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Mayor tells of rescue mission to balance Tshwane's books

● *Cilliers Brink says the DA-led coalition aims to improve municipal services*

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City of Tshwane executive mayor Cilliers Brink used his state of the capital address (Soca) to detail how the DA-led coalition has embarked on a "financial rescue mission" to balance the metro's books and generate a surplus from trading municipal services to improve service delivery.

The metro, like most in SA, faces various challenges pertaining to tight fiscal pressures, access to drinkable water, electricity, housing and the unemployment scourge.

While the city's audit outcome had improved from the adverse findings of 2022 to a qualified opinion in 2023, Brink said more needed to be done. The auditor-general's 2022 audit opinion was based on adverse findings in three areas: cash flow; trade payables; and assets.

An adverse audit opinion means a council submitted financial statements that are so unreliable they cannot be used for oversight and decision-making.

In February, the National Treasury cracked down on the Tshwane and Johannesburg metros, notifying both municipalities of its intention to cut a combined R1.53bn for grants due to underperformance.

In March, ratings agency Moody's Investors Service placed Tshwane's rating on review for a downgrade for failure to submit its audited finan-

cial statements by February 29. In the council chambers at Tshwane House on Thursday, Brink said: "For the 2023 financial year our audit outcome has improved from 'adverse' to 'qualified'."

AS A COALITION, IT IS OUR INTENTION TO BUILD A CITY THAT WORKS FOR ALL THE PEOPLE OF TSHWANE

Cilliers Brink
Tshwane executive mayor

"Two of the three adverse findings by the A-G have been cleared, namely cash flow and creditors. This year we will clear the last one related to property, plant, and equipment, and I am confident that we will achieve an unqualified audit. Of course, our financial rescue mission is far from complete. A great deal of work still needs to be done. The stakes cannot be higher."

The executive mayor said that a funding plan accompanying the budget, now out for public participation, "sets out in detail how we aim to increase income and reduce distribution losses in the next two years".

"According to Ratings Afrika, the City of Tshwane achieved the best improvement in financial sustainability of all metros in 2023. We implemented a budget funding plan that included difficult but necessary decisions,

such as foregoing salary increases," said Brink.

This put them in the line of fire as the SA Municipal Workers Union (Samwu) embarked on a damaging four-month illegal wage strike, which ended in November 2023.

Municipal assets such as garbage trucks were vandalised and destroyed during the strike.

"Our financial rescue mission is at the heart of improving service delivery. Our books must balance, and we must generate a surplus from trading services. If we do not reach this point, we will not be able to generate savings and borrowings to upgrade water, electricity, and sewer services," said Brink.

"Following the less than satisfactory results of the in-year financial report, the mayoral committee adopted a financial rescue charter.

"This agreement between the executive and the top management of the city sets out a number of immediate measures to restore the city's tax administration capacity, and to ensure that we have cost-reflective tariffs and property rates in the coming financial years."

A project management office was being established to take charge of each aspect of the city's revenue value chain. "This includes the rollout of prepaid electricity meters, the dispatch of bills, the speedy resolution of disputes, credit control, and debt collection measures, such as the issuing of summons against large consumers who refuse to

make payment arrangements," the mayor said.

To boost its coffers, Tshwane has been embarking on its disconnection TshwaneValima revenue collection campaign, which has resulted in the electricity supply being cut off from businesses, government departments and private homes of those not paying for municipal services.

The mayor said that as part of the metro's tax administration capacity, "we aim to collect in the next few months R6bn of our R23.3bn debtor's book. With a new CFO, a project management office dedicated to the city's revenue value chain, and various management changes in the revenue division, our financial rescue team is stronger than ever."

Regarding water, which has become a key theme ahead of the 2024 general election on May 29, Brink said that the city had allocated R450m towards upgrading the Rootval waste treatment plant over a three-year period.

The plant was the epicentre of the deadly cholera outbreak in Hammanskraal in May 2023.

Brink said that "R150m of this first allocation is in the process of being transferred to the Development Bank of Southern Africa and the completion of the phase 1 upgrades is now under way".

The metro has also set aside R92m for the replacement, upgrading, and construction of wastewater treatment facilities;



High stakes: City of Tshwane executive mayor Cilliers Brink says that the metro's financial rescue is still far from complete, and the stakes could not be higher. / Gallo Images/Deaan Vivier

R66m for the replacement of worn-out water network pipes; and R65m for the expansion of reservoirs.

On measures aimed at addressing unemployment, the city, through the Expanded Public Works Programme, created 20,922 job opportunities so far in 2024, Brink said.

"Furthermore, through the Public Employment Programme (PEP), the city created additional

job opportunities at just over 7,400. These beneficiaries were placed in various projects and departments across the city," he said.

"As a coalition, it is our intention to build a city that works for all the people of Tshwane, one that delivers services, responds to its residents and plots a future of hope and prosperity for those that live in it."

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