



City of Johannesburg

ESTIMATES — 1964-65

Budget Speech

of the

Acting Chairman, Management Committee

COUNCILLOR

P. R. B. LEWIS, M.P.C.

26th JUNE, 1964

City Council of Johannesburg

1964-65

COUNCILLOR P. M. ROOS, (*Mayor*)

COUNCILLOR A. JAFFE (*Deputy Mayor*)

MEMBERS OF THE MANAGEMENT COMMITTEE:

P. R. B. LEWIS, M.P.C. (*Acting Chairman*)

The Mayor, Councillor P. M. Roos J. F. Oberholzer, M.P.C.
(On leave of absence)

D. J. Marais A. B. Widman, M.P.C.

H. B. Ismay

(*During the Mayor's leave of absence*)

COMMITTEES OF THE COUNCIL:

(*Appointed in terms of Section 60 of the Local Government (Administration and Elections) Ordinance 40 of 1960.*)

Health and Amenities Committee:

A. B. WIDMAN, M.P.C. (*Chairman*)
Dr. V. V. Boy, M.P.C. (*Deputy Chairman*)
A. P. J. de Klerk
A. Morris
I. Myers
Dr. J. S. Otto
P. J. Powell
W. A. J. Sammons
M. Sklaar
H. M. van Rensburg

Utilities Committee:

D. J. MARAIS (*Chairman*)
B. D. Eagar (*Deputy Chairman*)
S. P. Barnard
W. C. Caldwell
T. Glyn Morris
M. L. Neppe
J. J. O'Connor, J.P.
H. C. Pieterse
J. A. Powell
A. Rosen

Non-European Affairs Committee:

THE MAYOR (P. M. ROOS) (*Chairman*)
H. B. Ismay (*Deputy Chairman*)
I. E. B. Attwell
Dr. A. D. Bensusan
E. Cuyler, J. P.
H. F. Dennis
Leslie V. Hurd, J.P.
The Deputy Mayor (A. Jaffe)
S. Moss
C. J. Ross-Spencer
C. P. Venter

Works and Traffic Committee:

J. F. OBERHOLZER, M.P.C. (*Chairman*)
I. Schlapobersky (*Deputy Chairman*)
O. Caplan
P. R. de Jager
C. F. de Wet, J.P.
F. W. Fidler
Keith G. Fleming
M. Goodman
Brig. J. C. Lemmer
A. D. Zakar, J.P.

BRIAN PORTER,
M.A., LL.B. (Cantab.), F.I.T.C.,
Town Clerk

I. Q. HOLMES,
M. Com., D.Phil., F.I.M.T.A. (S.A.)
City Treasurer

City Council of Johannesburg 1964-65

City of Johannesburg

Committees appointed in terms of Section 60 of Ordinance No. 40 of 1960.

DEPARTMENTS AND FUNCTIONS

Health and Amenities Committee:

1. Abattoir and Livestock Market, City Health, Parks, and Public Library Departments.
2. Art Gallery, Africana and Geological Museums.
3. Adult education and cultural entertainments and amenities

Non-European Affairs Committee:

Non-European Affairs Department, and matters specifically affecting the Non-European population or any section thereof, including the administration of welfare and poor relief services, and grants-in-aid.

Utilities Committee:

1. Electricity, Gas and Transport Departments.
2. Produce Market Department.
3. Fire Department.

Works and Traffic Committee:

1. Road and highway construction and maintenance.
2. Traffic Department and Licensing Department.
3. Cleansing, Sewerage and Water Branches (City Engineer's Department), and stormwater control.
4. Town-planning and establishment of townships.
5. Administration of Workshops.

*(Condensed from the Terms of Reference approved
by the Council.)*

City of Johannesburg

ESTIMATES, 1964-65

Summary of Estimates of Income and Expenditure for the Year ending
30th June, 1965.

INCOME

	R.	R.
Surplus 30th June, 1964		2,999,659
Ordinary Income		64,466,725
Capital Funds to be provided from:		
Consolidated Loans Fund	16,103,043	
Housing Loans	5,306,845	
Special Funds	7,647,432	
Bantu Services Levy Fund	817,000	
Government Subsidies and Public Contributions	3,318,454	
		<u>33,192,774</u>
		<u><u>R100,659,158</u></u>

EXPENDITURE

Ordinary Expenditure	67,214,083
Capital Expenditure	33,192,774
Surplus, 30th June, 1965	252,301
	<u><u>R100,659,158</u></u>

ESTIMATES, 1964-65

POINTS FROM THE BUDGET SPEECH

1. For the first time the budget overtops the one hundred million rand mark; but because of the Council's improved prospects in the short term, which reflect the upward surge in the national economy, it has not been necessary to look for additional assessment rate income. The assessment rate to be levied will remain at 3c in the rand.
2. In framing the capital budget of R33,000,000 it was necessary always to bear in mind the appeal made to local authorities by the Honourable the Minister of Finance to assist the State in achieving the maximum rate of growth consistent with stability. He was referring in particular to the need for stretching out programmes of civic capital works other than housing over longer periods of time in order to relieve immediate pressures on available resources.
3. Because of favourable conditions and careful operation, it has proved possible to conserve past savings on revenue account. The Council can expect to start on 1st July, 1964, with R3 million in hand. A prudent estimate of revenues in the year ahead is R64,466,000. The first calls on current revenue balances will be R4,030,000 for the Capital Development Fund as well as R155,000 to be set aside as a first contribution towards urban renewal. All projections made indicate mounting pressures in the next ten or fifteen years upon the capital resources which the Council will be able to command.
4. Every day expenditures in 1964-65 will be R63,029,000, leaving a surplus of R252,000 to be carried forward into the year after next. The rise in operating expenditures is very nearly eight per cent of the current year's total of R58,400,000. Whereas other major items advance by five to six per cent, the Council has present and potential wage bills of R27,500,000 and R30,000,000, the increase being ten per cent. Regarding the emoluments of employees, fair bases of comparison are hard to come by. The Council must try to match the reasonable aspirations of its employees with an honest deal for the electorate which the Council represents.
5. All non-graded Bantu employees are due to receive increases in pay in 1964-65. Revisions of organisation and pay structures have had to be anticipated, at least in part, in the Transport Department and for artisans and professional engineering staffs, amongst others.
6. Notwithstanding that the real impact of outlays like those on the motor free-ways is nowhere near hitting the budget as yet, the Council's bill for loan charges will be R15,770,000 in 1963-64 and R16,620,000 for 1964-65.
7. Quite apart from its major and continuing capital outlays on roads, the Council has to find over one million rand per annum for the direct, routine maintenance of the public ways. Because of other calls, notably in respect of the costs of the Licensing and Traffic Departments, the amount of R1,202,000 to be derived from driving and conveyance licences, and from the Council's share of motor vehicle licences, is not available for street maintenance.
8. If the State cannot agree to forego an appreciable share of the fuel taxation diverted for general revenue purposes, or the Provincial Administrations cannot allow local authorities a far larger share of motor licence revenues, then the municipalities will probably have to continue pressing for supplementary motor licence fees for their benefit, or a permissive local fuel tax.
9. Tariff revisions seem shortly to be called for in the Sewerage and Cleansing Branches, where current working expenses exceed current incomes. For the next two years or so the Sewerage Branch should be able to avoid direct calls upon the Rate Fund, but only by exhausting the Sewer Tariff Stabilisation Fund. Adequate tariff charges for sewerage and cleansing services are more likely to operate fairly as between property owners than are subsidies from the Rate Fund for these services.

10. The total expenditure of the City Health Department will be nearly R3,750,000, whereas its direct call upon the Rate Fund will be R1 million. That is so because the department undertakes massive services, costing R2,300,000 per annum, for other functional sections, notably the Bantu Revenue Account. On the other hand, it passes on to them subsidies of nearly R1,500,000 received from higher authority.
11. Until the Transvaal Provincial Administration has fully built up its curative health services in the field, the Council's health organisation will continue to act as its executive agent, particularly in regard to the Bantu. A detailed plan is desirable of how and to what extent the City Health Department should undertake promotive health services while it progressively reduces its direct part in the curative aspects of public medicine.
12. Progress in the Parks and Recreation Department has to be continuous rather than striking. Still the department will need R2,100,000 from the Rate Fund for the year, as well as R365,000 for the swimming baths. The Rate Fund must also provide over R1 million for the art gallery and libraries, museums, theatres and halls and pay out R130,000 in grants to educational organisations. In total, art and culture, recreational facilities and the care of open spaces will cost the Rate Fund R3,660,000, or twenty-eight per cent of all rate income.
13. The rating system is indispensable, but it has serious inherent flaws, the import of which can increase disproportionately as the scale of the levy grows. Hence municipalities make strenuous efforts to find new sources of revenue and to avoid extensive subventions from higher authority. Large subsidies almost inevitably imply some loss of autonomy, some reduction of financial responsibility, and some consequent local wastefulness.
14. Over R30 million will be involved for the Council in the first stage of the basic pattern of freeways. Many other extremely expensive works may be needed within ten or fifteen years. Urban renewal gives an instance. R100 million may not suffice to cap all unremunerative outlays arising. Such a sum implies loan charges of R6,500,000 or R7,000,000 a year, which is one half and more of all present income from assessment rates.
15. The prime difficulty confronting State and municipal agencies alike in connection with housing and communal affairs has been and still is the matching of reasonable standards of accommodation and services with the capacity of householders and tenants to pay.
16. Regarding European Housing, the Rate Fund will have to find R108,000 next year in a sectional budget of R503,000. The Coloured and Asiatic Division of the Non-European Affairs Department will need a subsidy of R299,000 to cover a turnover of R836,000.
17. The direct revenues of the Bantu Revenue Account will be R2,800,000 below the related expenditures of R9,200,000. Aid arising through sales of Bantu beer and other alcoholic drinks will be about R1,900,000, so that R900,000 will have to be drawn from the rates.
18. The once serious housing shortage for Bantu has been largely overcome, although the Council has still to redevelop Pimville and its immediate environs. While the Council must provide over time for the natural increase of population, and the most suitable land has been used up, there are no immediately urgent problems regarding sites and adequate numbers of building workers as in the case of the Coloured community.
19. There is an acute lack of housing for Coloureds. Furthermore, there are areas which they must sooner or later vacate in favour of the Europeans and the Bantu. The Council has been co-operating actively with the State committee set up under the Secretary of Housing to develop ways and means, while pushing ahead with its own construction programme in the somewhat limited confines of Riverlea.
20. Newclare offers comparatively extensive potentialities for Coloured housing but there are present difficulties regarding finance, clearing and planning. Relief afforded by the availability of some smaller areas for immediate development would be most welcome.

21. The Abattoir and Livestock Market and the Produce Market, and the roads and railways serving them, are under pressure at Newtown. The Council has agreed in principle to build a new Produce Market at City Deep. Regarding the fate of the abattoir, a policy decision is awaited following the recent report to the Minister of Agricultural Economics and Marketing by the commission of inquiry into abattoir siting and operation.
22. In 1964-65 the Transport Department will spend R 5,400,000 and receive R530,000 in aid from the rates. Fixed and mobile transit facilities for the public are complementary parts of a single facility. There is no difference in principle between taxation to pay for roads and subsidies through the assessment rates for buses.
23. The Gas Department expects a surplus of R106,000. Its budget of expenditure is R1,833,000. Operating results are appreciably affected by the weather. The impending contract with Sasol to share the load is a useful hedge against rising costs. It also facilitates experiments in the production of solid smokeless fuel, an important consideration in view of the probable enactment of anti-smog legislation.
24. The demand for electricity has reacted sharply to the increased level of economic activity. Whereas it seemed a while ago that charges might have to be raised soon, the electricity undertaking should put away R650,000 in its tariff stabilisation fund in 1964-65, so that the fund should have accumulated R2,800,000 by the end of that year. Furthermore, the electricity and water undertakings between them will make contributions in aid of rates of R 2,095,000 in 1963-64 and R2,084,000 in 1964-65, in roughly even shares.
25. Electricity and water sales do not offer a good field for extensive new taxation. The demand for domestic electricity supplies is surprisingly elastic, especially among the poorer people who will be inclined to turn to substitutes like coal or oil if charges go up sharply. Then too, disproportionately large profits on water supplies can be a kind of penal taxation.
26. A prime consideration regarding the capital budget was the need to keep competition with private enterprise at a minimum in respect of specialised manpower resources. For the most part projects are complementary to rather than competitive with the needs of private construction.
27. A principal preoccupation is roads and their ancillaries. The City Engineer's Construction Branch has estimates of R9,430,000 mainly on that account. About R2,800,000 of that total represents subsidies from the State and the Province for freeways.
28. Over R1 million and R1,750,000 will be needed for building parking garages and sewers respectively, and R1,380,000 for the Zoo, parks and open spaces.
29. Housing for various sections of the population plus other requirements of the Bantu Revenue Account call for R9,000,000 of which R5,300,000 will come from housing loans and R817,000 from the Bantu Services Levy.
30. R3,123,000 is put down for European housing and R813,000 for the Coloured and Asiatic Division.
31. The city must expect the demand for civic works and services to enlarge considerably in the years ahead. Detailed and co-ordinated planning is called for, wherein all aspects of development are treated in proper relation to their place in and effect upon the balanced growth of the city.
32. The usefulness of planning depends upon the adequacy of financial resources and prospects. Far-sighted and skilful fiscal management over long years has placed the Council in a position to face the future with sober confidence.
33. Schedule "D" in the end papers hereof is a summarised balance sheet, and Schedule "E" matches capital finance with capital outlays. The schedules give some idea of the imposing strength which has been built up and harnessed for the continuing benefit of the citizens. In this regard, it is fitting that special mention should be made of the achievements of Dr. I. Q. Holmes, who will shortly retire after twenty-seven years of distinguished service as City Treasurer.

ESTIMATES, 1964-65

Mr. Mayor, Gentlemen,

It is my privilege on behalf of the Management Committee, to present for your approval the Estimates of the City of Johannesburg for the financial year 1964-65, wherein the assessment rate to be levied has been pegged at the level applicable in the year now ending. That is to say that the owners of rateable land will continue to pay three per cent of their respective land valuations. It was pointed out by his Worship the Mayor in presenting the budget last year as Chairman of the Management Committee, that the present rate is the maximum which may be levied without the specific approval of the Honourable the Administrator of the Transvaal.

For the first time, the budget overtops the one hundred million rand mark, expenditure of sixty-seven million rand being provided for on revenue account, and thirty-three million rand on capital account. It is interesting to notice that the provision on revenue account is fifteen and a half per cent above that in the previous budget, whereas the latest expectations of assessment rate income for the present and the coming years are respectively only one and a half and three per cent above the original forecast for 1963-64.

As a starting point in examining the budget and the circumstances in which it has been framed, it will be useful to outline briefly why it has not been necessary to raise the percentage levy on land values to keep pace with swelling outlays on day-to-day account. As will presently appear, the city's improved prospects in the short-term have been largely a by-product of the accelerated upward surge in the national economy, about which perhaps a little more deserves to be said later on. But there are other significant factors to be mentioned as well.

Restrospect

Although it was said in last year's budget speech that the financial recovery in urban South Africa in 1962-63 has been striking in most directions, it could not at that time with safety be assumed that the accumulated revenue surplus with which the city started the fiscal year 1962-63 (some two and a half million rand) would not be half eaten away by the time 1963-64 began. There is not infrequently a time lag in the response of civic incomes which does not necessarily have its counterpart at the same time in municipal expenditures. As it turned out, improvements in income eventually overmatched their corresponding outlays, so that the accumulated surplus available as a buffer could be preserved almost whole. The current financial year, 1963-64, was started with R1,200,000 more in hand than the budget anticipated.

That was a good beginning; but more was to come. Instead of ordinary income in the current year lagging behind allied expenditures to the extent of R900,000, it may now reasonably be expected that income will lead by at least R600,000 when the financial year 1963-64 closes in a few days' time. All this is to say that an accumulation of R2,500,000 will have been preserved over two years that were awkward in prospect, and have been added to by a further R500,000 at the start of the financial year now about to commence.

Superficially, saving R250,000 a year in a turnover somewhat below or above R60,000,000 may look little enough. But what in fact has been saved, and added to, is the whole reserve, which could have been expected to vanish altogether lacking favourable conditions, and lacking also balanced administrative thinking and skilled and prudent executive management. At this stage, then, it is my duty to express the thanks of the Management Committee to the Council's senior officials, and to the whole body of City Councillors themselves, who have worked successfully to give practical effect to the precepts of efficiency and economy laid down by his Worship, Councillor P. M. Roos, when Chairman of the Management Committee.

The Economic Climate

At this time last year, the Management Committee could see brighter economic prospects ahead, which might reasonably be expected to have repercussions sooner or later in municipal affairs. In this connection, there is cheering reading in the statement released by the Honourable the Prime Minister following the meeting of the Economic Advisory Council on the 17th and 18th February, 1964.

Allowing for price increases, the real gross national product increased by seven per cent in 1962 in comparison with the figure for 1961; but the growth in 1963 as compared with 1962 was no less than nine per cent of the improved figure for 1962. In the words of the statement, that was a highly satisfactory achievement. Furthermore (and I quote):

“With the present South African population growth of 2.3 per cent per year, this means that real income per capita increased by approximately 6.5 per cent in 1963. The (Economic Advisory) Council was therefore unanimously of the opinion that the growth of the South African economy during 1963 was not a worthless inflationary boom but real prosperity.”

Regarding the period ahead, after considering possible inflationary influences and counterbalances thereto, the Advisory Council was of the opinion that no incentives for further expansion were necessary at the present time. On the other hand, it would be undesirable at this stage to introduce restrictive measures which could have an adverse effect on current prosperity. Members of the Advisory Council saw portents of potential bottle-necks, however, which local authorities might do well to note.

The first had to do with railway transport, which has to be expanded to meet normal growth, but which seeks to flatten seasonal peaks by encouraging stock-piling. Stock-piling is normal practice regarding coal supplies for the power stations for example; but it obviously cannot be resorted to at the abattoir or the produce market. Both railway and

handling or processing facilities are tending to become choked up at those places, and hence the City Council's plans for new facilities require to be developed with reasonable despatch.

The second difficulty regarding expansion had to do with the pool of trained manpower. The City Council has already experienced some little difficulty in this connection, because of the relatively slow rate at which the younger staff tends to become qualified, and because up-and-coming people tend to be drained away. This applies not only to the technicians and technologists specifically mentioned by the Economic Advisory Council, but also to administrative staff at nearly all levels. It is to be hoped that the incentive training and study schemes inaugurated by the City Council will show early and worthwhile results; for, as the Advisory Council has pointed out,

“The degree of surplus capacity which existed in the economy a year ago, has now almost completely disappeared in respect of unemployed labour and machine capacity”.

As it is, the Management Committee and the City Council have had already to take special measures to deal with manpower shortages on a large scale — in the Transport Department, for example.

The third possible bottle-neck considered by the Advisory Council was the capacity of the building and construction industry, particularly in the short term, and particularly if the public sector of the economy (including local government) made large demands upon the facilities that were available. In the course of his reply to the second reading debate on the Part Appropriation Bill, the Honourable the Minister of Finance made an appeal to all local authorities to assist the State in achieving the maximum rate of national growth consistent with stability. He was referring to the need for stretching out capital works programmes over a longer period of time in order to relieve pressure on the available resources. It was appreciated by the State Treasury, of course, that it would be against the public interest to resort to action which would accentuate any housing shortage which might exist.

The comment of the Economic Advisory Council on this aspect of development was that it would be in the interests of the country if that part of the building and construction programme of the public sector which could be postponed were delayed. The execution of the work at a later stage might then be made to coincide with a reduction of development activity in the private sector, which development might be expected to reach its peak in 1965.

The capital budget of the City Council has been framed with the foregoing always in mind; and although it is a relatively large one, later discussion will show how it has been designed to obtrude as little as may be into crucial areas of pressure.

In general terms, then, the city's budget has been worked out against a background of full employment in the region, and steady if not enhanced demands for local services and facilities. In the longer view it has been necessary to take note of trends which may reduce the margins available to the City Council while business and industry thrive and expand.

The Main Revenue Figures

In round figures, the City Council should start on 1st July, 1964, with R3,000,000 in hand on revenue account; and a prudent estimate of current income for the year thereafter is R64,466,000. That is to say that the maximum figure within which the day-to-day budget must be framed is R67,466,000, not all of which will be available for operating expenditures.

To start with, the Council cannot safely avoid making a very large contribution to the Capital Development Fund. All the capital projections made by the City Treasurer's Department for the next ten or fifteen years, indicate severely mounting pressures upon the capital resources which the city will be able to command, whether from its own considerable and carefully nurtured funds, or in the capital market. Incidentally, in the era before us we may, no doubt, expect to see impressive private capital savings. But we must also expect to see considerable expansion of capital utilisation in the private sector of the economy, and especially in the public sector. One has only to think a little about the vast national, provincial, regional and local development schemes, some now in embryo, and some already past the stage of skeleton planning. All those projects will be needed, perchance with new urgency under the impetus of economic events. It behoves all but the smallest urban centres, one would say, to create the largest buffers they can reasonably afford against the pressures of capital demands, and against the onset of loan charges that is bound to follow.

This coming year, for the first time, something is to be set aside specifically as the nucleus of a provision for urban renewal. It has been pointed out in earlier budget speeches that the problem of urban renewal cannot continue to be avoided indefinitely; and a particularly thorny and expensive problem it may turn out to be. The physical difficulties of timing, area rehabilitations and population shifts are considerable in themselves; but the arrangement of adequate financial measures may very well be the key. Re-developing an area can so easily involve continuing monetary burdens beyond the capacity of the people for whom the scheme is designed, or beyond their willingness to pay. Alternatively, shifting them away to cheaper land will often mean longer hours of travel for them, and greater costs in that connection.

To revert, the first call upon current revenue balances in the coming year will be R4,030,000 for the Capital Development Fund, and R155,000 to be set aside in the Reserve and Trust Fund toward urban renewal. The minimum acceptable working reserve to be carried forward to the year after next will be R252,000, leaving R63,029,000 in the Estimates for every day expenditures.

Before examining how that amount will be spread among the several functions performed by the Council, some examination is desirable of the primary items upon which it is to be spent. The break-down, in summary form, is set out in the table immediately preceding the Addendum to the printed version of this speech.

The Outlays Classified

From the bottom line (N) in the table, it will be observed that operating outlays are to rise from R58,400,000 to R63,000,000 between this

year and the next. The rise of R4,600,000 is very nearly eight per cent. At page 2 in the published Estimates themselves, income is shown as moving from R61,606,000 to R64,467,000, the increase of R2,861,000 being something over four and a half per cent. Quite clearly, I may reasonably ask the committees of the Council and the Council's senior officials to use their best efforts to see that the disparity between projected income and outlays is reduced; for the Income estimate is not unduly optimistic, whereas the budget of outlays contains margins that may not be needed in actual fact. Before turning to those margins, let me say at once that the Management Committee is confident that it may continue safely to rely upon all concerned to treat the Estimates as a forecast substantially to be improved upon if things continue buoyant, and not as a limit to be reached before corrective or containing action deserves to be taken.

Regarding the break-down by type of expense, items in the gross wage bill or in capital charges, as examples, may subsequently require to be re-charged to other headings—like capital works-in-progress, or “repairs”, or “miscellaneous expenses”. It will appear from line “K” in the table that thirty million rand has had to be redistributed in that way, twenty million of it representing the cost of sections that work for other sections, rather than directly for the public.

The most significant unitary item of expense thrown up by the table is employees' emoluments. The Council has present and potential annual wage bills of R27,500,000 and R30,000,000 respectively, and the new year's figures are ten per cent above those for 1963-64. The Non-Europeans' emoluments are the equivalent of one tenth of the combined capital and revenue budgets, and the Europeans' emoluments are double that amount. Like the total, the provision for each group is to advance by ten per cent between this year and the next. Partly, this is accounted for by provision for full establishments; but all non-graded Bantu are due to receive increases, and revisions of organisation and pay structures have had to be anticipated, at least in part, in the Transport Department, and for artisans and professional engineering staffs, amongst others.

It is not easy to relate sectional wage advances to productivity, or to indices of prices or of national income movements. In the nature of things, emoluments may seem sometimes to lag and sometimes to spurt ahead, whereas the reverse may be true if measurements are made from fair bases of comparison, supposing indeed that such can be established. Perhaps the best that the Council can hope to do in a shifting scene is to try, on an ad hoc basis, to match the reasonable aspirations of its employees with an honest deal for the electorate that the Council represents. Certainly a dog-eat-dog attitude between the various employers in the public sector would seem to be out of place, although it may prove necessary to take some sort of lead from the private sector, in which the employees' risk is theoretically greater, but need not practically be so in an expanding economy. On the other hand a great deal is made from time to time of the scarcity value of labour; but it does seem worthwhile pondering now and again whether certain assistance is really valuable because it is scarce, or rather because of what it can or does produce.

Capital charges are a hardy annual with budget officers, not because expense in that direction is necessarily worse than an alternative payment in another direction, say for labour or for hire of plant. The crux is that every major capital outlay represents a point of no return; and whereas a superfluity of men or stores might readily strike the eye and lead to stringent remedial directives, large municipal works cannot just be re-trenched, for they lack a resale value. Spending borrowed money is so easy, and the distant prospect of repayment a superficially comfortable one. It should be borne in mind, however, that if an asset is bought out of a R100 loan, repayable in twenty annual instalments of five rand each, then the true present cost of the asset is R138 if interest rates are five per cent per annum, or R143 if they are six per cent. These striking figures discount the total result, of course; for the grand sum of the actual interest payments to be made each year over twenty years will be no less than R43 and R63 respectively. It is no wonder that the Transvaal Provincial Administration is pressing increasingly for statements of full financial implications to be presented to Councils before any major projects are voted. We may leave this "cautionary tale" at that, merely remarking that loan charges are put down as R15,770,000 for 1963-64 and R16,620,000 for 1964-65. That is so notwithstanding that the real impact of outlays like those on the motor freeways is nowhere near hitting the budget as yet.

Expenditure on repairs and maintenance requires very careful treatment at both administrative and executive levels, as Councillor Keith G. Fleming pointed out in his budget speech of some years ago. One can so easily be extravagantly lavish or destructively niggardly. In this connection considerable reliance has to be placed upon the sound judgment of the heads of department and their specialised assistants.

Run-of-the-mill maintenance will cost the Council R6,800,000 in the year now ending, and R7,200,000 in 1964-65. The increase of under R400,000 does not loom very large in the budget, and represents an advance of five and a half per cent. That proportion is in step with the rises provided for in loan charges and in the large and heterogeneous collection of "Miscellaneous Expenses" (line "C" in the table) which, at R36,000,000 easily overtops all other headings in the budget, even the wage bill. It is, nevertheless, the considerable size and the large potential growth of wage payments that have caused the total budget to expand by eight per cent instead of the five or six per cent that the more stable headings might indicate as something of a norm for the new year.

There is one aspect of repairs and maintenance expenditure which does not appear from the table, and about which something deserves to be said — or reiterated, for the point has been stressed in budget speeches many times before. Quite apart from its major and continuing capital outlays on the reconstruction of roads, the Council has to find over one million rand per annum for the direct, routine maintenance of the public ways on an "as and when required" basis. No part of the vehicle and other licence fees receivable by the Council is available for looking after the street network since, at a net total of R850,000 licence receipts fall short by well over R1,000,000 of the net cost of traffic and public protection services excluding road maintenance. To look at it another way, the Licensing Department costs R600,000 per annum to run. The department's income other than that from road users is R254,000, leaving R346,000 to be recouped before any contribution is made in aid of the

Rate Fund. The Council's income from drivers' licences and its share of motor vehicle licences is R1,108,000, to which may be added R94,000 from fees for other conveyances and sundry items. Deducting the net remaining expenditure of R346,000 from the amount of R1,202,000 paid by road users, leaves R856,000 to be transferred to the Rate Fund, merely R50,000 more than the cost to the Rate Fund of the Traffic Department alone.

It is all very well to argue, as the Local Authorities Committee under the chairmanship of Mr. C. L. F. Borckenhagen has done, that the local road network is primarily for the use and convenience of the local residents. The validity of the Committee's premise in a bald form may be open to doubt, I submit; but suppose for a moment that it is true without any qualification. It does not necessarily follow that the resident as a ratepayer should pay for the roads, rather than the resident as a motorist or road user. Such a principle would run contrary to the general practice, in the Transvaal at any rate, of charging separately for facilities the use of which is even only roughly measurable.

Power and water supplies afford examples of close measurement, and sewerage and sanitation of the use of somewhat less exact yardsticks; but over all, it is a good rule that people should pay equitably for the facilities made available to them individually. Hence the local authorities must continue to argue that, if the state of Provincial finances will not permit of the towns' receiving a far larger share of existing motor licence revenues than now applies then either supplementary licence fees should be levied for the benefit of the towns, or there should be a permissive local fuel tax on the lines suggested by Pretoria and Johannesburg, and endorsed by the United Municipal Executive of South Africa.

Alternatively, the State might agree to forego the appreciable share of fuel taxation which is diverted for general revenue purposes; but it will not do to be too sanguine about that.

The Functional Headings

On pages 2 and 3 in the Estimates are set out the summary totals of the budget for each of the activities undertaken by the Council, together with a reference to the page numbers at which the detailed figures will be found. Pages 4 and 5 set out the net effect of these various activities upon the finances of the Rate Fund.

The headings are arranged in three groups, namely: those tied up with, or dependent upon, the Rate Fund itself; the so-called independent trading activities; and the Miscellaneous Funds set down between the two groups previously mentioned. The figures for the Miscellaneous Funds show the financial side of a group of activities — housing and Non-European affairs — that have a distinct social bias, rather than representing a co-operative effort in the direct service of the whole community. In consequence the Council enjoys considerably less than substantial autonomy, both in physical administration and in the deployment of funds, as far as these functions are concerned.

Disregarding the major appropriations to Capital Account, the Rate Fund activities cause thirty-four per cent of the expenditure on revenue account, the Miscellaneous Funds twenty-four per cent, and the trading departments forty-two per cent. These figures will serve as a very rough

measure of the scope of the activities undertaken and to show that one-fourth of them, in money values, is concerned largely with functions that are not basically essential to unsophisticated local government on a small scale.

In the Rate Fund, the Sewerage Branch is for the meanwhile self-sufficient, with a turnover exceeding three and a quarter million rand, whereas the Cleansing Branch, with a turnover of two million rand and a deficit of R156,000, comes within eight per cent of being so. The Sewerage Branch is self-sufficient for the meanwhile because it can draw once again upon its tariff stabilization fund to equate its expenditure with revenue. The fund was set up ten years ago with the object of avoiding sharp changes in the tariff at relatively short intervals. Withdrawals from the fund to balance the sectional budget have been the vogue since 1962, and continued levies upon the fund at the rate of over R300,000 per annum now contemplated will deplete it almost entirely by 1967. It is not too soon now to begin a critical examination of the tariff structure with the object of an early revision, otherwise deficits may have to be made up out of the assessment rates.

It is true, of course, that the notices of the assessment rate levied and of the charge for sewerage facilities go out to the householder on one and the same bill, and that it will be the total with which he will be primarily concerned. But that is only part of the picture. In the first place, within reasonable limits, the householder should see from the bill what he is paying for individual services rendered, and what by way of local taxation. In the second place, the taxation of site values need not (and often does not) indicate the proportionate extent of the use of sewerage services upon which an equitable tariff is based.

What has been said regarding sewerage tariffs applies also to cleansing and scavenging charges; but with a more immediate impact, because the Cleansing Branch is being subsidised in some measure through local taxation already. Furthermore, the team of officials directed to investigate the position is satisfied that considerable inequities exist as between diverse users of the services and the charges that they respectively pay. Tied up with that is the fact that operating routines inherited from times past are less than satisfactory by modern standards of hygiene and efficiency, and yet are difficult to dislodge swiftly without some dislocation and, not improbably, some opposition. All the same, modern cleansing by-laws and a new cleansing tariff must continue to be pressed for.

It was said earlier that the group expenditure figures on page 3 in the Estimates will serve as a rough measure of the scope of the respective group activities. That is not the case regarding the sum total of the activities of the City Health Department, however. The department undertakes massive services (costing two million three hundred thousand rand a year) for other functional sections, notably the Bantu Revenue Account. As a contra entry, subsidies amounting to the best part of one and a half million rand will be received from higher authority, and passed on to the sections primarily bearing the related expense. The total expenditure turnover of the department will be nearly three and three-quarter million rand, which is a far cry from the direct Rate Fund burden of one million rand shown on page 4 of the Estimates.

The affairs of the City Health Department are in flux. In connection with the Bantu especially, extensive services previously undertaken by

the Council on a subsidy basis are now accepted as being the financial and executive responsibility of the Transvaal Provincial Administration. The anomaly will progressively be reduced in significance, whereby the Council did the work and made the majority of decisions, while higher authority footed most of the bill, although not all of the bill which the Council claimed to be the reasonable responsibility of the Republic or the Province. In stages, the city will withdraw from the field of activity to be taken over by the Provincial Administration directly, notably in connection with curative services. But a hiatus cannot be allowed to develop while the provincial organisation in the field is being built up to adequate capacity. In the transition, while the Council acts as executive agent, there are bound to be some differences of outlook. Still, with a modicum of give and take, financial and other difficulties should be ironed out fairly readily.

What should probably be of more concern to the Council in the years immediately before us is the precise pattern of the activities which the City Health Department should prepare to undertake. Just how, and to what extent, should the department advance within the field of promotive health services, as recommended by Mr. Borckenhagen and others, while progressively reducing its direct part in the curative aspects of public medicine?

People being what they are, piecemeal schemes dealing with special facets of public health work usually have a wide and immediate appeal. Individually, their early financial implications may not amount to much in relation to an already large pattern of expenditure; but if they are tacked on one by one, the cumulative effect upon the civic purse can be appreciable. Other kinds of measures for the public good and safety are less personal, and so more prosaic in the common view. All the same they are necessary, and should come in for their fair share of whatever funds there are available. I venture to suggest that the Council should avoid a patchwork approach to the new problems of the City Health Department as far as it can do so, and that it should seek to have a detailed, long-term plan established.

The activities of the Parks and Recreation Department will furnish another instance in which the city must spend what it can afford rather than what is desirable. Unlike the health services, the results which it is able to achieve within the monetary limitations put upon it are, for the most part, there for everyone to see. Needless to say, that whets the appetite for more, whereas progress has to be continuous rather than striking. The figures on revenue account are by no means small, all the same. Leaving out the swimming baths, the department will spend over R2,200,000. After deducting income which is largely incidental, the load to be borne by the Rate Fund will be R2,100,000. For the swimming baths, the charge to the Rate Fund will be R365,000 in the coming year.

Apart from the amount which the Rate Fund will have to find for the Parks and Recreation Department, over R1,000,000 will be needed for the art gallery and libraries, museums, theatres and halls, and R130,000 will go to educational organisations by way of grants-in-aid. All in all then, art and culture, recreational facilities and the care of open spaces call for R3,660,000 or twenty-eight per cent of all rate income.

Assessment Rates and Licence Fees

The taxation element in the Rate Fund arises out of the net revenues of the Licensing Department (R855,000) and the proceeds of the assessment rate levy which will approximate R13,100,000. As has already been said, net licence revenues do not go far toward off-setting the costs that arise out of the activities of and facilities for the public which give rise to licences.

Rate income is expected to go up a little because of certain re-adjustments; it could not be assumed that the valuation roll, shortly to be completed, will show any marked general increase in valuations which could lead in turn to appreciably enhanced rate income. When there is another general valuation in three years' time the liveliness now making itself felt in the property market will no doubt demonstrate a cumulative effect.

After taking account of the revenues that they themselves induce, the operating activities of the Rate Fund section will draw on the proceeds of local taxation to the extent of R12,873,000, so that only slightly more than R1,000,000 will remain to meet the other calls upon the current rates. That margin is appreciably less than the amount of R1,300,000 which the Council will have to set aside to balance the accounts of the Miscellaneous Funds. Here is another pointer, if one were needed, to the narrowness of the trammels within which the Council must work, and to the need to make direct charges, as far that can be done fairly, for services to individuals where the proportionate costs can be realistically assessed.

The rating system is financially invaluable to local authorities; but whether it is regarded in relation to ability to pay or in relation to payment for facilities enjoyed, nobody can pretend that it is an ideal system. Its defects are only ameliorated, and never cured, by adopting variants seemingly best fitted to the local scene, whether they be site rating; flat rating of land and improvements; rating of land and improvements separately and differently; or differential rating of properties according to size, style or use. Furthermore when the basic rate of taxation is low, the practical effect on the taxpayers of inequities caused by the system may be of little or no importance to them. The case can be different altogether if the rates to be paid become relatively high.

The foregoing has relevance not only where there are omissions or defects in the scheme of tariff charges. Its importance can hardly be exaggerated when the evolution of communal habits induces expenditures of a kind and on a scale which did not exist before. The need for motor freeways has been given as an example, and urban renewal. There are also the close-up aspects of vehicular and pedestrian congestion, involving bus terminals and special transport routes, and eventually many other kinds of facilities on or in costly land still more costly to develop. It may eventually turn out that even R100,000,000 will not suffice to cap all the unremunerative capital outlays arising, for one third of that figure is the least that will be involved for the Council in the first stage of the basic pattern of freeways alone. The loan charges on R100,000,000 might be R6,500,000 to R7,000,000 a year — one half and more of all the present income from assessment rates.

Such very large figures point to two things in particular. In the first place, it is going to be no easy task to find capital funds upon the scale that may seem desirable within ten or fifteen years from now. Secondly, assessment rate levies on the scale in contemplation could take on the aspect of penal or destructive taxation of one particular type of wealth or resources, especially in the case of the small householder who cannot pass the incidence of the tax along.

Nor should it be too easily assumed that the load can be laid upon business properties alone, upon the premise that businesses can make the customers pay indirectly. That will not wash as regards competitors who need not necessarily operate in the highly rated area. Then too, the new and high mobility of sellers, buyers and goods must be taken into reckoning. If in the result property values are pushed down to compensate for the higher levies, then the rate of levy must again be raised to bring in the same amount of income as before.

Here, of course, extreme conditions are being cited, which could not in prudence be allowed to develop on any large scale. But the lesson to be learnt is that the rating system operates less than fairly, and can be at least partially self-destructive if taken too far.

No city can operate like a backwater or an enclave. Commerce and industry and modern, dense traffic have seen to that. And new, more fluid conditions seem inevitably to involve far greater levels of expense, whereas the traditional sources of civic income remain as relatively inflexible as ever they were. Hence the strenuous efforts of municipalities inside and outside the Republic to find new avenues for raising revenues, preferably without extensive subventions receivable from higher authority. Large-scale subsidisation almost inevitably implies some loss of local autonomy. That in turn might not be so bad were it not that loss of autonomy means reduction in financial responsibility also, and an invitation to waste.

The Miscellaneous Funds

With a turnover of nearly fifteen and a quarter million rand, the Miscellaneous Funds account for pretty nearly one quarter of the Council's whole budget of revenue expenditure; and the deficit of R1,300,000 is more than could be met out of the current operating surplus of the Rate Fund account in 1964-65, if it stood unaided.

Apart from the mere magnitude of this group of operations, there are certain special features to be noted. Here the Council is dealing with large groups of people, ranging from the less than affluent to the very poor — people usually without any sort of reserves against hard times. In part because the Council is not an independent authority in this, but must operate largely within the framework of directives, it will often be difficult to function otherwise than by formula, which can be a frustrating or expensive way of trying to deal with a diversity of circumstances affecting various families.

Furthermore, attempting to match reasonable standards of accommodation and services with the capacity of tenants and householders to pay, has taxed the skills and ingenuity of State and local government agencies severely, and will continue to do so. In this Council alone, the time and effort put into the affairs of the Miscellaneous Funds by the

officials and Councillors alike is probably quite disproportionate to the relative size of the money outlays involved. In this area of widely divergent views, planners, administrators and executives have had to agree to differ while making the best use possible by common consent of whatever facilities or organisations there are available to help in one direction or another.

To deal with the accounts of the Miscellaneous Funds severally, the Bantu Beer Section and the Liquor Distribution Branch pose no financial difficulties, the former making a large and the latter a small contribution in aid of the Bantu Revenue Account. The estimates for 1964-65 show R1,900,000 and R30,000 respectively. Most of the gross gain on liquor distribution accrues to the State, but none of the net proceeds from making and selling Bantu Beer. Apart from that, the scale of business is very much greater in the Bantu Beer Section, which is desirable because of the lower alcoholic content of the beer relative to other drinks. The demand for the beer is growing noticeably, too; but that need not be desirable in the same way.

The support given by the sale of alcoholic drinks has to be buttressed by a subsidy of R900,000 from the Rate Fund, so that, at R6,400,000, direct income in the Bantu Revenue Account is shown as R2,800,000 (or thirty per cent) below the related expenditures amounting to R9,200,000. This will give point to what has already been said about trying to operate housing estates on a basis that is at once economic and compassionate.

The losses provided for in European Housing and in the Coloured and Asiatic Division are R108,000 and R299,000, in total expenditures R503,000 and R836,000 respectively. The percentage ratios are twenty-two per cent and thirty-six per cent.

The once frightening shortage of housing for the Bantu has now been overcome to all intents and purposes; although, of course, the Council will have to bear in mind the natural increase in population.

Forty-five thousand dwelling units have gone up since 1954, which will indicate the size of the financing job undertaken by the State, and of the planning and construction work which devolved upon the Council. Pimville is the one remaining slum area to be cleared and redeveloped. Now that the future of Pimville as a Bantu area has been settled, and consent has been given to the extension of its boundaries, planning can forge ahead.

As the housing shortage was progressively overtaken, use had to be made of sites that were less and less convenient for the residents, for the linking of services, and for purposes of communications and daily travel. Quite apart from any mandatory restrictions that may be applied in regard to the Soweto complex, such natural impediments to lateral development caused attention to be turned some considerable time ago to the possibility of making more intensive use of the land. In this connection, of course, costs and their recovery are potent limiting factors.

The problems bound up with the availability and best utilisation of land are not yet urgent in regard to the Bantu in the way that applies to housing for the Coloured people; but it has to be borne in mind that they will tend sooner or later to become so.

The perplexities confronting the Council in connection with European housing are rather different in kind from those which had to be faced regarding the Bantu. The solution required is intricate rather than massive, although considerable outlays will no doubt be involved, whether for the State, the Council or private enterprise. The inordinate expense which may be involved in urban renewal has already been mentioned. There are also the extensive schemes of State agencies for converting largely non-White areas, like Pageview and Albertville, for exclusively European occupation. The Council's executive and supervisory machinery is likely to be heavily involved in this connection.

Into a third category falls the need to help those who are able to make their own way in all respects except the provision of suitable modern housing. Their personal difficulty is accentuated by the dearth of cheap and vacant land, and by high construction costs. All in all, however, the Council's chief pre-occupation in connection with housing has now to do neither with European nor with the Bantu, but with the grave shortage of suitable accommodation for the Coloured residents.

Housing for Coloureds

There is a chronic lack of housing for Coloureds. Probably as many as twelve thousand dwelling units are needed almost immediately. Apart from the basic lack of accommodation as such, there are areas which the Coloureds must sooner or later vacate in favour of Europeans or the Bantu. In Albertville alone there are very many Coloured families who are to be housed elsewhere. For some while now the Council and its specialist officials have been co-operating actively with the State committee set up under the chairmanship of Mr. Niemand, the Secretary for Housing, to develop ways and means. Meanwhile the Council went ahead as fast as it could with construction at Riverlea to supplement its housing schemes at Coronationville and Noordgesig, the last-mentioned of which will eventually be allocated for Bantu occupation.

As an interim measure, Coloureds are occupying 2,100 houses in Western Township, which were vacated by Bantu moved to Soweto. Ultimately Western Township is to be cleared and re-developed to take in about 1,300 dwelling units, so that for considerable numbers now there it will be virtually a transit camp. Incidentally, it is the dearth of suitable accommodation of a temporary nature while areas are being developed and re-developed that causes hindrance to the working out of an effective master-plan. The second major snag is the comparative scarcity of suitable land for permanent settlement within easy reach of places of work.

There are strict limitations to the scope for development in and about Riverlea, for example, where there are already eight hundred houses, and very nearly the same number is to go up. In that instance full exploitation is not feasible at this time, because of mining restrictions. Then again, the Department of Community Development has asked the Council to take over the Nancefield complex which has been proclaimed for Coloured occupation. Transport, the cost of it, and the travelling time involved will need special consideration there.

In addition to the hitches about getting or clearing suitable land, and the attendant high expense, there are those to do with material supplies and craftsmen, particularly now that the pressure of construction

in both the private and the public sectors of the economy is intense. Coloured craftsmen of a suitable standard are just not coming forward in anything like adequate numbers.

Newclare has become a focus of attention for Coloured housing. It is quite extensively built upon; but much of the improvements and so-called improvements will require to be cleared away. Because of the expense of converting the occupied portions, it is now proposed that the Department of Housing acquire the areas designated for the Council and transfer them at prices considered reasonable for the purpose to which the land will be put. Needless to say, the Council and its officials are at one with the Department of Housing regarding the need for the tightest kind of financial planning. The initial and continuing outlays implied by various kinds of layout or construction will be of the first importance in matching what can be done in housing with what one would like to see achieved.

At Newclare, as in Western Township, provision will have to be made for numbers of families who do not find it easy to come out upon their earnings, as well as for groups somewhat better or worse off. Compromises may have to be found between methods of approach which could seem on the face of things to be mutually exclusive.

Because land is costly, intensive usage is required. Close building may seem to be indicated, and that itself can be expensive. Barrack type rows are perhaps to be avoided for health and fire-risk reasons, among many others, unless the building standards are high. Too compact an aggregation of segregated dwellings may be little better, for each unit requires its own reasonable breathing space.

Storied apartment blocks in a garden surround invite attention if capital and maintenance and running costs can be reasonably contained. There is more privacy and convenience in well-built and well-serviced maisonettes than in many suburban houses. Austerity type buildings going up two or three or more stories need not be a suitable substitute, however. They would require carefully planned facilities and fairly close attention if they were to remain reasonably comfortable and not become slummy.

The task of the national and local planners will not be easy. Still, they have had ponderous assignments in the field of housing before; and having regard to the circumstances with which they had to deal, they did a worthy job.

The general plan for Newclare involves the acquisition by the Council of all properties within four expropriation zones, as they are termed. In those confines the idea is that the Council should plan and undertake concerted development. Elsewhere in the township, it is hoped that re-development may be left to private enterprise with the aid of financial institutions. Up to this time, reasonable financial security for creditors has not been widely available. Borrowers have had slim enough margins regarding their principal debt, so that some of them were hard-pressed to provide even the minimum of maintenance. Anywhere such conditions are at all common, the resale value of properties will offer somewhat dubious security in the eyes of long-term lenders.

A properly designed and maintained municipal estate can and should improve the whole complex, particularly when, as here, the broader planning takes in a civic centre and a complementary business and social nexus laid out on sufficiently generous lines.

A special feature found at Newclare was the wide admixture of private ownership, and there remain properties in the hands of persons disqualified from retaining possession. Such properties are being acquired from Bantu by the Bantu Resettlement Board, and from other persons who are not Coloureds by the Group Areas Development Board. It seems to be indicated that the land, with or without improvements, is likely to pass to the Council in the end, either for integration with wider projects or for resale.

To round-off the picture regarding housing for Coloured people, tentative plans for Claremont should be mentioned. Claremont was proclaimed for occupation by Europeans, and it is close to Montclare and Newlands. Natural features and industrial developments suggested to the Council's planners that the southern portion of Claremont might usefully be turned to occupation by Coloureds; but the Council's proposals were not considered to be acceptable as they stood. A modified arrangement is being worked out, wherein the industrial buffer area is appreciably extended and about fifty acres remain to accommodate 350 or 400 dwelling units. If that were agreed to, some early and welcome relief of housing pressure could be achieved. Clearly, the larger and more complicated projects like that at Newclare are not so readily to be brought to fruition.

The Trading Departments

The two smallest of the trading departments are not designed or intended to make substantial profits in relation to the wider scope of the Council's activities. They are the Abattoir and Livestock Market, and the Produce Market. They have expenditure budgets of R757,000 and R494,000 respectively. The main thing to notice about these departments is that their fixed assets are relatively extensive, but comparatively debt-free; and for the meanwhile their scale of charges are reasonably low.

The Departments were established in their present locations a long time ago. Over the years the volume of business has put steadily mounting pressures upon their facilities and upon the railways and roads that serve them. Reconstruction or replacement implies major capital deployment to be recovered over the long term from the suppliers or buyers of the commodities handled.

The Council is committed in principle to construct a new produce market at City Deep, and is seeking to have market dues raised immediately so as to spread the load over as long a period as possible. Producers and buyers are sufficiently protected regarding surpluses arising pending the purchase of land or the construction, because the Local Government Ordinance restricts the use of any such surpluses to the purposes of the market.

Furthermore, it seems clearly to be indicated that the new scale of fees will be comparable with those in other major markets in the Republic, so that no one will be unduly burdened. That is an important consideration regarding the food of the people. It should be remarked, however, that market dues are in any case not the preponderant factor in the costs of moving produce from the producers to the consumers.

In 1961, a commission of enquiry was set up under the chairmanship of Dr. F. J. de Villiers to investigate aspects of abattoir operation, siting, design and finances. A special study was made of the needs of the Southern Transvaal region and the Orange Free State goldfields.

The line to be followed regarding the Council's own abattoir will depend very much upon the national or regional policy involved, although a wide range of interests has been canvassed independently to ensure that any decisions taken by the Council have the maximum amount of support. Having regard to the presently congested conditions at the Newtown site, it is pleasing to know that the commission has now reported to the Honourable the Minister of Agricultural Economics and Marketing. It is to be hoped that the report of the commission will enable the Government to make an early statement of policy regarding the operation, management and location of abattoirs. In particular, the Council will be eager to learn what through-put it should plan for regarding its own works, and to what degree it can be assured of the arrival of slaughter stock to an extent reasonably consistent with the facilities provided or to be provided.

As in the case of the produce market, it is possible to fall into the error of over-cautiousness regarding the financial implications of building a new abattoir or of extensively modifying the old one. Disregarding equines, meat production at the abattoir in 1963 approximated 225,500,000 lbs. weight. Relating that to annual loan charges of R683,000 which could arise out of the construction of new works costing a hypothetical ten and a half million, gives an amount to be recouped of something well under one third of a cent per pound of meat.

That does not seem highly likely to put producers or consumers off, particularly in view of the established interest in the city area of wholesalers and agents, and the providers of credit facilities or allied finance. On the contrary, certain private interests have already suggested that they would like to be allowed to set up a livestock market near any new abattoir, whence beasts could be distributed for fattening and conditioning in the country's rich maize triangle, which has Johannesburg located somewhere about the centre of the base. Other somewhat different interests seemed a little lukewarm about the proposal. But the indications are that there are differential advantages, both natural and economic, which the city enjoys in regard to the development of the meat industry.

Public passenger transport undertakings continue to be regarded as trading ventures, because they provide a measurable service for which the user is charged, and which he may take or leave as he chooses. Yet it is only in exceptionally favourable conditions that a widespread and continuous urban transport service will break even, let alone make the margin of profit which is traditionally the aim of trading. Having regard to the pattern of modern communications it is not surprising that the transport organisation is neither self-contained nor obviously self-supporting. To a marked degree private conveyances have ousted the buses for the short hauls in between the peak traffic hours, one reason being that the private vehicle can take any route and is not bound by timetables. The manpower and buses required to cope with the peaks are not easy to deploy without waste during the hours when the bulk of the daily passengers is working.

The intensity of the operation at which the Transport Department should aim cannot be determined only, or even mainly, by reference to the direct income from fares. In various parts of the world where there are large concentrations of traffic, it has been borne upon the authorities that, with all its defects, an expanded passenger transport system may turn out to be cheaper than vast expenditures upon new road systems, especially if storied highways are involved. To over-simplify the case, one need only compare the road area taken up by a sixty-seater bus with that needed for the alternative fleet of twenty or thirty motor cars. There is the question of parking facilities also.

It is unlikely that the traffic problems of today will resemble those to be faced by the next two generations at all closely, and motor-freeways as presently conceived may in time become as obsolete as pack-trains or gravel roads. All the same, our present problems have to be met as they arise, and public conveyances have a significant part to play in our ad hoc solutions. Both fixed and mobile transit facilities are essential for the whole community, even although they throw a load of taxation on only some of the people. There is no difference in principle between levies to pay for roads, and subsidies to the partially ancillary, and partially alternative, public transport organisation. The relative displacement costs of the alternatives will require to be watched, of course, yet always with the fact in mind that the buses and the roads do not provide independent or mutually exclusive services for the public. Neither can be unduly relegated or inflated in importance without some adverse effect upon the other. Furthermore, it will not do to look only to present conditions and immediate financial implications. The measures taken to deal with present needs will, in their turn, influence the evolving pattern of communal activity, and hence also the form that future demands for facilities will take. A point to be made in concluding this statement will be the inevitable interaction of all civic planning; but at this juncture it is desirable to stress in particular that roads and buses and traffic control are interdependent and inseparable segments of a single municipal function, whether they be regarded from a physical or from a purely financial point of view.

In the coming year the Transport Department will spend R5,400,000, and receive aid from the Rate Fund of roughly one-tenth — say R530,000. The figures for the year now ending are R5,250,000, and R466,000 respectively. The additional deficit of roughly R65,000 arises principally because of wage adjustments, off-set to some degree by enhanced revenue expectations.

The Gas Department has budgeted for a surplus of R106,000 in 1964-65, or six per cent of the expenditure forecast of R1,833,000. Operating results may tend to fluctuate fairly widely from year to year depending upon the weather, and depending also upon the configuration of plant available from time to time to meet the load. The plant is not homogeneous, some of it having been designed for gas production if and when supplies of coking coal were lacking.

The Council is taking what insurance it can against impending developments which could have a marked effect upon the gasworks and allied activities. In the first place, after hard and protracted bargaining on both sides, the Council is contracting to take part of its requirements from Sasol when Sasol's supply line to the East Rand comes into opera-

tion in about two years. Herein is a valuable hedge against rising costs, for the contract price over ten years will be variable only to cover changes in the cost of winning and transporting coal. Then again, it will now be practicable to conduct advanced experiments regarding the production at Cottesloe of various grades of solid smokeless fuel, in anticipation of the anti-smog legislation intended to be made effective in fairly short order. Close attention will have to be paid to developments in this direction. The Council may very well be first in the field of extensive production if its present plant proves readily adaptable.

That can have advantages, but there are potential disadvantages as well. Pricing policy is going to be important both from the point of view of costs of production, and in regard to persuading people to use the new fuels in place of coal. Once railed to the city, coal involves no treatment costs before going into the hands of the users.

In the longer sight, the logical place for making the new fuels is where the coal is won. In that way railage is saved upon the bulk which is lost in treatment. Also, it may turn out that use can be made of pit-head dumps which are otherwise not readily saleable. Time will tell; but it does not seem likely that a new trading venture will emerge which will be financially strong in the sense that applies to the two trading activities now to be discussed.

Taxation through Trading

The two trading sections which have consistently made significant contributions in aid of the Rate Fund are the Electricity Department and the Water Branch. Between them they will give R2,095,000 in the current year, and R2,075,000 in 1964-65, divided in roughly equal shares. In consequence of these contributions, assessment rates will be fifteen per cent lower than they would otherwise have to be.

There has been considerable conjecture over the years as to whether the products of public utility organisations, here and overseas, tend to be sold far too cheaply. The margin between the charges made and the usefulness of the supply to the user — the consumer's surplus as it is called — is considerable. One pundit in the engineering field went so far as to suggest drastic increases in tariffs to curb unhealthy demand for electricity supplies in South Africa, and the consequent heavy capital drain. There is another way of looking at it. Cheap power and steel, and fairly adequate supplies of water, have been of the greatest importance in the rapid economic advancement in the Republic. Certainly the demand of urban users of electricity cannot be regarded as unhealthy, however far it grows. Here is one of the truly satisfying elements in a reasonably civilized life.

The theory of consumers' surpluses may be all very well in its way. But all goods show some such surplus in the hands of the user, otherwise they would never be sold. That is not the nub. The ordinary man must choose between his purchases. He cannot have all that he wants, and higher prices in one direction will mean sacrifices in another.

Those are reasons for not pushing urban electricity supply tariffs up too far or too quickly. A further reason is that demand is quite surprisingly elastic, especially among the less prosperous people. There are substitute supplies. Some are outmoded or messy, and some create smoke nuisances or are potentially dangerous. Nevertheless, they are available, and are being used.

Reverting to the elasticity of the demand for electricity, Councillors will remember that the unexpected torpidity shown in the national economy a few years ago, postponed the long-term plans for the progress of the electricity department. Happily those days are gone, and early tariff increases are no longer so much to be feared. The department will put away R430,000 in its tariff stabilisation fund this year, and R650,000 next year, so as to start the year after next with a cushion of R2,800,000 in hand.

Furthermore, in terms of the Council's resolution, and subject to the approval of the Honourable the Administrator, the Council's engineers and its consultants, aided by Escom as far as that may be necessary, are to investigate the need for expanding generating capacity, harnessing reserve facilities, or revitalising moribund equipment. All these projects have to be weighed in proper relation to the desirability of joining Escom's grid, and to the seemingly inevitable jump in consumer-demand in the years immediately ahead.

Quite obviously, to make disproportionately large profits on water supplies is a kind of penal taxation, which is to be avoided as long as other, sporadic methods of consumption control will suffice. Incidentally, the Rand Water Board's Statutes have been altered by parliament with effect from 1st April, 1964, one object being a simpler and fairer distribution of costs among the Board's consumers. As it happens, the so-called foundation consumers, of which the Council is one, will loose part of their specially privileged financial position, the cost to the Council of that and other adjustments being about R180,000 a year at this time. Should revenues not continue buoyant, at some stage the Council may have to consider passing on these new costs to the consumers, perhaps by rounding off those tariffs which involve fractional cents as a legacy of decimalisation.

The Capital Estimates

In framing the capital budget of R33,000,000, a prime consideration was the need to avoid competition with private enterprise for scarce and specialised manpower resources as far as that could reasonably be done. For the most part, the capital developments required immediately by the Council are complementary to rather than competitive with the needs of private construction projects. In part this is true even of housing, because the Council has skilled labour teams specially trained for construction work for their own people in the Bantu areas. As was pointed out earlier, the State Treasury concedes that housing deserves priority treatment, but the Council has difficulty in getting suitable craftsmen among the Coloured residents.

In regard to the Rate Fund activities, the main pre-occupation is with roads and their ancillaries of various kinds. That must continue to be the case for many years to come. Freeways, major roads and the general street network require simultaneous rather than diverse or successive attention, and the outlays involved are great in the aggregate. Principally on that account, the Construction Branch of the City Engineer's Department has capital estimates of R9,430,000 for 1964-65. The financing proposals include R4,100,000 in advances from the Consolidated Loans Fund, and R2,500,000 to be advanced from the Special Funds of the Council, notably the Capital Development Fund. The remaining outlay of R2,800,000 is for the most part to be paid for out of subsidies from the National Transport Commission and the Provincial Administration in connection with the massive motor freeways.

It is a quirk noticed by the Local Authorities' Committee that such subsidies are payable in respect of construction work, but not in regard to the acquisition of land; although the total receivable need not be very much different from what it would be if the subsidies were spread evenly over all costs. Seeing that land must usually be acquired before the act of construction, the Council's own outlays will seem first to speed ahead of and then to be partially overtaken by the subsidised part of the work. A more pertinent point than the somewhat odd appearance thereby given to the annual estimates, is that the Council must bear the whole difference between actual and estimated costs of buying-in fixed property. This is a factor of no little importance when economic conditions are buoyant.

Not only must the roads be provided, but also the traffic facilities in connection with them. The Traffic Department is to draw advances of R1,100,000 from the Special Funds and R90,000 by way of public contributions. Fortunately, the bulk of the money will be needed for parking garages and their sites; and the garages have, up to now, been able to pay most of their own way, at the least.

Fundamentally, the city is sewered. Nevertheless, works and lines still have to be expanded or adapted to cope with normal growth, and R1,766,000 is the provision now made.

The foregoing have been examples of outlays which cannot be escaped. There are other projects required in connection with the Rate Fund activities which may not be absolutely necessary in the same sense, and yet they are of the first importance to balanced progress. The capital budget of the Parks and Recreation Department involves R1,380,000 for improving the zoological gardens, and for expanding and enhancing parks and play areas, grounds and pools. Over time, much will require to be done for the beautification of the city, and in providing more and better facilities for out-door recreation. Nor are the art gallery, the museums and the central and branch libraries to be forgotten, although they do not loom very large in the current budget.

Moreover, it is becoming more and more evident that the intensification of activity being shown in and about the city will require to be matched by adequate facilities for the conduct of civic affairs. The provision of a suitable civic centre at the top of Rissik Street will have to be worked out on an appreciably bigger scale than once seemed likely to be warranted.

The capital estimates of the Miscellaneous Funds are set down as just on R9,000,000 but over two-thirds of the amount required will be drawn from special borrowings or grants; that is R5,300,000 from special purpose housing loans, and R817,000 from the accumulations of the Bantu Services Levy Fund. The sections dealing with the Bantu make easily the largest demand, over R5,000,000 being required.

It was said that the immediate shortage of housing for the Bantu had been largely overtaken. All the same considerable expenditure is involved in consolidating the gains made and in providing something more than the bare bones of accommodation. Pimville is to be re-developed and extended, as was mentioned, and new areas have to be laid out for the families which are still on the waiting-lists. Some 2,000 houses may be built in 1964-65. For transients and single persons, hostels are needed.

Capital funds amounting to R3,123,000 are put down for European housing. Of that figure, it is proposed that R2,623,000 should come from housing loans. Sites for housing 500 families in southern and eastern suburbs take up R2,000,000, and purchases and improvements at Albertville another R500,000. Interim provision is also made for homes and cottage sites for the aged.

The capital outlay forecast for the Coloured and Asiatic Division is R813,000 of which R457,000 will be needed for housing.

Summary and Prospect

The stage has been reached in the city when a narrowly based solution to a problem in one direction is likely to have all sorts of repercussions in many others. Mention has been made of the way in which road works, traffic control measures, and public transport facilities are inevitably inter-related and interacting. But it is the location of homes and businesses, and of places of work, that gives rise to the need for the movement of people and goods.

Ribbon development, on the other hand, will afford a simple example of how the roadways, in their turn, can influence the siting of activity or of housing. In short, circumstances will determine, from time to time and place to place, what is cause and what is effect in relation to the ever-changing form of the city. The pertinent point is that at least some changes can probably be channeled or directed, to give the best results for the community as a whole without unduly interfering with the freedom of choice of the individual citizens.

If, however, the Council is to guide or shape events rather than wait upon them, the motivating forces behind the choices of the people likely to be affected must be carefully assessed; and all the functions of the municipal machine must be taken into account in planning the most useful deployment. In consequence, proposals are being worked out for a specific forward planning organisation to ensure a fully balanced and co-ordinated approach to what might have been regarded as purely sectional or departmental concerns in the easier conditions of the past.

The most astute planning remains only paper-work, of course, if it cannot be allied to adequate financial resources and prospects. Small transactions need small margins, or none. Big ones can become unmanageable if there are not adequate reserves. Because it has always been the policy to keep that precept in mind, the Council is able to contemplate current outlays of R67,000,000 in one year with some equanimity, as well as R33,000,000 to be spent in the same period on capital account.

Not to be smug about it, the citizens must concede a debt not easily to be measured to the city's historical and geographical position. They live at the cross-roads in a lively agricultural and extractive complex; and the financial institutions which grew out of the old-time mining camp have added appreciably to the community's already strong position.

Complacency about civic financial affairs might have become evident in such circumstances. But it did not; and, naturally, it must not. To understand just how solid the Council's financial organisation has become, and as an exemplar for fiscal policy in the years of expansion and consolidation which are in prospect, it may be instructive to go back a little in time to see what foresight and patience can achieve.

As long ago as 1928, assessment rates were levied for the construction of roads. The total spent by the end of 1953 was R11,000,000; and a similar amount had been spent out of current revenues on buying or creating other kinds of capital assets. The system was then changed to one of appropriating large sums each year and putting them away in the Capital Development Fund. The fund made repayable advances to departments needing capital finance, and charged interest where the assets acquired earned revenue. Making advances only upon a repayable basis ensured that the present sacrifices of the ratepayers were not enjoyed merely by their immediate successors, but were preserved instead for all posterity. Interest was charged because using money costs money, and the cost is an obvious charge against any consequent revenues.

The Capital Development Fund will be only twelve years old at this time next year. In its comparatively short course its assets will have grown to R35,000,000 all usefully employed.

In the old days, one worked out ahead of time what capital requirements were likely to be; and then an appropriate loan was raised before construction started. Presumably the idea was that there must be quasi-permanent funds in hand to justify any capital project. A quarter of a century and more ago, it became to be accepted that the city could command a place in the short-term money market as well as in the long-term capital market; provided, that is, that the City Treasurer and his specialist aides had their proper contacts, and knew precisely what they were about. By 1940 it was obvious that some part of the Council's capital outlay, and especially some works-in-progress, could safely be financed by cheap money borrowed at call. Over time, the temporary borrowings of the Council at relatively low rates must have saved unnecessary interest payments running into several million rand.

Thirteen years ago, the Council obtained provincial authority to inaugurate a Consolidated Loans Fund, needless to say with a canny and substantial reserve built into it. Under earlier legislation going back to 1903, the Council had in effect to make provision for far more than ordinary redemption of debt. Irrespective of any other considerations, enough had to be set aside in a sinking fund to repay a loan in due course; but if an asset was expected to retire before the relevant loan was repaid, provision had to be made for a brand-new asset to take its place. That was all very well for the additional security of the loan creditors, but it could do odd things to the Council's day to day finances.

Disregarding interest, if an asset with a fifteen year life and costing R300 were bought out of a twenty-year loan, then R15 a year had to be paid into the redemption fund. At the same time, for fifteen years R20 a year went into the prescribed renewals fund, so as to buy a new asset after the fifteen years, which asset would last ten years after the loan was redeemed. For fifteen years, then, the annual standing charges were R35. For the next five years they were R15; and for ten years thereafter there were no standing charges at all.

A prime virtue of the Consolidated Loans Fund was that it did away with that sort of thing. Loans were raised in the market upon the best terms offering in relation to interest and to dates of repayment. The moneys were re-advanced to departments to be repaid over the working lives of the relevant assets; and the repayments as they came in were used again for more assets.

All that sounds simple enough; but highly skilled management is needed to ensure that borrowings from the public can be promptly repaid on due date, and to keep a nice balance between advances to departments and external investments. Calls upon the capital market are kept down by investing various funds and savings of the Council with the Loans Fund instead of externally.

Schedule "D" attached to the printed version of this speech is a simplified form of balance sheet for the Council as at 30th June, 1963; and Schedule "E" indicates how the balance sheet might be expanded from the point of view of a loan creditor examining stability. The Capital Outlay shown in Schedule "D" is R302,396,000. The surplus of R128,709,000, shown under Capital Liabilities, represents the cost price of assets that were still operational but completely debt-free. The figure for such debt-free assets is kept down by writing-off the whole value of bulk assets like roads, sewers or mains, thirty years after construction at the latest. Assets that can be separately identified are written-off as and when they retire.

The figures reveal, then, that R173,687,000 remained to be repaid to one source of finance or another out of a total outlay of R302,396,000. Debt-encumbered and debt-free assets were respectively fifty-seven per cent and forty-three per cent of total capital outlay. Reference to line 15 in Schedule "E" indicates that R40,303,000 of the outstanding borrowings came from the Council's permanent capital development and reserve pools, however. That meant that only R133,384,000 or forty-four per cent of the total cost price of working assets and outlays was represented by loans repayable to the State, the public, and those trust funds and revenue reserves of the Council which are not intended primarily and permanently for capital finance.

Furthermore, R281,814,000, or ninety-three per cent of the Council's total Capital Outlay was made up by the cost price of fixed property and permanent works.

All in all, the schedules indicate a very healthy state of affairs indeed, the more so since the cost prices of capital assets have been used and not current worth. If the Council has now to meet the challenge of vastly expanding outlays not necessarily matched by new and considerable sources of revenue, at least it will do so backed up by the reward of long years of skilled and far-sighted financial management. I think that it is incumbent upon me to give thanks where they are due in that regard.

A Tribute

It is a departure from custom for one of the Council's officials to be singled out by name in the budget statement; but then, this is an unique statement in another way as well. It deals with the last budget for the city that will be compiled under the eye of Dr. I. Q. Holmes. As City Treasurer, he has fostered and directed the financial well-being of the civic administration for more than a generation. How competently he has devoted himself to his mission is indicated to some extent by the résumé I have given regarding the Council's fiscal development and financial standing, and it is perhaps unnecessary for me to catalogue in detail the innovations and improvements that have taken place during the twenty-seven years since 1937 when, as a young man, he first took up

the post he is now, regrettably, about to relinquish. However, as a measure of his foresight and balanced appraisal of the needs of this city during a time of rapid growth and change, I feel I should mention that the introduction of the Consolidated Loans Fund and the Capital Development Fund was entirely due to the inspiration of Dr. Holmes, as was the practice of carrying most of the Council's insurable risks through its own Insurance Fund, now standing at over R4.5 million. It is also a little-known fact that the city's loan flotations were, until 1942, underwritten by the Council's bankers. Since that time the City Treasurer has himself accepted the onerous responsibility of placing public loans with all the attendant anxieties. It must stand to his credit and be a source of satisfaction to him that he has successfully raised R113 million in this way with never a hint of failure to affect the city's credit-worthiness, and with a saving to the Council in underwriting expenses of close on R1 million. At the same time, the economies the Council has realised since 1940 from the financing of capital expenditure by means of short-term loans pending the long-term funding, to which I have already referred, are largely attributable to his intimate knowledge of and personal standing in the money market.

The City Council and local government as a whole in this country are indebted to him for other things as well. For instance, his thesis on Local Government Finance in South Africa is not only a standard work on the subject — it is in fact the only comprehensive treatise that exists. His unbroken service on the Council of the Institute of Municipal Treasurers and Accountants, S.A. (Incorporated) has been co-extensive with his term of office as Johannesburg's City Treasurer, and longer than that of any other officer of the Institute. Dr. Holmes has a special affection for that body, which has done so very much to guide and train the men who will succeed him and his fellows, and those who have spread their special skills over the length and breadth of the Republic. To turn to another field, he and the Institute of which he is so prominent a member have given invaluable aid over a very long time as consultants or advisers to local authorities in particular, and to government agencies at all levels.

Closer to home, our City Treasurer has built up over the years a well-qualified and highly loyal team of accountants and financial aides, not only for purposes of accounting efficiency and detailed financial control, but also to lift a weighty administrative burden from the shoulders of other heads of department, and to offer them a fund of specialised advice and assistance. Patience and tenacity of purpose were required, both to make suitable men available and to overcome the inevitable resistance to the change in accounting and detailed financial responsibility. Still, the Council has benefited greatly, especially in the field of central financial direction.

Mention was made earlier on of the inevitable inter-relation of all aspects of civic planning. Unlike the officials, the city councillors used to come and go at relative short intervals, and still will do so to some extent. The device of the Technical Committee with the Town Clerk, the City Engineer and the City Treasurer as the nucleus, has been and is of the first importance in achieving balanced development and continuity of purpose. However, before the advent of the Management Committee a very special duty fell to the lot of the City Treasurer. The form of the budgets is the design for development, and in their collation the Council had to draw heavily upon the experience and wisdom of Dr. Holmes. This was parti-

cularly so regarding the establishment of priorities in the allocation of limited resources.

By and large, the City Council has a hardworking and highly skilled team of senior officials in its service. I am sure that they will take it as a compliment if I join the Management Committee's thanks to them for their assistance in working out this record budget with a special tribute to so distinguished and so dedicated a member of their company.

P. R. B. LEWIS, M.P.C.

ACTING CHAIRMAN,
MANAGEMENT COMMITTEE.

AGGREGATE FIGURES RELATED TO THE NET REVENUE BUDGET

COMPARISON, APPROXIMATE RESULT, 1963-64, WITH BUDGET, 1964-65

1	2	3	4	5	6	7	8	9
	Public Service Sections		Internal Service Sections		Totals			
	Approximate Result 1963-64	Estimate 1964-65	Approximate Result 1963-64	Estimate 1964-65	Approximate Result 1963-64	Estimate 1964-65	Increase (Col. 7 minus Col. 6)	
	R	R	R	R	R	R	R	%
Emoluments:								
A European	A 12,075,837	13,583,927	A 6,086,101	6,408,618	A 18,161,938	19,992,545	1,830,607	10.1
B Other	B 6,241,609	6,762,258	B 3,000,704	3,416,252	B 9,242,313	10,178,510	936,197	10.1
C	C 18,317,446	20,346,185	C 9,086,805	9,824,870	C 27,404,251	30,171,055	2,766,804	10.1
D Miscellaneous Expenses ..	D 25,607,831	27,057,390	D 8,625,228	8,947,452	D 34,233,059	36,004,842	1,771,783	5.1
E Repairs and Maintenance ..	E 5,760,043	6,093,861	E 1,071,941	1,116,310	E 6,831,984	7,210,171	378,187	5.5
F Loan Charges	F 15,180,510	15,848,680	F 588,709	771,193	F 15,769,219	16,619,873	850,654	5.3
G Contributions to Capital Outlay	G 637,482	1,006,973	G 97,798	85,672	G 735,280	982,645	247,365	33.6
H Extraordinary Expenditure ..	H 1,011,036	1,231,173	H —	—	H 1,011,036	1,231,173	220,137	21.7
J Gross Prime Totals	J 66,514,348	71,584,262	J 19,470,481	20,745,497	J 85,984,829	92,219,759	6,234,930	7.2
K Deduct Redistributions ..	K 8,622,058	9,030,571	K 19,470,481	20,745,497	K 28,092,539	29,666,066	1,573,527	5.6
L	L 57,892,290	62,553,691		—	L 57,892,290	62,553,693	4,661,403	8.0
M Grants-in-Aid					M 517,076	475,390	(—) 41,686	(—) 8.0
N					N 58,409,366	63,029,083	4,619,717	7.9

ESTIMATES, 1964-65

ADDENDUM TO THE BUDGET SPEECH THE MAIN FIGURES, AND EXPLANATORY DETAILS OF INCOME AND EXPENDITURE OF DEPARTMENTS

The purpose of this addendum statement and its annexures is to supplement the general statement of affairs made in the budget speech itself, and to comment on the proposed ordinary and capital expenditure envisaged for 1964-65.

Aggregate figures related to the net revenue budget

On the page immediately preceding this addendum is a summary of the Estimates designed to indicate the make-up of the budget by type of expense, and how that expense is tending to grow between one year and another.

The distribution accounts, which are detailed in a supplement to the main printed Estimates, record the costs of those sections of the municipal service which do work or perform services for other branches or departments and whose total cost is fully recouped from the sections for which the work is done. Summarised expenditure relative to these accounts appears in the table under the heading of "Internal Service Sections". The expenses relating to the other activities of the Council are classified as belonging to the "Public Service Sections".

Line N in the summary indicates that total ordinary expenditure will increase by R4,619,717 during the next financial year, or by almost eight per cent. The remainder of the summary is devoted to an analysis of the factors responsible for the increase.

Total emoluments (line C) show a rise of ten per cent. A glance through the detailed Estimates will disclose that this type of outlay has increased for all departments, although not in equal proportions. Several factors have caused this increase.

The introduction of new wage levels for members of the Johannesburg Municipal Transport Workers' Union has caused a difference to appear between the two years under review; and an amount of R500,000 has also been included for the revision of other salary and wage scales for Europeans. Departmental estimates tend to be framed on the assumption, usually optimistic, that all vacant positions will be filled in the new year. In the comments herein on the estimates of the City Engineer's Department and the Transport Department, the present shortage of personnel is stressed.

A general wage increase for all Bantu non-graded staff from July, 1964, has been reflected in most of the departmental estimates and has consequently increased the wage-bill to come.

Line D in the summary represents the second type of expense, miscellaneous expenses. The increase is slightly more than five per cent of this

year's total. The reasons for the rises under this heading are various and will be dealt with when the individual departmental estimates are discussed.

Repairs and maintenance (line E) and loan charges (line F) each advance by about five per cent. Both these items are related to the level of capital expenditure in previous years and as that level has been high for some while past, increases in both items must be expected.

The remaining items that comprise the gross prime totals, i.e. contributions to capital outlay and extraordinary expenditure, display large percentage increases; but as the aggregate amounts involved are not big, no further comment is necessary.

Grants-in-aid, as depicted in line M, are shown at a lesser figure for the new year. At R475,390 the total is eight per cent less than for 1963-64. Provision exists in this year's estimates for the payment of certain special grants-in-aid, totalling R54,000, which will not be repeated in 1964-65. Included in these amounts are the grants-in-aid to Queenshaven (R10,000), Happiness for the Handicapped (R5,000) and the Smuts Memorial Trust (R10,000).

The Sectional Results

A different aspect of the budget is presented in schedule "A" in the end papers. Income, outlays and the net operating results of the Rate Fund departments are grouped according to the several types of activity, as listed in the first column on the left. Item 9, Non-European Affairs, shows only the deficits of the Coloured and Bantu sections which will become a charge on the Rate Fund.

Dealing with expenditure first, it can be seen that item 7, which relates to public health generally, outside the Bantu Revenue Account, is responsible for 27.58 per cent of the total. Sewage disposal and sewer system expenses are the most important sub-sections as far as costs are concerned.

The income statistics also show the public health functions as being the most important, contributing no less than 62.72 per cent of total revenue in this column, and the income of the Sewerage Branch takes pride of place. Income and expenditure of this branch are stated at the same amount because any shortfall becomes a charge against the Sewer Tariff Stabilisation Fund at present.

Item 13 explains how the net Rate Fund burden of R17,510,810 is paid for. The importance of the assessment rate income is clearly indicated. Trading profits contribute R1,633,476 as against the R13,099,980 from the rates.

General Administrative Activities

Item I in the classified schedule "A" lists, under the heading of Administration, the Town Clerk's, City Treasurer's and Valuation Departments, the O. and M. Division, and the Staff Board, as well as the Council's General Expenses.

Apart from an increase in European salaries of almost R10,000, the estimates of the Town Clerk's Department reflect only a slight change from the approximate result for 1963-64.

Central financial administration with accounting, buying, store-keeping and cash collection or disbursement are the prime functions of the City Treasurer's Department. The Estates Branch, which is under the control of the City Treasurer, administers those properties which the Council acquires ahead of their application to their final purpose.

After providing for filling vacancies in the new year, and taking into account the wage increase for Bantu, salaries, wages and allowances go up by R40,705.

With effect from 1st January, 1964, the Council has had to pay a charge of two cents for each cheque deposited with its bankers. On the other hand, commission on country cheques was reduced. In the result bank charges went up by R9,000 in the half-year now ending and the cost to the Council will be R18,000 in the new year.

After allowing for income of R214,054 and direct charges to departments totalling R265,742, there remains in the end R1,133,672 to be debited to the Rate Fund in 1964-65.

The preparation of the new valuation roll will cause most expenditure items in the Valuation Department to show increases. Income will rise because of increased sales of valuation rolls and certificates.

The Council's General Expenses Account, which reflects mayoral and corporate outlays, subsidies paid for special purposes and provision for certain contingencies, is expected to rise in total from R745,582 to R1,340,100. R500,000 has been provided against the contingency of increases in European salaries, the disposition of which among departments cannot be closely measured at this time.

Subsidies for the coming year are altered to some extent from those payable this year. An increase of R25,000 is proposed in the subsidy for the S.A.B.C. Orchestra, and R46,000 is ear-marked as the Council's first contribution towards the establishment of the Suikerbosrand Nature Reserve.

A special job evaluation study to be undertaken under the aegis of the Staff Board will cost R45,000.

VARIOUS RATE FUND DEPARTMENTS

City Engineer's Department (excluding the Water Branch).

The summary estimates of the City Engineer's Department, excluding the Water Branch, may be tabulated as follows:—

Branch	Income		Expenditure	
	Approximate 1963-64	Estimate 1964-65	Approximate 1963-64	Estimate 1964-65
	R	R	R	R
Administration	2,000	2,000	152,751	179,995
Building Survey	133,550	133,550	151,192	164,399
Land Survey and Town Planning	10,250	85,450	153,534	261,858
Total: General Branches	145,800	221,000	457,477	606,252
Cleansing	1,835,305	1,847,784	1,867,603	2,003,297
Construction (leaving out capital projects)..	123,709	131,986	2,155,903	2,267,175
Sewerage	2,955,489	3,250,722	2,955,489	3,250,722
	R5,060,303	R5,451,492	R7,436,472	R8,127,446

European emoluments for 1964-65 have been calculated on the assumption that the present acute shortage of technical personnel may be overcome. The increase in loan charges has had a pronounced effect on the total outlays of this department. This item of expenditure has increasingly grown in importance since the start of the major road programmes and the extension of the sewer network. The fuller impact of loan charges will not have to be faced until expenditure on the motorways gains momentum.

Apart from an increased wage bill, if the necessary staff can be recruited, the branches not directly concerned with construction or maintenance works or services should not materially increase their demand on the Rate Fund. Provision is made for a contribution of R75,000 to the Reserve and Trust Funds. This amount is also included as income and relates to expenditure to be financed from betterment moneys.

The impact of loan charges, as previously mentioned, is clearly illustrated in the estimates of the Construction Branch. This branch is responsible for road and stormwater works in the metropolitan area, and of the additional amount of R111,272 provided for 1964-65, loan charges account for R93,004. Provision for payments to outside contractors for grass cutting and the resealing and resurfacing of roads, which have become a feature of the Construction Branch's estimates in recent years, is again included.

The wage increase granted to members of the Johannesburg Transport Workers' Union has caused gross transport costs to increase from R585,621, the approximate cost for this year, to R602,773 for 1964-65.

Although the increase in loan charges in the Sewerage Branch is R78,683, its proportionate effect on the additional sum required for the branch is not as telling as in the case in the Construction Branch. The increased expenditure of the sewerage section for 1964-65 may be summarised as follows:—

Salaries, wages and allowances	..	..	..	R71,415
Miscellaneous expenses	..	..	..	21,538
Repairs and maintenance	..	..	..	12,447
Loan charges	..	..	..	78,683
Contributions to capital outlay	..	..	..	111,150
Total estimated increase	..	..	..	<u><u>R295,233</u></u>

In previous years only the profit on the sale of livestock was reflected; and to present a more complete picture of that undertaking gross purchases and sales will henceforth be shown. The detailed estimates reflect that of the additional sum of R111,150 required for contributions to capital outlay R110,000 will be used for the purchase of livestock. On the other hand, income from the sale of livestock is increased from R50,000 to R133,000.

The withdrawal from the Sewer Tariff Stabilisation Fund to cover the excess of expenditure over income for the Sewerage Branch should

amount to R332,642 in 1964-65 as against R169,365 for the current year. The withdrawals for 1961-62 and 1962-63 were R101,899 and R153,498 respectively.

Increased Bantu wages for the Cleansing Branch appear to have reduced the advantages gained by the recent cost reduction measures undertaken in this Branch. Bantu emoluments are expected to increase by R89,124, which is almost sixty-six per cent of the total additional amount required for this branch in the next financial year.

City Health Department

Safeguarding the health of the community in various ways is an important part of the functions undertaken by the Council. Outside of the Bantu areas the City Health Department will require R1,443,467 in 1964-65, an increase of R86,527 over the approximate result for this year.

The income of the department, which comprises mainly recoveries from State agencies under public health acts, and subsidies from the Transvaal Provincial Administration, the Transvaal Education Department and the Government Social Welfare Department, is not expected to alter very much. Total income for 1964-65 is R433,795, as compared with an approximate result for 1963-64 of R426,430.

Hospital expenditure in connection with the tuberculosis control campaign will be reduced by R9,600, two-thirds of the programme having been completed during the current financial year.

An additional amount of R8,720 is required for the purchase of laboratory equipment for Industrial Effluents Control, the Air Pollution Section and various laboratories of the department. The establishment of two large purification works in areas adjacent to Johannesburg has led to the acceptance by these works of sewage and industrial wastes from no less than six neighbouring local authorities.

The Chemical Division is at present investigating the position in regard to the concentration of synthetic detergents now reaching the sewage works, and is planning to organise large-scale tests on biologically soft detergents currently being manufactured in the Republic. The estimated cost of this division for 1964-65 is R127,804, or R18,827 more than the current year.

Fire Department

The net figures relating to the Fire Department for 1964-65 are as follows:—

	<i>Ambulance Service</i>	<i>Fire Service</i>	<i>Total</i>
	R	R	R
Expenditure	118,842	639,008	757,850
Income	60,000	38,444	98,444

Total expenses of this Department are expected to increase by about six per cent as opposed to the increase of almost eight per cent for the Council as a whole. (Refer to the condensed table which appears just before the Addendum).

Gross income of the Fire Department should increase by R44,191, during the next year. Of this amount a sum of R25,941 will be paid to the Non-European Affairs Department.

The new tariffs and by-laws applicable to the ambulance service should result in a substantial rise in ambulance fees. An increase of R91,000 is envisaged for 1964-65. In terms of the new by-laws, the subsidy which this department formerly received from the Transvaal Provincial Administration for patients who were the responsibility of the Province in the Bantu areas will cease, and the Province will pay tariff rates instead.

The proposed new ambulance service tariff makes provision for charges for all types of calls and the reserve for bad debts is consequently increased by R6,000.

Licensing Department

This department administers the licensing provisions of the Road Traffic Ordinance, the Licences (Control) Ordinance and the Council's By-laws relating to licences and business control.

The main source of income, motor vehicle and drivers' licence fees, is expected to increase by R27,200 owing to the larger number of motor vehicles registered in Johannesburg. Although beneficial to the incomes of the Licensing Department the increase in registrations aggravates the problems of departments concerned with traffic control, road construction and maintenance and ambulance services.

Parks and Recreation Department (including Swimming Baths)

The functions and relative financial statistics of the department are set out in the following table:—

	<i>Estimate 1964-65</i>	
	<i>Income</i>	<i>Expenditure</i>
	R	R
Cemeteries	106,900	282,583
General: Parks	60,589	1,626,932
Golf Course	31,040	114,373
Zoological Gardens	31,640	219,877
Recreation Services	3,700	297,197
Swimming Baths	47,450	412,584
	<hr/>	<hr/>
Total:	R281,319	R2,953,546
	<hr/>	<hr/>
<i>Approximate Result 1963-64</i>	R294,331	R2,707,028

In terms of recent amendments to the cemetery by-laws, maintenance fees are not payable in respect of graves in those sections of West Park and Newclare cemeteries laid out on a uniform plan to facilitate gardening. Income from gardening fees is accordingly reduced by R3,250. Extensive re-development will take place at the Zoological Gardens

during the next year which may adversely affect patronage. With this in mind admission fees are reduced by R2,000.

The Bantu labour force of the department has been increased as a direct result of plantings on street islands and verges, the transfer of sections of Bruma, Cydna and Delta from the City Engineer's Department, and the recommendation of the O. & M. Division as regards Huddle Park Golf Course and the Zoo. Bantu wages are estimated to increase by R88,893 which is nearly forty-seven per cent of the total additional amount required for 1964-65.

Total expenditure on swimming pools is likely to go up by R38,689. R26,101 of this sum is required for the staffing and the operating of the new neighbourhood pool in Linden, which is to be opened in September, 1964.

Public Library and Africana Museum Department

The sources of income are very limited for this department and little change can be expected in the total during 1964-65. Expenditure, on the other hand, increases by R109,389.

Additional staff is necessary in connection with the provision of separate services for Bantu and Coloureds. Coloureds' salaries will go up by R4,036, and Bantu salaries reflect an increase of R1,800.

The reduced discount rates on the purchase of books and the increase in overseas postage and shipping charges have raised the cost of acquiring stocks. Purchases from the United Kingdom are expected to cost from five per cent to ten per cent more next year. The provision for the purchase of books is thus increased by R35,135.

Storage space has now become inadequate and the postponement of the erection of a parking garage and bookstack below the Library gardens has made it necessary to hire additional space. Any such space must of necessity be near the library and thus will be relatively expensive. To meet this requirement R12,941 has been added to the provision for rent.

Traffic Department

Total income in the Traffic Department should pass the one million rand mark this year for the first time, and the improvement should continue into the new year. The construction of the parking garages and provision of parking meters were intended to improve traffic conditions in the city. These innovations have, however, also provided a new source of income, the importance of which can be appreciated from the following information:—

	1953	1958	1963	<i>Estimate</i> 1964-5
	R	R	R	R
Parking fees (including parking meter income)	51,236	129,487	487,678	584,540
Traffic Fines	249,218	347,362	447,356	508,000

The department recently entered into a contract to allow advertising on parking meters as from June, 1964. This further source of income can be expected to amount to R13,000 in 1964-65.

Total expenditure goes up by R207,501, of which salaries, wages and allowances account for R120,201 and loan charges for R78,448. Provision has been made for the necessary personnel required in the operation of the new Residency mechanical parking garage, which will shortly be opened to the public. Additional staff is also required as a result of the change in the method of serving summonses.

MISCELLANEOUS FUNDS

The Miscellaneous Funds comprise the European Housing Section (which is under the control of the Medical Officer of Health) and the four main accounting divisions of the Non-European Affairs Department, namely, the Coloured and Asiatic Division, the main Bantu Revenue Account, and its subsidiaries, the Bantu Beer Account and the Liquor Distribution Account.

European Housing

The estimated deficit for 1964-65 is R108,293 which is R25,526 more than for the current year. Income will increase by R11,137 but the improvement is more than countered by an increase of R36,663 in expenditure. Provision for certain new posts accounts for most of the increase.

Rents from the various housing schemes are expected to bring in R310,742 for both the current and the next financial year.

Coloured and Asiatic Division

The aim of this division is to improve the community services available for the Coloured people living in the Council's Coloured housing schemes. The absence of a proclaimed Indian group area or township within the Municipal area of Johannesburg has hampered the extension of the division's activity to embrace this racial group.

As was the case with European Housing, the deficit for 1964-65 will exceed the approximate shortfall for the current year. In this instance the deficit will increase by R47,640.

Bantu Revenue Account

Total expenditure should go up by R458,192 in 1964-65. This increase is spread as follows:—

Salaries, wages and allowances	R207,590
Miscellaneous expenses	114,589
Repairs and maintenance	35,100
Loan charges	102,770
Contributions to capital outlay	54,000

514,049

Less Increase in charge to Bantu Beer Section
and Liquor Distribution Branch

55,857

R458,192

Total income reflects an increase of R349,583 which is an improvement of slightly more than four per cent, whereas expenditure increases at a rate of almost five per cent.

Medical expenses will cost R70,230 more in 1964-65, but refunds and subsidies increase by R63,470 leaving a net increase of R6,760. Two further services, viz. electricity supply and water supply, follow a similar pattern. Expenditure on these items increases by R40,000 and the relevant income improves by R21,000.

Rents from the various housing schemes, hostels and site and service schemes go up by R77,000 during the next year and the proportions of the estimated profits transferable from the Bantu Beer Account and the Liquor Distribution Account both reflect improvements.

Bantu Beer Account and the Liquor Distribution Branch

Sales of Bantu beer may reasonably be expected to increase, and so also the profit on this undertaking, which is passed to the Bantu Revenue Account. The operating profit has increased from R883,619, the original estimate for 1963-64 to R1,271,550, the corresponding figure for 1964-65. Sales are expected to go up by nearly fifteen per cent between this year and next.

The proportion of the estimated profit of the Liquor Distribution Branch to be transferred to the Bantu Revenue Account reflects an increase, but a minor one as compared with the contribution from Bantu Beer. It is worthy of note that the amount involved is R20,120, whereas the amount which the Secretary for Bantu Administration and Development will receive is R120,720.

The sale of liquor will rise from R1,250,000 to R1,404,000 or by approximately twelve per cent. Sale of Bantu beer would appear to be increasing at a faster rate than the sale of the so-called "European liquor".

Higher expenditure in the Bantu Beer Section and the Liquor Distribution Branch is accounted for to a very large extent by the purchases of ingredients, cartons and stocks necessary for the functioning of these branches.

TRADING DEPARTMENTS

The financial statistics for the trading departments for 1964-65 are as follows:—

	<i>Expenditure</i>	<i>Income</i>	<i>Surplus</i>	<i>Deficit</i>
	R	R	R	R
Abattoir and Live- stock Market ..	757,089	769,089	12,000	
Electricity	14,769,000	15,769,000	1,000,000	
Gas	1,833,000	1,939,000	106,000	
Produce Market ..	618,750	618,750		
Transport	5,426,920	4,897,470		529,450
Water	3,147,074	4,222,000	1,074,926	
	R26,551,833	R28,215,309		

Net Surplus:

R1,663,476

Abattoir and Livestock Market Department

The drought conditions prevailing in certain areas of the Transvaal should reduce the supply of slaughter-stock to the abattoirs, resulting in a reduction in income of R2,884.

To obviate rentals being charged over a period of years for hide and skin spaces the Livestock and Meat Industries Control Board contributed an amount of R7,000 which is approximately equivalent to the capital cost of providing a hide and skin grading floor. This amount was recorded as rent received in the current year, and as this payment will not be repeated in 1964-65 an apparent loss of income is reflected.

The period for which cold storage rooms will be out of commission for overhauling will be reduced during the next year, and income from the refrigeration plant will increase by R5,345.

Total expenditure of this department will not increase materially.

Electricity Department

It is assumed that the sale of current will improve by five per cent compared with the approximate result for this year. That seems warranted, as demand increased by more than the anticipated four per cent during the first eight months of 1963-64. The development of near-boom proportions taking place in the city should affect demand both now and later. Sales of current will account for R15,450,000 during 1964-65.

Higher demand will, of course, result in increased expenditure. An additional R30,000 will be required for the purchase of coal, R11,800 for furnace oil and R5,000 for water for cooling and boiler purposes.

Repairs and maintenance will involve the department in an additional R137,860 during 1964-65. The present buoyancy of the department's revenues will make this new outlay possible without adversely

affecting contributions to either the Rate Fund or the Tariff Stabilisation Fund.

Loan charges continue to increase, and R146,389 must be added on that account. The additional load follows development at the Kelvin stations and in the distribution system as a whole.

The contribution to the Tariff Stabilisation Fund for the present year will be R 430,611 which is considerably higher than the figure originally provided for. 1964-65 should witness a further improvement and an amount of R646,040 has been included in the estimates.

Gas Department

It is significant that in this period, which should precede the final ratification of the agreement with Sasol, the Gas Department continues to make a contribution to the Rate Fund at a fairly constant rate. The following table indicates the profit or loss of the department for the last few years.

			<i>Estimated</i>	
1961	1962	1963	1964	1965
R23,207	R55,599	R127,978	R137,000	R106,000
(Deficit)	(Deficit)	(Surplus)	(Surplus)	(Surplus)

An increase in demand for gas has become apparent but the introduction of the incentive tariff has reduced the actual revenue that will be forthcoming. Nevertheless, income from the sale of gas has been stated at R3,000 above the approximate result for this year.

Sale of tar is expected to decline by R20,500. Surplus stocks of previous years have been disposed of and reduced quantities will now become available for sale.

A new item has been included in the department's estimates, viz. "investigations: proposed schemes". The R10,000 provided for this purpose is required for the building of a pilot plant and for the cost of experiments in connection with the proposed solid smokeless fuel plant.

Produce Market Department

The amount to be transferred to the Produce Market Unallocated Surplus Account in 1964-65 will be somewhat less than for 1963-64. This is accounted for to a very large extent by an appreciable drop in income.

There may be some doubt as to whether bananas will be sold by auction on the market after August, 1964. It is estimated that the loss of sales could reduce income by R40,000. The removal of the greater proportion of the retail market to the City Generating Station site should provide more operating space in the main market building and increased commission to the extent of R6,000 can be expected. The sale of certain commodities which are not readily marketable in the Bantu areas will be discontinued, and proceeds from the sale of glutted produce is expected to decline by R4,500.

An amount of R10,000 is included to cover the cost of an overseas study tour in connection with markets and their operation. This has relevance regarding the Council's agreement in principle to build a new wholesale market at City Deep.

Transport Department

The introduction of a new wage scale for the European running staff and the fact that the recent labour shortage is expected to be overcome in 1964-65, will have a pronounced effect on the expenses of this department. An analysis of the expenditure of the Transport Department will show the importance of increased emoluments.

Estimated Expenditure 1964-65

	<i>Approx.</i> 1963-64	<i>Estimated</i> 1964-65	<i>Increase or Decrease</i>
	R	R	R
Salaries, wages and allowances	2,684,820	2,814,180	129,360
Miscellaneous expenses ..	617,640	616,850	(—) 790
Repairs and maintenance ..	1,293,670	1,340,130	46,460
Loan charges	656,910	630,560	(—) 26,350
Contributions to capital out- lay	4,700	25,000	20,300
Extraordinary expenditure ..	100	200	100
	<u>R5,257,840</u>	<u>R5,426,920</u>	<u>R169,080</u>

The employment of Bantu personnel should result in an annual saving of R80,000. This will be shown as a decrease in European wages of R131,200 and an increase of R51,200 for Bantu wages.

Contemplated changes in the structure of the labour force and how these changes will affect the wage-bill can be summarised as follows:—

European Running Staff Wages and Pension Fund Contributions

Wage increase with effect from 29th March, 1964	R126,500
Wages in respect of the Parkhurst extension	2,800
Cost of increase in running staff	67,000
	<u>196,300</u>
<i>Less</i> Release of men from Bantu services	131,200
	<u>Net Increase .. R65,100</u>

Bantu Running Staff Wages

New Bantu staff	<u>R51,200</u>
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The reduction in the mileage expected to be covered by trolleybuses as a result of the substitution of buses for trolleybuses at night and during weekends will reduce the cost of traction current by R8,900 in 1964-65. The acceptance of fuel oil in bulk has reduced the cost per gallon and this should off-set any increase in cost which might result because of the greater use made of diesel buses.

Water Branch (City Engineer's Department)

Sale of water continues to improve and in the estimates under review income from this source will now total R4,126,400 or R217,176 above the approximate results for this year.

On the other hand, water purchases will cost more. The effect of the new Rand Water Board charges is to add R183,000 to the Council's water bill.

The Water Branch will contribute R1,074,926 in the coming year and R1,095,291 in the present year in aid of the Rate Fund.

SOME POINTS REGARDING THE CAPITAL ESTIMATES

A grand summary of the estimates of capital expenditure for the year ending 30th June, 1965, appears on page 92 of the printed Estimates. Details of the amounts to be provided from the various sources of finance can be ascertained from this summary.

Consolidated Loans Fund

The biggest demands on this fund are for capital projects of the City Engineer's Department and the Electricity Department.

The allotment of R6,812,600 to the City Engineer's Department is spread over the various branches as follows:—

Cleansing Branch	..	..	..	..	R240,000
Construction Branch	..	..	..	..	4,103,100
General	..	..	..	..	600,000
Sewerage Branch	..	..	..	..	1,407,500
Water Branch	..	..	..	..	462,000

The awarding of two major contracts on the north-south route of the motorway can be expected to quicken the tempo of expenditure on that project considerably during the near future. With this in mind an amount of R3,900,000 has been provided. As actual construction progresses so will the subsidies, payable by the National Transport Commission and the Provincial Administration, increase. It is convenient at this stage, to mention that in the section of the capital estimates dealing with subsidies and public contributions a sum of R2,700,000 is included for the motorway.

Of lesser financial significance, but certainly of interest, is the provision of R240,000 for the purchase of refuse bins for the Cleansing Branch. It is expected that this innovation in refuse collection will shortly be started in anticipation of changes in the By-laws and tariff structure.

An amount of R5,485,898 is required by the Electricity Department as follows:—

Generation .. .. .	.. R2,076,584
Major Distribution Expansion ..	.. 1,693,258
General Distribution Construction ..	.. 1,522,200
Sundries .. .. .	.. 193,856
	<hr/>
	R5,485,898
	<hr/> <hr/>

The biggest single item of capital expenditure in the generation section is an amount of R1,863,184 which will be required for contract payments in respect of the Kelvin "B" Station. Residual contract payments on the Kelvin "A" Station and sundry small items there will account for R93,400. The bulk of the R1,693,258, required for expansion work by the Distribution Construction Branch, is in respect of existing contracts. R100,000 is required for the purchase of land for transmission lines.

The Market Department has asked for capital funds for only one item. R730,000 is earmarked for the purchase of land at City Deep and preliminary expenses in connection with the new wholesale produce market there.

The Malvern Fire Station, where building operations are already in progress, will require R70,000 to complete.

An amount of R100,000 is provided in the estimates of the Non-European Affairs Department for the Jabulani Civic Centre. This project will eventually include a centralised office block, Bantu Urban Council chamber, communal hall and library. The ultimate cost may be as much as R300,000. To continue with the Council's ten-year plan for electrical reticulation and house wiring in the Bantu areas, an amount of R220,000 is included in the estimates. R110,000 has been provided for compensation becoming payable to the owners of private buildings in Pimville.

Special Funds

The City Engineer's Department once again figures prominently in the apportionment of available moneys from the Special Funds. Items associated with road and stormwater construction will require R2,517,000 of the total of R3,172,625 at the disposal of the City Engineer from this source.

Apart from the works which are included each year, i.e. the normal road programme, paving of footways, the stormwater control scheme and the annual allotment for major roads, there are a few new items that deserve mention. R60,000 is included for expenditure in connection with the pedestrian mall in Eloff Street, just south of the railway station. The interim provision for garden beds and verdure in and about the centre of the city is R40,000. Redevelopment of Sophiatown—Martindale (Triomf) will entail outlays on roads and stormwater control stated at R30,000, and R10,000 respectively.

Parking garages and sites are the main items in the capital programme of the Traffic Department, which receives the second largest share of moneys available from the Council's Special Funds. The construction of parking garages accounts for R706,000. To provide for future parking garages in Braamfontein and in Hillbrow an amount of R350,000 will be needed for the purchase of land.

The Council's Special Funds will provide roughly half of the R904,951 required to finance the development of parks, gardens and open spaces throughout the city. Advances from the Consolidated Loans Fund will account for the remaining amount.

At the Zoological Gardens, alteration and improvements will cost R193,105. R250,000 has been set aside for the purchase of the Parktown site.

A provision of R500,000 is made in the Estimates which is needed as a preliminary contribution for urban renewal.

A wide range of new facilities is planned for the Coloured community ranging from a swimming pool at Coronationville (R66,000) to the Fordsburg Business Centre (R100,000). R70,000 is provided in connection with the communal hall and library at Riverlea.

Housing Loans

Capital expenditure to be financed by way of Housing Loans is provided for in the Estimates as follows:

European Housing .. .. .	..	R2,622,800
Coloured and Asiatic Division .. ..	..	457,229
Non-European Affairs Department ..	..	2,226,816
		<u>R5,306,845</u>

R2,000,000 is needed for various schemes to house approximately five hundred European families. The townships involved are Bertrams, Haddon, West Turffontein and Bezuidenhout Valley. A further R500,000 will be used in Albertville.

The Coloured and Asiatic Division's allotment of R457,229 will be used to provide housing in Riverlea Extension No. 1. Money set aside for the Non-European Affairs Department will be used to provide a hostel at Jabulani, for houses in various Bantu townships, and for certain site and service schemes. Housing at Dube figures prominently in the detailed list of projects with 108 houses at R58,982 and 134 houses at R60,769.

Bantu Services Levy Fund

The Bantu Services Levy Fund is still proving a valuable means of financing capital projects such as sewerage, electricity, water and road communication in the Bantu areas. Projects are listed for 1964-65 totalling R817,000.

Government Subsidies and Public Contributions

The main item appearing in this section of the capital estimates relates to the urban motorway and has previously been discussed.

Further expenditure will be incurred at Dewetshof Extension No. 1 and at Roosevelt Park.

Finally, the Traffic Department will acquire certain stands in Braamfontein for parking garages, utilising contributions from the public amounting to R90,000.

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Classified Summary of Expenditure and Income on Rate Fund Account.

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Income from Rates Imposed on Land Values.

Schedule "C"

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Assets and Liabilities.

(Summarised statement as at 30th June, 1963).

Schedule "E"

Capital Finance Compared with Outlay.

(As at 30th June, 1963.)

RATE FUND ACCOUNT

CLASSIFIED SUMMARY OF EXPENDITURE AND INCOME ON RATE FUND ACCOUNT BASED ON ESTIMATES FOR 1964-65

	EXPENDITURE		INCOME		NET RESULT		
	Amount	Per Cent.	Amount	Per Cent.	Nett Loss or Surplus	Per R Valuation on Land	Per Cent.
	R		R		R	c	
1. ADMINISTRATION:							
City Treasurer's (Includes Estates Branch)	1,133,672	4.18	214,054	2.22	919,618	.2138	5.25
Council's General Expenses	1,340,100	4.94	60	—	1,340,040	.3116	7.65
Staff Board	311,380	1.15	—	—	311,380	.0724	1.78
Town Clerk's	363,030	1.34	300	—	362,730	.0843	2.07
Valuation	93,420	.34	1,510	.02	91,910	.0214	.53
	3,241,602	11.95	215,924	2.24	3,025,678	.7035	17.28
2. ART AND CULTURE:							
Art Gallery	74,019	.27	120	—	73,899	.0172	.42
Civic Theatre	110,533	.41	42,760	.44	67,773	.0158	.39
Public Library and Africana Museum	831,225	3.06	23,300	.25	807,925	.1872	4.61
	1,015,777	3.74	66,180	.69	949,597	.2202	5.42
3. GRANTS-IN-AID:							
Educational Organisations	131,010	.48	—	—	131,010	.0305	.75
Hospital, Charitable and Other Institutions	344,380	1.27	—	—	344,380	.0800	1.96
	475,390	1.75	—	—	475,390	.1105	2.71
4. MISCELLANEOUS:							
City Engineer's Department (Administration)	179,995	.66	2,000	.02	177,995	.0414	1.02
Organisation and Methods Division	77,573	.29	—	—	77,573	.0187	.44
Rand Airport	98,157	.36	83,400	.87	14,757	.0034	.08
	355,725	1.31	85,400	.89	270,325	.0635	1.54
5. PARKS AND COMMUNITY SERVICES:							
City, Duncan and Selborne Halls	98,074	.36	19,300	.20	78,774	.0183	.45
Golf Courses	114,373	.42	31,040	.32	83,333	.0194	.48
Community Services	297,197	1.10	3,700	.04	293,497	.0682	1.68
Parks	1,626,932	6.00	60,589	.63	1,566,343	.3642	8.94
Swimming Baths	412,584	1.52	47,450	.49	365,134	.0849	2.09
Zoological Gardens	219,877	.81	31,640	.33	188,237	.0438	1.07
	2,769,037	10.21	193,719	2.01	2,575,318	.5988	14.71

6. PROTECTION:							
Building Survey	164,399	.61	133,550	1.39	30,849	.0072	.18
Fire	757,850	2.79	98,444	1.02	659,406	.1533	3.76
Land Survey and Town Planning	261,858	.97	85,450	.89	176,408	.0410	1.01
Licensing (Net Income: Hence "Negative Outlay")	600,777	2.21	1,455,740	15.13	854,963	.1988	4.88
Public Street Lighting	434,827	1.60	6,600	.07	428,227	.0995	2.45
Traffic	1,919,968	7.08	1,113,790	11.58	806,178	.1875	4.60
	4,139,679	15.26	2,893,574	30.08	1,246,105	.2897	7.12
7. PUBLIC HEALTH							
Cemeteries	282,583	1.04	106,900	1.11	175,683	.0409	1.00
City Health	1,443,467	5.32	433,795	4.51	1,009,672	.2347	5.77
Cleansing (Sanitary)	2,003,297	7.39	1,847,784	19.21	155,513	.0362	.89
European Housing	502,655	1.85	394,362	4.10	108,293	.0252	.62
Sewage Disposal and Sewer System	3,250,722	11.98	3,250,722	33.79	—	—	—
	7,482,724	27.58	6,033,563	62.72	1,449,161	.3370	8.28
8. WORKS:							
Road Maintenance	1,886,314	6.95	131,986	1.37	1,754,328	.4079	10.02
Drainage—Stormwater	380,861	1.41	—	—	380,861	.0886	2.17
	2,267,175	8.36	131,986	1.37	2,135,189	.4965	12.19
9. NON-EUROPEAN AFFAIRS:							
Coloured Section (Deficit)	298,730	1.10	—	—	298,730	.0694	1.71
Bantu Section (Deficit)	900,321	3.32	—	—	900,321	.2094	5.14
	1,199,051	4.42	—	—	1,199,051	.2788	6.85
10. CONTRIBUTION FROM REVENUE:							
Capital Development Fund	4,030,000	14.85	—	—	4,030,000	.9371	23.02
Reserve and Trust Funds	155,000	.57	—	—	155,000	.0360	.88
	4,185,000	15.42	—	—	4,185,000	.9731	23.90
11. TOTALS	27,131,160	100.00	9,620,346	100.00			
12. NET RATE BURDEN					17,510,814	4.0716	100.00
13. BALANCED BY:							
Assessment Rate Income	—	—	—	—	13,099,980	3.0460	74.81
Trading Profits Appropriated	—	—	—	—	1,663,476	.3868	9.50
Surplus Brought Forward	—	—	—	—	2,999,659	.6975	17.13
					17,763,115	4.1303	101.44
Deduct Surplus Carried Forward					252,301	.0587	1.44
TOTAL					17,510,814	4.0716	100.00

SCHEDULE B.

INCOME FROM GENERAL RATES IMPOSED ON LAND VALUES

1	2	3	4	5	6	7
Year (New valuation rolls for all years except the last).	Average Land Value on which Rates Imposed (Rounded)	Rate in the Rand (Rounded)	Basic Rate Income	Rate on Mining Improvements, Special Rates etc.	Total Rate Income	Prescribed Limit to Income from Rates on Land (But see note)
	R	c	R	R	R	R
1931-32	46,300,000	2.621	1,205,696	43,274	1,248,970	1,350,000
1934-35	55,009,000	2.083	1,146,012	24,635	1,170,647	1,604,000
1937-38	99,392,000	1.667	1,656,537	18,160	1,674,697	2,899,000
1940-41	115,956,000	1.667	1,932,603	20,798	1,953,401	3,382,000
1943-44	124,301,000	2.500	3,107,526	30,897	3,138,423	3,625,000
1946-47	179,203,000	2.708	4,853,418	32,954	4,886,372	5,227,000
1949-50	336,621,000	1.667	5,610,353	21,879	5,632,232	9,818,000
1952-53	377,254,000	1.667	6,289,236	23,372	6,312,608	11,106,000
1955-56	400,916,000	1.875	7,511,002	30,168	7,541,170	11,695,000
1958-59	423,195,000	.188	9,239,034	35,324	9,274,358	12,335,000
1961-62	425,910,000	2.500	10,647,751	43,765	10,691,516	12,413,000
1964-65 (Estimate)	430,067,000	3.000	12,900,200	199,780	13,099,980	12,900,200

*This maximum (equivalent to three per cent of rateable land valuations) may be increased with the Administrator's approval.

GENERAL AND FINANCIAL STATISTICS

Details	1952-53	1957-58	1962-63
General:			
Area of City (acres)	59,939	59,939	60,453
Population:			
European	350,500	368,300	374,800
Other	454,200	607,700	1,073,110
Total (estimated)	804,700	976,000	1,447,910
Rates and Assessments:	R	R	R
Net Rateable Value			
Land	378,952,296	400,986,934	427,227,520
Improvements	427,564,392	510,770,112	659,612,382
Total ..	806,516,688	911,757,046	1,086,839,902
Product of $\frac{1}{4}$ c Rate (On site values only)	1,578,964	1,670,780	2,136,138
General Rate in R levied (Ditto) ..	1.667c	2.167c	2.50c
Amount Raised from Rate:			
General Rate	6,312,608	8,347,728	10,715,896
Special Road Rate (Ceased 1953/54)	734,290	—	—
General Rate per Head of Total Population	7.84	8.55	9.99
Assets and Liabilities:			
Total Assets	186,522,950	295,525,550	425,728,529
Total Liabilities	111,969,994	172,175,850	243,075,139
Surplus of Assets over Liabilities ..	74,552,956	123,349,700	182,653,390
Revenue:			
Total Revenue for the Year	32,836,902	44,192,928	57,477,118
Loans:	R	R	R
Raised by Stock Issues	94,076,358	115,076,358	163,076,358
Government Housing	13,287,284	22,498,622	34,283,756
Direct from Capital Development Fund	—	8,335,528	28,346,546
Direct for Reserve and Trust Fund ..	4,730,076	4,535,766	4,508,072
Bantu Services Levy Fund	—	582,732	1,709,578
Outside Bodies	—	3,095,812	6,103,671
Total	112,093,718	154,124,818	238,027,981
Repayment of the above	20,318,880	28,180,682	51,091,173
Total	91,774,838	125,944,136	186,936,808
Borrowings from Special Funds of the Council	10,848,942	25,518,714	31,374,348
Total	102,623,780	151,462,850	218,311,156
Less—Temporary Advance to Revenue Account	1,733,764	—	—
Temporary Advances from Revenue Account	—	5,126,836	6,405,390
Loans Outstanding	100,890,016	156,589,686	224,716,546
Held in Liquid Resources	30,867,686	30,903,980	45,315,674
Total	70,022,330	125,685,706	179,400,872
Net Loan Debt per Head of Total Population	87.02	128.78	167.18

SCHEDULE D.

CITY OF JOHANNESBURG
SUMMARISED STATEMENT OF ASSETS AND LIABILITIES AT 30th JUNE, 1963

CAPITAL LIABILITIES					CAPITAL ASSETS:				
Loans Outstanding ..	..	..	..	R224,716,546	Capital Outlay ..	..	..	..	R302,396,111
Surplus ..	..	..	..	128,708,763	Sundry Debtors ..	..	..	..	5,713,524
				353,425,309	Investments ..	..	..	..	45,315,674
				353,425,309					353,425,309
REVENUE LIABILITIES:					REVENUE ASSETS:				
Temporary Loans ..	..	..	..	1,792,780	Stores ..	..	..	..	4,038,532
Sundry Creditors ..	..	..	..	8,286,635	Sundry Debtors ..	..	..	..	7,364,466
Special Funds ..	..	..	..	59,863,345	Investments—Special Funds ..	..	..	..	59,863,345
Surplus ..	..	..	..	2,360,460	Cash ..	..	..	..	1,036,877
				72,303,220					72,303,220
				R425,728,529					R425,728,529

SCHEDULE E.

CAPITAL FINANCE COMPARED WITH OUTLAY

(AS AT 30TH JUNE, 1963)

	R	R	R	%
External Loan Debt				
1. Government Housing Loans ..			30,149,353	10
2. Long-term Loans			131,077,360	43
3. Short-term Borrowings			6,405,390	2
4.			167,632,103	55
5. <i>Deduct</i> : Liquid Investments ..			45,315,674	15
6.			122,316,429	40
7. Short-term Internal Borrowings ..			16,781,452	6
8. Trust Funds and Specific Provisions	7,060,248			
9. General Insurance Fund	4,323,350			
10. Tariff Stabilisation Funds ..	2,989,052			
11. Maintenance of Buildings Reserve	2,408,802			
12.			139,097,881	46
13. <i>Deduct</i> Sundry Debtors			5,713,524	2
14. A. Capital Outlay from Net Borrowings			133,384,357	44
15. B. Capital Outlay from Permanent Pools		40,302,991		13
16. Capital Development Fund	28,126,054			
17. Permanent Capital Reserves	12,176,937		169,011,754	
18. C. Capital Assets Fully Paid Off ..		128,708,763		43
19. Property and Permanent Works (at cost)	108,126,694			
20. Other Capital Outlay	20,582,069			
21. Total Capital Outlay:			<u>R302,396,111</u>	<u>100</u>

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