

EKURHULENI BUDGET

BUILDING A LOCAL ECONOMY THAT
GROWS IN THE HANDS
OF THE PEOPLE



MNC Doctor Xhakaza



23 MAY 2019

BUDGET SPEECH





BUDGET SPEECH DELIVERED BY MMC FOR FINANCE, ICT AND ECONOMIC DEVELOPMENT IN THE CITY OF EKURHULENI, CLLR NKOSINDIPHILE DOCTOR XHAKAZA.

23 May 2019

Madam Speaker, Cllr Patricia Kumalo;
Executive Mayor, Cllr Mzwandile Masina
Chief Whip of Council, Cllr Jongizizwe Dlabathi;
Fellow Councillors;
Members of the Mayoral Committee;
Leaders of Opposition Parties in Council;
The Junior Councillors
The City Manager, Dr Imogen Mashazi;
Senior Management, Staff of the City and its Entities;
Leaders of Labour, Business and Civil Society;
Members of the Media;
Fellow Residents of Ekurhuleni;
Distinguished Guests;
Compatriots and Friends;
Ladies and Gentlemen.

Good morning! Sanibonani! Dumelang, Avhusheni, Molweni! Goeie Môre!

Thank you once again for affording me the honour to present the Budget and Medium Term Revenue and Expenditure Framework (MTREF). Madame Speaker, this budget speech is tabled two weeks after the successful fifth general elections of the democratic South Africa.

This election also marked the closing of the first quarter of a century since we, the people of South Africa, successfully brought an end to centuries of colonial domination and apartheid in 1994.

Accordingly, the people of South Africa took to the polls to re-affirm themselves as the driving force behind the political success of post-apartheid South Africa. The act of voting, and indeed its outcomes, defined once again the social contract that binds the state to the will of the people as the primary basis of legitimacy.

The renewed mandate given to the African National Congress, under the leadership of President Ramaphosa is instructive at two levels. **Firstly**, it affirms the positive reception with which the people of South Africa have understood the principal message of **Thuma Mina**.

Since his maiden State of the Nation Address in February 2018, President Ramaphosa has consistently enjoined all of us to uphold the values of clean governance, anti-corruption, high ethical conduct and an unwavering commitment to building a working economy for all. This message sends all of us out as ambassadors of the best values of public leadership; reminding all of us never to forsake the solemn oath of public office to serve the interests of the people.

Secondly, the elections provided us with an important opportunity to reflect on the historic path that we have so far travelled. The general elections gave us an opportunity to take stock of the gains we have made in entrenching peace, building justice by law and ending the legal foundations of social and economic exclusion.

In this regard, all levers of government have a duty to continue on this path and to accelerate the pace of social and economic transformation in a manner that practically shares the democratic dividend among the people of South Africa as a whole.

Honourable Speaker, we have accepted and embraced the **Thuma Mina** agenda hence we are boldly saying to our people:

- **Thuma Mina** to fight poverty;
- **Thuma Mina** to create jobs;
- **Thuma Mina** to provide proper shelter;
- **Thuma Mina** to provide quality health care, roads and basic services; and
- **Thuma Mina** to provide quality education at all levels from early childhood development to tertiary institutions.



This is an agenda that we are continuously reminded of by our people every time we interface with them.

This mandate can only be ignored at the peril of not only the governing party but also to the detriment of the well-being and prosperity of citizens and residents in the City. Therefore, nothing should stand in the way of our resolve to “... **Grow South Africa Together**”.

The Budget we table today bears testimony to the fact that as a nation we understood 25 years ago as we do now that the fruits of progress come slowly, one harvest a little richer than the last. We dreamt and continue to dream about a better life for all, and we shall steadily arrive at this destination because we refuse to be ordinary, and we continuously challenge ourselves to fight and conquer this battle.

It must further be pointed out that in the first half of our term of office, more emphasis went into social infrastructure development and ward-based needs. Now we are escalating our efforts towards Big Idea Developments without necessarily turning our backs on the former.

Madam Speaker;

Almost two months ago the Executive Mayor, Cllr Mzwandile Masina, delivered the State of the City Address in which we accounted for the two-and-half years we have been in office, and shared concrete plans about the future. We revealed a clear framework of sustenance and service delivery improvement; transformation of society and the City; and our ambition to be the preferred destination for investment and growth.

This year's State of the City Address was themed: ***Building a local economy that grows in the hands of the people***. The Executive Mayor explained that this theme 'is in recognition of the fact that sustainable economic development can only be achieved when the economy is in the hands of the people – for an economy that thrusts the people at the edge of the periphery is an economy that is incapable of bringing about genuine transformation'. It is for this very reason that the budget speech has adopted the same theme: ***Building a local economy that grows in the hands of the people***.

Today we are tabling a progressive budget that can only make our city a better place to live, work and play. Our people will today, like every year, hear how we are going to spend their money on turning their lives around.

After all the budget, as always, is informed by their views which we acquire through the IDP and Budget consultation processes. At this point, allow me to thank the community of Ekurhuleni for their co-operation in this regard.

This budget is about bringing investors into our city as a partner in our drive to consolidate socio-economic activity. I therefore extend an invitation to the private sector to join us as we build a new, vibrant, dynamic and economically viable City.

Honourable Councillors, as the ANC-led government in Ekurhuleni, we remain committed to ensuring that our actions contribute to the attainment of a free and just society, the upliftment of all our people, and the development of a society that belongs to all who live in it.

That is why we formulated an inclusive and broad-based Growth and Development Strategy (GDS 2055), which is anchored on five strategic imperatives, namely:

- **Re-Urbanise** – to achieve sustainable urban integration;
- **Re-Industrialise** – to achieve job-creating economic growth;
- **Re-Generate** – to achieve environmental well-being;
- **Re-Mobilise** – to achieve social empowerment; and
- **Re-Govern** – to achieve effective co-operative governance.

Madame Speaker, as part of the GDS (2055) we set ourselves the main target of becoming:

- **A Delivering City** – 2012 and 2020;
- **A Capable City** – 2020 and 2030; and
- **A Sustainable City** – 2030 and 2055.

Madam Speaker, it is important to note that we are now a year away from our first target of a **Delivering City**.



However, I can pronounce without fear of contradiction that we have already arrived at this destination. This much has also been confirmed by two credible independent institutions, respectively.

Last year the Gauteng City Region Observatory (GCRO) survey found that Ekurhuleni was the best in service delivery of the three metros in the province. Just recently, the sixth SA Customer Satisfactory Index (SA-csi) results revealed that the City of Ekurhuleni had the highest level of customer satisfaction of the three Gauteng Metros. Indeed, **siyaqhuba!**

Global and National Economic outlook

Fellow Councillors, as mentioned by the Minister of Finance in the 2019 Budget Speech, this country is a small and open economy in the global space, and is impacted upon by events in the global economy. The country's export growth forecast is constrained by the slow growth in the world economy.

It is expected that South Africa's real GDP growth in 2019 will rise to 1.5 percent, and then strengthen moderately to 2.1 percent in 2020/21. The key risks to the national economic outlook are the deterioration in the finances of state-owned enterprises, high unemployment and consumer inflation.

In terms of National Treasury Budget Circular No. 94 of 2019, municipalities are advised to limit the increase in tariffs to 5.2 percent for 2019/20 and 5.4 percent for 2020/21 and 2021/22.

Indeed, these macroeconomic conditions have led to a weaker economic outlook and call for serious financial prudence on our part.

Just last week Stats SA revealed the sad and shocking truth that 6.2 million South Africans are jobless, which is a clear demonstration of the tough economic times.

At a City level, the rising unemployment, rising fuel and energy costs and the consumer inflation continue to exert pressure on the revenue generation and collection levels of the municipality. This calls for innovative ways of increasing the revenue base, and policy amendments that are responsive to the plight of indigent households – not omitting stringent credit control measures to those consumers who can afford to pay but choose not to.

The Minister outlined government tasks, some of which are more relevant to the City's economy, namely:

- Accelerate inclusive economic growth and create jobs;
- Improve the conditions of life for all South Africans, especially the poor.
- Fight corruption; and
- Strengthen the capacity and capability of the state to address the needs of the people.

Fellow Councillors, we must take solace at the fact that all these tasks find expression in the City's Radical Economic Transformation agenda and our **"Pro-Poor"** policy stance.

There are five key factors that have been taken into consideration in the compilation of the 2019/20 budget and MTREF. These are:

- National Government macro-economic targets;
- The general inflationary outlook and the impact on the City's residents and businesses;
- The impact of municipal cost drivers;
- The increase in prices for bulk electricity and water; and
- The increase in the cost of remuneration.

The inflation outlook for the MTREF is as follows:

- **Credit rating outlook** - The credit rating outlook of the City by Moody's is quite favourable at Aaa.za. This means we remain the opportune and/or preferred destination for investment. According to Moody's, Ekurhuleni is rated at the high end of the range for South African municipalities;
- **Collection rate for revenue services** - The rate of revenue collection is currently expressed as a percentage (94%) of annual billings. Notwithstanding the pressures on household income as a result of slow economic growth, it is commendable that our city has maintained its financial resilience; and



- **Growth in tax base of the municipality** - The growth projections for the City's main services stands at one percent for assessment rates and solid waste, and zero for all other services. This is an indication that the growth of the local economy is remains constrained.

Madam speaker, the City continues to administer its finances in a prudent and accountable manner in order to achieve the objectives of local government as enshrined in the Constitution of the Republic.

The City once again achieved an unqualified audit, with a reduction in the number of factors of concern to the Auditor General. Some of the key highlights include:

- **Zero** unauthorised expenditure, and zero fruitless and wasteful expenditure;
- **42 percent** reduction in irregular expenditure; and
- **Clean** audit on performance information.

Fellow Councillors, the City's cash position remains **positive**, meaning that we are able to meet our obligations. Our aim is to reach a cash reserve position of between **R5 billion** and **R7 billion** over the MTREF.

Honourable Councillors, our people have made it clear that they want a government based on accountability and transparency, which promotes economic growth and prosperity. We are therefore taking this opportunity to use our fiscal mandate to redirect the financial appropriation responsibility towards this objective of growth and job creation.

One of the key interventions to be concluded in the 2019/2020 municipal fiscal year is the Special Rating Areas (SRAs) policy. Through this policy, the City will be offering a package of rates and taxes discount towards investment; targeting defined economic sectors and industries. We hope that this policy instrument will be finalized by Council by the end of the second quarter.

In other words, we are proposing that the municipality incentivize business being conducted in the identified areas in the form of tax and/or rebates on services so that there is economic boom and job opportunities.

The City will further review the Bulk Contribution Policy in order to fast track the investment pipeline. This way, the municipality will ensure that a smoother process is defined and the shared responsibilities of the City and developers are clearly outlined.

THE BUDGET

Honourable Councillors, we are presenting an annual budget of **R48.9 billion** for 2019/20 financial year. The **operating expenditure** (Opex) is **R41.5 billion**. This is an increase of **R3 billion**. The Opex is funded as follows:

- Revenue generated internally – **R32.82 billion**;
- Operating grants – **R5.9 billion**; and
- Capital grants - **R2.78 billion**.

The **capital budget** for the city will be growing by **R900m** from **R6.5 billion** in the current financial year to **R7.4 billion** in the 2019/20 financial year, a clear determination by City to invest on capital and infrastructure projects. This amount will be funded as follows:

- Revenue generated internally – **R884m (11%)**
- Government Grants - **R2.8 billion (38%)**; and
- Loans - **R3.74 billion (51%)**.

Allow me Madam Speaker to throw caution to the wind on the relatively high proportion on loans as a source of funding. Increasing borrowings impacts negatively on the operating budget by depleting the cash reserves due to loans repayments and interest thereof. This paradox requires even more prudent management of the City's finances by striking a balance between the need to fund service delivery and financial sustainability.

Nonetheless, it remains critical for the City to invest in its infrastructure and productive sectors to progressively meet the needs of the communities and grow the economy. More so, because the City's own resources and the allocations from the national fiscus are not sufficient to meet these growing demands.



Tariffs

Fellow councillors, with regards to property rates, this budget proposes a **7.5** percent increase in assessment rates. This is consistent with the CPI of **5.2** percent plus **2.3** percent for real growth.

In 2018/19 Eskom was granted a **7.32** percent tariff increase. We passed on only between **5.32** percent and **8.5** percent to consumers, depending on consumption.

In March this year the **National Electricity Regulator of South Africa (Nersa)** announced an increase of **15.63** percent. However, as a City we will be passing on to our customers only an increase of between **13.07** percent and **13.87** percent depending on the usage.

However, this continuous under recovery of revenue from our electricity tariffs needs closer attention. If the trend continues like this, the reality is that we may find ourselves in a position where we can no longer cross-subsidize the poor.

The City is proposing a **15** percent water tariff increase which is equal to that pronounced by **Rand Water**.

Sanitation tariffs will increase by **11** percent which is informed by the cost of sewer purification processes undertaken by **ERWAT**. The **refuse removal** tariff will increase by **7.5** percent for all users, a move based on the increase of the main cost drivers of the service.

Honourable Councillors, there were no tariff increases for **cemetery and crematoria** over the past five years. Due to the need to maintain the cemeteries, a nominal tariff increase of **5.2** percent **for residents**, and **6.5** percent **for non-residents** is proposed.

Madam Speaker, realising the financial situation of our communities, they will be happy to learn that there will once again be **no increase** on the following municipal services:

- Library and information services;
- Library auditorium; and
- Use of arts, culture and heritage facilities.

The City will continue to provide services at tariffs that are **cost-reflective** but also taking into account the **affordability levels** for our people.

As much as we continue to cushion the effect on communities in as far as rates increases are concerned, it is imperative that our people are reminded that these tariffs are the backbone of our machinery to deliver quality and sustainable services. That is why **payment of services** by those who can afford remains critical. For those who cannot afford, we once again urge you to register for the indigent assistance programme.

Social package

The progressive “**pro-poor**” agenda we adopted when we came into office in 2016 would be skewed if we did not continue with our noble gesture of a social package for the most vulnerable and indigent members of society. Once again the City will shoulder the cost of **R4 billion** for the social package – an increase of **R300 million** compared to the previous financial year. This we do because we believe in a better life for all.

Allow me to take this opportunity to share the complete package of **indigent relief**, which continues to make life more liveable for thousands of our people:

- **100%** rebate on assessment rates;
- Free refuse removal;
- First **100kWh** of electricity per month is free. This is more than the provision made by national government policy and the City will bear the costs of the difference;
- First **9kl** of water and sewer per month is free;
- Special rates on emergency services such as ambulance and fire-fighting; and
- Free indigent burial.



Madame Speaker, over and above the provision of free **9kl** of water and sewer to indigent households, we continue to provide the first **6kl** of the same services for free to all households with a property value of up to **R750 000**.

Fellow Councillors, I want re-iterate what I cautioned against last year. Despite this act of goodwill, there is a sizeable number of poor households that regularly **exceed their monthly allocation** of free basic services. This results in Council subsidising the consumed minimum services as well as the additional allocations, meaning some people unduly benefit twice.

Madam Speaker, last year we promised to ramp up the indigent policy programme to extend much needed help to those of our people who are living below the bread line. We increased the income threshold from **R3 200** to **R5 090** per household.

We further undertook a rigorous indigent registration campaign. I am happy to announce that to date we have **112 000** registered indigent members of society.

We remain resolute and committed to continue limiting the humiliating effects of poverty on our people through the provision of free basic services, fully cognizant of the human potential imbedded in the blood stream of South Africans. In this regard, we must assist in finding innovative ways to link our social package to the procurement opportunities in the City.

We are proposing that companies seeking procurement opportunities in Ekurhuleni should demonstrate their commitment to fighting poverty through re-investing in community projects. That is why we are saying: **'We are building an economy that grows in the hands of the people'**.

This proposal is a truthful recognition, that government alone, will not have a significant dent on poverty without the co-operation from the private sector.

Madame Speaker, the budget allocation has been outlined in line with the **pillars of the GDS 2055**:

RE-INDUSTRIALISE

We continue with our Radical Economic Transformation agenda informed by the prevailing economic environment we face as a country. The primary tenet of this Economic Plan is the enablement of economic growth, development and transformation for the betterment and empowerment of its economically active citizenry by focusing on investment into the prioritized pillars of the regional economy.

We have a responsibility to come up with answers to the critical issues of unemployment and poverty. Ours must remain a mission to create an enabling environment for inclusive growth and job creation.

As we continue in our course to re-industrialise and enhance the economy of the region, we are allocating **R847 million** over the MTREF, with **R296 million** for the 2019/20 financial year, for **Economic Development**. This allocation has been deliberately allocated to strategic key projects including the:

- Airport Precinct;
- OR Tambo Springs Inland Port;
- Ekurhuleni Business Centre and
- Strategic Urban Developments like Greenreef/M&T/Riverfields Mixed-Use Developments.

Furthermore, we are spending **R351m** over the MTREF on, among others, the Kathorus Automotive City, Reiger Park Enterprise Hub, Ramaphosa Vocational Skills Centre as well as the Labore and Withoek Industrial Parks.

Madame Speaker, understanding the need to revive the economy of the region to create more jobs, we introduced a **10-point plan**, which directs us to, among others, revitalize manufacturing and improve on the implementation of the **Aerotropolis** master plan.

The **Ekurhuleni Aerotropolis** is the most significant economic stimulus programme to have been implemented in our regional economy. So significant is the programme that it has found traction at both national and provincial



government, and it is seen as the future of economic growth for the Gauteng City Region and the country.

Last week a team of senior managers from the City presented this economic trajectory to the Minister of Finance, Hon. Tito Mboweni. After this session, the minister could not hold back his excitement and tweeted: *“The Ekurhuleni Aerotropolis. Beautiful! It feels good sometimes to be amongst smart people, our own South African technocrats!”*.

Our efforts to revive the economy are forever gaining momentum. In this regard, Honourable Councillors, you will be pleased to know that the implementation of the Ekurhuleni Development Agency (EDA) is now off the ground. We have already appointment an interim board and a interim CEO.

Honourable Councillors the **transportation of people** is a key pillar of our economy as it allows for the seamless movement of our people to places of work. We all know the history of the dysfunctional public transport system that dislodged our people from moving freely in the past.

For years we are dealing with this beast but the end is near. In the **Department of Transport Planning and Provision** we are investing **R1.8 billion** in the MTREF and **R640m** in the new financial year. This investment will go to completing and upgrading taxi ranks, roll out of the integrated public transport system and non-motorized transport infrastructure.

To ensure that our people are exposed to better public transport facilities, we have set aside **R600m** in the MTREF and **R189m** in the new financial year just for the upkeep and maintenance.

RE-URBANISE

Madam Speaker, there is no doubt that we need to re-urbanise our city. We must agree to promote integrated human settlements through massive infrastructure services rollout. This includes the continuation of investment in water and energy infrastructure to ensure security of supply. Our roads must also be of good quality for ease of mobility for people, goods and services.

In our efforts to ensure the proper habitation for our people regardless of where they are, we are allocating **R4.6 billion** in the MTREF and **R1.6 billion** for the 2019/20 financial year to **the Department of Human Settlements**.

Major projects in this regard include:

- Leeuwoort mega project **R380m** for the MTREF and **R165m** for the 2019/20 financial year;
- Chief Albert Luthuli mega project **R189.5m** for the MTREF and **R60.5m** for the financial year;
- Esselen Park **R234m** for the MTREF and **R107m** for the 2019/20 financial year; and
- Clayville – **R57.5m** for the MTREF and **R30,5m** for the 2019/20 financial year.

A further **R101m** has been set aside for the maintenance of hostels and rental stock, an issue that forever needs attention.

Turning to the **Energy Department**, we have set aside a significant amount to ensure that we keep the lights **on at all times**. A total of **R2.29 billion** has been set aside for the MTREF and **R706m** in the new financial year to cover the following:

- Electrification of informal settlements – **R732m** for the MTREF and **R202m** for the next financial; and
- Lighting programme of townships such as Thokoza, Tsakane, Tembisa, Etwatwa, Katlehong among others – **R161m** for the MTREF and **R46.5m** for the 2019/20 financial year.

Furthermore, we have set aside **R3 billion** for the MTREF and **R892m** for the new financial year for the maintenance of our electricity infrastructure and the refurbishment of sub-stations in areas such as Germiston, Edenvale and Kempton Park.

In the area of **Water and Sanitation** we are setting aside **R3 billion** on the MTREF and **R894m** for the 2019/20 financial year. In the 2019/20 financial year, an amount of **R513m** is set to go into the Aqua Leap water infrastructure project, which is aimed at ensuring water security in the city.



We shall continue to reduce the non-revenue water and in this regard, we are going to spend **R200m** in the refurbishment and installation of meters in non-metered stands.

A further **R1.3 billion** for the MTREF will go to the fight against water leaks and sewer blockages. A sum of **R535m** of this amount is allocated for the 2019/20 financial year.

As we strengthen our grip as the most endowed city in terms of the road infrastructure in the country, the **Department of Roads and Stormwater** is allocated **R2 billion** for the MTREF for the improvement of the **road network**, and **R656m** in the new financial year. Projects in this regard include the:

- Daveyton N12 interchange – **R80m**;
- Doubling of Barry Marais – **R25m** for the MTREF and **R10m** for the financial year; and
- Kaalspruit – **R47m** for the MTREF and **R17m** for the financial year.

In our efforts to keep our road infrastructure in good condition, an amount of **R2.3 billion** has been budgeted for over the MTREF for maintenance. **R733 million** has been set aside in the 2019/20 financial year for the fixing of potholes, clearing of stormwater drainage systems and resurfacing purposes.

Madam Speaker, our work to improve and give a facelift to our decaying urban centers is critical. We remain focused to turning our old CBDs, such as Germiston, Boksburg, Kempton Park and the Alberton Boulevard, into modern urban centres with a vibrant corporate look that can attract and boost investor confidence.

In this regard, an amount of **R998m** is set aside for the MTREF and **R404m** for the 2019/20 financial year. Key projects in this regard include:

- Kempton Park CBD – **R186m** for the MTREF and **R31m** for the 2019/20 financial year; and
- Germiston CBD – **R613m** for the MTREF and **R188m** for the financial year.

We have also set aside money for the regeneration of our townships. The allocation is as follows:

- Tembisa – **R124m** for the MTREF and **R75m** for the new financial year;
- Kathorus – **R75m** for the financial year; and
- Wattville/Actonville - **R110m** for the financial year.

RE-MOBILISATION

To the struggle for safer communities, we are allocating **R914m** to the **EMPD, Disaster and Emergency Services** in the MTREF, and **R275 million** for the new financial year.

This funding will go to the purchasing of specialized metro police and disaster management vehicles to the tune of **R226 million** for the MTREF, and **R75 million** for the financial year. These vehicles are essential in ensuring the safety of lives and property for our people.

The City will also be building new fire stations in, among other areas, Kattlehong, Reiger Park and Olifantsfontein. We shall be completing metro police precincts in Tsakane, KwaThema, Daveyton, Etwatwa and Boksburg among others.

Our communities will be happy to learn that an amount of **R98m** is budgeted for the recruitment of 266 additional metro police constables. These men and women are graduating next month.

Madam Speaker, our view is that the **Department of Health** in the City has built sufficient clinics to meet the **5km** radius policy for accessibility. Not only have we been building just clinics, but these are level two clinics commonly known as **Ideal clinics** because of their improved capacity and services rendered.

We are aware of an increase in demand for clinics in areas such as Birch Acres, Esselen Park, Windmill Park and Lindelani. To this end, we will continue to engage the province.

As we continue to encourage our communities to live healthy lifestyles, we do so with the understanding that we must drive activities to enable progressive lifestyles. Accordingly, we are allocating the **Department of Sport, Recreation,**



Arts and Culture an amount of **R408m** in the MTREF and **R119m** in the 2019/20 financial year.

This investment will go to among other projects:

- Windmill Park Community Hall – **R18m** in the MTREF and **R10m** for the next financial year;
- Reiger Park Recreation Centre – **R35m** in the MTREF and **R15m** for the 2019/20 financial year;
- Reconstruction of Ebuhleni swimming pool – **R33m** for next the financial year; and
- Upgrading of Olifantsfontein swimming pool – **R16.5m** for the next financial year.

RE-GENERATE

Honourable Councillors, it is true that ‘cleanliness is next to Godliness’ hence our decision to prioritize the management of the environment in which we live. We continue to deal with rodent infestation, contaminated dams and water bodies, illegal dumping and other environmental challenges.

If we stop for a second and look at the risk and impact associated with climate change, we will agree that we have a responsibility to look after the environment and ensure that is not harmful to our people and animals alike. We must persevere in our programme to plant trees and manage recreational and open spaces.

In this regard we are setting aside **R1.4 billion** in the MTREF and **R432 million** in the 2019/20 financial year – for the **Waste and Environmental Management Department**. Key projects to be undertaken include:

- Rehabilitation of the Boksburg Lake - **R65m** for the MTREF and **R20m** for the 2019/20 financial year; and
- Beautification of township entrances in, among other areas, Wattville, Etwatwa, Tsakane, Vosloorus and Tembisa – **R26m** for the 2019/20 financial year.

A further allocation of **R45m** over the MTREF will go to the Simmer and Jack Landfill Site as part of our renewable energy strategy.

We have also set aside **R311m** over the MTREF for the development and upgrading of a number of regional parks (**R163m**) and cemeteries (**R138m**). These projects will be scattered throughout Ekurhuleni in areas such as KwaThema, Brakpan, Edenvale, Thokoza, Vosloorus and Benoni.

The maintenance of landfill sites is allocated **R133m** for the MTREF and **R62m** for the 2019/20 financial year.

Coming to the thorny issue of keeping our City and townships clean, the municipality is budgeting **R305m** over the MTREF for waste removal, grass cutting, litter picking and tree felling.

Over and above this, we shall continue to mobilise communities to get involved in our efforts to remain clean through our **Keep Ekurhuleni Clean** initiative.

RE-GOVERN

Fellow Councillors, we must continue on our pursuit of becoming a digital city. As such we are investing **R2.4 billion** over the MTREF in the area of **ICT**, with **R952m** set aside the new financial year. This way we are broadening connectivity to the digital world to many of our people as we enter the fourth industrial revolution.

Key projects here include:

- ERP – **R643m** for the MTREF and **R413m** for the financial year;
- Safe City – **R776m** for the MTREF **R286m** for the 2019/20 financial year; and
- Wi-Fi rollout – **R150m** for the MTREF and **R35m** for the 2019/20 financial year.

For us to fully leverage the gains of investing in the digitization of the City, we are setting aside **R838m** for the MTREF and **R266m** for the 2019/20 financial year, for ICT systems maintenance to stabilize the network and ensure effective sustainable services.



Fellow Councillors, it is important to note that previously we were only capitalizing, which means we were investing in fibre rollout without considering the operationalisation of these assets, hence the current challenges with the Wi-Fi and optic fibre.

We are currently working on a strategy to commercialise the infrastructure to create business opportunities for our people, and generate income for the City.

In our efforts to keep municipal properties in good shape and make them more efficient and easily accessible to the public, we are allocating the **Real Estate Department R453m** in the MTREF and **R179m** in the 2019/20 financial year. The money will cover the upgrading, renewal, alterations and provision of health and safety equipment in municipal buildings.

As we press ahead with the Germiston Urban Renewal project, which is steadily gaining traction, we have adopted the Public Private Partnership (**PPP**) route - a move that has already received the approval of National Treasury. Not only that, we have already hit the ground running as the exciting Germiston Precinct Development is a PPP product. Next on the cards is an Infrastructure Summit to showcase our Strategic Land Parcels, Aerotropolis, PPP and other mega projects of the City.

Madam Speaker, our efforts to re-govern are aimed at building a clean, capable and modernized local state. A state that is capable to sustain a clean audit; maintain public tendering processes; build internal capacity to minimize outsourcing of critical municipal services; sustain the progressive **Siyaqhuba** programme; and improve service delivery through visible and impactful programmes supported by Capex spending.

We have already filled up all senior management positions with competent personnel. Our city is now institutionally sound and organizationally geared towards effective spending of this budget.

This we must do because we acknowledge that if we are to stay true to our promises and aspirations, we need a very strong backroom operation system anchored by relevant and reliable staff with skills, talent and capability to serve the people.

Honourable Speaker, **our efforts to building an economy that grows in the hands of the people'** would not be complete if we did not empower youth, women, children, people with disabilities and military veterans.

In this regard, the City invests at least **R170m** year-on-year in bursaries, learnerships and the job placement programme. Our Community Bursary Scheme focuses on providing financial assistance to deserving youth who intend to further their studies. As we speak **over 1800** young people are pursuing their tertiary studies.

On the other hand, our job placement programme is funding the placement of **3 500** youth, internally and externally, as part of the work readiness placement programme. We thank our private sector partners for this intervention.

We introduced **Mintirho ya Vulavula a** Community Empowerment Programme, which has assisted hundreds of small medium enterprises and individuals in the previous financial year. Furthermore, an amount of **R40m** was invested as part of the Grant-In-Aid programme to benefit at least **130 social entrepreneurs**. Whereas the Vukuphile Contractor Development programme wherein **102 contractors** are being developed, has to date empowered **68 projects** that are valued at **R92m**. These were all allocated to Vukuphile Learner Contractors and **502 jobs** were created.

In order to improve the performance of primary agriculture contribution to the Ekurhuleni Gross Value Add, we are launching the Ekurhuleni agriculture development package in partnership with Tiger Brands at a cost of **R18.5m per annum** over the next three years. This will ramp-up support, incubation and development of emerging farmers and co-operatives by providing the smart farming infrastructure, equipment, implements, irrigation and animals, and seedlings. Plans are at an advanced stage to release 52 portions of land for the purposes of agriculture as committed by the Executive Mayor in the State of the City Address.

We shall continue with the Rapid Land Release Programme to unlock economic development potential. We have already packaged 101 of the 115 sites identified in the townships for leasing to our people who wish to pursue business in among others - filling stations, retail shops and franchising. The leases will be for between 9 years and 11 months and 30 years.



Fellow Councillors, we have received **R25m** as part of the EPWP DORA incentive grant. To date, a total of **973 people** are employed, a majority of which were women and young people.

In partnership with the Gauteng Enterprise Propeller, we continue to promote entrepreneurship in the city region. The latest innovation in this regard is the introduction of the Regional Entrepreneurship Pitching Boosters. An applaudable **1 238 Ekurhuleni entrepreneurs** participated in the project's launch year, with the top five winners sharing **R600,000** in prize money to re-invest in their businesses. Going forward the Peaching Booster programme will be categorized according to the City's sector namely: **ICT, Services, Agriculture, Manufacturing and Logistics**.

Madam Speaker, we have gone on to re-engineer our Community Enterprise Development programmes. In this regard, we will soon be launching the Ekurhuleni Community Enterprise Development Fund, which will receive an allocation of **R100m** to syndicate enterprise and supplier development interventions through non-financial and financial means to realize the following projects:

- **500** Youth brigades;
- **300** Black owned motor body repairs;
- **500** Youth Employment Services placement; and
- **500** Youth Technical Installers.

Fellow Councillors, we have revamped the Lungile Mtshali Community Development Project from **R1m per ward to one township-one legacy project**. However, it remains a community based planning initiative that clusters wards in a township as opposed to the former ward-based process. This way we hope that teething problems experienced in the past will be addressed.

The budget allocation for this project is **R336m** over the MTREF and **R112m** in the 2019/20 financial year.

Towards closure, Honourable Councillors, we continue to implement **cost containment** measures to reduce the budget for non-essential expenses, travel and catering, while we continue to curb overtime, and reduce the budget for events.

Madam Speaker, the focal trajectory of the 2019/2020 budget speech is fiscal prudence and additional revenue sources to assist us in giving effect to the call to Grow Ekurhuleni. We are therefore proposing a number of changes to the current fiscal management of the City.

One of the proposed improvements is a 10% reduction in all indirect overheads, except in repairs and maintenance. We are indeed, expecting the administration to radically alter the catering landscape in the organisation and this should be done without undermining the economic empowerment focus of this expenditure item.

We must be robust in ensuring that in cases of motorists who damage traffic signals, street lights and other municipal infrastructure, the cost of repairing such be duly recovered from those responsible individuals and their insurers.

In addition, identification of additional revenue sources is a key focal point for the orientation of this budget. We want to make it categorically clear that, this City will no longer tolerate any revenue leakages.

Our developmental imperatives dictate that we collect every cent due to the City. Within this imperative is the need to finalise the interventions in the Revenue War Room. This includes concluding all the activities related to Outdoor Advertising before the end of the 1st quarter of the 2019/2020 financial year.

We must also work tirelessly to eradicate and/or minimize interim billing by 90% within the first 90 days of the new financial year.

In addition, a seamless practice of finalising developments and billing should be inculcated in the overall business planning processes of the organisation. In this regard, the performance agreements and scorecards of senior management will include key performance measures (indicators and targets) on operational efficiencies and additional revenue streams.



As one of the key metropolitan municipalities in the country, we are called upon to intensify our contribution to reforms in the intergovernmental fiscal relations framework in the country. We are therefore calling upon the City Manager and her administration to partner with bureaucrats at SALGA and other strategic partners to identify the requisite policy proposals aimed at improving local government's share of fiscal transfer.

Fellow Councillors, the City's capital spending remains a sore thumb. Despite setting up a CAPEX war room, things are improving slowly. This situation seriously undermines efforts to build the required service delivery infrastructure. Having said this, we welcome the Executive Mayor and City Manager's efforts to hold senior managers accountable for the level of performance against CAPEX allocation, in particular the non-payment of bonuses.

In this regard, Madam Speaker, we are committing to drive expenditure on capital projects to **90%** in the 2019/20 financial year, with a **95%** target over the MTREF.

Honourable Councillors, still on the subject of capital expenditure, let me take this opportunity to reflect on the growing challenges brought by the expectation of local businesses for the **"said 30%"** share of economic opportunities. The City is first and foremost committed to promoting the imperatives of the preferential procurement policy framework within the scope of the BBBEE Act.

In this regard, the municipal administration is urgently required to ensure that the intent and spirit of the legislation is adhered to and that the laws of the country are not misinterpreted outside what National Parliament intended when the legislation was passed.

Therefore, the City will ensure that in all tenders above the set threshold, the **30%** sub-contracting requirement is implemented. In cases of sectors, where there is limited sub-contracting capacity, the administration should develop a comprehensive programme on how it will support local companies to acquire the requisite capacity.

We call upon communities to stop the abrupt stoppage of projects while we engage one another to settle any issue that may arise in a contract.

Fellow Councillors, as we look back over the road traversed, we should all, with pride, declare that our collective achievements are indeed significant. In this Budget we build on our experience of the past 25 years and commit to doing more.

Taking forward our nation's economic and social development programmes we emphasise improved service delivery, infrastructure investment, value for money and the **Big Idea Development** trajectory.

In closing, let me take this opportunity to thank all those who contributed to the realizing of this budget. Special thanks to the political leadership, coalition partners, the people of Ekurhuleni and other stakeholders.

To the City Manager and team, we have come this far and there is a lot more work to do ahead. We have outlined the task ahead and we do hope that all shall be realised through your continued commitment.

In the words of the late Dr Nelson Mandela: ***"A fundamental concern for others in our individual and community lives would go a long way in making the world the better place we so passionately dreamt of."***

I Thank You




City of Ekurhuleni


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