

Budget Speech by  
**Solly Msimanga**  
Executive Mayor of Tshwane

### **2018/19 Budget: Driving financial efficiency for better services and job creation**

Madam Speaker  
Leader of Council Business  
Chief Whip of Council  
Members of the Mayoral Committee  
Fellow Councillors  
City Manager and Senior Managers  
Distinguished Guests  
Comrades and Friends  
Members of the Mass Media, and of course  
Residents of this Great City

Madam Speaker

The budget that is presented today is structured around two key priorities. The first is that of driving financial efficiency across the City of Tshwane, which involves keeping tariffs as low as possible while also ensuring that the City is cost efficient. The second is focused on ensuring that we leverage our existing financial resources to uplift the lives of our people while also creating an environment conducive to the creation of jobs.

Crafting this budget has not been easy for the administration. I have repeatedly sent officials back to the drawing board to review particular costs and to identify where we can save money for the people of Tshwane.

In formulating the 2018/19 budget we ensured that, as with the previous budget, it is fully informed by the goals reflected in our Integrated Development Plan, namely:

1. A City that facilitates economic growth and job creation;
2. A City that cares for residents and promotes inclusivity;
3. A City that delivers excellent services and protects the environment;
4. A City that keeps residents safe; and
5. A City that is open, honest and responsive.

This is the first and most fundamental step in ensuring that we deliver on our mandate of responding to community needs and priorities.

The 2018 budget review emphasised that, although global risk factors remain elevated, the world economy continues to provide a supportive platform for South Africa to expand trade and investment.

World economic growth is at its highest since 2014 and continues to gather pace with gross domestic product (GDP) growth increasing across all major economies.

Growth has remained stagnant at less than 2% and unemployment remains high at 26,7%. The GDP growth rate is forecast to be 1,5% in 2018, 1,8% in 2019 and 2,1% in 2020. The CPI rates for the next three financial years are estimated at 5,3%, 5,4% and 5,5% respectively.

Statistics South Africa's December 2017 statistics showed an unexpected improvement in the economic outlook, largely as a result of growth in agriculture and mining.

However, owing to the drought in several provinces, which poses significant risks to agriculture, tourism and economic growth, municipalities will have to improve their efforts to limit non-priority spending and to implement stringent cost containment measures.

In presenting this budget I am reminded of a quote by American billionaire, Warren Buffet, who, despite his immense wealth, lives a relatively average life and is one of the greatest philanthropists in the world.

The quote reads as follows:

*Someone's sitting in the shade today because someone planted a tree a long time ago.*

Since coming into office in August 2016, this administration's focus has been on planting trees so that Tshwane will have plenty of shade in the future.

Stabilising the City of Tshwane's finances remains a focus for the 2018/19 Medium-term Revenue and Expenditure Framework. This budget was carefully crafted to ensure that the City is financially stable and able to render services in a sustainable manner.

You will remember that when we took the reins from the former administration, we were confronted with many financial disorders. Chief amongst them was being cash-strapped and closing the 2016/17 financial year with a deficit in excess of R2 billion.

We have started on a heartfelt journey of providing better, affordable services as well as running a clean and honest administration that is free from corruption and creates jobs and opportunities for Tshwane's residents.

We are in the process of implementing a financial sustainability plan that will focus on, amongst others, revenue improvement, expenditure management, productivity following the review of the micro structure, and strategic procurement of goods.

As a responsive administration, we developed this budget under the fundamental guiding principle that it must make optimal use of resources by reviewing current activities for operational efficiency.

### **Broad budgetary overview**

Madame Speaker

We worked hard to ensure that current projects are either completed or near completion before starting with new projects, and that tariffs are affordable for poorer households and other customers while ensuring the financial sustainability of the City.

The financial position of the City is projected to improve over the medium term, with most of the ratios expected to fall within the set benchmarks. The budget can be summarised broadly by the following:

The total capital budget amounts to R4 billion for the 2018/19 period, and R3,9 billion and R4,1 billion for 2019/20 and 2020/21 respectively.

The capital budget for 2018/19 is funded from the following sources:

- Internally generated revenue (including public contributions and donations and the Capital Replacement Reserve) – R311 million
- Borrowings – R1,5 billion
- Grant funding – R2,2 billion

The City is tabling an operating revenue (excluding capital grants and contributions) of R32,5 billion for the period 2018/19, which escalates to R36,5 billion in 2020/21.

The revenue represents an increase of 6% against the 2017/18 adjustment budget.

The City's primary source of revenue is property rates income of approximately R7 billion.

Electricity and water sales stand at R15 billion and the charges related to sanitation and refuse removal come to R2,5 billion.

The operating expenditure amounts to R32,4 billion. This is an increase of 5,7% against the 2017/18 adjustment budget, resulting in a surplus of R113,5 million for the 2018/19 financial year.

This, Madman Speaker, is a balanced budget indeed.

### **Public consultation on the budget**

Madam Speaker

The budget presented today has undergone public consultation with various stakeholders. These meetings were held across the length and breadth of Tshwane and included a stakeholder summit in Tshwane House.

The draft budget was also placed on the City's website, as well as distributed to all community libraries, and the public was invited to render written comments for consideration.

We further developed an online application to provide additional avenues through technology for communities and stakeholders to participate in the consultation on the draft IDP and 2018/19 budget.

The **Tshwane E-Government** is a citizen engagement app that fosters participatory democracy, accountability and responsiveness. Through this app, citizens and stakeholders can raise issues, provide input and influence the City's policies and strategies.

The app has been piloted and is available on the Google Play store and the Apple iTunes store. Residents and stakeholders can download the app on their smart devices and participate in the affairs of the City. The app will go through continuous improvements in the coming months and we hope to expand its service offering to residents.

Dembe Nelufule submitted the following comment on the app: *"I think this app will be a good thing and the community will also benefit from it, if people use it in a proper way and if someone will be checking on it for 24 hours."*

As part of the development of the app to its full potential, the back office setup is in progress and the app will be manned appropriately.

The Ward 87 community submitted the following comment: *"Priorities for Ward 87 to be considered for the IDP/Budget 2018/19 – Stands at Erf 332 behind the East Lynne Tshwane bus depot and serviced stands with electricity and water and sanitation."*

To the community of Ward 87, your input during the IDP and budget outreach has not landed on deaf ears. A budget has been allocated to deal with the issue of available land for the development of the informal settlements in the ward. The Gauteng Department of Human Settlements has also prioritised the development of housing within the ward over the medium term and through our intergovernmental engagement processes.

Other comments received through the outreach process through the various platforms range from access to basic services, access to houses, delivery of title deeds, economic development and job creation.

Communities also raised the need for the development of community facilities such as community halls and sport facilities. A matter that has been raised constantly is the maintenance and upkeep of our infrastructure. Basic upkeep of our urban realm is a major concern for our residents. This budget aims to respond to these matters.



## **Breakdown of tariffs**

Madame Speaker

In its tariff determination the City has taken into account the affordability of services to its residents. We made every effort to contain the tariffs that are within our control, such as the charges relating to property rates and refuse removal, and ensure they are in line with inflation.

Property rates tariffs will increase with 6% from 1 July 2018 for all categories of properties except business, commercial and industrial properties, which will see an increase of 4%.

The tariff structure for refuse removal comprises two components, namely refuse removal and city cleaning. The tariff for refuse removal is based on the cost per m<sup>3</sup> (container capacity) of refuse removed per month and on the service provided in a specific area. A tariff increase of 6% for 2018/19 is proposed.

The City cleaning levy for non-account holders will be implemented in line with the size of the bin.

The tariff increases for electricity and water are informed by what is determined by the National Energy Regulator of South Africa (Nersa) and Rand Water.

Nersa published their Municipal Tariff Guideline Increase, Benchmarks and Proposed Timelines for the Municipal Tariff Approval Process for the 2018/19 financial year on 28 February 2018.

The City has applied an electricity tariff increase of 6,84% as per Nersa guideline.

The bulk purchase tariff increase is actually 7,32%, which means the City is internalising some of the costs so that the full amount is not passed on to our residents and business owners.

Rand Water has increased its bulk water sales to the City by 12,2%. Again, in order to ensure that our residents are not hit with the full cost, we will be levying an increase of 10,5%. This demonstrates our commitment towards ensuring that Tshwane is an affordable place in which to live.

I have expressed my concern on the tariff increases imposed by Rand Water on municipalities for bulk water purchases. They are simply unacceptable.

In the case of Nersa, the regulator can be engaged and lobbied in a formal manner. However, there is no such platform when it comes to Rand Water. I am encouraged by the fact that National Treasury has indicated that it will assist in this regard.

We need a proper forum where municipalities can engage on bulk tariff increases when it comes to our water purchases.

I want to emphasise this again: In both the cases for electricity and water the City has not passed on the full costs of the bulk purchases on to our residents. We have actually internalised some of them to make our city more affordable.

### **Tariff and financial support to poor and disadvantaged residents**

Madame Speaker

We are also fully committed towards ensuring that our poorest residents are either exempt from or paying significantly reduced tariffs.

Residents who are registered as indigent are granted 12 kℓ of water free of charge, along with 100 kWh of electricity free of charge.

Indigent people also pay no property rates to the City.

In terms of property rates, there is no charge on any properties that are valued at R130 000 or less.

We also have a rebate scheme for pensioners and people with disabilities, as anyone in these category earning R8 000 or less is entitled to a 50% rebate on their property rates.

The umbrella of social support to our poor residents is important to me and is the reason I continue to place so much pressure on the administration in terms of the way in which our tariffs are structured and prepared.

## **Breakdown of capital expenditure**

Madam Speaker

As highlighted previously, our capital expenditure budget for this year is at R4 billion.

Madam Speaker

I also want to emphasise that our projections indicate that the efficient spending of this budget could yield thousands of jobs in various industries such as construction, project management and design, planning and other professional services.

It includes major infrastructure investment projects for the following:

- Water and sanitation – R475 million
- Electricity – R982 million
- Roads and storm water systems – R994 million
- Housing – R901 million

It can then be further broken down into:

- Water connections to 12 600 households
- Sewer connections to 3 943 households
- Electricity connections to 6 800 households
- 50 km of new storm water networks
- 56 km of new tarred roads
- Improving the living conditions of our residents in informal settlements by providing rudimentary water and sanitation

## **Jobs through the EPWP**

Madam Speaker

With continued high unemployment rates and poverty levels in South Africa and Tshwane, it is imperative that we play our role of facilitating job opportunities.

The DA-led multiparty government is committed towards ensuring that our Expanded Public Works Programme creates meaningful opportunities for the people of Tshwane.



This includes the training of participants to increase the output of skilled individuals into the job opportunity environment.

For the coming financial year, we have allocated R137,2 million towards EPWP initiatives. We pride ourselves on the fact that our EPWP was revised to benefit *all* eligible beneficiaries.

The revised recruitment process guarantees that opportunities are distributed in a fair and transparent manner through public lottery sessions across Tshwane.

Our goal for this past financial year was the creation of 23 000 job opportunities, which is what we are committed to doing once again in the 2018/19 financial year.

### **Early childhood development**

Madam Speaker

I have read with concern how, within Tshwane, an increased number of our youths are leaving school without completing their matric.

Although basic education is not our competency, the City does have a role to play in early childhood development.

A total of R9,9 million has been allocated for early childhood development programmes. R5 million of this will be rolled out towards the afterschool programme in all seven regions as a response to the social challenges facing our communities.

The purpose of this initiative is to demonstrate that the City cares for its residents, particularly the children and the youth. The programme aims to keep children busy with various sports, culture and homework assistance.

R3,2 million will go towards early childhood development support of NGOs that operate in the sector, and a further R1,7 million is destined for early childhood development food provision.

Former President Nelson Mandela believed that education is the most powerful weapon you can use to change the world.

In this regard we have budgeted R5,4 million towards library programmes. The money will, amongst others, advance the Born to Read Programme to the tune of R250 000, the Career Expo to the tune of R1 million, and reading development programmes to the tune of R800 000.

In the past two financial years the City also commenced with the construction of three social development centres – in Hammanskraal, Winterveld and Mabopane. Construction work is far advanced and the respective facilities are all nearing completion.

An amount of R30,7 million in social infrastructure grant funding has been received from the Gauteng Department of Social Development and has been allocated to internal fittings for these centres, including mechanical, plumbing and electrical works, as well as external works including storm water, sewer and landscaping projects. On completion, the centres will assist with social development in all three communities.

### **Promoting sports, culture and heritage**

Madam Speaker

As someone who is passionate about being physically active, I feel it is important to ensure that the City promotes an environment and events where people can engage in sporting events.

Sport and recreation programmes will thus receive R5,5 million. This will go towards supporting events which will get our people active and healthy.

We are also contributing R500 000 towards the Tshwane Sports Council. It is the mission of the City and Tshwane Sports Council to provide effective control and management of all sport codes in promoting sport development among all the people of Tshwane.

Arts, culture and heritage programmes will get R5 million towards the development and promotion of arts, culture and heritage, and fostering social cohesion.

I also want to reiterate my support towards the development of the Caledonian Stadium. Our intention is to have it renovated to PSL standards and establishing a soccer museum with a display of Tshwane football legends to attract tourists, a multipurpose hall and a sports retail shop. An amount of R35 million has been budgeted for this project.

Refilwe Stadium will also be getting a budget of R20 million, which will go towards upgrading the soccer pitch and gymnasium and providing an athletics track for sports development.

During the last financial year we allocated R1 million towards HM Pitje Stadium to determine a way forward with it. In order to bring the stadium up to a FIFA-accredited standard, approximately R160 million will be channelled to the stadium's upgrading.

Several meetings have taken place over the last two financial years with representatives of the Gauteng Department of Infrastructure and different project implementation options were discussed.

The City is proposing to be the implementing agent on behalf of the Gauteng Provincial Government and further recommends that a project steering committee be established, chaired by the Gauteng Government.

The City Manager is to be empowered to enter into a memorandum of understanding with the Gauteng Government. The agreement will include the scope of work, an estimate and the planning, design and construction of the stadium.

All technical information relating to the structural assessment conducted and the concept developed and/or any other relevant information to assist the project was made available to the Gauteng Government as per their request.

Although we continue to engage with the province, we are still waiting for a clear directive and indication of their commitment to the project.

## **Healthcare and combatting drugs**

Madam Speaker

All residents deserve access to quality healthcare services and as a responsive administration, we are doing our bit to contribute to the fight against the spread of HIV/AIDS and drug abuse.

We are committed towards creating awareness in communities about treatment options and how residents can take better care of their health.

The total budget for the health function amounts to R364,9 million and includes allocations such as:

- R18,5 million towards the HIV/AIDS, tuberculosis and STI programme;
- R8,9 million towards primary healthcare and municipal health services; and
- R40,3 million towards our drug and substance abuse programmes.

During the 2018/19 financial year, the City of Tshwane will embark on a process to strengthen the Tshwane Mayoral AIDS Council to ensure involvement and participation by all sectors of society, including civil society and business.

Countering the effects of drugs remains a top priority in this administration. Just this month, Cllr Sakkie du Plooy and I conducted oversight visits to facilities in Soshanguve, Mamelodi and Eersterust that provide support to those affected by drug and substance abuse.

The focus of our work has been on fostering collaboration between multiple stakeholders in this space so that collectively we can combat the plague of drugs in our communities. I am fully committed towards ensuring that the City of Tshwane continues to do its part in the fight against drugs.

Infrastructure upgrades of our healthcare facilities are also a priority. As such, we have allocated R26,5 million towards the refurbishment of Rayton Clinic and R4 million for the upgrading of clinic dispensaries.

Lusaka Clinic has received an allocation of R750 000 for planning completion and will be fully funded for construction over the medium term to the value of R60 million upon completion.

In the 2018/19 financial year the City's Health Department will ensure, within the budgetary requirement, that the extension of service hours in municipal clinics are maintained. This will be done while exploring various options to increase healthcare access to our communities.

In this administration, public health is a critical health priority. Through our municipal health services function we will be embarking on intensive health compliance by private and public premises within Tshwane. This will ensure that our residents' health is protected.

### **Upgrading informal settlements**

Madam Speaker

In line with the City's long-term plans of creating inclusive and liveable neighbourhoods, we have budgeted a total of R290 million for capital expenditure to upgrade informal settlements, which include:

- Malusi Ext 1 and 2;
- Midas in Mabopane Ext 12;
- Kanana in Hammanskraal West;
- Refilwe Ext 7; and
- Phomolong.

This means the provision of bulk infrastructure as well as water and sewer reticulation. Providing dignity to our poorest residents is foremost in the administration's thinking and planning.

Settlements targeted for increased access to water and sanitation as part of our housing programmes include:

- Kopanong;
- Rama City;
- Winterveld Ext 3 and 4;
- Mabopane Ext 1 and 12;
- Gatsebe;
- Kudube Ext 9;
- Zithobeni Ext 8; and
- Zithobeni Heights.

These communities will benefit from household connections to water and sewerage.

This will cost the City R132 million in the 2018/19 financial year.

At the same time we will be investing more than R261 million to upgrade roads and storm water systems as part of settlement development and upgrading.

Some of the targeted areas include:

- Refilwe Manor;
- Fort West;
- Olievenhoutbosch Ext 60;
- Soshanguve Ext 5,12 and 13;
- Thornview;
- Winterveld; and
- Zithobeni Ext 8 and 9.

While the above projects will yield immediate access to water and sanitation for the settlements targeted for upgrading, we will be investing R223 million towards bulk water and sanitation projects, which will unlock access for future housing development.

Over and above the capital projects for the upgrading of informal settlements, the City has set aside an operational expenditure budget of R92,5 million towards planning and feasibility processes during the 2018/19 period.



So while on the one side we are upgrading informal settlements, we are also ensuring that we facilitate planning arrangements to identify which informal settlements we can upgrade in the future. The following informal settlements will undergo detailed planning and feasibility studies:

- Marokolong;
- Ramotse;
- Majaneng;
- Mandela Village;
- Mashemong;
- Suurman;
- Kudube Unit 4;
- Hammanskraal West Ext 4;
- Stinkwater Ext 10;
- Klerksoord Ext 32;
- Nellmapius Ext 22 (Erf 12223 and 12224);
- Mabopane Ext 11;
- Phomolong (Portion 52, Pienaarspoort);
- Pienaarspoort Ext 20 (Kaponong);
- Pienaarspoort Ext 21 (Lethabong);
- Mahube Valley Ext 15 (Stoffel Park);
- Claremont (Bremer);
- Hennonpark; and
- Kanana (Kameelzynekraal).

## Housing

We take note of and understand the concerns regarding housing that come from communities like those at Mooiplaats, Plastic View, Refilwe Ext 7, Nellmapius/Willows, Kameeldrift and Mabopane.

We also understand the frustrations that the communities face due to abandoned projects due to poor contractor performance as well as lack of access to services such as roads, water and sanitation.

In the last three years the City has been rolling out the provision of bulk infrastructure to support *in-situ* upgrading of informal settlements and consolidation of mixed housing developments.

The 2018/19 budget has therefore been premised on the above and is guided by increasing efficiency in our approach to the provision of decent housing.

We are increasing the budget allocation towards internal reticulation of services (rolling out of serviced stands) where bulk infrastructure has been completed and/or is currently being completed.

This includes existing informal settlements and new settlements where households have been relocated and are currently provided with rudimentary services.

There are multiple changes in the 2018/19 budget that took into account the requests and comments received during the IDP public participation process.

For example, in Refilwe Ext 7 and 10 in Region 5, households were relocated in the previous year while the City constructed a reservoir to service the area where there was an insufficient supply of rudimentary services.

The new reservoir that will be commissioned at the end of July 2018 provides an opportunity for the connection of bulk services to the new settlement, followed by reticulation. Upon completion of internal reticulation, the settlement will be fully upgraded.

The Ga-Rankuwa Ext 10 project was a partnership between the City and the Gauteng Department of Human Settlements, but was abandoned by the contractor in 2013 following its poor performance. The project has since been subject to vandalism, which is a point of contention for the community at large due to the wasted investment.

Both spheres of government have since agreed to rescue the project, which will yield a total of 850 units. The Gauteng Government has allocated funding for top structures and the City has to provide for the rectification of infrastructure and connections to the units.

The Nellmapius/Willows mega project is another example: The City and the Gauteng Department of Human Settlements have signed a memorandum of understanding and an implementation protocol to cooperate on the implementation of the projects declared as mega projects, due their strategic location and the envisaged huge yield of housing opportunities.

This is one of the mega projects that is ready for implementation and will provide housing opportunities that will accommodate a number of informal settlements in Region 6, as well as other housing typologies for different markets.

The City has allocated R16 million to commence with installation of bulk services.

The intention is to spend a further R45 million in the medium term to complete the project.

As part of the upgrading of informal settlements, well-located land needs to be procured to provide opportunities for over-crowded existing informal settlements.

In Region 5, there was also an outcry by backyard dwellers living in areas such as East Lynne who felt neglected and not accommodated in the City's human settlements programmes.

While we cannot deal with all land requirements in 2018/19, we have allocated R13 million for the purchase of land in 2018/19 to address access to land for human settlement.

In the medium term, more than R39 million has been allocated to address challenges faced by communities such as East Lynne and Mooiplaats.

At the same time, we are in an advanced stage of engagement with the National Department of Public Works to make available identified land for services and human settlement development.

A priority in our discussions is the acquisition of a portion of Public Works land for the installation of a bulk water pipe for the people of Itireleng so they can have clean running water.

## **Safety and security**

Madam Speaker

I have noted with concern the continued incidents of theft and vandalism at our facilities. Therefore we have put together a comprehensive security plan backed up by an allocation of R318 million for security services at our facilities.

We have allocated R6 million towards the upgrading and renovation of emergency services stations. This will bring the facilities to a standard that will ensure a low maintenance cost in future.

The emergency services stations are utilised on a 24/7 basis and the renovations or alterations will provide better working conditions for the operational personnel.

There are currently 23 emergency services buildings and the goal is to ensure that all stations are kept to an acceptable, sustainable basic standard and to ensure compliance with occupational health and safety standards and that the certificate of compliance is in order.

The Mamelodi Station has received R12 million in the 2018/19 financial year.

The urban regeneration of the Mamelodi area will form part of City of Tshwane's key investments and spatial vision so as to create a more effective, efficient and liveable city.

Approval of detailed designs, site establishment, earthworks and construction will commence during the 2018/19 financial year.

Within the Mamelodi space we have also allocated R15 million for the development of walkways.

## **Maintenance**

I cannot emphasise enough the importance of prioritising the maintenance and repair of our infrastructure. Unless we are proactive in our ability to maintain our infrastructure we risk being in an endless game of catch-up.

As such an amount of R1,6 billion has been provided for repair and maintenance, which is a sizeable increase of 21% on the previous budget.

The programme will be focused on maintaining our electricity, water and roads infrastructure so that we can ensure that it lasts well into the future.

As has been seen in the news, the City has been battling with sinkholes. The budget for repair and maintenance will also play a critical role in combatting the spread of sinkholes, as it will be used to prevent sinkholes from occurring in the future by responding adequately to water leaks.

We are also making a dedicated provision of R25 million to address existing sinkholes in Tshwane.

## **Economic upliftment**

Madam Speaker

The City remains committed to the finalisation of the Business Process Outsourcing (BPO) Park, which has received a total budgetary allocation of R46,9 million. This will support the continued construction of Phase 1 of the project, the construction of Building 2, the installation of bulk services and the installation of IT cabling.

The Tshwane BPO Park represents a big opportunity to stimulate socio-economic growth in the Hammanskraal area. The park is poised to become a centre of excellence for BPO in South Africa and will offer BPO operators modern and high-quality integrated contact centre services, providing a one-stop-shop approach to all BPO needs.

The anticipated spin-offs from the implementation of Phase 1 of the project include:

- Creating approximately 1 800 temporary job opportunities for local labourers and 1 100 permanent jobs upon completion;
- Ensuring that 25% of the work is subcontracted to SMMEs (23% of work to date has been subcontracted to local SMMEs).

The BPO Park will be developed in three phases, consisting of 1 000 seats per phase, and will also be offering an incubator and training facility.

Upon completion of all three development phases, the park will create 3 300 new jobs.

## **Inner city regeneration**

I have been impressed by the continuous efforts that are being made to regenerate the inner city. Just this week I joined an operation that focused on by-law enforcement and crime prevention.

While we will continue to do law enforcement and by-law operations around the inner city, the time has come for us to start actively renovating the area as well.

The City in partnership with the National Department of Public Works developed the Inner City Regeneration Strategy, which is currently being implemented. During the medium term, Public Works will construct new offices in the Government Boulevard for no less than five government departments.



Obviously, the City has to provide access to bulk infrastructure for such growth and any other anticipated development as a result of our instilling business and government confidence in our efforts to turn around the inner city.

An investment of R41 million has been confirmed for the inner city in 2018/19, with a total of R111,5 million planned for the medium term only, to address capacity challenges in terms of water, electricity, roads and transport.

Our upgrade of the Civic and Northern Gateway Precincts comes to R12,2 million.

### **Investment**

Madam Speaker

We are committed towards building a competitive city that attracts investment. This is why we are also working towards the automation of the development and building plan processes.

A new online application system will be developed in order to improve the turnaround time for applications from nine months to three months.

Our economic nodes remain vital areas where we must sustain our capital involvement to facilitate job creation. Approximately R550 million will be channelled to these areas, and a total of R1,5 billion over the course of the medium term.

These areas include the inner city, Waltloo/Silverton, Sunderland Ridge/Monavoni, Ekangala, Rosslyn and Wonderboom.

Much of the investment that the City is undertaking in these areas includes upgrading of bulk infrastructure for water, sanitation and electricity, construction of two emergency services facilities in the inner city and Waltloo/Silverton, and development of housing that is strategically close to these economic activity nodes.

This investment by the City will unlock R72,4 billion worth of private sector investment through projects that are in the pipeline.

The City has identified and prioritised the automotive, aerospace, agro-processing, tourism, mining and BPO sectors for skills development to support job creation and growth.

In the next financial year, the City is targeting at least 1 700 beneficiaries to be trained through our skills development centres. This will be rolled out in partnership



with institutions such as the AIDC, SEDA, EOH, BPESA, Gauteng Government, DTI and National Small Business Department.

### **Municipal entities**

Madam Speaker

Upon taking office, it became fundamentally clear to me that the City needed to develop a clear mandate for the Tshwane Economic Development Agency (TEDA) and Housing Company Tshwane (HCT), largely because of duplicate services being provided by internal departments.

These entities are special-purpose vehicles, tasked with cultivating an environment that grows its human capital and the economy and setting up and managing good-quality, affordable rental housing for qualifying tenants who cannot be accommodated in the formal private rental market.

To address the housing gap market, we are working with the Social Housing Regulatory Authority (SHRA) through our Housing Company Tshwane to build social housing units in strategic land parcels to enforce integration. In the 2018/19 financial year, the City has set aside R36 million to develop infrastructure and social housing units in Chantelle, Townlands and Sunnyside. At the same time, we are consolidating our rental housing stock to ensure that the investment we make across our housing assets continues to ensure household security while it promotes prudent financial management by the City.

The subsidy to the Tshwane Economic Development Agency for the 2018/19 financial year amounts to R54,1 million.

I have also given clear instructions that I want to see a return on the money that is being put into these entities.

The functions of the Sandspruit Works Association have been incorporated with those of the internal group/parent in line with the disestablishment of the entity as approved by Council on 25 April 2017, and its operations will continue under the corporate structures of the City.

## Conclusion

Madam Speaker

Throughout this speech I have sought to provide a breakdown of how the City is driving efficiencies, managing costs and using its budget to leverage job creation. We are keeping tariffs as low as possible, prioritising the needs of our most vulnerable and poor communities, and ensuring that we drive strategic infrastructure development.

Through the projected spend for the next financial year, this administration will also play a leading role in the creation of thousands of jobs due to the spending of our capital budget.

Madam Speaker

This is a budget I am proud of – it is balanced and pro-poor, and aims to drive economic growth in our city. We are balancing this with ensuring we maintain our existing infrastructure while also upgrading informal settlements and providing basic services to our people.