



CITY OF JOHANNESBURG

Metropolitan Centre, 158 Loveday Street, Braamfontein
P O Box 1049, Johannesburg, 2000
Tel: +27 11 407 7557
Fax: +27 11 339 5704

City of Johannesburg Press Statement by
The Executive Mayor, Cllr Herman Mashaba

Council to finalise budget at special sitting

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***Note to editors:** Please note that the special Council sitting will take place on the 11th June 2018.*

Today, the City's Council agreed to a special Council sitting for the coming Monday, 11 June 2018, to finalise the City's budget for the 2018/19 financial year and Integrated Development Plan (IDP) for the same period.

This follows Council's request for amendments to be made to the budget for the 2018/19 financial year – which the multi-party coalition government has agreed to.

During our budgeting process, a concern has arisen regarding the relative increases in the budget's proposed tariff structure for the 2018/19 financial year.

In this regard, the City has made every effort to minimize tariff increases, reduce pressure on stressed household income while safeguarding the City's ability to deliver services to our residents.

The multi-party coalition government has actively engaged both NERSA and Rand Water, contesting above-inflation based increases being passed onto municipalities.

Despite our efforts, these tariff costs have never the less been transferred to municipalities.

Today, Council has sought to amend our electricity tariff to 7.17%, down from 7.37% which is based on the application of the National Energy Regulator of South Africa (NERSA) municipal tariff guidelines applied on the Eskom increase of 6.84%.

The proposed average tariff increase on water, sewerage and sanitation is to be reduced by 1% down to 13.2%, based on the Rand Water tariff increase of 12.2% and includes a 1% retail margin aimed at improving and maintaining the distribution network.

These amendments were provided to Council at the last minute and we hope that their acceptance will bring Council closer to finalising the budget and allowing government to focus on bring much needed service delivery to residents.

Within our proposed budget, the City has also taken steps provide relief to our residents, particularly those within our poorest communities.

Within the proposed budgets, we have increased the residential rates rebate from R200 000 to R350 000. This will have the effect of reducing the impact of 5 years' worth of property value increases and ensured that 191 000 households, on the lowest end of the property market, will be rates exempt.

The tariff on sanitation services for private dwellings of erf size up to and including 300 square meters has also been reduced from the proposed R250 to about R196.

In our efforts to provide relief to our poorest residents, the City will continue to offer free basic water to registered indigent households.

The highest allocation of free basic water will be provided to households earning no formal income, receiving up to 15kilo litres of water per month and 150kilowatt hours of electricity via the City's Extended Social Package programme.

Lower levels of allocations will range between 10 kilolitres of free water per month and 12 kilolitres of water provided without charge to the most vulnerable in our City.

While our detractors have a lot to say about this, we contend that it is not pro-poor to offer free basic water to every household irrespective of income. Our water scarcity challenges require that free basic water must be the preserve of those who need it most.

Pensioner home owners will receive a 100% property rebate if their household income is lower than R9 245, and their property value is not more than R2. 5million.

Pensioners who are 70 years and older will receive a 100% rebate irrespective of income, with a property value of not more than R2.5 million.

The City will also provide a 100% rebate to residents who are on the Expanded Social Package programme, who are not pensioners and whose property value does not exceed R500 000.

Once approved, the budget will be used to drive fundamental change, *Diphetogo*, to our communities.

The *Diphetogo*, at its core, means *real transformation change*, and prioritises investment in the service delivery backlogs that plague our communities.

Using our budget, we will work harder to improve access to quality water, electricity, sanitation and refuse services in our city.

This is indeed the change we are bringing to our communities.

Some of the key highlights in the budget include:

- 2018/19 sees the largest share of the capital budget for **roads, transport, housing, electricity and water**, going up from **54% in 2016/17 to 69% in 2018/19**;
- **R120 million** to provide **200 serviced sites** onto which beneficiaries can be settled with full ownership;
- To accelerate the formalization of informal settlements, **R14 million** is allocated for the purpose of embarking on a **consolidated planning program for informal settlements** across the City;
- **R50 million** has been set aside for the upgrading of **Inner City emergency housing and rental stock**;
- **R60 million** for the **renewal and refurbishment of the following hostels**: Diepkloof, Meadowlands, Helen Joseph and Madala hostels;
- **R46 million** has been set aside for the **acquisition of buildings in the inner city** for the purpose of **creating affordable housing** for residents;
- **R117 million** for the **electrification of informal settlements**;
- **R45 million** for the installation of **new public lighting city-wide**, including our informal settlements, as well as an **additional R20 million** for the **repairs and maintenance** of existing public lighting within the City;
- **Johannesburg Water** is allocated a capital amount of **R3.1 billion** over the medium term and **R10.6 billion in operating expenditure** which will **reduce** the number of **pipe bursts by 6,000 leaks**;
- Pikitup is allocated a medium term budget of **R771 million** as well as **R2.3 billion in operational expenditure**. This will support **additional cleaning shifts within the inner city** as well as address the **dilapidated conditions of Pikitup facilities**. Pikitup's operating budget will also pave the way for the **filling of 1400 funded vacancies** in their frontline service delivery capacity;
- **R30 million** in operational expenditure has been allocated to the Departments of Health and Social Development to **fully capacitate** the City's **free Community Substance Abuse Treatment Centres**;
- **R20 million** is allocated to continue running **extended operating hours within 11 of our clinics**;
- **Public Safety** has been allocated a medium term capital budget of **R260 million** for both Emergency Management Services (EMS) and the Johannesburg Metropolitan Police Department (JMPD). **This budget will also be utilised for the continued training of 1500 JMPD recruits** who will soon join our law enforcement efforts;
- The Department of Economic Development receives an **operating budget of R223 million** and **R30 million in capital budget over the medium term**. This includes funds to complete the

development of the **Job Seekers' Database** which will effectively **replace Jozi@Work**, and do away with middle-men determining access to these opportunities;

- **R25 million** to construct **informal trading facilities** in Dobsonville and the inner city to support informal traders and provide them a space to grow their businesses;
- **R627 million** of the national **Public Transport Network Grant** to **finish the Rea Vaya Phase 1C services** which will run between Sandton, Alexandra, Greenstone and the CBD; and
- **R250 million for road rehabilitation** and reconstruction and **R181 million for the rehabilitation of bridges.**

This is the change we are proposing to bring to the residents of our City.

This is the budget that will begin the large-scale turnaround of Johannesburg and place government at the service of our people.

Cllr Herman Mashaba
Executive Mayor
City of Joburg

Media enquiries:

Luyanda Mfeka
Director: Mayoral Communications
Office of the Executive Mayor
Cell: 0761715978
Email: luyandam@joburg.org.za