets in Soshanguve will be tarred. This will be the highest development the area has experienced so far and will also contribute to our job creation targets.

To ensure that our massive investment in the infrastructure was not wasted, we increased our maintenance budget to R959,1 m for 2006/07 and this will be increased to R1 118,7 m in 2008/09. This budget was allocated proportionally, with a bias towards the less developed areas, to rehabilitate the infrastructure and for upgrades in the more developed areas.

Mr Speaker, telephone hotlines for improved customer care have been established and work has commenced on the Giant and HM Petje stadiums in preparation for the 2010 FIFA World Cup.

Yes, there were targets that were unfortunately not achieved, and more effort will go into making sure that the factors hindering their achievement are removed. In this financial year, departments will be more ready than ever before. All business plans and detailed design reports will be ready by the beginning of July. We are doing

whatever is needed to make sure that service delivery will be enhanced and brought closer to the communities.

The service departments exceeded their targets for the use of small, micro and medium enterprise contractors and local labour: 52 such contractors have been appointed, which is almost 50% more than the target of 38; and the target of a 20% increase in the use of local labour was exceeded by far, because the service departments make it a policy to use local labour in all their projects.

In the words of President Mbeki in his State of the Nation Address – “Peace and political stability are also central to the government's efforts to create an enabling environment to encourage investment. Decisive action will be taken to eradicate lawlessness, drug trafficking, gun running, crime and especially the abuse of women and children.”

The City of Tshwane is serious about meeting the challenges of creating a city that is prosperous and safe, and a home to a healthy and democratic society. We are committed to improving the quality of lives of all our people.

### **Second objective: accelerated and shared economic growth**

I am sure that we all agree that unemployment and job creation remain two of the most critical challenges facing us. The Municipality will continue to explore ways to effectively work together with the private sector and the other spheres of government to meet the goal of halving unemployment and poverty by 2014. Currently, the unemployment level in the city is estimated at 31%, with a high concentration of poverty in the northern parts.

As mentioned in last year's budget speech, an important feature of this city's rapid economic growth has been the emergence of a vibrant small, micro and medium enterprise contribution to economic development and Tshwane's market turnover. For this reason, we have consciously set aside an amount of R50 million over a period of three years to develop and support the growth of these enterprises to ensure sustained and higher growth rates.

Furthermore, the following achievements to accelerate higher and shared economic growth and development were attained:

- 1 022 small, micro and medium enterprises received assistance from the Municipality.
- An amount of R63 million was invested in the local economy through partnerships.
- All the designs for public transport facilities were completed and work has begun on the R190 million Bloed Street taxi mall project. The project is expected to create 3 500 jobs.
- Nine "bad" or condemned buildings are being renovated.

### **Third objective: reducing poverty and building sustainable communities**

In its efforts to fight poverty and build clean, healthy, safe and sustainable communities, the Municipality has facilitated the following:

- 46 956 indigents have been registered and receive free basic services.
- Seven applications for housing developments close to economic opportunities were approved.
- Two events were held to promote a culture of competitive sporting activities, namely the City-to-City Marathon and the Mayoral Golf Day.
- 98% of households now have access to primary healthcare within a radius of 5 km of their homes.
- Ten initiatives were implemented to benefit vulnerable groups, such as the Boikanyo project for people living with disabilities.

Pursuant to our commitment as a City to achieve the national targets of halving unemployment and poverty by 2014, an amount of R10 million was put towards the establishment of the Tshwane Development Agency, and R33 million has been allocated for economic growth infrastructure. Through these initiatives we can unlock the city's potential for making a significant contribution to the creation of an estimated 53 000 short-term and 5 000 permanent jobs annually.

**Fourth objective: improving Tshwane and fostering participatory democracy and the Batho Pele principles through caring, accessible and accountable service**

In striving for the objective of "fostering participatory democracy and the Batho Pele principles through caring, accessible and accountable service," the Municipality continues to focus on extending customer care and ensuring the success of the ward committee system set up to allow democratic participation. Two new multipurpose centres to assist in the provision of one-stop services, one in Winterveld and another in Nellmapius, have been opened. Furthermore, ward committees have been formed and are 100% functional in all areas.

Of course, it is an essential 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 information and computer technology hub. For this to be achieved, a total budget of R28 million was appropriated for the marketing of the Municipality in the 2006/07 financial year. This proves that we will progressively build a new identity for the city, the focus being on enhancing Tshwane, an area that all South Africans can be proud of and aspire to visit during their lifetimes.

**Fifth objective: ensuring good governance, financial viability and optimal institutional transformation with capacity to execute its mandate**

Ladies and gentlemen, as a city and as local government, 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 Municipality works better for all its citizens, residents and businesses.

In this regard, to ensure good governance, financial viability and optimal institutional transformation, the following was achieved thus far:

- A business case gap analysis was completed to ensure efficient fleet management and effect savings.

- The matching of billing and property valuation was completed.
- The percentage of municipal debt over 90 days was reduced by 66% for the year thus far, with the target being 77%.
- The response rate to customer enquiries was reduced from 42 days to 34 days.
- The call centre received 82 441 calls in this quarter and 69 310 were handled immediately.
- 83,7% of meters were read, which means that most bills were not estimates but based on actual consumption.
- The micro-structure of staffing for the new regions was approved up to level 5.
- 50 unemployed learners were accepted into the Municipality's learnership programme.

Yes, our first decade of freedom has been a decade of growing unity in action; a decade of peace and stability; a decade of increasingly making the resources in the hands of the state available to uplift disadvantaged South Africans.

We have, in these past 12 years, brought water and electricity to millions of households; built houses accommodating millions of South Africans; opened up access to quality education; removed discrimination from access to professions; turned the economy around to become more productive and globally competitive; and placed South Africa in a strategic position to deal with international affairs in a world which is now open to all sportsmen and women, businesspeople, musicians, academics and political and social activists, to partner with humanity in building a better South Africa, a better Africa and a better world.

As the City of Tshwane, it is our primary mandate to build, lead and manage this great city. This organisation will be governed on behalf of all future generations and for this reason, in the words of our Executive Mayor, the municipal team must work together in partnership with all communities and their needs are to be respected at all times. We will be led by the social responsibility of this Municipality, which is to empower our people and to alleviate poverty by expanding opportunities to build a better life for all.

Because we are in the second decade of freedom, at the core of the challenges we face is the task to speed up the creation of work and further to strengthen the fight against poverty.

Our goal is to create a South Africa in which everyone can experience an improving quality of life, enjoy equal human rights, with access to opportunities that freedom has brought us, and bound together as a nation by our humanity.

Thank you