

Budget speech by the City's Executive Mayor, Patricia de Lille, at the full Council meeting on 29 May 2015

May we please have a moment's silence for the victims of the xenophobia attacks.

Thank you.

Good morning, goeiedag, molweni, as-salaam alaikum, shalom.

Mr Speaker,

I would like the Council to join me in paying tribute to Mr Basil Jacobs who retired from service in the City at the end of April.

He worked here in numerous positions for 45 years, having joined in 1970.

He ended his career in law enforcement working primarily on the fifth and sixth floors of the podium block.

He always greeted us with a smile and it only remains for me to say to Mr Jacobs: thank you for a lifetime of service.

Mr Speaker, this budget has gone through the most extensive public participation process of any budget for this term of office.

We have exceeded the requirements of legislation and gone even further in order to engage with all of our residents.

We have held public meetings and taken out advertisements in community newspapers and on community radio stations.

The budget has been considered by structures of Council, including portfolio committees and subcouncils.

We have embarked on an extensive social media campaign.

And we have considered and debated the public participation comments at length in the Mayoral Committee, which is a matter of public record.

Mr Speaker, proposed is a total operating budget for the 2015/2016 financial year of R32 145 000 000 (just over R32 billion) and a total capital budget of R6 044 000 000 (just over R6 billion).

The total proposed budget is therefore R38 189 000 000 (just over R38 billion).

In addition, we have increased the allocation for repairs and maintenance above the Consumer Price Index (CPI) to keep up with required infrastructure concerns and to accommodate the necessities of the roll-out of the new IRT routes.

This budget has also attempted to address numerous matters of concern that have emerged in the past financial year.

These include:

- Nearly R50 million for additional security at City facilities
- Over R40 million to assist our Finance Directorate with procurement capacity and capacity for our Property Management functions to accelerate the release of City assets
- R15 million for overtime costs in Safety and Security and R33,4 million for additional staff
- R15,7 million more for critical social development functions.

During the public participation process, the proposed rates and tariffs increases were as follows:

- Property rates: 10,83%
- Electricity: 10,82%
- Water: 11%
- Sanitation: 11%
- Refuse: 8,33%
- Disposal: 9,31%

Mr Speaker, it is important to understand the nature of these increases, which are above CPI.

The City's revenue sources have to be viewed in context, and the context is a social compact.

We are mandated by the Constitution to provide access to basic services and to drive economic and social development.

In order to do that for the population adequately, we must make accommodations for those who can afford to pay tax and those who cannot.

Often, those who cannot afford to pay are those who have been historically excluded from opportunities by the previous regime.

While this may not to be true in all cases, it is true of the vast majority.

This has to be combined with urbanisation and people moving to Cape Town in search of a better life.

Many of those who come here are unemployed and are escaping areas of municipal collapse in other parts of the country.

This leaves us with many people who do not have the resources to contribute to municipal services.

We cannot leave them without water, sanitation, and electricity.

It is this government's policy to be a caring city and to help those who need help the most.

That is why we cross-subsidise services for the poor.

If we left the poor destitute and without services, the entire city would fail.

We cannot expect to be a thriving and economically productive city if large parts of the metro went neglected and without any form of services.

Not only would that be fundamentally unjust, it would create the conditions for social unrest that would put the entire city at risk.

An additional factor is the entire funding model for local government.

The local government model is premised on a mix between own revenue and national revenue.

The majority of the taxes generated by Cape Town do not come back to Cape Town.

Instead, we receive a few national grants that are meant to sustain our infrastructure.

The rest we must raise ourselves relying on, yes, electricity revenues and charging residents to live in their own homes through rates.

In terms of electricity, we also have to buy electricity from a national supplier, Eskom, which has placed a premium on bulk purchases due to its own mismanagement.

We have no choice but to pass off some of that cost to the consumer.

If we did not, we would not be able to pay for even the most basic of services.

And the idea of charging people rates for their own homes has always been a general approach that might not be the most elegant means of determining tax but is the most reliable we have.

We have to judge revenues on households and their general valuation because it would be too complex to calculate this fairly for individuals.

And so we are left with imperfect funding models to meet an ever-increasing burden of demand for services.

We cannot continue like this.

We have to review the way we are funded.

I will be raising these matters with both the Minister of Cooperative Governance and the Minister of Finance.

We cannot continue with a system that is bursting at the seams and somehow expect miracles.

But our extensive public participation has demonstrated that our residents are under strain.

This was not a publicity exercise. We have listened.

That is why Mr Speaker, I propose an amendment to the budget as advertised that will bring down the rate increase to 10% from 10,83% using identified surplus funds and keeping other tariffs and charges the same as those presented during public participation.

All of the ratepayers associations, all of the distressed residents who have engaged with us: we have listened.

We also received numerous memorandums from a local interest group called the Social Justice Coalition (SJC).

They have spent some time constantly bringing up the same points again and again that the City was allegedly spending only R20 million on informal settlements.

I can understand a mistake made once.

But I cannot understand mistakes made again and again after being corrected.

Indeed, we have repeatedly corrected the false claims by the SJC but they have persisted in their supposed ignorance.

I can only then assume some other motive or malicious intent and not an honest attempt to engage with the budget.

And I find that disgraceful.

Every day seems to bring a new SJC stunt to impress their international donors with false information.

Every day we correct their figures but still they peddle untruths.

Indeed, they have summarised their misrepresentations into a handy graphic.

We have responded to them comprehensively before but our response bears repeating in excerpts and it is my hope that they will both listen and hear this time:

The SJC's graphic distorts the City's proposed budget for the 2015/16 year because it omits the amount that will be spent in providing daily services to our residents in informal settlements.

The proposed operational expenditure on services to informal settlements amounts to R481,7 million in the upcoming financial year.

This is a huge amount by any account and is in addition to the capex.

The City faces challenges in informal settlements with regard to the provision of full-flush toilets.

For instance, full-flush toilets cannot be installed on privately-owned property, in areas of extremely high density, under power lines, on landfill sites, in a road or railway buffer, within servitudes, outside the Urban Edge, in areas where there is no bulk infrastructure, and in water bodies/retention ponds and floodplains, among others.

In the above instances, full-flush toilets requiring permanent infrastructure cannot be installed as to do so would be in contravention of the Municipal Finance Management Act and would be considered wasteful expenditure by the Auditor-General.

As a caring city that is responsible for service delivery to our most vulnerable residents, the Water and Sanitation Department plans to spend R503,7 million (operational and capital budget) on services to informal settlements in the upcoming 2015/16 financial year.

This money will be spent on, amongst others:

- increasing the toilet and tap provisions
- maintenance of sanitation and water facilities
- cleaning and emptying of alternative sanitation
- the janitorial programme
- provision of water to informal settlements, which is unlimited and free
- removal of wastewater for full-flush toilets

This proposed direct budget does not include the bulk water, reticulation and wastewater infrastructure necessary to deliver the water to our informal settlements or the removal of wastewater and the treatment thereafter.

For example, the Zandvliet Wastewater Treatment Works almost exclusively services Khayelitsha, Delft and Blue Downs, which all host a substantial number of informal settlements with full-flush toilets.

I will have to ask the puppet masters of the SJC to step back from their MacBooks for a second and answer a few questions themselves.

Why do they want the City to build in floodplains – don't they care about people drowning?

Why do they want the City to build under power lines – don't they care about people getting electrocuted?

Why do they want us to add to dangerous levels of density – don't they care about the spread of disease and increased risk of dying?

Why do they want us to build in railway buffers – don't they care about people being run over by trains?

These are questions that the SJC, and their fellow uninformed travellers like the apparently well-meaning but hopelessly clueless commentator Judith February, will need to ask themselves.

All I can say is that the poor of this city are lucky that this government cares about their lives and their health and that their fate is not in the hands of a reckless bunch of media addicts.

Mr Speaker, this budget is a budget for all the residents of this City, including the poor.

One need only look to our major spending departments for big projects to understand this logic.

2015/16 Budget allocations for meaningful projects for the Utility Services Directorate for all of the residents of this city and inclusive of catalytic

projects include:

- Electricity network infrastructure growth and refurbishment: R827,8 million
- Electrification (including backyarders): R70,8 million
- Atlantis industrial new main substation: R85 million
- Oakdale switching station upgrade: R71,6 million
- Replacement of plant and vehicles: R29,3 million
- Street lighting (with emphasis on poorer areas): R30,8 million
- Completion of Bellville Refuse Transfer Station: R37 million
- Water and Sanitation meter replacement programme: R175 million
- Zandvliet Wastewater Treatment Works extension: R135,9 million
- Mitchells Plain Wastewater Treatment Works: R113,5 million
- Completion of Cape Flats III Bulk Sewer: R84,5 million
- Service connections: R66,4 million
- Rehabilitation of Vissershok North Landfill: R111 million
- Bulk water augmentation scheme: R64,8 million
- Janitorial services, i.e. sanitation to informal settlements: R173 million
- Sewer pump station and network cleaning: R339 million
- Maintenance of water network infrastructure: R80 million
- Water demand management awareness campaigns and springs investigations: R1,2 million
- Bulk supply – borehole water quality monitoring and preservation, water catchment, treatment, conveyance and supply: R842 million
- Pressure management: R2 million
- Treated effluent provision: R3 million
- Replacement of existing Solid Waste Management fleet: R78 million
- Completion of the Faure and Swartklip drop-off sites: R19 million
- Start construction for Beaconvale drop-off site: R10 million
- Commencement of the Landfill Gas Projects at Coastal Park and Bellville landfill sites: R8 million
- Roll-out of the home-composting containers to residential properties: initial roll-out to 5 000 properties on application
- Solid Waste Management Department apprenticeship programme
- Roll-out of the radio frequency identification device on all 240L containers

2015/16 budget allocations for meaningful projects for Transport for Cape Town for all the residents of this city and inclusive of catalytic projects include:

- Upgrading of the Lotus Canal – construction of new pond and culverts, Philippi for flood prevention in Gugulethu and surrounding areas: approximately R35 million
- The rehabilitation of Weltevreden Road between Govan Mbeki Road and Vanguard Expressway, Philippi: approximately R23 million
- Camps Bay Drive rehabilitation and widening to improve the MyCiTi bus service to Imizamo Yethu and Hout Bay: approximately R30 million

- Strand/Adderley Street intersection rehabilitation to improve the road condition and the waterproofing of the Strand Street concourse below: approximately R30 million
- Rehabilitation of Main Road between Atlantic Road, Muizenberg and Clovelly Road, Clovelly – Phase 3 (Atlantic Road to Casa Labia and Kalk Bay Harbour to Clovelly Road): approximate value R170 million
- Construction of MyCiTi Phase 1B feeder service bus stops and associated route improvements: tender awarded for approximately R105 million
- Upgrading of sections of Strandfontein Road between Govan Mbeki and Spine Roads including elements of MyCiTi Phase 2 and improved non-motorised transport facilities: approximately R300 million
- Upgrading of Stock Road between Govan Mbeki Road and the Cape Flats freeway inclusive of MyCiTi infrastructure for Phase 2 and improved non-motorised transport facilities: approximately R165 million
- Continuing concrete road reconstruction programme in Gugulethu, Manenberg, Hanover Park, Heideveld, Bonteheuwel and Bishop Lavis to the approximate value of R100 million.
- Rehabilitation and upgrading of roads in Ocean View, Kommetjie and Imizamo Yethu: approximately R46 million
- Coastal Protection Works between Strand Pavilion and Da Gama Street, Strand: estimated at R70 million
- Work between Pokela Road and Ou Kaapse Weg for traffic congestion alleviation: approximate construction value is R35 million
- Bottelary/R300 Interchange Kuils River to provide traffic congestion relief: approximate construction value is R62 million

2015/16 budget allocations for meaningful projects for Human Settlements for all the residents of this city and inclusive of catalytic projects include:

- R79,6 million for backyard dwellers and informal settlements upgrades
- R75,7 million to aid the development of District Six
- A further R39,2 million for the Langa Hostels Community Residential Unit Project
- R38 million for the Fisantekraal Garden Cities Phase 2 project
- R29,5 million for the Valhalla Park Integrated Housing Project
- A further R26,5 million for the major upgrading of Community Residential Units
- R24,8 million for the new Scottsdene Community Residential Unit Project

These are some of the transformative projects we will be engaging in over the coming financial year to improve the lives of the people of this city.

They are in addition to other key catalytic projects that will help unlock development in the city through public finance investment and include:

- R2,3 million for the Athlone power station site to unlock development in that part of the city
- R191 million for broadband infrastructure to truly become a digital city
- A focus on our key integration zones, including the southern corridor

This financial year, we will also be documenting our capital projects with detailed narratives showing the before and after so that we can have a record of service delivery.

I will be referring this project to the City Manager.

Mr Speaker, the proposed budget further includes once-off expenditure of over R240 million to accommodate emergency preparations in the unlikely event of a national blackout.

As a well-run city, we have to make accommodations for every major risk we could face.

A national blackout, while of low probability, would have severe impact.

As such, we have to budget for preparations that I will speak to in greater detail in the ordinary Council meeting.

Mr Speaker, yet again, we offer the most expansive package of free basic services for those who cannot afford to pay.

Those who earn below R3 500 a month or who have properties worth R100 000 or less qualify for the full package of free basic services with a range of relief for those with properties up to R400 000.

Those who earn between R3 500 and R4 000 a month qualify for up to 75% of rates rebates.

Those between R4 000 and R4 500 receive a 50% rebate and those between R4 500 and R5 000 qualify for a 25% rebate.

In summary, per directorate, the following allocations:

- City Health: just under R1 billion in opex and over R15 million in capex
- City Manager: over R210 million in opex and almost R15 million in capex
- Community Services: almost R1,7 billion in opex and over R160 million in capex
- Compliance and Auxiliary Services: over R586 million in opex and over R4 million in capex
- Corporate Services: over R1,8 billion in opex and over R420 million in capex

- Energy, Environmental and Spatial Planning: over R552 million in opex and over R80 million in capex
- Finance: over R2,2, billion in opex and over R140 million in capex
- Human Settlements: just under R1,6 billion in opex and over R420 million in capex
- Safety and Security: over R2,6 billion in opex and over R105 million in capex
- Social Development and Early Childhood Development: R182 million in opex and over R11 million in capex
- Tourism, Events and Economic Development: over R569 million in opex and over R41 million in capex
- Transport for Cape Town: over R2,7 billion in opex and under R1,4 billion in capex
- Utility Services: over R15 billion in opex and over R3,7 billion in capex

In conclusion, this budget is designed for all the residents of this city.

We have heard the voices of our residents and have changed our frameworks accordingly.

I will ask individual Mayoral Committee Members to speak to the details of their directorates' budget votes.

I hereby table the budget for consideration and debate.

Thank you, baie dankie and enkosi.