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BUDGET 2015



News that close to a billion rands has been set aside by the municipality for the construction and upgrading of clinics in Ekurhuleni received cheers from councillors and residents when Member of Mayoral Committee (MMC) for Finance, Cllr Moses Makwakwa, presented his budget in Germiston on 29 May 2014.

Approximately R423 million has been set aside for new clinics in Dukathole, Selothe Thema, Esangweni, Tsietsi, Chief Albert Luthuli, Crystal Park, Khumalo, Motsamai and Bonaero Park.

The MMC submitted an Operating Budget of R28 billion and a Capital Budget of R3.8 billion which were approved by council for the 2014/15 financial year. The budget starts operating on 1 July 2014.

An Operating Budget is money used for the day-to-day running of the municipality and it comes from assessment rates and user charges for services provided by the Metro. On the other hand, a Capital Budget is the cost of getting assets for the municipality such as electricity and water networks, buildings such as clinics, sport facilities and libraries, parks and cemeteries.

“It is important to note that the Capital Budget is 27% more than in the previous financial year. This increase is due to the municipality focusing on energy distribution network and the implementation of the Integrated Rapid Public Transport Network (IRPTN),” explained the MMC.

He added that given the good story of 20 years of service delivery, the municipality had drawn the budget with the following view:

- To continue providing sustainable services, with much more improved quality;
- To accelerate the broadening of services to areas where there is none; and
- To advance the Metro’s objective of being preferred destination for growth and development.

“Our budget modelling continues to improve with much more and notable alignment with the Integrated Development Plan (IDP), a product of public participation. This maturing budget model is not only limited to responding to ward priorities, but to the city’s developmental strategic priorities,” said MMC Makwakwa.

These priorities are underpinned by:

- Broadening of basic services as the core area of focus;
- Intensification of job creation activities as one of the building blocks;
- Support for the development of youth, women and people with disabilities;
- Development of a more efficient and competitive Infrastructure through our flagship projects;
- Good governance and clean administration; and
- Social cohesion in pursuit of a prosperous city.

He said that in taking the city forward, the Metro remains committed in pursuing the mandate given by the electorate in 2011, that of:

- Building local economies to create more decent employment and sustainable livelihoods;
- Improving on the performance of our local public services and broadening of access to services;
- Building social cohesion in pursuit of prosperity and to have safer communities;
- Promoting more active public participation; and
- Ensuring more effective, accountable and clean local government.

“For us to have a capable and prosperous city we cannot ignore the bold call made by the Growth and Development Strategy 2055 (GDS 2055). We are practically Re-Urbanising, Re-Industrialising, Re-Generating, Re-Mobilising and Re-Governing our city,” said the MMC.

OVERVIEW OF THE 2014/15 BUDGET

Socio Economic Outlook

Whilst the economy has shown resilience in the wake of recent economic difficulties, it was and is still not immune from the consequences of instable global economy. Like the country’s economy, Ekurhuleni’s economy is still characterised by slow economic growth. Despite the skills, job creation as well as economic empowerment initiatives, the unemployment rate remains a

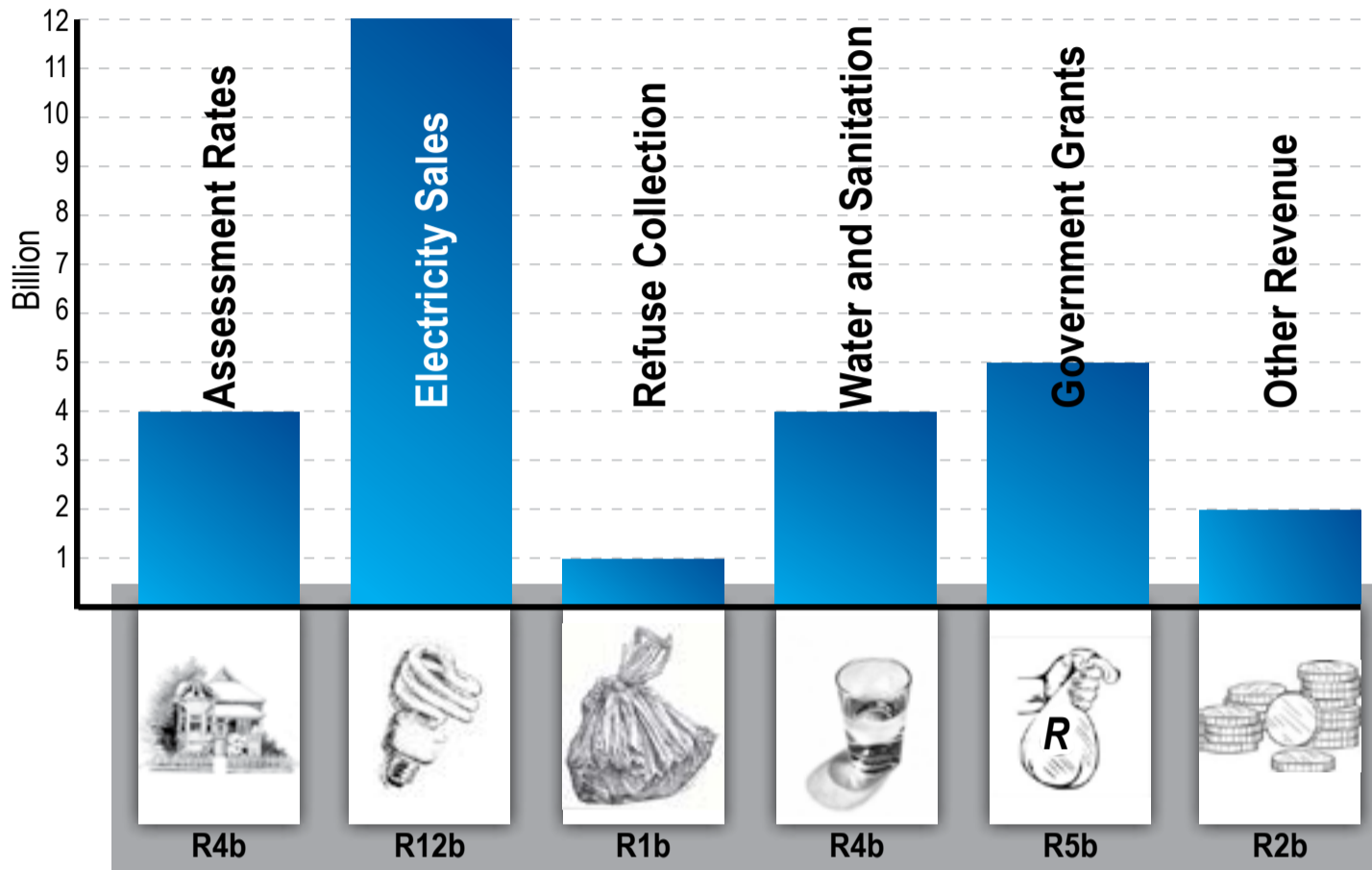
major concern, particularly the 36.9% youth unemployment.

In response, the Metro’s employment, training incentive schemes, empowerment in infrastructure and extended public works programme must target youth. “Working together with small and large businesses in various aspects of the economy will radically change the economy,” said the MMC.

Cllr Moses Makwakwa
MMC for Finance

WHERE THE MONEY WILL COME FROM

Ekurhuleni's revenue is R28 billion in 2014/15 and the main contributors are:



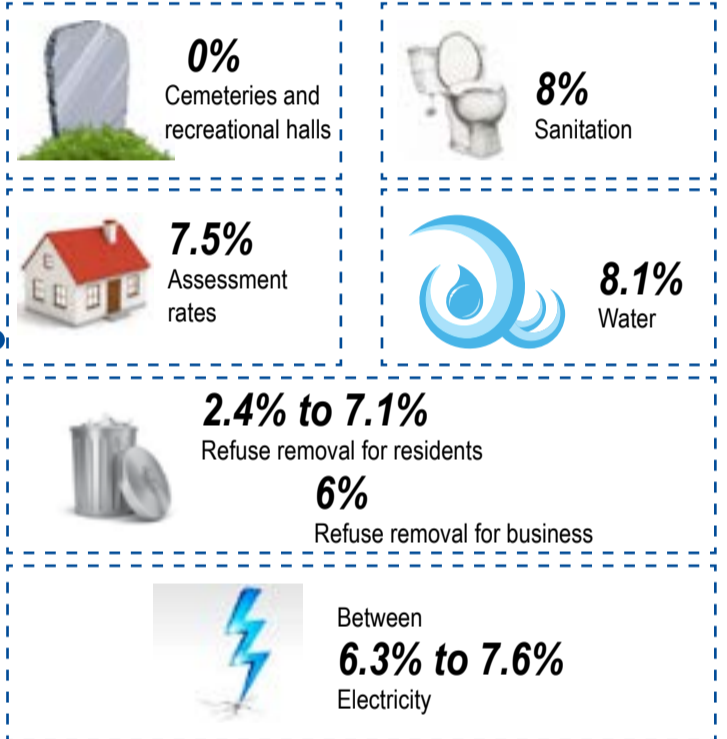
ECONOMIC GROWTH AND JOB CREATION

Ekurhuleni's economy, like that of the country, is still characterised by slow economic growth, said MMC Makwakwa adding that, "Despite our skills, job creation as well as economic empowerment initiatives, the unemployment rate remains a major concern, particularly the 36.9% youth unemployment. In response, our employment, training incentive schemes, empowerment in infrastructure and extended public works programme must target youth."

In the Metro's quest to intensify job creation the important role of small business and the need to support that sector is understood. That is why, amongst others, the reviewed targeted procurement policy covers the promotion of local content in order to increase participation of smaller enterprises and co-operatives. Ekurhuleni's intention is to realise 75% procurement of local content.

TARIFF INCREASES

Factoring the proposed increases for 2014/15, the average increase on an account will be about 7.3% compared to the 9.3% average increase in the previous financial year.



SOCIAL SUPPORT PACKAGE

In view of the proposed tariffs, the municipality will provide the following social package relief:

- The first R150 000 on property value is exempted from assessment rates;
- For pensioners, an additional rebate for property assessments ranges from 10% to 100%;
- Churches and NGOs are exempted from assessment rates;
- All households will still enjoy 6 Kilolitres of water and sanitation service for free; and
- An additional incentive of 100 Kilowatts of free basic electricity will be given to low end users.



INDIGENTS

The people of Ekurhuleni will be pleased to know that just under **R800 million** has been allocated for the indigent programme, therefore all registered indigents will continue receiving the following services:

- 100% rebates on assessment rates;
- Free 9 Kilolitres of water;
- Free 9 Kilolitres of sanitation;
- Free refuse removal;
- 100 Kilowatts of free basic electricity; and
- Free burial.

Indigent registration

There are certain conditions to which a person must qualify in order to register as an indigent. To do so you will need:

- Combined household income of less than two state monthly pension grants.
- Your municipal account in your name;
- To be a South African citizen;
- Property value not to exceed the maximum value as per the assessment rates tariff policy. All land owners property valued at less than R150 000 are deemed as indigent;
- If you do not have an account but live in an informal settlement, you can also apply to register.

HOW THE MONEY WILL BE SPENT

HUMAN SETTLEMENT

Ekurhuleni is geared for the full accreditation of providing houses to the residents. An amount of **R4.3 billion** will be added to Ekurhuleni's capital investment programme as soon as the full accreditation is assigned.

R1.2 billion will be spent on:

- **R102 million (R7 million in 2014/15)** for land acquisition;
- **R182 million (R94 million in 2014/15)** for development of social housing and upgrading of Council rental stock;
- **R467 million (R102 million in 2014/15)** urban renewal, this will include among others Tembisa, Germiston; and
- **R250 million (R80 million in 2014/15)** for mixed use housing development.



COMMUNITY SAFETY

A figure of **R661 million (R235 million in 2014/15)** is set aside for the safety of residents.

- **R66 million (R14 million in 2014/15)** for the construction and upgrading of Benoni, Edleen, Tokoza, Tembisa and Kempton Park precincts.
- **R186 million (R92 million in 2014/15)** for additional vehicles.

DISASTER AND EMERGENCY

- **R174 million (R57 million in 2014/15)** for fire stations, this will cover among others Albertina Sisulu Corridor, Duduza, Kwa-Thema, Germiston, Thokoza and Katlehong.
- **R96 million (R29 million in 2014/15)** for specialized vehicles.



Bus Increase

The increase in bus fares for regular users is as follows:

Description	2013/14	2014/15	Increase	
			R/trip	%
Scholar cash (per trip)	R12.50	R13.50	R1.00	8.00%
Scholar coupon (10 trips)	R80.00	R86.00	R0.60	7.50%
Scholar coupon (44 trips)	R352.00	R380.00	R0.64	7.95%
Adult cash (per trip)	R12.50	R13.50	R1.00	8.00%
Adult coupon (10 trips)	R90.00	R97.00	R0.70	7.78%
Adult coupon (44 trips)	R396.00	R427.00	R0.70	7.83%
Pensioner/Disabled (per trip)	R6.00	R6.50	R0.50	8.33%
• Adult coupon 10-trip transfer (20 trips)	R135.00	R175.00	R2.00	29.63%
• Adult coupon 44-trip transfer (88 trips)	R594.00	R770.00	R2.00	29.63%

Bus Services

Besides the normal scheduled bus services, special bus services for various occasions, such as funerals, sports events, and educational uses are also rendered by the municipality. With a number of new businesses joining the fleet over the past few years the overall image and quality of services rendered has increased considerably. This has resulted in a higher demand for the use of the buses.

HOW THE MONEY WILL BE SPENT

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ENERGY

An amount of **R1.9 billion** will be spent on electricity network infrastructure - the main projects are:

- **R102 million (R26 million in 2014/15)** for increasing the provision of public lighting covering street and 72 high mast lighting;
- **R491 million (R161 million in 2014/15)** towards corporate electrification;
- **R228 million (R47 million in 2014/15)** for the installation of protective structures and pre-payment meters to prevent electricity theft, vandalism and for safety;
- **R852 million (R92 million in 2014/15)** for substation and to minimise network downtime and unnecessary electricity outages.

WATER AND SANITATION

For Water and Sanitation, **R1.3 billion** will be spent on network infrastructure, and the main projects are:

- **R450 million (R150 million in 2014/15)** - water loss programme;
- **R284 million (R100 million in 2014/15)** upgrading water networks;
- **R66 million** for human settlements essential services; and
- **R9 million** for emergency water and sanitation services to informal settlements.

SPORT, RECREATION, ARTS AND CULTURE

An allocated **R330 million (R122 million in 2014/15)** will be used for:

- **R161 million (R46 million 2014/2015 in 2014/15)** for the construction and rehabilitation of sport, art and other recreational facilities. It includes, among others, Duduza, Tembisa, Zonkizizwe, Eden Park and OR Tambo Precinct Narrative Centre.
- **R30 million (R20 million 2014/2015 in 2014/15)** towards the construction of Germiston Theatre.
- **R63 million (R31 million 2014/2015 in 2014/15)** for the construction of new libraries in Tsakane and Brakpan as well as rehabilitation of other libraries.



CITY PLANNING AND ECONOMIC DEVELOPMENT

This sector sees **R174 million (R63 million in 2014/15)** to spearhead planning and to facilitate the economic development, growth and job creation. The following form part of the broader economic development trajectory:

- The Integrated Aerotropolis development,
- Utilisation of strategic land to increase investments, and
- Facilitation of Extended Public Works Programme and increasing public and large scale private sector investment through efficient investment facilitation processes.

Part of the total budget has been allocated as follows:

- **R48 million (R13 million 2014/2015 in 2014/15)** has been allocated for the refurbishment of Springs Fresh Produce Market;
- **R40 million (R10 million 2014/2015 in 2014/15)** will be invested towards the development of township economy;
- **R18 million (R8 million 2014/2015 in 2014/15)** towards township enterprise hubs; and
- **R25 million (R11 million 2014/2015 in 2014/15)** for township industrial parks.

The investment will be used towards the skills development programme and the mainstreaming of small business as well as co-operatives into economic opportunities, all of which must largely target youth, women and people with disabilities. An amount of **R120 million** has been allocated for skills development and bursaries.

CUSTOMER RELATIONS MANAGEMENT

The manner in which Ekurhuleni interacts with its communities is important and an amount of **R60 million** has been allocated of which **R44 million** relates to 2014/2015. Of this, **R33 million** is for upgrading and construction of Nigel, Tembisa 1 & 2, Vosloorus, Benoni, Brakpan, Boksburg, Germiston, Kempton Park, Daveyton and Springs customer care centres. An additional **R25 million** is allocated for the Unified Command Centre.

TRANSPORT, ROADS AND STORMWATER

A budget of **R4 billion** allocated on transport, roads and stormwater. The main investments are:

Transport

- **R1.7 billion (R441 million in 2014/15)** for the Integrated Rapid Public Transport Network of which construction has commenced.

- **R173 million (R93 million in 2014/15)** for the construction of intermodal transport facility in Germiston in support of PRASA, taxi ranks such as a new Natalspruit Hospital, Bluegumview, Palm Ridge.
- **R80 million (R40 million in 2014/15)** for the replacement of municipal buses.

Roads and Stormwater

- **R379 million (R135 million in 2014/15)** for continued rehabilitation of roads.
- **R259 million (R78 million in 2014/15)** for roads infrastructure in the low cost housing areas.
- **R171 million (R63 million in 2014/15)** for the construction of tertiary roads.
- **R280 million (R100 million in 2014/15)** for stormwater upgrades.

IRPTN

The Integrated Rapid Public Transport Network (IRPTN) entails the introduction of a Bus Rapid Transit System (BRT) that will be integrated with other public transport modes in Ekurhuleni, from Tembisa to Vosloorus. An amount of **R750 million** has been provided for in the Capital Budget while a further **R910 million** has provisionally been granted by the National Treasury.



ENVIRONMENTAL RESOURCES MANAGEMENT AND WASTE MANAGEMENT

This section sees **R512 million (R138 million in 2014/15)** being budgeted for:

- **R18 million (R6 million in 2014/15)** towards rehabilitation of Payneville Ext 3, Boksburg Lake, Natalspruit catchment and degraded wetlands.
- **R12 million (R4 million in 2014/15)** for upgrading the Ambient Air Quality Monitoring Stations.

WASTE MANAGEMENT

A figure of **R238 million (R63 million in 2014/15)** goes toward the upgrading of the Simmer & Jack and Platkop waste fill sites as well as other public offloading facilities while **R114 million (R49 million in 2014/15)** will go to waste removal trucks.

FLAGSHIP PROJECTS

There are numerous flagship projects for the Metro for which budget has been made available in the 2014/15 financial year:

AEROTROPOLIS

This project is at a conceptual/design phase and a master plan is being developed and due for completion in 2015. An interim implementation plan, however, is due in 2014 and will include a set of significant and critical infrastructure initiatives and projects that should be considered for implementation in the short- to medium-term to ensure that the relevant socio-economic infrastructure important for the Aerotropolis's development is initiated. Budget is provided for the implementation of the recommendations from the five-year plan.

URBAN RENEWAL (management and regeneration)

A number of initiatives that will encourage the renewal urban areas are included in the budget.

The following type of projects will complement the urban renewal project:

- Upgrading of precinct buildings and customer care area (CCA) buildings.
- Upgrading of taxi ranks.
- Upgrading of community facilities such, as the Germiston Theatre.
- Construction of a new fire station in Germiston.
- Various roads and storm water projects in CCAs.
- Erection of streetlights.

- Replacement of water pipes and upgrading of storm water systems in CBDs.

The Human Settlement Department's Capital Budget includes provision of **R50 million** for Tembisa Urban Renewal and **R52 million** for projects related to Germiston urban renewal.

TOWNSHIP ECONOMIES

Some of the projects listed under urban renewal will also contribute to the township economies goal. Projects relating to the revitalisation of township economies include:

- Refurbishment of the Springs Fresh Produce Market - **R13 million.**
- Township enterprise hubs - **R8.2 million.**
- Trading stalls - **R5 million.**
- Township economies - **R10 million.**
- Community agricultural projects - **R6 million.**
- Fabrication laboratory - **R5 million.**
- Township industrial parks - **R6 million.**

An amount of **R6.4 million** in respect of the Expanded Public Works Programme grant will also be channelled towards job creation projects.

REHABILITATION OF DAMS, LAKES AND PANS

An amount of **R3 million** has been set aside on the Capital Budget for the rehabilitation of dams, lakes and pans, and **R2 million** in the Operating Budget for the following projects:

- Rehabilitation: degraded wetlands/catchments.
- Rehabilitation of the Natalspruit catchment area.
- Rehabilitation of Boksburg Lake.
- Victoria Lake (Germiston) upgrade.
- Murray Park upgrade.

The rehabilitation of dams and lakes also contributes to urban renewal.

REVITALISATION OF THE MANUFACTURING SECTOR

This project's purpose is to stimulate industrial activity, efficiencies and the competitiveness of industrial and manufacturing sector entities. The revival of the manufacturing sector is important not only to Ekurhuleni but to the country and, as such, can attract grant funding from both national and provincial governments. The City Improvement District and Urban Development Zones projects will both contribute to the revitalisation of the manufacturing sector.

The Investment and Development Facilitation Strategic Policy Framework has been developed and adopted. The centre is operational to implement the investment and development facilitation framework and to fast-track strategic and mega investments. A partnership with Productivity SA has been established to provide industrial upgrade and productivity improvement programmes.

OTHER STRATEGIC PROJECTS

Artisan Development Programme – Ekurhuleni faces unprecedented challenges that are manifested through, amongst others, high unemployment rates, large number of employment seekers who cannot enter labour markets, low education and a poor skills base. The programme will complement the Recognition of Prior Learning Programme, and will focus on provision of skills required to achieve artisan qualifications.

Youth Placement Programme – Young people are highly affected by the challenge of unemployment and this programme is a continuation of the current youth placement programme and seeks to place at least 800 unemployed youth with third party institutions.



Bursary Provision – As part of community development, economic development has been given the responsibility of bursary provision in the city. This is part of the overall Organisational Youth Development Programme. The aim of the bursary scheme is to increase knowledge and to improve the employability of bursary holders after studies have been completed. This is a strategic project that supports the achievement of service delivery goals (Youth Development Programme and job creation).

The budget is required to sustain the bursary holders that are currently studying towards their qualification.

Innovation and Incubation Programme – Ekurhuleni has started with its innovation programme, and the bid is already initiated for a feasibility study. Stakeholders with good innovation programmes are approached to augment this programme. Microsoft has offered to assist in setting up a mobile innovation programme on software development. The recently refurbished Kempton Park Investment Centre will also house a Tender Advice Centre which needs to be operationalised. There is also a need for contribution to the existing SEDA incubation programme (construction, base metal and jewellery) and the operationalisation of chemical incubation.

Ekurhuleni Business Facilitation Network – The Ekurhuleni Business Facilitation Network was launched early this year to facilitate development and investment in the regional economy. The centre is critical to realising the Metro’s Job Creation Battle Plan which necessitates large scale investments that drive and influence economic inflows and outflows. It houses various directorates in the Economic Development Department as well as external economic development partners that also contribute to the maintenance and operationalisation of the facility, in particular Peermont. It is for this reason that the contribution of both the Metro and Peermont will be R2 million each to cover general expenses as well as project-related expenses. It is, therefore, prudent that the Metro follow through on its commitments to its partners to maintain cordial relations.



Investment Facilitation – Most of the industrial investment facilitation Service Delivery Budget Implementation Plan

(SDBIP) targets need programmes to be developed and thus feasibilities/business plans need to be done for the implementation of programmes. Professional services will be obtained to enhance our investment promotion efforts and to help attract more investors to the region, to conduct studies to determine Ekurhuleni’s investment value proposition through benchmarking its attractiveness, studying investors’ perceptions against Ekurhuleni realities, and identifying possible target companies to invest in Ekurhuleni.



Benchmarking report with identified improvement opportunities and implementation plan – Accelerated economic development is necessary for a city like Ekurhuleni which is characterised by high levels of poverty, unemployment and skills shortages. Because the Economic Development Department is the command centre for economic growth, which is a necessity for the eradication of the challenges the city faces, it is important that the department functions optimally to ensure that the city is in a position to address the challenges it faces. The main objective will be to improve the way the Metro and, more specifically, the Economic Development Department assists in achieving Ekurhuleni’s broader objectives.

Economic Impact Report – This project involves the assessment of economic benefits associated with the rejuvenation of EMM dams. The rejuvenation project involves the rehabilitation and maintenance of dams; their conservation and beautification; linkages to sport, recreation and leisure; opportunities for economic development and food security; as well as tourism and leisure opportunities. The impact assessment exercise will require specialised modeling skills that will have to be sourced outside Ekurhuleni.

PROPERTY RATES

Property rates - Owners of similar properties will pay similar property rates. Rebate, exemptions and reductions to the property rates are taken into account, and include:

- Indigent status of the property owner,
- Sources of income of the owner of a property, and
- Social or economic conditions of the area where the owners of property are found.

For the 2014/15 financial year the following rebates apply:

- **Indigent households** – Owner of residential property, registered in terms of Council’s approved Indigent Policy, will be exempted from paying of property rates.
- **Child headed households** – That a child headed household registered in terms of Council’s approved Indigent Policy, be exempted from paying of property rates.
- **Age/Pensioners reduction, disability grantees and medically boarded persons** – In addition to the reduction as set out in Council’s Rates Policy, an additional reduction of R150 000 on the market value of residential property owned by person older than 60 years of age or registered as “Life right use” tenant in deeds office (age/pensioner reduction), disability grantees and medically boarded persons be granted.
- **Aged/Pensioners rebate, disability grantees and medically boarded persons** – That additional rebate be granted respect of sliding scale based on average monthly earnings:

Average monthly earnings in respect of preceding 12 months.	
R0.00 to R2,520.00 (2 x state pensions when amended)	100% rebate on assessment rates
R2,520.01 to R4,900.00	85% rebate on assessment rates
R4,900.01 to R6,400.00	70% rebate on assessment rates
R6,400.01 to R7,900.00	55% rebate on assessment rates
R7,900.01 to R11,900.00	40% rebate on assessment rates

APPLYING FOR REBATE:

When applying for rebate as a pensioner or disability grantees, you must:

- be the registered owner of the property or registered as “Life right use” tenant in deeds office;
- produce a valid identity document;
- be at least 60 years of age upon application, provided where couples are married in community of property and the property is registered in both their name, the age of the eldest will be the qualifying factor, or approved disability grantee or approved medically boarded person;
- not be in receipt of an indigent assessment rate rebate;
- live permanently on the property concerned which consists of one dwelling only and no part thereof is sub-let;
- confirm the aforementioned details by means of a sworn affidavit and/or latest income tax assessment.

The rebates will be applicable on approval of the application.

- **Municipal** – That non-trading services be exempted from paying of property rates.
- **Sporting Bodies** - used for the purposes of amateur sport and any social activities which are connected to sport: 90% rebate in respect of the amount levied as rates on the relevant property but subject to existing agreements between club and Council not determining a different position.
- **Welfare organisations** registered in terms of the National Welfare Act, 1978 (Act No 100 of 1978) 100% rebate in respect of the amount levied as rates on the property.
- **Public benefit organisations / Non-Governmental Organisations (NGOs) and Cultural Organisations approved in terms of section 30 of the Income Tax Act 58 of 1962**, read with Items 1, 2 and 4 of the Ninth Schedule to that Act, 100% rebate in respect of the amount levied as rates on the property.
- **Protected areas/nature reserves/conservation areas** – That protected areas/nature reserves/conservation areas be exempted from paying of property rates.
- **Private schools, universities, colleges and crèches :**

Net Profit after tax %	To	Net Rebate %
0.00%	10.00%	100%
10.01%	20.00%	90%
20.01%	30.00%	80%
30.01%	40.00%	70%

- **Private (Independent) universities and colleges**, registered as educational institutions not subsidized by state, 20% rebate in respect of the amount levied as rates on the relevant property.
- **Crèches, registered as educational institutions**, 100% rebate in respect of the amount levied as rates on the relevant property.
- **Vacant unimproved stands** - That a 75% rebate be granted on residential property on which a dwelling unit(s) is/are being constructed and which will be used exclusively for that purpose, subject to the following conditions:
 - That an approved building plan is supplied;
 - That a residential dwelling unit(s) be constructed on the property;
 - That the 75% rebate be granted for a maximum period of 18 months from the date the approved building plan was supplied;
 - That the occupation certificate be supplied at the end of the 18 month period;
 - That failure to supply the occupation certificate will result in a reversal of the 75% rebate already granted; and
 - That in the event that the said property is sold prior to the issue of the occupation certificate, the rebate already granted be reversed.

Property rates are the most reliable source of revenue for the municipality. Services financed from this include installation and maintenance of streets, roads, sidewalks, street lighting, and storm water drainage facilities, building and operating clinics, parks, recreational facilities and cemeteries. Property rates revenue is also used to fund municipal administration such as computer equipment, stationery, and costs of Governance, such as Council and community meetings, which facilitate community participation on issues of Integrated Development Plans (IDPs) and municipal budgets.