

**BUDGET SPEECH DELIVERED BY CLLR DOCTOR NKOSINDIPHILE
XHAKAZA, MEMBER OF THE MAYORAL COMMITTEE RESPONSIBLE FOR
THE FINANCE, ICT AND ECONOMIC DEVELOPMENT FOR THE CITY OF
EKURHULENI, AT EDEN PARK**

24 MAY 2018

Madam Speaker, Cllr Patricia Kumalo;
Executive Mayor of the City of Ekurhuleni, Cllr Mzwandile Masina;
The Chief Whip of Council, Cllr Jongizizwe Dlabathi;
Members of the Mayoral Committee;
Chair of Chairs and Chairpersons of Oversight Committees;
Leaders of All Political Parties in Council;
Honourable Councillors;
City Manager, Dr Imogen Mashazi;
Senior Management of the City;
The Leadership of Business, Labour and Civil Society;
Fellow residents of Ekurhuleni;
Distinguished Guests;
Members of the Media;
Ladies and Gentlemen.

Honourable Speaker

I have the honour to present the second budget of Executive Mayor Cllr Mzwandile Masina's administration.

What makes this day even more special is the choice of venue for this august sitting – Eden Park.

We chose this venue, Madam Speaker, to demonstrate to our people that we have been listening to calls that many events of government seem to take place all over but in minority communities.

Before I can go any further, I know I speak on behalf of many residents of Ekurhuleni in condemning the taxi violence that has broken out in Brakpan. Our hearts go out to the families of those who have lost their lives to date. I stand to be corrected, but by last night the figure stood at four people.

Our hearts also go out to the families of the two girls aged nine (9) and eight (8) from Katlehong who were found killed in Mavimbela section, three days after they went missing.

Executive Mayor I wish to reiterate that which you said during the *State of the City Address* that, ***“As we remember the gallant generation of freedom fighters who would have turned 100 years old, such as Margaret Gazo, Albertina Sisulu and Nelson Mandela. We have a responsibility to bring to life the ideals for which they struggled. These include quality education, poverty alleviation, job creation and addressing the inequalities of the past.”***

You further said, ***“... In delivering this (State of the City) address, we are restating our commitment to those tasks and invite all of you to join us as we pull up our socks for yet another year!”***

Madam Speaker, this year is the centenary year of the father of our liberation - Dr Nelson Rolihlahla Mandela. Had he been alive today, Madiba would be turning 100 on July 18.

The ANC-led government has dedicated its work this year in honour of Tata. We are dedicating the year, every action, every effort and every programme we carry out to the realisation of his vision of creating a better South Africa for all. A society that is democratic, just and equitable. This applies more to Ekurhuleni for Madiba is a Freeperson of Boksburg, following the conferment of the Freedom of Greater Boksburg to him in June 1997.

It was in this spirit that President Cyril Ramaphosa, in his inaugural *State of the Nation Address*, came up with theme ***‘Thuma Mina’***. This theme was not a mistake but a direct response to the ruling party’s decision to follow in Madiba’s footsteps. It is well documented that Madiba was a servant of the people, who put the interests of ordinary South Africans and other peoples of the world before his and that of his family.

As I speak to you now, the **Thuma Mina** fever has hit Ekurhuleni. President Matamela Ramaphosa and other senior leaders of our glorious movement launched the national campaign in Tembisa on Friday.

As I table this budget I wish to demonstrate that indeed, we are ready to continue rolling out services to our people – because deep down, we know that this is what the people of Ekurhuleni expect us to do. We are proudly saying ***Thumani Thina*** because we are the descendants of Nelson Mandela and we are ready to serve.

On this note, allow me to honour another Mandela - the late ‘Mother of the Nation’ Mama Winnie Madikizela-Mandela, who also had very strong ties with Ekurhuleni having cast her first democratic vote in this region in 1994. Indeed, our City has a major footprint in the history of this great nation.

This year we also salute two other centenarians in Mama Margaret Gazo and Mama Albertina Sisulu. To both these brave women and selfless leaders of our society, we give assurance that we remain rooted in the struggle for the socio-economic emancipation of our people.

Let also take this opportunity to thank the Ekurhuleni team, led by the Executive Mayor, for cracking the Ncala section electricity impasse. Working with Eskom and the community of Ncala, the team managed to have power restored in the area in the meantime, while negotiations between the parties unfold.

Let me also add the City's voice in criticising the ongoing apartheid system meted out on the Palestinians by the Israeli government. Such barbaric oppression cannot be allowed to continue. We further condemn the spate of cash-in-transit heists which are spreading across the country including the movie-like scenes we witnessed on Atlas Road in Boksburg a few weeks ago. We must however keep our fingers crossed that the law enforcement agencies will soon find a solution to this disturbing crime trend.

When this administration came into office in August 2016, we presented a localised manifesto which was anchored around a **'Pro Poor'** agenda. This plan provides a perfect vehicle for united action precisely because it has the support of our people across the political and cultural spectrum. Leaders in every avenue should be ready to rise above sectional interests, and with great maturity pull together to take this City forward.

This challenge applies to all sections of our society: business, labour, public representatives, activists and citizens in every part of the region.

Our government continues to open new channels of communication and build more cohesion among key stakeholders locally and internationally. We have taken many steps to create the conditions for higher levels of confidence in our economy and society.

Thirty-five years ago, the United Democratic Front brought together people of goodwill and foresight from all corners of the country. Many points of view, many differences in approach, were marshalled around a single cause – building a united and non-racial society. We did the same for the first democratic elections in 1994 which laid the basis for an enduring democracy.

The clinics, taps and houses we have built since then are testimony to the truth of these assertions. The freedom and democracy we cherish - and the knowledge

that these are permanent, inalienable rights grounded in our basic law – are the foundation on which all South Africans can make a contribution.

Looking back on the path we have travelled since 1994, we see the importance of a long-term perspective on development and change. It is people acting together for a common vision that connects the past to the present, and makes a better future possible.

Madame Speaker, at this point allow me to share some of the success stories for the past 20 months in office. Among these are following:

- **Installation of 2 021 street lights** to provide lighting and help minimise crime in areas such as Brakpan, KwaThema, Tsakane, Benoni, Daveyton, Etwatwa, Tembisa and Katlehong;
- Electrical network was enhanced with the **installation of 75km of underground cable** to ensure security of supply;
- Thousands of people living at the Malandela, Mpilisweni, Alberton station, Masetshaba, Emandleni, Kalamazoo, Newland and Tokyo Sexwale informal settlements, among others, today enjoy **solar lighting** owing to the City's roll out of 32 878 Photovoltaic lighting system;
- A total of 6 290 families today have electricity for the first ever following the **reticulation of households** in Ekuthuleni, Villa Lisa Ext 2, Langeville extension 6 and 8, Marikana, Thintwa informal, Phola Park, Winnie Mandela and Holomisa informal settlements. Over 11 000 more are currently being electrified in among others N12, Gugulethu, Everest, Comet and Peter Mokaba;
- In broadening the supply of water to our people, a total of **12 451 new water service points** were installed across the region; and
- In ensuring that our City remains clean and clear of rodents, we extended the roll out of **wheelie bins** to an additional 147 877 households.

Fellow Councillors, I would be doing a great injustice if I did not touch on the sensitive issue of housing. In realising the delivery of 100 000 houses and 59 000 serviced stands, tracts of land have been purchased to kick-start the mega projects, and money has been spent on servicing these properties to enable construction to get underway for at least a sizeable yield of our targets.

Madame Speaker, in responding to the Gauteng Province's Title Deeds Friday campaign, we have distributed 1 427 title deeds to give our people security of tenure. In actual fact, the last batch was distributed with the help of President Matamela Ramaphosa in Tembisa on Friday.

Indeed, this is a demonstration that we are doing great work.

However, the challenge for us, honourable members, is that people are asking if we can sustain our 'miracle'. They are asking whether we, as a nation, have the ability, the will and the wisdom to take another leap forward in reconstructing and developing South Africa. They are asking whether South Africans can still show the world how to overcome intractable problems that face the community of nations.

Of course under the stewardship of the leading African National Congress government, the answer is, *Yes we can!*

Hope and confidence come from energetic involvement and a willingness to make a direct contribution to change. The imperatives of change are not just challenges to government, they confront all of society. A new framework for development is an opportunity to unite around an inclusive vision, and join hands in constructing a shared future.

The 2018 Budget takes the Growth and Development Strategy 2055 as its point of departure.

- It recognises that our medium-term plans are framed in the context of a long-term vision and strategy;
- It focuses on strengthening growth and employment creation;
- It prioritises improvements in education and expansion of training opportunities; and
- It promotes progress towards a more equal society and an inclusive growth path.

As a start, we table before this august house the following documents for consideration and approval:

- a) The 2018/19 Budget Speech;
- b) The 2018/19 Budget and Medium Term Revenue and Expenditure Framework;
- c) The revised 2018/19 budget related policies;
- d) The revised 2018/19 Integrated Development Plan; and
- e) The 2018/19 Built Environment Performance Plan.

Madam Speaker, the 2017/18 (last year) budget speech reiterated the socio-economic imperative of ***“Radical Economic Transformation”*** anchored around

the “**Pro-Poor**” stance of this City. We also felt it was imperative that the speech spoke to our 10-point plan aimed at reviving the economy of the region. We are happy with the progress we are making in this regard and believe that a firm foundation has been laid.

This speech follows the same trajectory. However, it is affixed to the Growth and Development Strategy 2055 because ours is a course to intensify our efforts to address the challenges of poverty, inequality and unemployment.

Global and national economic outlook

Honourable Councillors, global economic uncertainty will remain with us for some time. However, South Africa’s economic outlook is improving, but requires that we actively pursue a different trajectory if we are to address the challenges ahead.

The City remains an integral part of the South African economy given its **core manufacturing and logistical sectors**. So this budget was compiled not in isolation, but within the context of global, national and provincial economies.

In the national Budget Speech tabled on 21 February 2018, former Finance Minister Malusi Gigaba noted a marked improvement in the economic outlook between October 2017 when the Medium Term Budget Policy Statement (MTBPS) was tabled and February 2018. In particular, the South African GDP growth outlook is projected at 1.5% in 2018 rising to 2.1% in 2010. This is a marked improvement to the growth of 0.7% projected in October 2017 during the time of the MTBPS. This budget is based on these economic indicators.

The Minister further outlined government responsibilities some of which are more relevant to the City’s economy, namely:

- Creating the right environment for [local] investment;
- Partnering with social partners to create sustainable employment; and
- Addressing the concentrated and inequitable structure of the economy.

Given the declining revenues in the national fiscas, the conditional capital allocations to the local sphere of government, including our City, have also gone down. This requires the City to leverage on its own resources and those of the private sector to progressively increase investments in capital infrastructure, and other productive sectors of the local economy.

Notwithstanding the fact that this budget has taken global and national economic factors into consideration, it is underpinned by local Ekurhuleni socio-economic factors to achieve **globalisation**, meaning **global in approach and local in content**.

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 of South Africa. Allow me to reflect on the key achievements for the past year:

- Expenditure on capital projects was just over **92% compared to 87%** in 2016/17. This means that there is growing spending capacity in order to meet the infrastructure needs of the City and its people;
- We achieved a record **98% grant-spend** for the financial year 2016/17 on the USDG, a trend we plan to maintain;
- The City achieved an **unqualified audit** for the year. This is the same as the previous financial year, but with a reduction in the number of factors of concern to the Auditor General;
- Unauthorised expenditure was **reduced from R65m to zero**, meaning that all spending is in line with the prescripts of legislation;
- The City's cash position remains above the R5.0 billion mark at **R5.2 billion**, this means we are able to meet our obligations.

Madame Speaker, our **City's credit rating** remains healthy according independent rating agencies, including Moody's. This means we remain the opportune and/or preferred destination for investment. According Moody's, Ekurhuleni is rated at the high end of the range for South African municipalities. We have a relative position which reflects debt and service debt levels that are lower than the median of our peers in the country.

For the 2018/19 financial year, the budgeted operating expenditure is expected to be **R37.5 billion** and will be funded as follows:

- Revenue generated internally - **R29.2 billion**;
- Operating grants - **R6 billion**; and
- Capital grants - **R2.3 billion**.

Spending on capital and infrastructure projects is expected to be **R6.9 billion in 2018/19**, an increase of **R300 million** from the 2017/18 financial year. The capital budget will be funded as follows:

- Revenue generated internally - **R976.1 million**;
- Government Grants - **R2.3 billion**; and
- Loans - **R3.6 billion**.

At this point in time honourable Councillors, allow me to throw caution to the wind on the relatively high proportion on loans as a source of funding. However, having said that, 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.

The City's own resources and the allocations from the national fiscas are not sufficient to meet these growing demands and, therefore, borrowing augments the City's ability to meet the needs. On the other hand, 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.

Tariffs

Honourable Speaker, in line with the legislative framework, a thorough consultation process was undertaken during the month of April 2018 in compiling today's documents. The views of the people are much appreciated, and they played a critical role in assisting us to come up with an informed and people-centred multi-year budget and integrated development plan.

Last year the City had a new valuation roll where it was found that the number and values of rateable properties have increased. To ease the burden on ratepayers, the City decided not to increase the **assessments rates**. This year, this budget proposes a **6.9%** increase in assessment rates as we continue to ease the burden on ratepayers. Indeed, we care about the plight of our ratepayers in as far as the standard of living is concerned.

Fellow Councillors, two months ago the National Electricity Regulator of South Africa (Nersa) announced a bulk **electricity** purchase tariff increase of **7.32%** for municipalities. However, the City will only be effecting an increase of between **5.32%** and **8.5%** - subject to usage. On the other hand the City is proposing a **12.96%** increase for water, which is the same increase pronounced by **Rand Water**. However, the City will continue with its efforts to obtain efficiency gains through the use of appropriate technologies, and to reduce the technical and non-technical losses of water.

Sanitation tariffs will increase by **9%**, which is informed by the cost of sewer purification processes undertaken by **ERWAT**. The **refuse removal** tariff will increase by **7.5%** for all users, a move based on the increase of the main cost drivers of the service.

Madam Speaker, as we are conscious of the financial situation of our communities, we are pleased to announce that there will once again be **no increase** on the following municipal services:

- Library and information services;
- Library auditorium;
- Cemetery and crematoria;
- Use of arts, culture and heritage facilities; and
- Hire of parks and facilities.

The tariffs on the sundry services are increased by the CPI as well as cost considerations of providing these services. The City will continue to provide services at tariffs that are **cost-reflective** but also taking into account the **affordability levels** for our citizens.

By the way, a comparative analysis of the tariffs among the metros in the country make Ekurhuleni among the cheapest city to live in.

Fellow Councillors, allow me to remind the house that our tariffs are the backbone of our machinery to deliver quality and sustainable services to our people. That is why payment of services by those who can afford remains critical.

Social package

In line with our agenda of running a **“pro-poor” administration**, Madame Speaker, our ratepayers will be all smiles to learn that we continue to provide a social package to our people - mainly the most vulnerable and indigent members of society - at a cost of **R3.7 billion** to the institution, an increase of **R600 million** compared to the previous financial year. This we do because we understand that the provision of basic services such as water, energy, sewer, waste removal and many more is no longer a luxury but an issue of basic living and returning dignity.

In this budget we propose to increase the value of property exempted from property rates from the first **R150 000**. Various other grants on assessment rates, such as pensioners' rebate, rebate to low income earners, properties zoned for religious purposes, will continue in the new financial year.

At this moment allow me to share the complete package of **indigent relief**:

- **100%** rebate on assessment rates;
- Free refuse removal;
- First **100kWh of electricity** per month is free in line with national government policy;
- **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, we were quietly pleased to hear Paulinah Dubazana of KwaThema told us during the IDP sessions that, “I would like to thank the City for its interventions, I am now paying far less for my services owing to the indigent policy.”

Let me take this opportunity to encourage those who genuinely cannot afford to pay for services to join Mama Dubazana and do the right thing – register as an indigent so that you can benefit from the indigent relief programme. At the present moment we have 40 326 registered and 62 747 deemed indigent households, who receive free basic services in the form of water, electricity, sanitation services and refuse collection as well as qualify for housing subsidy.

Madame Speaker, over the past years, the City has been providing the first **6kl** of water for free to all ratepayers. However, this practice is in contrast to national policy, which forces us to consider our policy stance on the matter. The national allocation to municipalities, in the form of equitable share, excludes non-indigent households. Therefore, the City’s free basic water and sanitation is 6kl for indigent and all households with a property value not exceeding R750 000.

Fellow Councillors, let me caution that despite this goodwill act from the City, there is a sizeable number of poor households that regularly **exceed their monthly allocation** of free basic services. The result is that Council subsidises the consumed minimum services as well as the additional allocations. This practice has a detrimental effect on the finances of the City in two ways, namely:

- The City subsidises those households with more than what it receives from the national fiscas; and
- Other deserving households are denied the opportunity to receive free services due to those households that are “**double dipping**”.

The revised **indigent support policy** proposes that we increase the threshold from **R3 200** to **R5 090**, a move that will accommodate more of our destitute members of society.

Secondly, we have heard the laments from our vulnerable citizens about the charges levied on disconnected services, reconnection fees and attorney fees on accounts handed over for collection. We have looked into the matter and concluded that we must have a revised **credit control policy**, which will review charges upon investigation of each individual case.

Finally, on the matter of the indigent, we are aware of the challenges experienced by child-headed families, widows and widowers when trying to transfer ownership of properties of deceased persons into their own names so that they can apply for indigent support. The attainment of “**letters of authority**” is done only through attorneys and by approaching the Master of the High Court. The fees for such actions are unaffordable to our poor communities. We are looking at ways in which the City can intervene in this regard and minimize the pressure from our citizens.

If people have applied for indigent status and have not been successful, we are now proposing the formulation of an appeals body that will reconsider each case based on merit.

Fellow Councillors, having mentioned the above, it remains a matter of concern that some indigents still exceed their limit on the free basic services. This has unfortunately forced us to look at mechanisms to control this. This is not done for cost-containment only but to also control water wastage, among others.

Honourable Speaker, the City remains prone to loss of revenue due to unaccounted for services. Millions of rands disappear in the area of energy due to **izinyoka-nyoka** and electricity theft, while unaccounted water also remains a massive concern. In actual fact, just to share some information in this regard, in the past financial year, the City lost **12.8%** on electricity, and **30.57%** on water losses.

Yes, we have tried a number of interventions to deal with this problem, but it persists. Having said this though, I wish to make it clear that we shall not despair until all these have been brought down to acceptable levels – **12%** for electricity and **30%** for water.

Meanwhile, the City shall continue to implement cost containment measures in line with **Circular 82 on Cost Containment** issued by National Treasury. The circular

directs us to reduce the budget for non-essential expenses, travel and catering, continue to curb overtime, and reduce the budget for events.

RE-INDUSTRIALISE

The prevailing economic environment has necessitated that the City of Ekurhuleni should reprioritise its socio-economic package towards radical economic transformation through the lens of Pro-Poor and Developmental State viewpoint. In this regard, the Ekurhuleni 10-Point Economic Plan is a systematic programme that centralises the role of the City as the primary anchor and footprint that has gradually positioned its administration at the centre of economic activity.

It should be remembered that 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 prioritised pillars of the regional economy.

The Municipal Systems Act stipulates that the City, among others, is the engine for economic development and growth due to its special powers to influence and facilitate development, as well as leverage its vast tracks of land to unlock development potential. These powers, which are crucial in the coal-face of service delivery, further extend to the ability to create sustainable job opportunities, entrepreneurship development and community empowerment interventions as contemplated in section 217 of the South African Constitution.

Madame Speaker, we have a responsibility to come up with answers to the critical issues of unemployment and poverty. In this regard, ours must remain a mission to create an enabling environment for inclusive growth and job creation. Our region remains the pillar of Africa's most globalised province which specialises in financial and business services; advanced manufacturing engineering services; good infrastructure connectivity; and an ideal destination for trade, tourism and investment.

However, the country's high structural unemployment remains the most pressing concern. Also of great concern is that we continue to confront the reality that, despite our noble resolve towards nation building and reconciliation, the majority of our people remain with the difficult task of ridding themselves of the economic shackles of apartheid.

It is for this reason that this administration came up with the all-important and aggressive **10-point plan** to revive the economy. This plan directs us to among others:

- Increase investment traction;
- Implement the Mintirho community empowerment programme;
- Implement the Vukuphile programme;
- Upgrade and rename the Springs Fresh Produce Market; and
- Establishment of the Ekurhuleni Development Company.

Executive Mayor, you were quite correct when you stated in the *State of the City Address* that we need to come up with an incentive package for investors. The idea of a tax rebate, bulk infrastructure rollout and the development facilitation processing must be realised as a matter of urgency.

It is at this point that I wish to beg for the indulgence of the legislature and other relevant role-players to assist us in realising these goals by working with us in fast-tracking decisions.

In order to demonstrate our commitment to re-industrialise our space, the Department of Economic Development is allocated **R491 million** over the MTREF, with **R169 million** for the 2018/19 financial year.

Key projects that will drive this strategic theme are as follows:

- Springs Fresh Produce Market Expansion Project is allocated **R52.4 million** in 2018/19 and **R92.4 million** over the MTREF;
- Ekurhuleni Business Centre, situated in Kempton Park, is allocated **R25 million** in 2018/19 and **R83 million** for the next three years; and
- Establishment of Automotive Cities in Geluksdal, Katlehong, Tembisa and Tsakane has an allocation of **R27 million** in 2018/19 and **R117 million** over the MTREF.

As we continue to encourage township economic development, we have completed phase one of the Etwatwa and KwaThema industrial hubs. It is envisaged that the second phase of these facilities, which is valued at **R54 million**, will be completed in the first three months of the 2018/19 financial year.

Furthermore, in this new financial year we shall commence with the construction of the Reiger Park Business Hub, which is expected to cost the City **R60 million** over three years.

We are now busy with the installation of special equipment at the Vosloorus Multi-purpose Skills Centre ahead of the operating date of 1 September 2018 to the tune of **R90 million**.

Madame Speaker, in recent months we adopted the **Aerotropolis Master Plan**. Worker has started in earnest to ensure that we realise this unique Ekurhuleni economic trajectory. In this regard we are unleashing **R561 million** this financial year to enable development, and a further **R1.9 billion** over the MTREF.

Key developments are airport precinct, Prasa/Gibela, M & T, Greenreef, Riverfields and other strategic urban development projects.

- **Land as a primary factor of production:**

In this regard, in compliance with provisions of regulation 36 (a) of the Municipal Asset Transfer Regulations 2008, section 79(18) of the Local Government Ordinance 1939, the Council's Leasing Policy for Municipal Owned Immovable Property, as well as a Council's Land Disposal Framework, several land parcels suitably zoned for commercial and industrial purposes land parcels, which are less than 5 000 square metres, are being released through long-term leases to advance our township economies programme. Furthermore, a process to secure Council approval to release 64 council-owned social, developmental and commercial farms has been activated for possible conclusion during the first quarter of 2018/19.

RE-URBANISE

This area starts with a clear understanding of the quality and type of human settlements and service that must define this municipality. The question we must ask ourselves is: What is the type of urban form do we wish to create? That answer should direct us to promote integrated human settlements through massive infrastructure services rollout. We want all our households to enjoy the same quality of sustainable services, while broadening access to those that have always lagged behind.

That is why Madame Speaker, we resolved at the beginning of our term in office that, among others, we must: speedily electrify informal settlements; construct 100 000 houses; provide 59 000 serviced stands; implement the IRPTN; improve on the infrastructure investment side of things; make land available for development; and upscale services at qualifying informal areas to make them habitable.

The preservation of water usage and continuation of investment in the water infrastructure to ensure security of supply, and the commissioning of our Independent Power Production programme, also remain top of our list.

I thought it would be proper to remind the house of the task that lies ahead which justifies why we have allocated **R13.8 billion** over the MTREF and **R4.4 billion** in the coming financial year.

In response to *human settlements challenges*, we are allocating **R1.2 billion** in 2018/19 and **R3.8 billion** in the MTREF to the Department of Human Settlements. Some of the major projects in this area of our work include:

- Acquisition of land and properties for human settlements is allocated **R270 million** in 2018/19. The total allocation over the MTREF is a staggering **R890 million**;
- Electrification of informal settlements is allocated **R220 million** in the next financial year and **R720 million** in the MTREF;
- Leeuwpoot Development, including bulk infrastructure, is allocated **R201 million** in the 2018/19 financial year and **R431 million** over the MTREF;
- The mega project in Esselen Park - Witfontein (Mega - Tembisa Triangle) - Birchleigh North Extension 4 receives **R107 million** in 2018/19 and **R304 million** in the next three years;
- The John Dube Extension 2 project receives **R70 million** in 2018/19 and **R260 million** over the MTREF;
- Tembisa Extension 25 mega project, on the former Old Mutual Land, receives **R160 million** in 2018/19 and **R524 million** in the next three years; and
- The Van Dyk park mega project receives **R70 million** in 2018/19 and **R244 million** in the MTREF.

Our people have raised the issue of maintenance of hostels and rental stock. We have listened, and as a result we are allocating **R70 million** (R47 million for hostels and R23 million for rental stock) towards that. This may look very minimal but we believe that it will go a long way towards improving the lives of those living in these facilities.

In terms of *energy infrastructure*, we have also allocated **R576 million** this year and R1.7 billion over the MTREF to re-urbanise our City. This money will go

towards network enhancement in Alberton, Benoni, Boksburg, Brakpan, KwaThema and Daveyton. We shall also broaden lighting to Katlehong, Etwatwa, KwaThema, Springs, Vosloorus, and Tembisa, among others.

To improve our **road network** for ease of movement of goods and services, we are allocating **R678 million** in the new financial year and **R2 billion** in the MTREF. This will go towards the following projects:

- Construction of Daveyton CBD/N12 interchange - **R105 million**;
- To ease congestion on the entrance of Vosloorus, we shall be doubling Barry Marais Road and, as such, we are channeling **R31 million** over the MTREF;
- Kaalspruit rehabilitation gets **R48 million** over the MTREF; and
- Upgrading of roads in the Eastern part of the City is allocated **R27 million** over the MTREF. These roads include Etwatwa Extension 7, Arusha, Phumulong, and Masizakhe.

During our interaction with communities, one of the critical issues raised was that of potholes. In this regard, **R615 million** goes towards the fixing of potholes, clearing of storm water drainage system and resurfacing of already existing roads.

Madame Speaker, let me take this opportunity to appreciate the PWV 15 intervention by Province because it will ease the traffic burden on the Gillooly's interchange and stimulate economic activity in the aerotropolis corridor.

Madame Speaker, we are all aware of the recent developments that have faced our country with regards to **Water and sanitation**. The effects of climate change increasingly place pressure on our water resources.

Consequently, there is an urgent need for all of us, especially municipalities, to take seriously issues relating to water conservation, rainwater harvesting, limiting leakages in our existing infrastructure and devising new strategies of improving water management.

It is in this context that we, as a City, have budgeted **R623.7 million** for the 2018/19 financial year towards water and sanitation. Over the MTREF, we have set aside a total of **R2.1 billion**. Over the MTREF, this includes among others:

- **R100 million** budget for the Pomona Eastern Out Fall Sewer phase 3;

- An amount of **R400 million** for repairs, upgrades and extension of water pipelines and construction of new reservoirs as well as towers. This is for work carried out in places such as Alberton, Katlehong, Thokoza, Tembisa, Etwatwa and Vosloorus;
- **R84 million** for the building of a water reservoir and tower at the new Clayville mega project human settlement; and
- **R84 million** for replacement of large water consumer meters as well as **R131 million** for aged domestic meter replacement.

Water losses remain a sore thumb for the City and we remain committed to change the status quo, hence our resolve to invest **R344 million** for refurbishment of ageing infrastructure, fixing of water leaks, sewer blockages and maintenance.

Madame Speaker, we have commenced with work to improve and give a facelift to our decaying urban centres. Our strategy of urban renewal is anchored on the idea of building our old CBDs, such as Germiston, into modern urban centres with a vibrant corporate look that can attract and boost investor confidence about the future of our City.

As part of this strategy of urban renewal, we have allocated **R119 million** for the 2018/19 for upgrading the Germiston Head Office. Over the MTREF the total amount is **R135 million**.

I now move to the area of **transport** which is extremely imperative in linking our people with their areas of work. We have always maintained our commitment in ending the disjuncture created by the apartheid regime which made it difficult for our people to move freely. In this regard we are channeling **R727 million** in the new financial year and **R2.1 billion** in three years.

Key projects in this regard include:

- Construction of the new taxi ranks Greenfield, Katlehong and Windmill Park at **R45 million** over three years;
- New licensing facilities in areas Katlehong, Edenvale, Tembisa, Vosloorus and Alberton - **R353 million** over three years; and
- The Bus Rapid Transport project will receive **R1.4 billion** over the MTREF.

RE-MOBILISATION

In our quest to ensure that we promote safer, healthier and socially empowered communities, the GDS directs us to re-mobilise our society. In this regard, we have the task to increase operating hours of clinics; amend the indigent policy to cater for more and deserving residents; continue with the rollout of the 'Pro Poor' social package; strongly pursue the establishment of the Ekurhuleni university; develop arts, sport and culture programmes aimed at creating social cohesion; and protect our communities from crime.

Madame Speaker, considering the critical nature of the programme above, it remains clear that we broaden the access of a co-package of municipal services that would have a desired impact in our communities – hence the decision to come with a bouquet of norms and standards to ensure quality supply and dependability.

The incredible work we are doing in this regard continues to make us one of the most livable cities in the country. As we continue to pursue excellence in this regard, we are allocating **R990 million** over the MTREF and **R297 million** in the 2018/19 financial year.

As we seek to create a safer community, we are allocating **R337 million** for the new financial year and **R901 million** over three years to both **EMPD and Emergency Services**. Key projects in this area include:

- Construction of Olifantsfontein Fire Station - **R20 million** in 2018/18 and **R26 million** in 2019/20;
- Construction of Tembisa Precinct receives **R22 million** in 2018/19;
- The EMPD receives an allocation of **R81.5 million** in 2018/19 and **R68.8 million** for specialised vehicles and upgrading of its various offices and car registration centres.
- **R20 million** for the recruitment of new emergency services personnel; and
- Installation of CCTV system for Safer City project is allocated **R17.6 million** in 2018/19 and **R20 million** in 2019/20.

In our efforts to broaden health care services and bring them closer to communities the **Department of Health** receives an allocation of **R42 million** in the new financial year and **R289 million** over the MTREF. Major projects include:

- The Geluksdal Clinic next to Tsakane is allocated **R5 million** in 2018/19 and **R23 million** over the three years;

- The new level 2 Chief Albert Luthuli Clinic Extension (in Ward 24) is allocated **R3 million** in the next year and **R23 million** in the MTREF; and
- The new clinic in Extension 9, Lindelani, is allocated **R3 million** in 2018/19 and **R21 million** in the MTREF.

Madame Speaker, we continue with programmes to keep our communities healthy through progressive sporting activities. To realise this, we are allocating the **Department of Sport, Recreation, Arts and Culture** an amount of **R113 million** in 2018/19 and **R400 million** in the MTREF.

This investment will go to, among others:

- Construction of the Reiger Park Recreational Park - **R10 million**;
- The construction of an eco-gym and play area at the Makhulong stadium precinct - **R1 million**;
- Construction of the Windmill Park Recreational Park - **R10 million**;
- Upgrade of the Moses Molelekwa and Katlehong art centres - **R20 million**;
- Construction of the new Etwatwa library - **R15 million**; and
- The completion of the Duduza swimming pool - **R14 million**.

Madame Speaker, I now turn to the area of **REGENERATE**.

The impact and risk associated with climate change are becoming more visible and real. The prolonged droughts, flooding incidents, severe storms, and unpredictable weather patterns should concern us all. That is why we have a responsibility to look after the environment and ensure that it is not harmful to our people and animals alike.

In effecting the Constitutional imperatives in terms of Section 24 of the Bill of Rights, the City implements a number of programmes, including Clean City, Bontle ke Botho and Lungile Mtshali. We continue to plant trees and manage recreational and open spaces.

However, the aesthetics of the City must change for the better, including in industrial areas. The greening and beautification of the City must be fast-tracked, and our grass cutting must remain on track to ensure that open spaces, informal settlements and road reserves are looked after.

While doing all this, we equally must promote resource access. Programmes around renewable energy, waste minimisation, urban management and the upgrading of standardised community parks must be prioritised. In response to this area of our work, we are setting aside **R1.3 billion** in the MTREF and **R472 million** in the 2018/19 financial year – for the ***Waste and Environmental Management Department***.

The noticeable projects that are intended to drive this theme include:

- Development/upgrade cemeteries in Vosloorus (Cambrian Cemetery) - **R15 million** in 2018/19 and **R39 million** over the MTREF;
- Development/upgrade Horwoods Farm in Edenvale - **R10 million** in 2018/19 and **R42 million** over the MTREF;
- Development/upgrade Moriting Park in Tembisa - **R18 million** in 2018/19 and a total of **R45 million** in the next three years;
- Rehabilitation of the Boksburg Lake - **R20 million** in 2018/19 and **R55 million** over the MTREF;
- The ERWAT Waste Water Treatment Works - **R50 million** in 2018/19 and **R150 million** over the MTREF.

The upkeep and beautification of our open spaces, road reserves and the maintenance of cemeteries remain at the apex of our main priorities. Indeed, we have faced some challenges with the maintenance of our assets in the past, but we have since turned the tide. As a result, we are allocating approximately **R2.6 billion** over the MTREF broken down as follows:

- Maintenance of our parks and cemeteries - **R78 million** in 2018/19 and **R250 million** over the MTREF;
- Maintenance of roads - **R651 million** in 2018/19 and **R2 billion** in the next three years; and
- Grass cutting - **R62 million** in 2018/19 and **R196 million** over the MTREF.

These allocations will go a long way in ensuring that areas where our people spend most of their time are well kept.

RE-GOVERN

Madame Speaker, allow me to close the themes of the GDS by paying attention to our efforts to re-govern as we seek to build a clean, capable and modernised local

state. Our efforts in this regard are centered in various aspects including sustaining a clean audit; maintaining public tendering processes; building capacity to minimise outsourcing of critical municipal services; sustaining the progressive Siyaqhuba programme; and the improvement of service delivery through visible and impactful programmes supported by Capex spending.

We must continue to improve our coffers so that we have enough money to implement our programmes, and ensure that we have an improved organisational culture and relations between the employer and staff.

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.

In this regard, we are setting aside **R4.5 billion** in the MTREF and **R1.6 billion** in the coming financial year. The major projects in this strategic theme are as follows:

- The Brakpan Bus Company receives **R5.1 million** in 2018/19 to, amongst others, acquire a new ticket system, and **R6 million** on the MTREF; and
- Installation of Energy efficiency technology in the various centres and areas of the City is allocated **R160.2 million** in 2018/19 and **R597.7 million** in the next three years.

As we continue in our pursuit of becoming a digital city, we are investing **R330 million** in the new financial year and almost **R1 billion** in the MTREF in the area of **ICT**. This intervention will improve our billing accuracy, assist in the introduction of e-government services and improve the turnaround time to payment of suppliers. Critically it shall broaden connectivity to the digital world to many of our people as we enter the fourth industrial revolution.

We are further allocating **R66.6 million** for broadband rollout, and **R35.5 million** is going to fibre.

Fellow Councillors, towards closure allow me touch on the issue of empowering the youth, people with disabilities and women. In this regard we have always undertaken progressive programmes like **Mintirho** and **Vukuphile** which are tailor-made as an intervention to empower these groupings. We have also adopted a view that they must be prioritised in terms of municipal procurement.

- **Bursary Scheme**

In this regard, it is now a matter of common course that we have increased the bursary scheme from **R10 million** to **R100 million**, tripling the number of beneficiaries who seek to achieve career progression.

Through the City's investment of R100 million per annum in the Community Bursary Scheme to improve access to suitable and scarce skill development, at least 1 757 bursary-holders have been sustained in academic institutions. However, of the 2 805 bursary applicants that met the qualifying criteria in 2017/18, we note with concern that only 420 new bursaries could be accommodated due to funding constraints. This shortfall will, however, be addressed in future following the Executive Mayor's pronouncement to cautiously increase the Community Bursary to **R250 million** by the end of the term of office.

- **Work Readiness Programme**

Fellow Councillors, in our endeavour to prepare our youth for the work environment, the City's investment of **R61 million** in the work readiness programme has enabled us to sustain the placement of 2 500 youths in various learnerships and internships. It is our intention to review our investment in the programme in order to improve the stipend payment thresholds and the quantity and quality of placements during 2018/19.

- **Mintirho-ya-Vulavula Community Empowerment Programme:**

To date, at least 72 of the 102 Vukuphile contractors have been allocated work amounting to **R60 million**. It is envisaged that the remaining group will be allocated their first projects during the first quarter of 2018/19 due to constraints that were experienced in the securing of bridging finance from the designated financial institution.

To date, we have allocated the 2016/17 GIA to 445 beneficiaries, whereas the 2017/18 GIA allocation shall be finalised before the end of the 2017/18 financial year wherein an additional 400 beneficiaries will be allocated before a new window of application opens in September 2018 onwards.

The trade in services programme wherein the SCM policy is leveraged to establish panels of service providers per categories of goods and services has yielded 2 181 bids, wherein 1 967 are locally based companies. It is envisaged that the finalisation of the appointment process shall happen before the end of the 2017/18

financial year for implementation by the beginning of the new financial year on 1 July 2018.

CONCLUSION

Two months ago we delivered the *State of the City Address* in which we accounted for the 18 months 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 - where the poor and the rich can co-exist in a mutually beneficial environment, where they are empowered to realise their dreams and aspirations.

Today we have tabled a very progressive budget that can only make our City a better place to live, play and invest. Our people have today, like every year, heard 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. Not too long ago members of the mayoral committee were spread across the City conducting this very process and thousands of our people positively responded and shared their views with us, which views have been a critical component of this speech.

This is an economic driven budget. It is about bringing investors into our City as a partner in our drive to consolidate economic hubs and the implementation of catalytic projects. Therefore, Private, Public Partnership is the only way we will build our economy and therefore prevail against the three musketeers of poverty, joblessness and inequality.

I, therefore, extend an invitation to the private sector to join us as we build a new, vibrant, dynamic and economically viable City.

Our infrastructure investment programme has grown tremendously over the years. This was accelerated in the last 20 months. We have been deploying these resources to drive service delivery and better the lives of our people.

Madame Speaker, the City of Ekurhuleni reiterates its commitment to prudent financial management which must take us back to our Clean Audit status. We wish

to make it clear that there shall be no room of mismanagement of funds, corruption and fraud.

We also remain committed to empowering our communities about the finance processes of the City through the progressive Finance Open Day campaign, and we remain the exemplary to many municipalities and organs of state with our Open Tender Process.

Our e-Siyakhokha campaign continues to gain momentum and as a result it has made the payment of services simpler and seamless thus improving our coffers.

Having said all this, I must however point out that we still need to do better in terms of Capex and the spending of grants. We are paying special attention to this area of our work and remain optimistic that the future looks bright.

Madame Speaker, let me take this opportunity to pay my sincere gratitude to members of this Council, especially the ANC and its coalition partners, for ensuring that we are on course, focused and determined to realise the will of the millions of people of Ekurhuleni. The role of opposition parties was and will forever be critical in keeping us on the straight and narrow.

The people of Ekurhuleni, business sector, NGOs, religious sectors and various other stakeholders also deserve a special thanks for their role in ensuring that the divergent views of our people are forthcoming.

Sibulele ku City Manager, senior management team and staff of the City for their hard work and appeal for more commitment as we seek to change the lives of people for the better together.

As I sit down, let me pay special gratitude to the team that worked extensively on this budget. Keep up the great work and determination.

Madame Speaker, I present the Budget and related policies.

Ndiyabulela. Thank You. Hi Khensile. Ke a leboga. Ngiyabonga