



City of Johannesburg

ESTIMATES — 1966-67

Budget Speech

of the

Acting Chairman, Management Committee

COUNCILLOR

P. R. B. LEWIS

24th JUNE, 1966



City of Johannesburg

1966-67

COUNCILLOR B. D. EAGAR (*Mayor*)

COUNCILLOR C. J. ROSS-SPENCER (*Deputy Mayor*)

MEMBERS OF THE MANAGEMENT COMMITTEE

P. R. B. LEWIS (*Acting Chairman*)

P. M. Roos (*Chairman on Leave of Absence*)

J. F. Oberholzer, M.P.C.

M. L. Neppe

A. B. Widman, M.P.C.

H. B. Ismay (*Temporary Member*)

ROSS BLAINE
(*Town Clerk*)

W. CARINE
(*City Treasurer*)

City of Johannesburg

ESTIMATES, 1966-67

Summary of Estimates of Income and Expenditure for the Year ending
30th June, 1967.

				INCOME	
				R	R
Surplus 30th June, 1966	...	...	...		2,581,714
Ordinary Income	...	...	...		73,563,302
Capital Funds to be provided from:					
Consolidated Loans Fund	...	...	...	20,625,782	
Special Funds	...	...	...	6,617,881	
Government Subsidies and Public Contributions	...	...	...	4,130,155	
Housing Loans	...	...	...	8,119,302	
Bantu Services Levy Fund	...	...	...	1,011,820	
Bantu Beer and Liquor Profit Appropriations	...	...	...	200,000	
Revenue Appropriations	...	...	...	1,842,000	
					42,546,940
					<u>R118,691,956</u>
EXPENDITURE					
Ordinary Expenditure	...	...	...		76,123,904
Capital Expenditure	...	...	...		42,546,940
Surplus, 30th June, 1967	...	...	...		21,112
					<u>R118,691,956</u>

ESTIMATES, 1966-67

Mr. Mayor and Fellow Councillors,

THE City's budget for 1966-67 is presented to you against a background of conflicting purposes and directives of unusual intensity. Any budget normally represents some measure of compromise between a multiplicity of ends, desirable, essential, even imperative in the eyes of their respective proponents, and the allocation of resources which are necessarily restricted within clearly-defined limits, but this year the Management Committee has found itself under intensified pressure because of the demands, on the one hand, for a higher standard in the provision of existing amenities and an extension of their scope into new and wider fields, as against the reiterated directives from the Central Government for the restriction of expenditure to items of an urgent and essential nature. The problems are further complicated by the need, forcibly brought home to the Council in the reports submitted to it by the members of the team which spent so much time and effort last year in observing the failures and successes of communities overseas in dealing with similar exigencies and complexities, to lay the foundations now for the orderly and prosperous development of the city in the years to come. Add to this the inexorable pressure of the rising tide of inflation on the cost of materials and services, and it will be apparent that the Committee has been faced with no easy task. The extent of the adjustments found necessary can be judged from the fact that, as originally submitted, the estimates of expenditure on revenue account amounted to R80,099,331 (an increase of over R7 million on the approximate results for 1965-66), and on capital account R50,815,074 (over R14 million more than 1965-66). Since it was quite impossible to find additional income to meet the deficit on revenue account of R5,650,000 which these figures revealed, reductions had to be made in expenditure. With the assistance and co-operation of heads of departments and the Section 60 Committees this was done, and you will see from the summary appearing on the first page of the Estimates that the revised figures provide for expenditure of R76,123,904 on revenue account, giving a surplus of R21,112 at the 30th June, 1967. This has been done without the necessity for recommending any alteration in the existing assessment rate levy of 3 cents in the Rand. Expenditure on capital account has been brought down to R42,546,940, a reduction of over R8 million.

Approximate Results for 1965-66

Strict control is maintained over the Council's expenditure to ensure that it follows the lines of the approved budget, and to some extent it is possible to guide it as the year progresses, but the same control cannot be exercised over revenue receipts. The approximate results obtained by reference to the known figures for the year to date show that expenditure on revenue account will be just over R65,000 less than the original estimate, and that ordinary income will show an improvement of R1,164,000. Taking the accumulated surplus on the Rate Fund at 30th June, 1965, into account the Council should be able to start the year before us with a surplus of over R2½ million.

The original estimates adopted twelve months ago provided for capital expenditure of R36,387,966. But to comply with the request of the Secretary for Finance, received in September, 1965, to review expenditure and make reductions wherever possible this figure was cut down by nearly R2½ million to R34,048,012, and it is expected that when the final accounts for the financial year 1965-66 are completed the capital expenditure incurred will be within this revised figure.

The Revenue Estimates for 1966-67

Ordinary expenditure on revenue account for the coming year, after allowing for the appropriation of R1,000,000 for capital expenditure, is estimated at approximately R76,124,000, to meet which we have income which is expected to total R73,563,000 leaving a shortfall of income as compared with expenditure of some R2,561,000. The estimated surplus to be brought forward from the current year of R2,582,000 will offset this shortfall and leave a nominal surplus of R21,112.

The City's expenditure on revenue account is increasing at a very rapid rate — the twofold effect of the expansion in the provision of services, with increased capital expenditure, and the rising spiral of costs. Twenty years ago ordinary expenditure for the year was just over R19 million, less than a quarter of today's figures. Our main source of finance for non-remunerative services, the assessment rates, has only increased over the same period from R4·8 million to R13·4 million — a ratio of one to three. It is clear that the Council has to rely to a substantial extent on charges for amenities and services to meet its current commitments. Assessment rates will account for 18 per cent of the gross estimated ordinary income for the next financial year, charges by departments other than miscellaneous fund and trading departments will account for 15½ per cent, trading departments for 43½ per cent, and miscellaneous income, including rents and liquor sales for 23 per cent.

For several years local authorities throughout the Republic have been hoping that the report of the Borckenhagen Committee would indicate suitable sources of additional revenue to help overcome the difficulties imposed by the relative inelasticity of the rating system. It is understood that the final report of the Committee is now in the hands of the Government, but as yet there are no indications of the extent to which the hopes of local authorities are likely to be realised, nor of when, if at all, the new sources will become available. Until this information is released the Council will have to rely upon its traditional sources of revenue to meet its ever-growing requirements.

Of the trading departments, the produce market surpluses are reserved for market purposes, the abattoir makes no more than a token contribution to general revenues, the gas department should contribute R140,780 and the transport department is expected to show a loss of R766,390 during the coming year. The water branch has in the past been relied upon to provide surpluses in the vicinity of R1 million in support of the rate fund, but the drop in consumption brought about by the need to conserve water supplies is expected to reduce the contribution in the current year by R388,000. The Council has approved of an increase in the water tariff of approximately 2½ cents per thousand gallons (the

first increase since 1935), but this will do no more than offset the additional charges imposed by the Rand Water Board, and the estimated surplus from this source for 1966-67 is only R800,000. The revenue of the electricity department remains buoyant and it is expected that the net contribution in aid of rates from this source will be R1,295,200 during 1966-67.

In April the Council took the opportunity, when considering long-term proposals for providing for the City's electricity requirements, to review the allocation of the Electricity Department's profits. For many years R1 million of these profits have been transferred in aid of rates, the balance going to a tariff stabilisation fund. Because of the favourable ten-year coal contract, and the effect of the lower capital charges per kilowatt and the higher machine efficiencies provided by the new plant gradually coming into commission, profit ratios should show a substantial improvement. This improvement can be accelerated, and at the same time the Council's need to rely on borrowed money reduced, if a proportion of the profits is used for capital purposes. The Council has therefore decided that in future 40 per cent (with a minimum of R1 million) of the electricity profits will go to the Rate Fund, and of the balance 60 per cent will go to the Capital Development Fund, earmarked for the Department's requirements, and 40 per cent will be used as a direct contribution to capital. The tariff stabilisation fund now stands at over R3½ million, and as this should be adequate for its purpose, no further contributions are needed at present.

It was necessary during the current year to revise the refuse removal charges, consequently the receipts from this source are expected to be some R360,000 higher than the original estimate this year, and to show a further increase of rather more than R½ million in 1966-67. This increase will not, however, be available to help balance the budget, since the net surplus will be held in the tariff stabilisation fund.

The receipts from the sale of Bantu beer are expected to exceed R5 million while the income of the liquor distribution branch should reach R3 million in the coming year. Eighty per cent of the profit on liquor sales, of course, goes to the Central Government, whilst the bantu beer profits may only be used for restricted purposes.

The Council's decision to take over the maintenance of parking meters has resulted in an appreciable improvement in the general standard of maintenance, and this satisfactory state of affairs is clearly reflected in the revenue from this source, which is expected to be R64,000 higher than the original estimate in the current year, and to reach a total of R300,000 in 1966-67.

The Capital Estimates

Capital expenditure has been set out in a new form in the 1966-67 Estimates, and a summary will be found on page 103 which gives the grand total of expenditure under departmental headings, analysed in columnar form under the main headings of the sources from which the expenditure is to be met. The following pages show the details of expenditure set out in the same way, and it is hoped that this method will be found easier to follow than the previous one in which expenditure details

were shown in separate groups. The total capital expenditure for the year is estimated at R42,546,940, which is an increase of rather more than R6 million over the current year's estimate. This comparison does not take into account the reduction of nearly R2½ million which the Council made in its spending programme at the special request of the Secretary for Finance. In fact, it is possible that some of the additional expenditure which will have to be incurred next year has resulted from the postponement of works because of the curtailment of current expenditure. The increase of R6 million is made up of just over R4 million from the Consolidated Loans Fund and R1·8 million from direct appropriations from the revenue of the Electricity Department. Reference has already been made to the Council's decision to make specific provision from the revenue of this department to meet future capital expenditure, which includes R2½ million for the gas turbine installation at the City generating station, over R13 million for the final completion of Kelvin "B" power station, and R39½ million for the first stage of the proposed new power station to the south of the city. The last is, of course, dependent upon the approval of the scheme by the Electricity Control Board and the Administrator. All the expenditure will be spread over several years, and the requirements of the department for 1966-67 are nearly R8 million, made up of R1·8 million for the City generating station, R2·5 million for Kelvin, R3·4 million for distribution and sundries, and R125,000 for preliminary expenses for the new station.

It is expected that nearly R5 million will be spent on the motorways, and R1,134,000 on the major road programme. Pavement construction will absorb R419,000 and stormwater projects R400,000. In all the City Engineer's department estimates that it will spend over R10 million in the coming year.

Reference was made last year to the pooling of the estimated requirements for the purchase of land. This has proved most successful, and has been done again in the Estimates before you, where you will find that some R6 million has been provided for this purpose in the City Treasurer's department, Estates branch.

The greater part of the amount of R13·4 million provided under the heading of Miscellaneous Funds is for housing, about which I shall have something to say later on. Over R2 million is expected to be spent on the new bantu beer brewery and packaging plant.

Ratepayers and the Rates

For many years local authorities, in those parts of the world where their main source of revenue is a tax based on the ownership or occupation of fixed property, have been faced with the difficulty of meeting rapidly-rising costs and expanding responsibilities from a relatively slow-moving source of revenue. In Britain, the Labour Government has gone so far as to appoint a commission to find a satisfactory alternative to the rating system. There are already indications, however, that this commission's task is likely to prove far more difficult than was originally supposed. The South African system differs radically from the British in that the rate is based on the capital value of property and is payable by the owner. Fortunately we do not have to juggle with such legalistic monsters as

notional rental values, nor is the rate directly affected by variations in the occupancy ratio. It is interesting to observe that over the years the distribution of the rate burden in Johannesburg has remained remarkably stable, notwithstanding the trends towards suburban shopping centres, the outward spread of new townships, and so on. The centre of the city, that is, roughly the area within the radius of a mile from the city hall, covering just over 3 per cent of the city's area, provides half of the rate income. The area within three miles of the city hall, representing about 30 per cent of the total, provides over 70 per cent of the rates, and the remaining 70 per cent of the city contributes the rest. This seems to indicate that the major part of the rate burden is redistributed on an equitable, and almost painless, basis through the profit and loss accounts of commerce and industry.

Greater Johannesburg

A commission of enquiry under the chairmanship of Mr. J. J. S. van der Spuy, Chairman of the Local Government Advisory Board, was set up primarily to investigate a proposal to establish a new town near Johannesburg's north-eastern periphery. As a result of representations by various local authorities the Commission's terms of reference were changed to enable it to deal with the claims of Edenvale, Bedfordview, Randburg and Roodepoort for certain expansions of boundaries, and of Johannesburg for the incorporation of the proposed new town as well as Randburg and certain Peri-Urban Health Board Areas to the north-west of the City. The City Council's basic objectives are the co-ordination of control and of planning in the area, and also an orderly development towards common standards of services, facilities and amenities.

The Commission is presently in recess, and sittings will be resumed in July, 1966. There would seem to be still some appreciable way to go, and the outcome cannot at this time be anticipated. Consequently, the estimates for 1966-67 do not make any provision for the northward extension of the boundaries of Johannesburg.

Housing

Provision has been made in the estimates for the expenditure of some R8 million on housing to be financed from Government housing loans, and I would like to refer to certain of the more important items making up this substantial total.

In the case of European housing, there is every indication that the Council's immediate programme of 4,000 additional dwelling units is getting well under way. 174 houses will be constructed in the first stage of the new scheme at Claremont, now to be re-named Helderberg. Approximately 800 economic houses and flats, including the duplex type, are planned for in various schemes in Bezuidenhout Valley, South Hills, West Turffontein and Haddon, on all of which it is hoped to make a start during the year. Although not expressly referred to in the Estimates, the planning of the Vrededorp pilot scheme, to be sited on what was the Vrededorp compound, has reached an advanced stage and an application for the necessary loan should be made fairly soon. In conformity with the policy that aged people should not be isolated from the community,

provision is being made for their accommodation within these schemes on a sub-economic basis. It is also of interest to note that the Council has accepted in principle the need itself to subsidise the single and double units for the aged, in addition to the subsidy granted by the Government through the interest rate on loans, in order to keep rentals at a level appropriate to the old-age pension.

Perhaps the main point of interest in connection with Coloured housing is that the Council has negotiated a contract for the construction of 900 flats in Newclare and a further 320 flats and row-houses in Westlea Extension No. 1. The contractor will use an industrial method of building and is expected to move on to the site in a few weeks' time. These schemes will provide the elbow-room necessary for the clearance and development of other areas and will, in particular, enable the re-development of the remainder of Westlea to proceed. More flats in Riverlea, numbering 134, are awaiting the approval of the National Housing Commission and an extension of the popular selling scheme in the same area is included in the Estimates.

I should not leave this brief reference to Coloured housing without mentioning that the cordial co-operation between the Council and the State Committee under the chairmanship of Mr. J. H. Niemand continues. Working as we have done with the mutual desire to solve a thorny problem, I believe that gratifying progress has been made towards the ultimate aim of decent housing for the entire Coloured population, although a good deal of hard work still lies ahead. The assistance given by the Department of Community Development with the acquisition of properties in Newclare, both for the 900 flats and for the civic centre, has been invaluable.

In the case of Bantu housing, provision is made for the completion of the 1,289 houses in the Klipspruit scheme, which is the first stage in the total of some 7,000 houses required for the re-settlement of the inhabitants of the old Pimville. A sum of R850,000 is provided for additional hostels. In this connection, an application for the approval of the Lifateng hostel to accommodate 4,192 single men has been before the Bantu Housing Board for several months but difficulties in connection with the design of the hostel have proved a delaying factor.

National housing loans are required for the purchase of land for an agreed, but minor, extension of Eastern Bantu Township; for the re-siting of the Wemmer hostel which will be largely taken up for a motorway; and at Protea. The shortage of suitable ground within a reasonable distance of the city remains a problem, and the dwellings required each year because of the natural increase in the population will soon make it imperative to find a solution. Proposed housing schemes, as distinct from hostels, are provided for to the extent of R900,000.

The housing estimates are a measure of what the Council feels it necessary and physically possible to accomplish during the coming year, but naturally actual progress will be determined to a large extent by the funds made available. Like other capital projects in the public sector, housing is affected by the present curb on spending and it is perhaps not surprising that the Department of Community Development has appeared

recently to have been more than usually selective in the deployment of its resources. As it turns out, the amounts allocated to the Council for the Government's financial year ending in March next will enable reasonable progress to be made with approved European and Coloured schemes. The position with regard to Bantu schemes is not so re-assuring. The amount provided for the Klipspruit scheme in particular will not permit of the scheme being completed by due date. The matter is being taken up with the Department and it may be that the Council will have to finance the scheme itself until such time as the Department has additional funds for allocation.

The Housing Accounts

At this stage it would not be inappropriate to refer to the deficit on the Bantu Revenue Account, estimated for the year 1966-67 at R851,649. The greater part of the expenditure on the account is bound up with housing and the provision of services related to housing and communal living. The Council has endeavoured to provide adequate recreational and medical facilities and to provide reasonable welfare services.

Looking at this as a housing matter, it is relevant to note that the Council's other two housing accounts are also expected to run into deficit. According to the Estimates the shortfall on European housing will be R307,412 and that on the Coloured and Asiatic Division R359,936. Having regard to the number of people served, the per capita cost to the Rate Fund is far greater in the cases of Europeans and Coloureds than in the case of Bantu.

Although it might be a statement of the obvious, it needs to be emphasised that the Council's responsibility for housing is towards the lower income groups of the community. Whatever the racial group, it is a fact which exercises the minds of those concerned with housing almost daily that the costs of housing, even on the relatively austere standards that must necessarily be resorted to, cause economic rents to be too high for many of those who are classified as economic in relation to arbitrary income limits. The Council has repeatedly pressed for concessions such as lower interest rates and higher income limits, and will continue to do so. In the meantime, the Council is under considerable constraint to keep rentals of new schemes at the lowest possible level, even to the point where there is doubt from the outset that they are truly economic.

To mention but one or two of the difficulties, the Chairman of the Management Committee on a similar occasion last year drew attention to the directive from the housing authorities that the provision for maintenance of dwellings included in rentals should be limited to $1\frac{1}{4}$ per cent of capital cost, this notwithstanding that the Council's experience has shown $1\frac{1}{4}$ per cent to be inadequate. Because of the shortage of land, much of the new development, especially for Europeans and Coloureds, is planned on a high density basis. The planners consider it essential, and I believe most people would agree, that the environmental atmosphere of this type of scheme should be enhanced by garden surroundings. Garden layouts are expensive to establish and to maintain and they are peculiar in that, being intended for the benefit of the tenants, they cannot

be regarded as public parks and thus chargeable as a matter of course to the Rate Fund. On the other hand rentals are already at an unavoidably high level and they can only be increased if still more of the families in the lower reaches of the so-called economic group are excluded from participation in the schemes.

Rentals should and indeed must be reviewed from time to time, but those who are quick to advocate the elimination of deficits on housing accounts are sometimes less than sensitive to the difficulties and hardships their course of action would aggravate, and to the new problems it might create. In the case of Bantu housing, it is worth remembering that the Council is the sole landlord of the entire population of Soweto, the largest close settlement of Bantu in the Republic, and any general increase of rents designed to relieve the Rate Fund of its burden might have implications stretching beyond the purely financial.

The Council's Farms

I would like to tell you something about another of the Council's activities. In close liaison with various Governmental agencies, gratifying progress continues to be made in connection with the Council's beef-cropping schemes at Olifantsvlei sewage treatment works and at the still growing Northern Works. At the latter, because it could start from scratch, the Council already has a herd of which any producer would be justly proud, and which is of considerable importance to all producers and consumers because of the scope of facilities for scientific experimentation and selective breeding and cropping.

More immediately important perhaps from the financial point of view, is the fact that within two years or so the Northern breeding herd is quite likely to be fully established, and cropping of top quality beef can then be done on the basis of using the full capacity of the farm. Even in the financial year now ending, 1,900 beef animals with a carcass weight totalling nearly 920,000 lbs. will have been sold for about R160,000. Notwithstanding that culling is still going on, beasts sold from the Northern farm are already showing a price advantage over those from Olifantsvlei. Fairly recent sales were at an average of R93 and R88½ each respectively.

With such prevailing prices, the book value of the herds may appear a little conservative. Beef animals for building up are taken at R65 each, and cows at the same figure. Two thousand eight hundred and fifty breeding heifers and maidens are shown at an average of R53½ a piece. There are getting on for one thousand yearlings, mainly at Olifantsvlei, and about half as many again of calves and weaners. They are approximately equally divided between the two farms. Excluding the thirty bulls in the south-western area and the eleven in the north, the written down value of the herds is close to R390,000 for over 7,600 fine animals. How to value the bulls is a problem; for the Council has bought and developed some magnificent creatures, whose worth will appear ultimately through their progeny.

Planning for To-morrow

Before going on to mention one or two aspects of the planning that is presently going on for the brave new Johannesburg of to-morrow, reference might usefully be made to certain major development that is already in progress.

Modern roads, and in fact just about all road improvements, create an immediate demand for more of their kind. They are expensive, too; and notwithstanding impressive technological advances, costs tend ever to mount. That is an additional aggravating factor when so large a proportion of the outlays has to be met by taxation in one form or another — notably the assessment rates.

Johannesburg's present programme of motorways was expected in 1961 to cost R45 million in capital, of which R21 million was to come by way of subsidies from the Transvaal Provincial Administration and the National Transport Commission. The passage of only five years has radically changed the picture. Even if construction costs were to stabilize themselves at current levels, they would be about one third higher than originally estimated, so that there is good reason for the Council to seek an increase of subsidies by at least R7 million, as has been done. One should say at least R7 million, because even with that aid the Council would itself have to find another R4,200,000 for extra construction costs alone. That is quite apart from the fact that the Council is solely responsible for the costs of land acquisitions. They were originally expected to be nearly R12 million; but by indications up to this stage, R16 million to R17½ million seems more likely.

The Rate Fund has not yet felt the impact of loan charges, because it was decided in 1961 to fund the cost of motorways only to the extent that they were opened to traffic, interest payable on borrowings being added to actual purchase and construction costs in the meantime. That meant that the Council would ultimately be paying loan charges on R30 million rather than R25 million. Now, as has been shown, the total might ultimately be R40 million, even with considerable additional aid from higher authority, and disregarding the changes that have been going on in the pattern of interest rates. As soon as clarification has been obtained regarding the principle of sharing new costs, the Council will probably need to review its scheme of financing, with a view to a steady rather than a sporadic growth of annual capital charges.

To sum up regarding roads, the streets, pavements, storm drains and allied works have involved a capital outlay over the last thirty years of R42¾ million. That capital charges in respect of this considerable outlay have been kept down to the current year's figure of a little over 3%, or less than R1½ million, is mainly attributable to the buoyancy of revenues in times past, and to the sober good sense of successive Councils. They built roads out of current revenues whenever possible; and when the going got heavy and the times called for a more sophisticated approach, they introduced the Capital Development Fund to conserve whatever annual appropriations could be afforded out of general revenues for capital purposes. The Fund claims no interest in respect of repayable advances for roads.

It has been pointed out that the Council itself may have to find R40 million to R47 million for motorways alone. How and when to raise that kind of additional money in the market will need more than a little pondering. Then too, at current interest rates, an annuity type loan of that magnitude could involve annual charges of R3 million to R3 $\frac{3}{4}$ million a year, or very nearly a cent in the Rand of land value. Capital outlays on other roads and similar works are of the order of R2 $\frac{1}{2}$ million a year, while ordinary maintenance costs are presently running at nearly R1 $\frac{3}{4}$ million a year.

The impressive figures which have been quoted concern only one facet of a wider problem. The Council's recent mission overseas, for instance, has helped considerably to crystallise views on urban renewal. In particular, in this context, it has shown that this is a field of endeavour which the Council cannot explore alone. Both the State and private enterprise must play their parts. There have been re-assuring signs that the Government is deeply concerned about the problem and, depending on the experience gained from one or two pilot schemes about to be undertaken, some declaration of policy on the financial assistance to be given to local authorities may be expected in the near future. Nevertheless, within Johannesburg, the initiative and the main burden of responsibility are likely to remain with the Council.

Reference to the Estimates will show that the deficit expected on passenger transport next year is R766,390, having risen by no less than R145,630 from the loss originally estimated for this year. Current thinking, at least among the City's planners, is very much in the direction of the expansion and improvement of the public transport system despite the costs involved, and presumably the deficit contemplated for next year must be regarded as a starting point only.

I could go on to discuss the financial implications of the extension of boundaries, traffic control, beautification of the city, urban lungs, recreation facilities, and so on, but I wonder whether the point has not already been made. Intensive and extensive planning is called for as a matter of urgency, but that does not mean physical planning only. Financially speaking, suits must be cut to fit the available cloth.

Conclusion

I am sure that from what I have said a clear picture emerges. Once again, by a careful consideration of priorities, the City's needs have been balanced against its available resources. This has been done in the full realisation of the general direction in which the City's future should be planned and guided. That there are problems ahead is clear, but I believe I can say, with so many of my predecessors, that these problems can be faced with confidence in the knowledge of the basic soundness of the City's finances.

P. R. B. LEWIS,
Acting Chairman, Management Committee.

AGGREGATE EXPENDITURE FIGURES RELATED TO THE NET REVENUE BUDGET
COMPARISON APPROXIMATE RESULT, 1965/66, WITH BUDGET, 1966/67

1	2		3		4		5		6		7		8		9	
	Public Service Sections		Internal Service Sections		Approximate Result 1965/66		Estimate 1966/67		Totals		Approximate Result 1965/66		Estimate 1966/67		Increase (Col. 7 minus Col. 6)	
	R	R	R	R	R	R	R	R	R	R	R	R	R	R	%	
Emoluments:																
A. European	A 11,265,949	13,652,239	A 6,230,756	7,128,162	A 17,496,705	20,780,401	A 3,283,696	18.8								
B. Other	B 6,663,700	7,043,345	B 4,131,831	4,294,565	B 10,795,531	11,337,910	B 542,379	5.0								
C.	C 17,929,649	20,695,584	C 10,362,587	11,422,727	C 28,292,236	32,118,311	C 3,826,075	13.5								
D. Miscellaneous Expenses ..	D 35,199,679	36,830,148	D 8,033,836	8,266,110	D 43,233,515	45,096,258	D 1,862,743	4.3								
E. Repairs and Maintenance ..	E 6,469,212	6,742,285	E 1,107,437	1,121,182	E 7,576,649	7,863,467	E 286,818	3.8								
F. Loan Charges	F 17,081,313	18,491,044	F 576,714	626,586	F 17,658,027	19,117,630	F 1,459,603	8.4								
G. Contributions to Capital Outlay	G 923,098	1,007,380	G 102,898	125,523	G 1,025,996	1,132,903	G 106,907	10.4								
H. Extraordinary Expenditure ..	H 5,334,045	4,119,777	H —	—	H 5,334,045	4,119,777	H (—) 1,214,268	(—) 22.8								
J. Gross Prime Totals	J 82,936,996	87,886,218	J 20,183,472	21,562,128	J 103,120,468	109,448,346	J 6,327,878	6.1								
K. Deduct Redistributions	K 11,731,334	12,475,871	K 20,183,472	21,562,128	K 31,914,806	34,037,999	K 2,123,193	6.6								
L.	L R71,205,662	R75,410,347			L 71,205,662	75,410,347	L 4,204,685	5.4								
M. Grants-in-Aid					M 708,134	713,557	M 5,423	0.8								
N.					N R71,913,796	R76,123,904	N R4,210,108	5.9								

ESTIMATES, 1966-67

ADDENDUM TO THE BUDGET SPEECH

The Main Figures and Explanatory Details of Income and Expenditure of Departments

THE purpose of this addendum and its annexures is to supplement the general statement of affairs made in the budget speech itself, by setting out income and expenditure on revenue account under departmental headings, and detailing the main features of capital expenditure provision for 1966-67.

Aggregate expenditure 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. Columns 4 and 5 in the table reflect the approximate result for 1965-66 and the estimate for 1966-67 of the so-called "Internal Service Sections" — those sections of the municipal organisation 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. The expenses relating to the other activities of the Council are classified as belonging to the "Public Service Sections".

Aggregate ordinary expenditure as shown in line N of the summary, will increase by R4.2 million or by somewhat more than 5.9%.

Total emoluments (line C) show a maximum probable rise of 13.5 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. The reasons for the rise are common. To prevent repetitiveness when the sectional budgets are discussed, it should be said that departmental estimates tend to be framed on the assumption, usually optimistic, that all vacant positions will be filled. That, of course, results in an immediate apparent difference between the figures for one year and the next. Then, too, the new scales of salaries for certain senior officials as fixed by an arbitration award last April will be operative for a full year.

The growth pattern of miscellaneous expenses, indicated in line D of the summary, shows little change from that for the 1965-66 budget. Nevertheless the actual amount involved, almost R2 million, is substantial. Reasons for the rise are various, and will be dealt with when the individual departmental estimates are discussed. The advance in the amount allowed for repairs and maintenance (line E) shows a remarkably steady pattern over the years. If it be remembered that this item of cost inevitably moves up in sympathy with the capital expenditure of previous years, no further comment is necessary.

Loan charges, in line F, reflect a large increase as usual, both proportionately and absolutely. The considerable programme of capital works for the next decade is obviously going to have a serious effect in regard to this item. Expenditure on capital works during the current year and that forecast for 1966-67 will force loan charges up by over 8 per cent.

Grants-in-aid account for R713,557 and the individual payments involved for Europeans appear on page 35 of the Estimates, for Bantu on page 69 and for Coloureds on page 64.

Art Gallery

Revenue Estimates, 1966—67:					
Expenditure	..	..	..	..	R90,729
Income	..	..	..	..	1,820
Capital Expenditure, 1966—67:					
	..	..	..	..	40,000

The increase in revenue expenditure of the Art Gallery in the new year as compared with the current year is R3,465. The true position is, however, obscured because the annual provision for the contribution to the Council's special funds to finance the purchase of exhibits is not reflected in the estimates of the Art Gallery this year. The contribution has in fact gone up from R10,000 to R30,000.

In the estimates of capital expenditure R30,000 has been set down for the purchase of pictures and works of art and R10,000 for preliminary expenditure regarding a new Art Gallery.

City Engineer's Department (excluding Water Branch)

The income and expenditure estimates of the rate fund accounts of the City Engineer's Department for 1966-67 may be summarised as follows:—

<i>Branch</i>					<i>Income</i>	<i>Expenditure</i>
					R	R
Administration	..	..	..	..	6,800	296,933
Building Survey	..	..	..	..	147,000	182,034
Cleansing	..	..	..	..	3,029,420	3,029,420
Construction	..	..	..	..	178,400	2,972,232
Forward Planning	..	..	..	..	—	200,582
Land Survey and Town Planning	..	..	..	..	7,700	230,931
Sewerage	..	..	..	..	3,527,210	3,527,210

Noteworthy features of the expenditure of the branches are the steady rise in salary and wage levels and the escalation of loan charges. Loan charges for the Construction Branch will increase by more than R200,000 over the one million rand provided in the 1965-66 estimates.

The erosion of the Sewer Tariffs Stabilisation Fund is attributable to the inability of income to match expenditure, largely owing to increased loan charges, but also because sewer tariffs are not high enough to cover the deficit on operations.

New tariffs for refuse collection services, which were promulgated during 1965-66, will make it possible to transfer some R634,000 to a Cleansing Tariffs Stabilisation Fund in 1966-67.

The provision made for the filling of vacant positions accounts for the increased expenditure, in the new year compared with the approximate result for the current year, in the Forward Planning and Land Survey and Town Planning Branches.

Capital Expenditure

More than R8 million has been provided in the capital estimates for the construction of roads. Of this amount, some R3·15 million has been included in the estimates of the Estates Branch for the purchase of land. It is expected that the subsidies paid by the National Transport Commission and the Transvaal Provincial Administration as their contribution to the construction of motorways, will amount to some R3·6 million.

Capital expenditure in respect of the Sewerage Branch, of which R1 million will be for outfall, sub-outfall and link sewers, will exceed R1·7 million.

An amount of R160,600 has been provided for road works in the Coloured areas, the main items being roads in wards R70,000, stormwater control R44,000, and pavements R18,600.

City Health Department

Revenue Estimates, 1966—67:

Expenditure	R2,005,609
Income	476,713
Capital Expenditure, 1966—67:	427,204

The income of this department consists mainly of recoveries under the Public Health Act and subsidies from the Transvaal Provincial Administration and the Transvaal Education Department.

An increase in income of R93,999 is expected in recoveries in respect of health services for Bantu. This increase is incidental to increases in expenditure on items subject to part-refund in terms of the Public Health Act. The increase in refunds payable on the salaries of health visitors, from one-third to seven-eighths of expenditure, accounts for an additional R73,500. It is also expected that subsidies from the Provincial Administration for curative and midwifery services conducted in the Bantu areas by the Council on behalf of the Province will increase by R92,240.

Salaries, wages and allowances show a net increase of R226,000. This increase is accounted for by the provision of R114,561 for the filling of vacant posts, R75,781 for increased salaries to officials and R36,000 for the creation of new posts.

Miscellaneous expenses have increased by a total of R118,000, the main increases being Administration Charges R37,000, Hospital and

Sanatorium Charges R27,000, Locomotion R23,000, purchases of Stores and Materials R12,000 and Transport R6,000.

Expenditure, estimated at R150,000, to be incurred on a new disinfecting station and workshops is the largest single item in the capital expenditure of R427,204 proposed for the year. Provision has also been made for expenditure on child health services, a clinic at Riverlea and alterations and additions to the Fever Hospital.

City Treasurer's Department

Revenue Estimates, 1966—67:

Expenditure	R1,444,101
Income	235,068

Capital Expenditure, 1966—67:	6,476,911
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Apart from central financial administration, the department provides specialised services to every department of the Council. These services include accounting, buying, storekeeping and cash collection and disbursement. Expenditure totalling R2,168,464 reflected in the distribution account of the department relates to the following branches:— Central Machine; Electricity, Gas and Water Accounts; Insurance; Non-European Pension Fund; Non-European Timekeeping; Stores, and Buying and Tailoring.

The estimates of the Estates Branch and of the general section of the department are included amongst those of the rate fund departments. Expenditure of the department for next year will be on the same lines as for this year, while income, which is for the most part incidental and derived mainly through the Estate Branch, is expected to increase by only R3,374 next year.

The capital expenditure programme of the department amounts to a total of R6,476,911. Of this sum the general section will utilise R47,000 on alterations in the Central Pay and Cash Collection Branch, and R120,000 will be advanced to officials of various departments, who have to use their cars in the course of their official duties, for the purchase of motor cars. The balance of R6,309,911 will be spent by the Estates Branch. The Estates Branch provides for the purchase of land for several other departments and, for this purpose, R6,199,006 has been included in the estimates of the branch. The remaining items in the programme of the Estates Branch cover capital expenditure on alterations and additions to the building occupied by the Non-European Affairs Department, the construction of a roofed encampment at the Wright Boag site, road construction at Power Park, and the building of a Technical School which will be leased to the Department of Bantu Education.

Fire Department

Revenue Estimates, 1966—67:

Expenditure	R859,997
Income	125,023

Capital Expenditure, 1966—67:	187,700
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Most of the increased expenditure of the Fire Department, viz. R28,732, is for salaries and is attributable to the efforts that are being made to maintain the force at full strength. Rising costs of transport for increased fire and ambulance activities also contributed to the increase.

In the capital estimates provision has been made, *inter alia*, for the expenditure of R8,000 to complete the new training school, R45,000 on nine new ambulances to replace vehicles purchased in 1962 which have reached the end of their economic life, R80,000 on the new Roosevelt Park fire station, and R36,000 on replacements for two fire pump tenders.

Licensing Department

Revenue Estimates, 1966—67:

Expenditure	R639,463
Income	1,702,450

The Licensing Department administers the provisions of the Road Traffic Ordinance, of the Licences (Control) Ordinance and of the Council's By-laws relating to Licences and Business Control.

The Commission appointed to enquire into trade licensing matters and allied problems has tabled its report and, if its recommendations are accepted by the Government, additional revenue will accrue to the Council. It is not yet known what action the Government proposes to take in connection with this report.

The increased revenue reflected in the estimates will accrue from an expected increase in new registrations of vehicles.

The increase in expenditure on revenue account is attributable mostly to increased salaries, wages and allowances and requires no comment.

Although the surplus of the Licensing Department is growing it is still less than the cost of maintaining the streets in the city.

Organisation and Methods Division

Revenue Estimates, 1966—67:

Expenditure	R83,303
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The proposed reorganisation of the Division has not yet been completed, and accordingly the costs involved during 1966-67 are uncertain and have not been included in the Estimates. When the proposals become known provision will be made in the usual manner. However, the estimated expenditure of the Division for 1966-67 exceeds the approximate expenditure for 1965-66 by R5,494 mainly because provision has been made for filling vacant positions.

One of the major assignments which will be undertaken by the Division in 1966-67 is the determination of the terms of reference of the various departments of the Council together with an analysis of them in the light of the various enabling enactments. This is fundamental to the

preparation, in consultation with heads of departments, of functional organisational charts which, in turn, will facilitate the carrying out of assignments undertaken by the Division.

Parks and Recreation Department

Revenue Estimates, 1966—67:

	<i>General</i>	<i>Swimming Baths</i>
Expenditure	R2,808,960	R450,910
Income	281,370	71,500
Capital Expenditure, 1966—67:	522,400	114,000

Expenditure on revenue account during the year 1966-67 will follow the same pattern as that for 1965-66. The only significant increases are in salaries and wages, which account for an increase of R93,570, and loan charges which will increase by R55,000 owing to the implementation of the department's capital programme. Estimated income of the department is of the same order as that for the year 1965-66, the only major increases being golf course fees R2,000 and sundry rents R2,000.

The capital programme of the department covers a list of projects on which it is proposed to spend R522,400 on general account and R114,000 for swimming baths. Items for which the largest amounts have been provided are:— Bezuidenhout Park Caravan Park R25,000, Joubert Park Open Air Theatre R40,000, Mechanical Equipment R60,000, Bertha Solomon Recreation Centre R45,000, Verity Park Recreation Centre R40,000 and development of the Zoological Gardens R120,000. The Hofland Park District Pool, the new block for women at Ellis Park and the regional pool at Sir William Hoy Park will account for R92,000 of the proposed capital expenditure on swimming pools.

The "workshops and general distribution" account of the department sets out details of outlays which are expected to amount to R841,790 during the next year, or R52,930 more than that for this year. R48,630 of the increase is attributable to increased emoluments of the personnel of the department.

Public Library and Africana Museum

Revenue Estimates, 1966—67:

Expenditure	R1,110,499
Income	27,280
Capital Expenditure, 1966—67:	266,500

It is envisaged that expenditure on revenue account for 1966-67 will exceed the approximate expenditure for 1965-66 by R100,381. This increase is attributable firstly, to an increase in staff expenditure of R57,836 which is necessary to meet salaries and incidental expenses arising from the filling of existing vacant positions on the establishment. Secondly, miscellaneous expenses are expected to rise by R46,440 owing to increased expenditure on the purchase of books for the growing services to meet the needs of readers of all ages, and the rising prices of books of all kinds. These increases are offset to a certain extent by a reduction in the amount to be contributed from revenue for capital outlay.

The department is planning new services in rented properties and provision for the rents to be paid has been made in its estimates. It is also proposed to build new branch libraries at Linden and Rosettenville toward which the sum of R65,000 has been provided. The new stack below the library gardens will reach the stage during the coming year when it will become necessary to spend R150,000 on shelving, belting and heating. A sum of R24,000 will be spent on additions to the Transport Museum.

Public Street Lighting

Revenue Estimates, 1966—67:

Expenditure	R492,000
Income	8,500
Capital Expenditure, 1966—67:	395,000

The estimated revenue expenditure for 1966-67 in providing public street lighting exceeds the approximate expenditure for 1965-66 by R12,650. This additional expenditure is accounted for mainly by an increase in the amount provided for Christmas illuminations and by increased loan charges on recently commissioned equipment.

It is noteworthy that R200,000 will be spent on improving existing obsolete installations while R195,000 will be spent on additional lighting next year. Provision for this capital expenditure is made in the estimates of the Electricity Department.

In the coming year the income of this section, which accrues from charges made for electricity consumed and routine maintenance of street lighting located beyond the municipal area, for which the Peri-Urban Areas Health Board pays, is expected to be of the same order as in previous years.

Rand Airport

Revenue Estimates, 1966—67:

Expenditure	R108,904
Income	102,275
Capital Expenditure, 1966—67:	93,033

It is expected that the income of the Rand Airport for 1966-67 will be of the same order as that for 1965-66, but it is estimated that expenditure in the new year will exceed the approximate expenditure for 1965-66 by R7,952, owing to the filling of vacant positions on the staff establishment.

Provision for the erection of a new hangar, at an estimated cost of R50,000, has been made in the Capital Estimates, but there will be no revenue from this source until the year 1967-68. Apart from the new hangar, capital expenditure is to be incurred on a new tractor, R2,000; a control tower, R8,000; a runway, R24,000; and a flare path, R9,033.

Staff Board (including Staff Administration)

Revenue Estimates, 1966—67:

Expenditure	R366,781
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The expenditure in the new year is expected to be R28,205 more than that for 1965-66. This increase is made up of salaries of "In-Service Trainees", increases in salaries of the staff, provision for newly created posts, and incidental staff expenditure. It is estimated that the expenditure next year on subsidised education and training will be greater than in the current year to the extent of R31,060, owing to the number of applications for assistance which have been approved and the additional bursaries for engineering students which have been granted. This expenditure is distributed over the departments in which the beneficiaries or bursars are or are proposed to be employed.

Town Clerk's Department

Comment on the estimates of this Department is conveniently combined with reference to those of its sections for which separate accounts are kept.

Estimates, 1966—67:

<i>Section</i>	<i>Income</i>	<i>Expenditure</i>	<i>Capital Expenditure</i>
Town Clerk's Department ..	R300	R491,359	R434,400
City, Duncan and Selborne Halls	17,000	117,683	38,600
Council's General Expense ..	210	2,074,376	11,300

Revenue expenditure relating to the City, Duncan and Selborne Halls is expected to increase next year by R10,767 mainly owing to increased provision for repairs and maintenance.

It is estimated that in the Town Clerk's Department revenue expenditure for next year will be approximately R70,000 higher than that for 1965-66. This increase is accounted for mainly by increased loan charges relating to the preliminary work on the new civic centre project and by rising staff expenditure.

The estimates of the Council's General Expenses Account reflect mayoral and corporate outlays, special subsidies and provision for contingencies, like arbitration awards or wage determinations.

The capital estimates for the City, Duncan and Selborne Halls list four items, viz. City Hall acoustics, R25,000; curtains for City Hall, R2,000; floor covering for City and Selborne Halls, R6,000, and stage and spotlights for the City Hall R5,600. Provision has been made in the capital estimates of the Council's General Expenses Account for expenditure on a proposed refreshment-room at the Oppenheimer Tower. The main feature of the capital expenditure programme of the Town Clerk's Department is the estimated expenditure of R431,000 on preliminary expenses, excavations and foundations in connection with the new civic centre.

Two separate sub-accounts are maintained in the Town Clerk's Department, for the Municipal Offices and for the Telephone Exchange. The aggregate expenses of each are re-charged to the departments which utilise the services provided. The estimates for the Municipal Offices and the Telephone Exchange reflect total expenditures of R206,600 and R26,119 respectively for 1966-67.

Traffic Department

Revenue Estimates, 1966—67:					
Expenditure	..	..	..	..	R2,107,539
Income	..	..	..	..	1,485,000
Capital Expenditure, 1966—67:					
	..	..	..		877,195

It is estimated that the income of this department for 1966-67 will show an increase of R9,500 compared with that for 1965-66 owing to the increased parking meter fees that will be collected as the result of improved maintenance of parking meters. Income from this source is expected to increase by R10,000.

Expenditure on salaries and wages will increase by R90,464 next year because it is hoped to bring the staff complement up to full establishment and to provide for new positions in connection with new parking grounds in Braamfontein and elsewhere. The acquisition of new parking areas has the effect of increasing expenditure on the maintenance of car parks. There will also be increased charges for repairs and maintenance of the main administration building of the department and of plant in the Von Brandis parking garage. There will, however, be a saving on the maintenance of parking meters effected by the departmental maintenance organisation to off-set against these increases in expenditure.

The capital expenditure programme of the department provides for the expenditure of R635,000 on the Library Gardens underground parking garage, R118,095 on compensation for the Bantu Sports ground, R75,000 on the Von Brandis parking garage, and R25,000 for traffic light improvements. In addition provision is made in the estimates of the Estates Branch for the purchase of certain properties required for future parking garages and parking areas.

Valuation Department

Revenue Estimates, 1966—67:					
Expenditure	..	..	..	..	R96,697
Income	..	..	..	..	610

The expected revenue expenditure for 1966-67 compared with that for 1965-66 reflects only a slight increase which is mainly due to the recent salary adjustments, while provision was also made for the purchase of new office machines under the heading of "Contributions to Capital Outlay".

European Housing

Revenue Estimates, 1966—67:					
Expenditure	..	..	..	..	R726,412
Income	..	..	..	..	419,000
Capital Expenditure, 1966—67:					
	..	..	..		3,287,752

The capital expenditure programme of the European Housing Section reflects the expenditure on housing for the city proposed by the Housing Section of the City Engineer's Department. This programme provides for expenditure on schemes at Bezuidenhout Valley, West Turffontein,

Claremont and Klipriviersberg, and on new houses and duplex flats at South Hills. The needs of the aged citizens of the city will be catered for by additions to the old-age cottages at Jan Hofmeyr, the completion of the old-age scheme at South Hills, and further sub-economic units at Haddon and West Turffontein. Provision is also made for aesthetic improvements to housing schemes.

Turning to income and expenditure on revenue account, it is estimated that income in 1966-67 will be higher than that for 1965-66 because rent will accrue from old-age units, row houses and flats which are expected to become available for occupation in South Hills. Expenditure will increase when this additional accommodation is occupied and loan charges will increase owing to the implementation of the housing programme. The net burden on the rate fund in respect of housing is expected to rise to the figure of R307,412 next year.

Non-European Affairs Department

Revenue Estimates, 1966—67:	<i>Income</i>	<i>Expenditure</i>	<i>Net Result</i>	
	R	R	R	
(a) Coloured and Asiatic Division	541,600	901,536	359,936	Deficit
(b) Bantu Revenue Account:				
(i) Main Account	8,839,700	9,691,349	851,649	Deficit
(ii) Bantu Beer Account	5,371,500	4,083,120	1,288,380	Profit
(iii) Liquor Distribution Account	3,020,000	2,892,640	127,360	Profit
Transferred to Rate Fund			1,211,585	Deficit
Capital Expenditure, 1966—67:				
(i) Coloured and Asiatic Division		2,071,110		
(ii) Bantu Section		5,766,853		
(iii) Bantu Beer Account		2,229,000		
(iv) Liquor Distribution Account		40,900		

Re-organisation proposals made jointly by the Organisation and Methods Division and the Manager, Non-European Affairs Department, will be implemented in the coming year, and account for an increase of R4,000 in wages of Coloureds in the Coloured and Asiatic Division, and R54,000 in wages of Bantu in the Bantu Revenue Account. The estimated expenditure for 1966-67 on medical services rendered by the City Health Department in Bantu areas is R76,830 greater than that for this year. After setting off income received in respect of medical services against the expenditure on these services there will be net expenditure of R653,100 to be borne by the Bantu Revenue Account.

Provision has been made in the estimates of the Coloured and Asiatic Division for the cost of the demolition of houses in Western Township (R8,000) and of the removal of tenants from Western Township and Newclare (R8,000).

In the Liquor Distribution Branch R24,000 has been provided for additional positions on the establishment of the Branch. The amount provided for purchases of liquor has been increased by R36,500, but income of the branch for 1966-67 has been conservatively estimated at R3,020,000, i.e. at the same figure as for the current year.

The capital estimates of the Coloured and Asiatic Division provide for expenditure on the construction of 900 flats in Newclare and 134 flats in Riverlea. Plans for the building of 90 economic houses in Riverlea are well advanced, and it is hoped to call for tenders in the coming year. A total of R478,000 has been provided for Economic and Sub-Economic schemes at Westlea No. 1, and R40,000 for a communal hall at Riverlea.

Good progress has been made with the building of the new Bantu beer brewery at Langlaagte. The sum of R2,100,000 has been provided for the completion of this project during the coming year.

In order that the City Engineer may proceed with the Council's major road programme it will be necessary to vacate the Wemmer Bantu Men's Hostel and provision has been made for the acquisition of a new site. Provision has also been made for the building of additional hostel accommodation at Soweto. If housing funds can be made available on a sufficient scale, it is proposed that R358,750 should be spent for houses at Klipspruit, where there are also to be experimental three-storey flats. The cost of other proposed schemes is put down at R900,000 for the year.

Complementary to existing and proposed housing schemes are provisions for sewerage and enhanced or extended electricity and water supplies, street-lighting, roads and drainage.

Non-European Housing Division

Revenue Estimates, 1966—67:

Expenditure R1,385,674

The Division carries out building work in Soweto and also in certain Coloured townships. All its expenditure is recovered from the Non-European Affairs Department. Provision has been made for the continuation of the activities of the Division on the same scale during 1966-67 as during the present year.

TRADING DEPARTMENTS

The financial statistics for the trading departments for 1966-67 are as follows:—

	<i>Expenditure</i>	<i>Income</i>	<i>Surplus</i>	<i>Deficit</i>
	R	R	R	R
Abattoir and Livestock Market	986,553	998,553	12,000	
Electricity	17,543,800	18,839,000	1,295,200	
Gas	1,998,720	2,139,500	140,780	
Produce Market	821,000	821,000		
Transport,	5,521,730	4,755,340		766,390
Water	3,629,000	4,429,000	800,000	
	R30,500,803	R31,982,393		
Net Surplus			R1,481,590	

Abattoir and Livestock Market Department

Revenue Estimates, 1966—67:	
Income	R998,553
Expenditure	986,553
Capital Expenditure, 1966—67:	251,000

During the current year cattle slaughtering has been restricted while the upper floor of the Abattoir is being converted to a mechanical line so as to increase kill capacity by 300 cattle daily. When these improvements have been completed it is likely that the Livestock and Meat Industries Control Board will be prepared to support an application to the Administrator that appropriate adjustments be made to the tariff of charges to come into effect when the floor comes into operation in January, 1967. The extra capacity and the higher tariff will assist to raise the income of the Department.

Working expenditure next year will exceed that of the current year by some R14,000 owing to rising staff expenditure and increased loan charges. Despite these increases the Department will be able to make contributions to the Capital Development Fund of R114,720 in 1965-66 and R62,729 in 1966-67 and of R12,000 to the Rate Fund in each of these years.

The capital expenditure programme of the Department for next year comprises expenditure on three items, viz., R234,000 on the conversion of the upper slaughtering floor of the Abattoir, R10,000 for a deodorising unit for the by-product plant, and R7,000 to cover preliminary abattoir planning expenses.

Electricity Department

Revenue Estimates, 1966—67:	
Expenditure	R15,601,000
Income	18,839,000
Capital Expenditure, 1966—67:	7,896,612

The operating surplus for the Department is expected to amount to R3,238,000 for 1966-67 as compared with R2,962,400 for the current year — an increase of R275,600.

On the 15th April, 1966, the Council adopted a policy, in terms of which 40% of the operating surplus, or R1,000,000, whichever is the greater, will be transferred to the Rate Fund each year. On this basis R1,184,960 and R1,295,200 will be transferred to the Rate Fund in 1965-66 and 1966-67, respectively. In the current year sixty per cent of the balance of the surplus is to be appropriated for the Capital Development Fund, and forty per cent will be reserved for capital expenditure of the Department. It is expected that the Department will be able to contribute R811,776 to the Capital Development Fund in 1966-67, and to provide the funds to finance its own capital expenditure to the extent of R1,131,024. No contribution will be made to the Tariff Stabilisation Fund in these years.

The income from the sale of current to private consumers during the financial year 1965-66 is not as high as expected owing to the mild winter experienced in 1965. On the other hand the Electricity Supply Commission (Rand and Orange Free State Undertaking) has taken large supplies of current from the Council, and the revenue derived from this source more than offsets the loss on private consumers. The approximate results for the current year have been based on the assumption that the Electricity Supply Commission will continue to take maximum supplies for the remainder of the financial year. In the Estimates for the year 1966-67 it has been assumed that the Commission will continue to take large supplies of current from the Council for approximately six months of that year. It is estimated that the income from the sale of current to "private consumers" will rise from R17,043,000 in the current year to R17,889,000 next year.

Total expenditure of the department is expected to rise by R563,400 next year. The main headings under which this increase is accounted for are staff expenditure R88,000, repairs and maintenance R123,800, loan charges R245,000, contributions to capital outlay R68,050 and extraordinary expenditure R129,000.

In the 1965-66 estimates R150,000 was provided for security measures proposed by the Government but will probably not be spent before the 30th June, 1966. For this purpose R120,000 is included in the estimates for next year. Against this increased expenditure must be set a net reduction of R88,450 in miscellaneous expenses made up largely of a saving of R156,000 on the cost of coal resulting from a reduction of 50% in the contract price of coal with effect from 1st January, 1966, from which must be subtracted the cost of additional coal required to produce additional units to be sold in 1966-67 and sundry increases totalling R67,550 on various miscellaneous items of expenditure.

The capital expenditure programme of the Department will require R7,896,612, which will be financed as follows:—

	R	R
(i) Advances from Consolidated Loans Fund:		
Generation	2,662,800	
Major Distribution Expansion	1,028,696	
General Distribution Construction	2,139,000	
Sundries	194,900	
	<hr/>	6,025,396
(ii) From the Council's Special Funds:		
Sundries		19,216
(iii) From Public Contributions:		
General Distribution Construction		10,000
(iv) Revenue Appropriations:		
Generation — Re-establishment of City Generating Station		1,842,000
		<hr/> <hr/>
		R7,896,612

The Electricity Workshops and General Distribution Account figuring in the Internal Service Sections reflects an expected total expenditure of R5,283,000 for 1966-67 which is an increase of R268,000 above that for 1965-66.

Gas Department

Revenue Estimates, 1966—67:

Income	R2,139,500
Expenditure	1,998,720
Capital Expenditure, 1966—67:	516,500

In the coming year the expenditure of the Department is expected to increase by R46,626, and its income by R113,000, as compared with that of the current year, yielding a net estimated surplus of R140,780 at 30th June, 1967.

Apart from an expected increase of R31,000 in the sale of gas the increase in revenue will come from the sale of coke and tar. Additional expenditure will be incurred in 1966-67 on staff expenses and repairs and maintenance of the gas-making plant and ancillaries.

Capital expenditure includes R168,000 for extensive repairs to No. 3 gas holder, R45,000 for a new laboratory and conference room, R70,000 for the purchase of gas appliances, and expenditure on a distribution expansion programme covering such items as a link main between Linden and Emmarentia, the reticulation of the Westdene area, and a 14-inch high pressure main to the south eastern areas.

Produce Market

Revenue Estimates, 1966—67:

Income	R821,000
Expenditure	539,391
Transferred to Produce Market Unallocated	
Surplus Account	281,609

In spite of the serious drought which has been experienced throughout the country, and which has led to a marked falling off in the volume of business transacted at Newtown, revenue from commission earned continues to rise at a fairly steady annual rate because the smaller supplies of produce are sold at higher prices. It is expected that the commission earned in 1965-66 will be almost R55,000 more than that for the previous year and that there will be a further increase of R37,500 during 1966-67. The overall income for 1966-67 is estimated to rise by R42,050 over that for this year.

Working expenses are expected to go up by some R46,000 owing to increased staff expenditure, an increase in assessment rates for which the Department will become liable on the acquisition of land for the new wholesale produce market, and higher loan charges.

Transport Department

Revenue Estimates, 1966—67:

Expenditure	R5,521,730
Income	4,755,340
Capital Expenditure, 1966—67:	511,090

Estimated income for 1966-67 is R27,000 more than the approximate income for the current year, indicating that the Department expects patronage to remain fairly stable.

Expenditure next year is estimated at R82,150 more than that for 1965-66. This increase is caused by increased staff expenditure, higher repairs and maintenance costs and increased loan charges.

The loss for 1965-66 was originally estimated at a little more than R620,000. This figure, however, did not make allowance for a sum of R180,000 which was the estimated cost to the Transport Department of salary and wage increases granted by the Council just prior to the commencement of the current financial year.

Figures now available indicate that expenditure in the current year will be less than the original estimate to the extent of R217,000 as a result of the introduction of one-man operation on the Cyrildene, Winston Ridge and other services and at weekends on a large section of the transport system. The shortage of artisan staff and the cancellation of services during peak hours due to a shortage of operational staff have also contributed to the saving which will be effected. Against this saving must be set an estimated fall in revenue of R128,000. The approximate loss for 1965-66 is R711,000.

The Transport Department has a distribution account reflecting an expected expenditure of R1,597,590 for 1966-67 which is R34,260 more than that for 1965-66.

An amount of R511,090 has been set aside to meet the capital requirements of the Department for 1966-67. The purchase of passenger vehicles will absorb R350,000 and ticket machines R30,000, while R11,000 is to be spent on a radio installation and R12,000 on alterations to Transport House.

Water Branch

Revenue Estimates, 1966—67:

Income	..	..	..	..	..	R4,429,000
Expenditure	..	..	..	..	..	3,629,000
Capital Expenditure, 1966—67:	..	..	..	..	..	362,950

The necessity for the conservation of water has brought in its wake a decrease in consumption, and an increase in the cost of water purchased from the Rand Water Board of 2·5 cents per 1,000 gallons. The Council has adopted a revised tariff which is designed to recoup from the consumer only the increased amount payable to the Rand Water Board for water purchased. A feature of water revenue is the increasing gallonage at cost price used in the Bantu areas.

The capital estimates of the branch provide for normal expansion in 1966-67, and include R80,000 for sundry water mains, R70,000 for new water meters and fittings, R20,000 for an additional supply to Industria, and R72,500 for the replacement of corroded water mains.

SCHEDULE A

INCOME FROM GENERAL RATES IMPOSED ON LAND VALUES

1 Year	2 Average Land Value on which Rates Imposed (Rounded)	3 Rate in the Rand	4 Basic Rate Income	5 Rate on Mining Improvements, Special Rates, etc.	6 Total Rate Income
	R	C	R	R	R
1931—32	46,300,000	2·621	1,205,696	43,274	1,248,970
1934—35	55,009,000	2·083	1,146,012	24,635	1,170,647
1937—38	99,392,000	1·667	1,656,537	18,160	1,674,697
1940—41	115,956,000	1·667	1,932,603	20,798	1,953,401
1943—44	124,301,000	2·500	3,107,526	30,897	3,138,423
1946—47	179,203,000	2·708	4,853,418	32,954	4,886,372
1949—50	336,621,000	1·667	5,610,353	21,879	5,632,232
1952—53	377,254,000	1·667	6,289,236	23,372	6,312,608
1955—56	400,916,000	1·875	7,511,002	30,168	7,541,170
1958—59	423,195,000	2·188	9,239,034	35,324	9,274,358
1961—62	425,910,000	2·500	10,647,751	43,765	10,691,516
1964—65	444,014,000	3·000	13,270,262	44,482	13,314,744
1965—66 (Approx.)	444,140,000	3·000	13,324,200	43,700	13,367,900
1966—67 (Estimate)	444,320,000	3·000	13,329,600	43,600	13,373,200

SCHEDULE B.

CAPITAL FINANCE COMPARED WITH OUTLAY

(AS AT 30th JUNE, 1965)

	R	R	R	%
External Loan Debt				
1. Government Housing Loans ..			31,310,797	9
2. Long-term Loans			129,096,764	39
3. Short-term Borrowings			6,868,920	2
4.			167,276,481	50
5. <i>Deduct:</i> Liquid Investments ..			44,036,507	13
6.			123,239,974	37
7. Short-term Internal Borrowings ..			19,240,680	6
8. Trust Funds and Specific Provisions	8,000,383			
9. General Insurance Fund	4,633,503			
10. Tariff Stabilisation Funds	4,175,373			
11. Maintenance of Buildings Reserve ..	2,431,421			
12.			142,480,654	43
13. <i>Deduct:</i> Sundry Debtors			5,635,519	2
14. A. Capital Outlay from Net Borrowings			136,845,135	41
15. B. Capital Outlay from Permanent Pools		50,595,543		15
16. Capital Development Fund ..	36,718,569			
17. Permanent Capital Reserves ..	13,876,974		196,940,406	
18. C. Capital Assets Fully Paid Off ..		146,344,863		44
19. Property and Permanent Works (at cost)	123,330,044			
20. Other Capital Outlay	23,014,819			
21.		Total Capital Outlay:	<u>R333,785,541</u>	<u>100</u>

SCHEDULE C

CITY OF JOHANNESBURG

SUMMARISED STATEMENT OF ASSETS AND LIABILITIES AT 30th JUNE, 1965

CAPITAL LIABILITIES:					R	CAPITAL ASSETS:					R
Loans Outstanding	...	...	...	...	230,243,784	Capital Outlay	...	...	...	...	333,785,541
Temporary Advance from Revenue Account					6,868,920	Sundry Debtors	...	...	...	...	5,635,519
Surplus	...	...	...	...	146,344,863	Investments	...	...	...	...	44,036,507
					<u>R383,457,567</u>						<u>R383,457,567</u>
REVENUE LIABILITIES:						REVENUE ASSETS:					
Temporary Loans	...	...	...	...	5,946,004	Stores	...	...	...	...	4,073,859
Sundry Creditors	...	...	...	...	9,147,816	Sundry Debtors	...	...	...	...	8,009,224
Special Funds	...	...	...	...	75,242,725	Investments: Special Funds	...	...	...	...	75,242,725
Surplus	...	...	...	...	4,782,979	Cash	...	...	...	...	924,796
					<u>95,119,524</u>						
Less Temporary Advance to Capital Account	6,868,920						
					<u>88,250,604</u>						<u>88,250,604</u>
					<u>R471,708,171</u>						<u>R471,708,171</u>

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Publisher: Historical Papers Research Archive, University of the Witwatersrand, Johannesburg, South Africa

Location: Johannesburg

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