



City of Johannesburg

ESTIMATES—1971-72

Budget Speech

of the

CHAIRMAN, MANAGEMENT COMMITTEE

COUNCILLOR

DR. P. R. B. LEWIS

25th June 1971



City of Johannesburg

1971-72

COUNCILLOR A. B. WIDMAN, M.P.C. (*Mayor*)

COUNCILLOR BRIGADIER J. C. LEMMER, M.C. (*Deputy Mayor*)

MEMBERS OF THE MANAGEMENT COMMITTEE

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

J. F. OBERHOLZER, M.P.C. (*Deputy Chairman*)

S. MOSS, M.P.C.

M. SKLAAR

M. L. NEPPE

A. P. BURGER
(*Town Clerk*)

E. M. PENROSE
(*City Treasurer*)

City of Johannesburg

ESTIMATES, 1971-72

Summary of Estimates of Income and Expenditure for the Year ending 30th June, 1972

INCOME

	R	R
Surplus, 30th June, 1971		5 673 006
Ordinary Income		113 982 026
Capital to be provided from:		
Consolidated Loans Fund	39 192 553	
Capital Development Fund	11 239 470	
Subsidies and Public Contributions	4 925 125	
Housing Loans	15 096 211	
Bantu Services Levy Fund	3 267 100	
Bantu Beer and Liquor Profit Appropriations	110 000	
Revenue Appropriations and Other Sources	1 500 000	
		<u>75 330 459</u>
		<u>R194 985 491</u>

EXPENDITURE

Ordinary Expenditure	119 633 196
Capital Expenditure	75 330 459
Surplus, 30th June, 1972	21 836
	<u>R194 985 491</u>

ESTIMATES, 1971-72

Mr. Mayor and Fellow Councillors,

IT is my privilege once more on behalf of the Management Committee to present to you the Estimates of Income and Expenditure for the City of Johannesburg. In the ten years that have elapsed since South Africa became a Republic the city's budget has grown by no less than 164 per cent, that is to say from seventy-four million rand in 1961 to nearly one hundred and ninety-five million rand reflected in the figures which are being submitted for your approval today.

The past year has been an eventful one for local authorities throughout the country. The long-awaited White Papers setting out the views of the State on the recommendations of the Schumann Commission and Borckenhagen Committee were finally tabled in Parliament by the Minister of Finance during March of this year. At the same time numerous other bodies have or are to be appointed to examine such diverse subjects as mass urban passenger transport and modern urban roads, national and metropolitan planning, airports and water affairs, and business and trade licensing. While I have shared the disappointment that no immediate tangible financial relief has emerged from the White Papers there are grounds to face the future with some degree of confidence. The door has not been closed to negotiation and there are indications that the State will not further procrastinate in finding a solution to the many problems which remain unanswered. I shall refer from time to time to the recommendations contained in the White Papers and in other reports when dealing with the sectional accounts which comprise this budget.

The Assessment Rate

One of the hazards of relying on outdated statistics is illustrated by the views of the Borckenhagen Committee on property taxation. The following statement sounds strange in the context of matters as they stand today: "Until 1962, therefore, the statistics do not indicate that urban local authorities as a whole have found it necessary to exact by way of property taxation an unduly increasing proportion of the income of taxpayers. On the contrary, the burden of this form of taxation in relation to the ability of taxpayers to pay appears to have been reduced. Accordingly, the Committee is unable to support the contention that generally speaking the urban local authorities are reaching the economic limits of property taxation and that it has become necessary to grant to them additional sources of revenue." Such a statement illustrates the lack of value of a report completed in 1962, which bases its findings on statistics which are hopelessly out of date by the time the recommendations come under consideration. Local authorities have long awaited action to create alternative sources of revenue which would have had the effect of spreading the burden more evenly among the citizens as a whole and among the national taxpayers especially where functions of a metropolitan nature are being undertaken.

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Since 1962 the assessment rates levied in Johannesburg have gone up from a total of R10 692 000 to the present figure of R32 057 000, an increase of nearly two hundred per cent measured against an advance of less than thirty per cent in the consumer price index. Ratepayers will be the first to agree that the assessment rate is bearing more heavily on them today than was the position ten years ago.

Balancing the Revenue Budget

The current financial year, 1970-71, started with a surplus of R2 391 000 in hand, that is to say R190 000 more than the budget had anticipated. When I addressed you last year, I pointed out that the rate would, with the approval of the Administrator, be levied on the provisional valuation roll which was at that time still in the course of preparation. When the roll was finalized rateable land valuations turned out to be higher than was estimated and in consequence assessment rate income at R31 976 000 is R2 431 000 more than was budgeted for. Looking at the net income and expenditure figures of individual departments you will find that the Council's General Expenses vote in which a lump sum provision of R4½ million was made to meet the salary and wage increases, drops back sharply by about this amount as these increases are now being reflected in the salaries and wages of the spending departments. However, many departments could afford to absorb the higher salaries and wages being paid to individual employees without pushing up the emoluments bill fully to the amount that was expected. The manpower shortage is continuing and it has been very difficult indeed in many areas of activity to maintain services at a level which the public could reasonably expect. A further amount of R3 million has been provided in the estimates for 1971-72 in an effort to improve the manpower situation.

Against the general trend, the deficit of the passenger transport undertaking is R1 070 000 more than was budgeted for, and the water undertaking, in the face of restrictions on consumption, produces a surplus in aid of the Rate Fund, which falls R372 000 short of its target. In consequence the estimated surplus on this year's operations is R3 282 000, which, when added to the accumulated surplus of R2 391 000 should enable the new year to start with R5 673 000 in hand.

The draft estimates for 1971-72, as they were originally presented to the Management Committee, disclosed a shortfall between ordinary expenditure and income, excluding assessment rates, of R41 159 000 which is reduced to R35 486 000 when the accumulated surplus is brought to account. Assessment rates at the present level of 2,7 cents in the rand could be expected to bring in R32 057 000 leaving a shortfall of R3 429 000. Heads of departments were asked to re-examine their priorities most carefully and it was found possible to cut back expenditure by nearly R3 million. The projected figures of income for 1971-72 were examined in the same manner and the end result was improved by about R525 000. The budget was thus balanced without the need to increase the rate levy and is shown to produce a nominal surplus of R21 836 at the end of the next financial year. Be that as it may, I would be failing in my duty if I did not emphasize at this point that the level of rating could only be held down because of the unusually large accumulated surplus with which the year will commence. The situation next year will predictably be a most difficult one unless some form of financial assistance, especially in regard to urban passenger transport and roadworks is forthcoming from the higher levels of government.

I am pleased nevertheless to be able to conclude this section of my address with the statement that the Management Committee, by means of severe pruning of expenditure and with the co-operation of the Section 60 committees and heads of departments, is able to recommend that the assessment rate in the rand be maintained at its existing level of 2,7 cents.

The Capital Expenditure Programme

I have stressed at times the severity of the reductions in the draft capital programmes which have had to be made because I share the disappointments and fears of many heads of departments that the city may not be keeping pace with the development of the private sector. However, one should not lose sight of the other side of the coin. The capital budget of Johannesburg has grown by 240 per cent from R22 128 000 in 1961-62 to the formidable total of R75 330 000 in 1971-72, which is an indication of the dynamic growth and expansion of the city over the last ten years.

The draft capital expenditure programme presented in the first instance to the Management Committee indicated that capital funds exceeding R95 million would be required in the forthcoming financial year. Of this amount R71 million was to have been financed from the Consolidated Loans and Capital Development Funds. Each year the State Treasury indicates the permissible level of expenditure from these two sources. For 1971-72 the rate of growth allowed in relation to the approved level for 1970-71 would have meant limiting expenditure to R47 million, a reduction of R24 million on the amounts required by heads of departments.

The new produce market and abattoir at City Deep are regional undertakings and are now urgently required. More than R6 800 000 was earmarked for the continued development of these projects during 1971-72. To have provided this amount within the limits imposed by the State would have meant cutting back to dangerous levels the amounts required for the Council's other essential works. Johannesburg must also find the capital funds for another metropolitan project, namely its sewerage undertaking, and also for the development of its new northern and southern areas, the incorporation of which had the effect of more than doubling the municipal area.

During March 1971, a deputation of councillors and officials met the Minister of Finance and the Minister of Agricultural Economics and Marketing in Cape Town to discuss the Councils' difficulties. The Ministers readily agreed that the produce market and abattoir provided services of a regional nature and stressed the urgency of replacing the inadequate facilities at Newtown. As a result of the representations made it was agreed that the capital expenditure required for these projects could be excluded in determining the permissible growth rate of the Council's capital spending.

While this concession is appreciated, there is still no room for equanimity regarding the Council's capital programme for 1971-72, as I shall illustrate when the programme is examined in greater detail during the review of the departmental accounts. Also, permission to raise loans on the money market is one thing but the problem of finding the funds on reasonable terms is quite another.

Other matters also came under discussion at the Cape Town meeting. The total cost of the new produce market and abattoir at present-day

prices is R31 million and included in this sum is R2 million for railway facilities. These are undertakings from which the Railways Administration could expect to derive considerable revenues. It was not unreasonable to expect the Administration to assist in meeting the capital cost of these services, more so because the decision to move to City Deep had partly been taken to assist the Railways. It was also pointed out by the Council deputation, that the city was called upon to find the capital for projects which would normally be expected to be financed by the State such as the magistrate's court and police station in Soweto. These matters still remain to be settled.

Borrowing on the European Money Market

The City Treasurer and I visited Germany early in May to carry out preliminary negotiations for the raising of a loan of 80 million DM, that is to say R16 million in South African currency. The move was suggested by the State Treasury and legislation was to be introduced during the last session of Parliament to enable the Government to guarantee the loan. The Reserve Bank in turn will guarantee the transfer of funds to Europe to meet the interest and redemption payments and will provide forward exchange cover to protect the Council against fluctuations in rates of exchange. The loan flotation has been timed to take place later this year.

I am happy to be able to report that all the European banks which we consulted were anxious to manage the Council's loan requirements, a factor which reflects favourably on the high credit rating and prestige enjoyed by the City of Johannesburg in Europe. Provided the unsettled international currency situation returns to normal, the city can look forward with confidence to a successful loan issue. It is expected that the cost of borrowing overseas will be less than locally. Because of the pressure on available funds, the local money market had become overstrained and the fact that Johannesburg and other borrowers are being given access to the European money market with the consent of the Government, is recognition of the very real need to find other sources of capital finance in order to allow development in the public sector not to be curtailed to a dangerous extent. As the Council is already aware, there is also to be a R15 million issue of stock on the local market early next month.

In financing its capital expenditure programme, the city is perhaps in a more favourable position than other large local authorities in the Republic. Long before the establishment of capital development funds or revolving funds, as they are known, had become obligatory in the Cape Province, Johannesburg had carefully set about husbanding its own resources and its Capital Development Fund which was established in 1956, stood at a figure of R58 million at the end of last year and supports the capital expenditure programme for 1971-72 by no less than R11 239 000.

The Borckenhagen Committee has commended the internal generation of capital funds by local authorities and its views on the subject have been endorsed in the White Paper.

THE RATE FUND DEPARTMENTS

I should like at this stage to comment on the budgetary features of some of the Council's Rate Fund departments and to draw attention where necessary to current developments which may have an impact on their affairs.

The City Engineer's Department

The four largest branches of the City Engineer's Department are those concerned with refuse removal, road and other construction works and the sewerage and water undertakings. The water undertaking is customarily regarded as a trading enterprise and I shall deal with its accounts in later paragraphs of this address.

The Capital Programme

One of the difficulties being experienced in carrying out the capital programme is finding contractors who are prepared to tender and also the difficulty of estimating expenditure to be incurred in any one year because of the delays in completing contracts and consequent lodging of accounts. Another is concerned with the spiralling costs in the building industry and projects which are deferred will cost so much more to complete in years to come.

The City Engineer's Department provides the infrastructure on which the city's continued commercial and industrial development depends. From 1961-62 to 1971-72 the department's share of available capital funds goes up by no less than 397 per cent from R4 562 000 to R22 670 000.

More than R11 000 000 goes towards the construction of motorways, urban roads, stormwater drainage and pavements in wards. R5 950 000 will be spent by the metropolitan sewerage undertaking, mainly on the continued development of the northern sewerage scheme, the Klipspruit basin and the Olifantsvlei works; sewer reticulations will take up R1 205 000. Just short of R1 million is required by the cleansing branch for compounds and hostels, and for refuse disposal facilities.

Sufficient provision has been made in the capital programme for 1971-72 to award the final motorways construction contract with a view to completion in 1973. However, the tender prices which were received were so inordinately high that the Management Committee has decided not to accept tenders and to investigate other means of constructing these roads, such as doing the work departmentally or by splitting the work so that it can be undertaken by a number of smaller contractors. The motorways were originally estimated to cost R45 million of which amount the National Transport Commission agreed to contribute R15 million and the provincial administration R6 million. These contributions have now been met but for R500 000 which is still to come and any further construction costs which arise will, as things now stand, be borne by the Council alone. Latest indications are that the completed motorways scheme will have cost no less than R79 million, and the costs may go as high as R84 million.

Turning now to the sewerage branch, the reduction of R1 115 350 in the capital programme could have serious consequences for the undertaking, bearing in mind that it provides a metropolitan service. The northern outfall augmentation scheme is already more than a year overdue and it has been made clear by the Department of Water Affairs that it will not tolerate pollution by overflowing sewers or inadequate plant. I shall deal with this subject more fully when the accounts of the city's water undertaking come under review.

The City Engineer's Revenue Accounts

Before leaving the accounts of the City Engineer's Department, I should like to comment briefly on the revenue side of the picture. Income of the cleansing branch at R4 250 000 is R176 000 more than for the year now ending and will permit a round R100 000 to be transferred to the aid of rates. There are indications, however, that the gap between income and expenditure is narrowing and it may soon become necessary to cushion any adverse trading results with the tariffs stabilization fund, which at present stands at R1 950 000.

The sewerage branch is financially self-supporting. With income at R5 829 000 and expenditure of R5 233 000 the undertaking is able to contribute R596 000 to its tariffs stabilization fund. The sewer tariff had been revised with effect from 1st July 1962 and by the end of June 1969, the tariffs stabilization fund which had been built up in the early years and subsequently drawn on to balance the undertaking's accounts, had become nearly exhausted. The tariff was again revised on 1st July 1969, and if this and next year's operating surpluses are realized, the tariffs stabilization fund should stand at R2 400 000 at the close of the forthcoming financial year.

The net expenditure of the construction branch has climbed to a total of R7 364 000 which absorbs nearly 23 per cent of the income from assessment rates. Loan charges account for nearly R4 million of the R7½ million to be spent by the branch. This is an indication of the extent of the deadweight burden created by borrowing money to finance the motorways, arterial roads and other construction works which are not in themselves in any way productive of income. A crippling burden on the Rate Fund is building up, and unless financial relief is forthcoming out of the deliberations of the special committee which is to be appointed by the State to examine the financing of urban roads and the problems associated with mass urban passenger transportation, the city could find itself in a very difficult situation.

Urban Transportation

The State's attitude towards the problems of urban transportation is set out in the Borckenhagen White Paper. First, it is unequivocally spelled out that the National Transport Commission will make no further contribution towards urban roadworks. It goes on to say, however, that the Government is aware of the new demands being made on local authorities in the planning and financing of modern urban and metropolitan road networks in order to provide, amongst other things, efficient systems of mass passenger transport. The Government is to consult the provincial authorities on the best procedure whereby the matter could be properly and speedily investigated with a view to formulating guiding principles for future development and also the financing involved. The body which will be appointed to undertake the investigation will be requested to submit an interim report within six months on probable future developments in urban transport in South Africa and its possible financing. Regarding urban arterial roads the State feels that the new subsidy arrangements with the provinces which are dealt with in the Schumann White Paper should enable the provincial administrations to accommodate local authorities to some extent in this regard. However, it appears that the Transvaal Provincial Administration itself is casting around for

additional sources of revenue and I have serious doubts whether local authorities can look to the province for assistance. Our hopes must continue to rest on the outcome of the deliberations of the new body which is to be appointed.

City Health Department

The cost of the wide range of medical services which are provided by the department goes up by R728 000 to a new total of R3 078 000. Of this figure R1 259 000 is in respect of the Bantu population of Soweto and those resident in the urban area of the city. It has become necessary to expand some of the services particularly in the fields of environmental hygiene and family health. No far-reaching changes in the State's responsibility for the provision of health services have emerged from the White Papers. Some subsidies are to be increased and State and municipal health officials are at present examining the implications of the new proposals. On the face of it, the financial benefits which will flow from these proposals will have no significant impact on the department's budget.

The Clerk of the Council's Department

The capital estimates of the department comprise for the most part the funds that have been earmarked for the development of the civic centre. R1 200 000 is for the administration block which is now nearing completion and which it is hoped will be occupied by the beginning of next year. R250 000 has been provided to furnish the offices. Work on the new council chambers started in September and R1 875 000 has been set aside to meet contract payments during 1971-72. In the meantime, the planning and designing of the second administration block is continuing apace and R250 000 will be required as an initial payment towards the architectural costs. Altogether these projects will on completion have cost more than R20 million. The administration offices will remain under the control of the Clerk of the Council and departments which take occupation have had to make provision in their revenue accounts to meet their share of loan charges, maintenance and other expenditure which is likely to be incurred.

Fire Department

The capital expenditure programme of the department came in for heavy pruning. Except for preliminary expenses, it will be necessary to defer the re-building of the Fairview Fire Station. The existing station has been in operation for 67 years and is completely outdated. Reductions have been made in the provision for motor vehicles and engineering equipment. However, it was found possible to leave undisturbed such essential items as radio equipment, fire pump water tenders, grass and bush fire fighting vehicles and new ambulances. On the revenue side, the net expenditure on fire protection is shown as R1 121 000 and that for the European and Bantu ambulance services R253 000.

The Schumann Commission had recommended that the provincial administrations be made fully responsible for all ambulance services within their boundaries. The Government feels, however, that further investigation into the control of ambulance services is necessary before the existing arrangements are changed and the matter will be referred to

the National Health Advisory Council which is to be established. While I agree that the financial responsibility should be passed to the provinces, control of the service which is intimately bound up with the welfare of the local inhabitants should remain with the Council.

The Traffic and Licensing Departments

The United Municipal Executive was given the opportunity of examining the draft White Papers before they were tabled in Parliament. The U.M.E. was dismayed to find that the Borckenhagen Committee recommendation to deprive local authorities of the income from traffic fines was under serious consideration. The fines were to be paid into a common pool from which a subsidy to the extent of 50 per cent of expenditure on traffic control was to be paid over to local authorities. The Committee had received representations from the Department of Justice and other bodies to separate income arising from traffic offences from expenditure on traffic control because the two factors were not really related. The recommendation was changed after strong representations had been made by the U.M.E. and the Government now holds the view that the entire question could be examined to advantage by provincial administrations in consultation with local authorities.

The revenue estimates of the Traffic Department indicate that for the first time a surplus will result both for the year now ending and for 1971-72. These amounts, R147 000 and R367 000 respectively, will be set aside for traffic improvements of a capital nature. For many years the annual deficit on the department's operations were carried by the Rate Fund and the Council could justifiably treat the surpluses in the same fashion. However, the Management Committee feels that these funds having come from the pockets of motorists, should go back for the benefit of motorists generally.

The estimated income from parking garage fees is shown to go up from this year's figure of R630 000 to R1 185 000 and early results confirm this trend. Parking fees on the old scale were unrealistic and nowhere near what was being charged by private enterprise. For the financial year ended 30th June 1970, a loss of R342 000 was recorded on the operations of the parking garages and open parking grounds. Moreover, the Council's efforts to provide for the motorist requiring short-term parking were being nullified. The new scale of fees, which is still for the most part below charges by private enterprise, has attained the desired objectives and has resulted in a general improvement in the traffic situation.

Last year I expressed the hope that local authorities could expect to receive a fairer share of motor vehicle licence fees. It was not to be. The State has decided that the existing arrangements are to remain. In some respects one can be grateful for this decision because the Borckenhagen Committee had recommended that the revenues from motor vehicle licences should accrue entirely to the provincial administrations. Motor licence revenues to be collected during 1971-72 amount to R7 822 000, but of this sum R5 600 000 goes into the coffers of the province and the Council retains the balance of R2 222 000. After administration expenses have been deducted only R723 000 remains to be transferred to the Rate Fund. Instead of providing a buoyant source of income which moves upward in sympathy with the city's growing volume of traffic, the net revenues of the department are in fact declining in the face of inevitably

increasing administration costs. The higher scale of licence fees announced by the Province earlier in the year will not improve the situation to any great extent. Johannesburg's share is unlikely to exceed R175 000 annually.

The Prinsloo Commission on Trade and Business Licences

In line with the recommendations of the Prinsloo Commission, the income from trading and other licences will be paid over to local authorities. Legislation to give effect to this proposal will have to be drafted by the provincial authorities, but it seems at first glance that Johannesburg's share could be as high as one half million rand annually. It is of interest to note that both this Commission and the Borckenhagen Committee found nothing wrong in the notion that trade licences could embody an element of taxation; the first found that a general increase of 10 per cent could be justified, and the second that many licences could be substantially increased by up to three times their present level. In passing, I might mention that no cognizance of this new source of revenue has been taken in the present budget.

Parks, Recreation and Library Services

The Parks and Recreation Department has under its control 377 hectares of regional parks and 2 305 hectares of other parkland and open spaces, three 18-hole golf courses, numerous sports stadia and recreation centres, 26 swimming pools and the attractive zoological gardens. It is extending and improving these facilities all the time. In these difficult times, as far as capital finance is concerned, it has still been found possible to set aside R856 000 to meet the department's most urgent needs. The original capital estimates had been reduced by R1 127 000 and a large number of items had to be cut back and others completely removed from the programme. The Crown Gardens recreation centre is to be completed during 1971-72 and R80 000 is set aside for this purpose. Development at the zoological gardens is to continue at a cost of R215 000. On the revenue side, expenditure has increased to nearly R5 million and the deficit to be carried by the Rate Fund will now amount to no less than R4 486 000.

The fine central library, the 37 branch libraries, the travelling libraries, and the ancillary services to hospitals and schools, were able to circulate more than 5 million books during 1969-70. The department also administers an intimate theatre, lecture rooms and the city's museums. As with parks and recreation, the department had to forego most of its capital requirements and is left with only R85 000 to cover the cost of a few bread and butter items. The net cost of administering the department goes up from R1 778 000 this year to R2 167 000 in 1971-72.

The Rand Airport

There are at present five international and six national airports in South Africa for which the State assumes full financial responsibility. The Department of Transport also provides technical services without charge to ten more public airports of which the Rand Airport is one. The Marais Commission came to the conclusion that airports and their associated services which cater for international and national air traffic should remain the responsibility of the Central Government, while airports providing for regional and local needs should be the responsibility of local authorities. The Borckenhagen Committee which also examined the

question supported this view and added that the provision of aerodrome services by a local authority should be regarded as being in the nature of a "trading department". Furthermore, there was no reason why deficits should be incurred as these could be eliminated by increasing landing fees or imposing an airport tax. The State has still to decide on its policy, but in the meantime has appointed an Inter-departmental Committee of Enquiry into the Planning of Aerodromes in South Africa. The United Municipal Executive will be submitting a memorandum to the Committee. Its views in the past have been that landing fees and other charges should be adjusted in order to ensure that municipal airports do not operate at a loss or, failing this, the State itself should take the airports over. Johannesburg is also to make representations for higher landing fees. The Rand Airport is at present being operated at a small profit, the amounts being only R335 for this year and R21 000 for the year to come.

The City Treasurer's Department

The Department provides the Council's central financial administration in addition to the specialist accounting services in all departments. It controls, through the Estates Branch, the administration of council-owned property which for the time being has not been assigned to a department. The Council's extensive land requirements are provided for in the capital programme of the Estates Branch and for 1971-72 an amount of R6 450 000 has been set aside. Sizeable amounts are required for the acquisition of sites for parking garages in the areas east of the central business area as well as for motorways, major roads, parks and open spaces and other municipal purposes.

The computer service rendered by the City Treasurer's Department is intended to serve as a bureau for all the Council's departments. Any computer service to be economical must cater for the bread and butter items first, and as a "spin-off" departments have available for statistical or other purposes, a machine that can cope with a multitude of applications. The department intends to continue on a bureau basis and will shortly introduce on-line systems allowing for terminals and other display units established in departments away from the computer.

Some years ago the City Treasurer's Department decided to use the computer as a tool of management and a start was made on computerizing the revenue accounts of the Council. In the process the old accounting system was completely revised and the stage has now been reached where the revenue books are entirely computerized on an integrated financial cost-accounting basis. The system is an original one, having been initiated, planned and programmed within the department itself. Information can now be drawn from the system which is accurate and up-to-date because inter-departmental payments are automatic, cheque payments are fed into the system automatically and stores branch transactions are inter-locked in the system. Management information can now be gleaned from various printouts and graphs which are prepared by the computer. The next step is to deal with the capital accounts in a similar fashion. The system will embrace the manual records which are now being kept for recording assets and the loan advances outstanding on votes. Investigations into the feasibility of applying the modern and sophisticated techniques of Program Planning and Budgetary Systems are under way.

Amongst the other important functions now being undertaken by the computer is the preparation of the valuation roll involving 111 000 properties and the computing of the assessment rate and sanitary fees accounts. Whereas the preparation of the valuation roll previously consumed weeks of onerous typing and typesetting, it is now being printed out by the computer in a matter of hours.

It may be opportune at this point to say something about assessment rates generally. For many years local authorities have been pressing for financial relief in the form of a grant in lieu of rates on exempted State-owned property. The problem is more acute in places like Pretoria and Cape Town, and the Government recognizing this fact paid to each of these cities annually a grant of R400 000 and R100 000 respectively. Exempted State-owned land in Johannesburg is valued at about R40 million and the annual loss in revenue at the existing level of rating is in excess of R1 million.

The State has now decided to grant a measure of relief to all qualifying local authorities by compensating them in respect of one-third of the value of government property in excess of 10 per cent of the value of all property within the municipal area. State-owned land in Johannesburg represents about seven per cent of total land valuation and the city therefore does not qualify for a grant from this source. The Institute of Municipal Treasurers and Accountants has drawn the attention of the Secretary for Finance to the fact that the formula has been based on out-of-date information. New statistics are being gathered and representations are to be made for the consideration of a more equitable formula.

THE MISCELLANEOUS FUNDS

The European and Coloured Housing Accounts

The architectural branch of the City Engineer's Department prepares all plans and detailed working drawings of the various units in the Council's proposed housing schemes, invites tenders and issues the necessary tender documents. Following on the re-organization of the branch it is now in a better position to cope with the demands made on its services and it is no longer necessary to employ outside architectural consultants for the preparation of plans for housing schemes.

In October 1970 the Department of Community Development issued a firm directive that the provisions of paragraph 15 of Chapter VIII of the Housing Code must be strictly adhered to. This means that all future housing schemes must be planned for substantially higher densities than has been the case in the past, and that a higher proportion of accommodation should be provided in the form of multi-storey construction.

Urgent attention is now being given to the acquisition of land in the southern areas of the city for long-term housing projects. Some 267 hectares of the farm Eikenhof have been purchased at a cost of R638 000, and negotiations are in progress to acquire about 411 hectares of the farm Rietvlei. It is intended to acquire further substantial blocks of land in this area as the opportunity arises. Altogether, R1 940 000 has been earmarked for the purchase of land from funds to be provided by the Department of Community Development. Total building activity in Johannesburg continues to exceed a rate of R100 million every year, and is showing a steady annual increase. The demand for housing keeps in

step with the commercial and industrial expansion of the city. In relation to the Council's own housing efforts, the most disturbing problem in the building sector today is that of spiralling costs. These are increasing steadily every month, and it is virtually impossible to keep the finished cost of a scheme within the original estimate of the funds needed for it.

European Housing Schemes

R3 101 000 has been earmarked for approved European housing schemes and R798 000 for proposed schemes. Work is proceeding at a satisfactory pace on six different schemes. A seventh is scheduled to start as soon as tenders are received. The scheme for 16 flatlets in Haddon for the aged was re-designed in the light of the new construction cost limits now permitted by the Department of Community Development and fresh tenders have been invited.

A start was made on the construction by industrialized methods of the 79 flats in a 16-storey tower block in the Bellavista Estate complex. Work on the project is proceeding satisfactorily and the project should be completed later this year. In Claremont 99 flats were completed and handed over for occupation. Construction of all the dwelling units in this complex comprising 120 houses and 131 flats is now complete.

The application for a national housing loan for the erection of 605 dwelling units in Claremont was approved but no funds have as yet been allocated except for the provision of the necessary services. The construction of 86 dwelling units in the Bellavista South housing scheme was also commenced. Sixteen of these units have now been completed and are occupied. Building work on the remainder of the scheme is continuing apace and a further 47 units were completed. Altogether, a total of 126 dwelling units in this section of the scheme have been handed over for occupation, leaving 26 units still to be finished.

The design for a scheme in Klipriviersberg smallholdings comprising 529 dwelling units has been approved by the Council and will shortly be forwarded to the Townships Board for its approval. In Vredepark 147 dwelling units have been completed leaving 57 still to be finished under the present contract. A new contract will be awarded for the erection of a further 64 dwelling units to complete the scheme.

The revenue account for European housing shows a sharp increase in the deficit which moves up from R221 000 this year to R743 000 in the year to come. Administration costs generally are rising and moreover loan charges have to be paid in advance of a scheme becoming revenue producing. I have said before that this is a matter which needs to be closely watched since it is an unfair charge on the Rate Fund. If it becomes necessary to do so, rentals overall should be increased to wipe out any shortfall and my remarks here become more pertinent in view of the recommendations of the Niemand Commission to which I shall refer in later passages of this address.

Coloured and Asiatic Division

Turning now to the affairs of the Coloured and Asiatic Division, I should like to say at the outset that the Council has inherited the bitter fruits of many years of neglect in places to the south like Lenasia, Nancefield and Kliptown. It is going to take a long time and many millions of rands to bring these areas into a desirable state of orderliness,

and to provide the inhabitants with clean and healthy surroundings. In the meantime, it has been possible to set aside R200 000 towards the first stages of the civic centre in Lenasia, R20 000 for recreational facilities there and R10 000 for horticultural development. Work is to continue on the stadium, tennis courts, changerooms and playgrounds which are being established at Nancefield and for which R15 000 is required. R10 000 will also be spent there on horticultural improvements.

The inhabitants of Lenasia suffered considerable hardship during the summer rains owing to the lack of properly made roads and the absence of a stormwater drainage scheme. The Department of Community Development indicated that should the Council not be in a position to finance the necessary improvements, application could be made to the Community Development Board for funds. The estimated cost of stormwater reticulation is R2 100 000 and that for road construction R1 300 000. Negotiations are proceeding along these lines.

The housing requirements of the Coloured population remain urgent and there is a pressing need to acquire land on which to develop housing schemes. Favourable progress is being made in obtaining land from the Department of Community Development in Nancefield in the area adjacent to Eldorado Park. The design of the scheme for 749 dwelling units in Eldorado Park has been completed and is being submitted to the Townships Board for approval. Also, a design has been prepared for 12 flatlets in Coronationville for the aged. In the northern section of the Westbury scheme, 147 flats were completed which brings the scheme to finality. In all, 156 economic and 57 sub-economic flats have been provided. A scheme entailing the provision of 90 houses for home ownership in Riverlea has also been completed, but work on the 134 flats in the township is proceeding disappointingly slowly. To date 101 flats have been completed and handed over for occupation. All in all, R2 604 000 has been earmarked in the capital expenditure programme of the Division for expenditure from housing loans. R1 010 000 goes towards the Newclare Civic Centre, R900 000 towards the Fordsburg Oriental Bazaar and R694 000 is for the erection of houses and flats.

One of the great difficulties faced by the Council is the problem of finding alternative accommodation for persons who have to move out of houses while rebuilding takes place.

Urban Renewal

It is most gratifying, after so many years of effort and planning, to find the first physical evidence of progress in the Jeppe/Fairview/Troyeville urban renewal scheme. A start has been made with the first phase, which is a housing scheme to accommodate 165 families earning not more than R300 per month. It has been so planned that those families qualifying for Council housing, who can afford the rents and who wish to remain in the area, are not moved out of their existing dwellings until suitable new housing units are available. The contractors moved on to the site in February of this year and are expected to complete the scheme by the middle of 1973 at a cost of R1 200 000.

The Non-European Affairs Department

Bantu Administration Boards

Local authorities learnt of the provisions of the Bantu Affairs Administration Bill with mixed feelings. On the one hand, the greater

mobility of labour which would result was to be welcomed. On the other hand the responsibility for the provision of facilities for the Bantu population which had been exercised with considerable success by local authorities for many years was to be removed from them and transferred to administration boards. Many problems, especially in the field of employee relations, were foreseen and the United Municipal Executive appointed a sub-committee to go very carefully into the financial and other implications of the Bill.

The sub-committee did not succeed in having the underlying principles of the Bill altered, but did succeed in bringing about a number of important amendments. The financial interests of local authorities have been reasonably secured. Also, Bantu are now to be given a wider choice of residence, that is, they may now live in any township within the administration area irrespective of their place of work. The sub-committee also persuaded the State to revise the so-called "secrecy" clause in relation to meetings of the Administration Boards.

I foresee a great number of difficulties which have still to be resolved. The huge administrative machine which controls Bantu affairs in the city is fully integrated with the Council's other activities. The Non-European Affairs Department enjoys the specialist services of municipal accountants, legal assistants, medical officers, engineers and others. Its financial accounting work is for the most part undertaken by the Council's powerful computer and its accounts are checked by our auditors. Unscrambling the egg is going to be a far more awkward task than it would appear on the surface, and it is difficult to foresee how the services at present provided will be available to the Boards to be appointed.

The Bantu Revenue Account

There are no grounds for complacency regarding the Bantu Revenue Account itself. The deficit which is charged to the Rate Fund is shown to go up from R1 432 000 this year to the massive new figure of R3 117 000 in 1971-72. The gross increase in rentals arising from the proposed revised rental structure is R1 832 000, but the scheme is one based on the ability of the tenants to pay, and rentals to the extent of R486 000 are expected to be remitted, leaving a net balance of R1 346 000 to be added to the income of Bantu Revenue Account. This figure has not been brought to account in the estimates of income and expenditure now before you, as the new rentals have not been promulgated nor, for that matter, have they been considered by the Council. The matter was referred for consideration and comment to the Urban Bantu Council and subsequently, as you are aware, to a joint meeting of the Non-European Affairs Committee and the Urban Bantu Council, a meeting at which representatives of commerce and industry were present as observers. Final details of the new proposals have still to be agreed upon by the Department of Bantu Administration and Development.

On the other side of the account, almost the entire range of expenditure items are shown to go up, with emoluments leading the way. These account for no less than R766 000 of the increase in the main account and the two subsidiary accounts covering Bantu beer and liquor distribution taken together. The higher salary scales for municipal employees announced a short while ago, contribute in no small measure towards the rising costs of administration.

The Sale of Bantu Beer

Last year I mentioned the deep concern which was being felt in regard to the declining sales of Bantu beer. Although this decline has been arrested in recent months, there is no clear indication at present that sales will return to the levels that they were at before 1969. In 1967-68 Bantu beer sales stood at R6 414 000 compared with the budgeted figure for 1971-72 of R4 400 000, a drop of more than R2 million.

The increases in customs and excise duty on beer, wines and spirits announced by the Minister of Finance in March of this year may serve to alter the pattern of consumption once more, but it is too early to predict what the final outcome will be.

The Bantu Capital Programme

On capital account, the department had to forego nearly R3½ million and is left with a programme covering a wide range of projects which are estimated to cost R11 700 000. Of this amount R6 300 000 is for housing schemes, R1 458 000 goes towards the main road to Soweto, R1 800 000 is required for the continued development of the basic infrastructure of the townships and R1 506 000 for a wide range of other improvements. In spite of the tempo of capital spending the backlog in the provision of Bantu housing is once again assuming serious proportions.

The Bantu Services Levy Fund, which came into being in 1952 with the passing of the Bantu Services Levy Act, has played a major part in providing basic services such as roads, stormwater drainage, sewerage, electricity and water networks for the Council's Bantu townships. The Borckenhagen Committee came to the conclusion that the Bantu services levy had provided most beneficial results and recommended its extension so as to embrace all adult male Bantu employees including domestic servants for whom housing is not provided by the employer. Furthermore, it recommended the extension of the scheme to other urban areas and also the broadening of the purposes for which the funds may be used. A State Departmental Committee has already reported on all the fees and levies which are payable in respect of Bantu employees, and the recommendations of the Committee are now under consideration by the State. In Johannesburg, capital projects costing more than R17 million have been financed from the Bantu Services Levy Fund. A further R3 600 000 is still to be spent on approved projects which eventually will cost R8 million, while there are items to the value of R1½ million awaiting approval.

The Council's Trading Undertakings

The Overall Picture

When I addressed you last year, I pointed out that the operating results of the Council's trading undertakings were a matter for concern. Altogether, it was forecast at the time that the undertakings would contribute no more than R929 000 to the Rate Fund during 1970-71. The picture that is now emerging is very much darker than was anticipated and the undertakings have now become a drain on the Rate Fund to the extent of R609 000. This means the position has deteriorated by R1 538 000 and is almost entirely accounted for by the trading results of the public transport undertaking whose deficit, originally estimated at R2 276 000, has disappointingly moved up to R3 346 000.

It is expected that in 1971-72 the total net deficit of the trading departments will increase by R286 000 to R895 000.

The question of trading and utility services also fell within the purview of the Borckenhagen Committee. In the light of my foregoing remarks, the findings of the Committee are of some interest. It had the following to say:

“The need for providing trading or utility services such as electricity, water, public transport, waste removal, markets, abattoirs, etc. grows in proportion to the growth of urban centres. The cost of providing these services can and should be met out of charges and tariffs payable by the users, and reasonable surpluses should be available for transfer to general revenue in relief of taxation. An exception may be public transport, but even in this respect the surpluses arising from other utility services should considerably more than offset any deficits.”

Quite clearly the views of the Borckenhagen Committee, at least in so far as Johannesburg is concerned, have no validity at all in circumstances which prevail today.

The State accepted the findings of the Committee on the question of trading services with the reservation that surpluses should not be recorded on trading and utility services if this should increase the cost of living appreciably, or impair the competitive ability of export industries. It is encouraging to note that at least this source of revenue is not to be interfered with, even though the State and the Borckenhagen Committee have hedged the matter about with vague qualifications.

Dealing specifically with the profits of electricity undertakings, the Borckenhagen Committee came to the conclusion that the profits on power for industrial use should be limited. Generally speaking, it said that the picture of profits made by local authorities in their trading departments could be exaggerated. The State supports the view that profits on power for industrial use should be limited and that it would be undesirable that tariffs be fixed at such a high level, with a view to profits, that industrial development in local authority areas is discouraged, especially in regions where the Government wishes to encourage industrial development. Furthermore, it is the responsibility of the provincial Administrators to ensure that tariffs remain within reasonable limits in such cases.

There is room for considerable debate on the findings of the Borckenhagen Committee and the views of the State on the matters outlined above. However, it falls outside the ambit of my present budget address. Suffice it for me to say at this stage that Johannesburg's tariff for power supplies to medium and small industries compares favourably with that of Escom, while the charges to domestic consumers still remain the lowest in the country.

The Electricity Undertaking

Turning now to the accounts of our own electricity undertaking you will recall that it is the Council's policy to gear the department's contribution in aid of rates to a percentage of its total capital outlay. The contribution works out at R2 080 000 for the year now coming to an end and R2 175 000 for 1971-72. The balance of its operating surplus which

goes towards financing electricity improvements, is dropping steadily, from R545 000 in 1970-71 to R378 000 next year. If the department is to maintain its Rate Fund contribution it may soon become necessary to fall back on the tariffs stabilization fund which at the end of last year stood at R4 045 000, or perhaps to revise the tariff of charges. The present tariff of charges has been in force since 1959. As I mentioned last year a tariff that does not increase over five years performs well, and one that remains unchanged for more than ten years is remarkable.

Urban Passenger Transport

As I have mentioned, the deficit of the passenger transport undertaking moves up to R3 346 000 this year and if the present trends cannot be arrested or reversed the figure may go as high as R3 869 000 in 1971-72. The Ad Hoc Transport Committee was established by the Management Committee a little more than a year ago to handle the city's public transport problem in connection with the carriage of White passengers during peak periods. It has investigated many aspects of the transport organization and made numerous recommendations aimed at facilitating the movement and loading of buses in the city, tapping new sources of White manpower and improving the wages, working hours and facilities for the staff. Its ability to harness the resources of various related departments, to determine the priority of work to be undertaken and to hasten its recommendations through the Management Committee to Council, has played a big part in bringing about the substantial improvement that has taken place during the Ad Hoc Committee's year of existence. The position is still far from satisfactory, however, and weighty problems still exist which will call for sustained thought and effort by all concerned.

More than R2 122 000 has been earmarked in the department's capital programme for additions to the passenger transport fleet, extensions to the garages and workshops, and for ancillary equipment. Fifty-six double-deck one-man operated buses and 45 single-deck buses will be commissioned during this and the coming financial year, the capital cost of which, except for retention moneys, has been provided for in the estimates. It is intended to order another 40 buses, the cost of which will be provided for in 1972-73.

A factor which should be borne in mind when considering the city's passenger transport losses is that fares have remained virtually unchanged for ten years, except for the adjustment which came about to encourage coupon fares when one-man operated buses were introduced on certain routes. Fares being charged today can for all practical purposes be regarded as nominal in the light of the large-scale increases in the prices of commodities and services during the past decade.

I might mention that the primary consideration of the Ad Hoc Committee and the Management Committee has been the provision of an improved service to the public rather than one of finance.

When I addressed you last year, the findings of the Industrial Tribunal which had enquired into the employment of Coloured bus drivers, were still *sub judice*. The outcome of course is now well known. The Council's request to employ Coloured drivers was turned down by the Minister of Labour and since that time all efforts have been directed towards the

recruitment of White running staff. A recruiting team is still overseas at present and while the results appear to be favourable it is still too early to anticipate what the final outcome will be.

The Fresh Produce Market

The estimated capital costs of completing the new produce market at City Deep have risen alarmingly. In 1966, when the Slater Commission issued its report, the estimated capital cost of a new market for Johannesburg was placed at about R6 million. By 1968 the figure had risen to R7 million and in 1970 to R12 505 000. Latest indications are that capital costs will be in excess of R14 million, and if past experience is any guide, final costs may rise well beyond this figure. In view of the magnitude of the expenditure involved, the Management Committee has had serious misgivings as to whether the undertaking can be made a viable proposition, without raising market dues to prohibitive levels.

The Commission for Fresh Produce Markets Act, 1970, caused widespread concern amongst local authorities that operate produce markets, in view of the very extensive powers of control which it confers on the Minister. Regarding financial assistance, Section 16 of the Act provides that the Minister may lend or donate amounts of money to the owners of national fresh produce markets, but it has been made clear that the section applies only to existing markets and not to new markets which are about to be erected.

When these and other matters were under discussion with the United Municipal Executive, the Secretary for Agricultural Economics and Marketing pointed out that the Minister had no powers to order the erection of new markets and it followed that there was no obligation on the State, morally or otherwise, to commit itself by means of statutory enactment to render financial assistance for such erection. The policy of the State regarding financial assistance for new markets was therefore set out in a memorandum published at the first reading of the Bill.

The Slater Commission had recommended that a grant of one-third of the total capital cost of the erection of all national markets be made by the Government. To my mind this was an eminently sensible proposal in view of the regional nature of the service which the undertaking provides, and would have solved much of Johannesburg's difficulties, both in regard to the viability of the project and the problem of finding capital finance. The State decided, however, to limit assistance to a grant in respect of losses which might be suffered by the market, equal to not more than five per cent of the capital cost of the market, and payable for a period of two years from the date of commissioning. If this form of assistance is to be strictly adhered to, the produce market undertaking may find itself in serious financial difficulty after two years, and substantial deficits may have to be met by the local taxpayer. The Minister has been asked, as in the case of the abattoir, to guarantee the Council against any losses arising from the operations of the new market, and that these guarantees should not be limited in duration of time. In the meantime, the costs of development at City Deep are finding their way into the accounts of the produce market at Newtown in the form of site rental and additional loan charges. A surplus of R212 000 for 1970-71 is to be transferred to the unallocated surplus account, but for 1971-72 a deficit of R182 000 will have to be withdrawn from the account in order to balance the accounts of the undertaking.

The New Abattoir at City Deep

The problems associated with the new produce market are more or less in line with those of the new abattoir at City Deep. Agreement has been reached in broad principle that the State will guarantee the Council against any operating losses and also guarantee the Council an assured return of one per cent on its capital expenditure, which would be used as a contribution to the Rate Fund. These guarantees are also to be unlimited in duration of time. The latest estimate of construction costs at City Deep is in the region of R17 000 000, and at this level of expenditure the Rate Fund could expect to benefit by R170 000 annually. Some other major local authorities that have been asked to erect new abattoirs are holding out for a return of four per cent on their invested capital. If they succeed in their request, the same terms will probably be extended to Johannesburg.

The City's Water Undertaking

Continued expansion of the water undertaking will cost R2 287 000 of which nearly R1 million is for reservoirs. R268 000 will be spent on the reservoir at Yeoville and R500 000 on the one at Randjeslaagte. The balance of the funds will for the most part go towards the extension of the water mains. There is a growing need to increase water storage facilities. Three new reservoirs are required for the southern areas of the city, and in addition to the one planned for Randjeslaagte at least four more will be required in other parts of the city.

The revenue accounts of the water branch indicate surpluses of R592 000 for this year and R768 000 for 1971-72. Water restrictions bring about changes in the pattern of usage, which tend to remain even after the restrictions have been lifted. The Rand Water Board notified the Council of its intention to increase the price of water by 0,15 cents per kilolitre with effect from the 1st April, 1971. This would have cost the Council about R175 000 a year, and it was accordingly decided to pass the increase on to all classes of water consumers.

In the light of what I have said about the capital requirements of the water branch, the recommendations of the Commission of Enquiry into Water Affairs assume particular significance. Amongst other things, the Commission recommends that steps should be taken timeously to ensure that the most important urban and industrial areas of the Republic are supplied with sufficient water for future development and that the necessary financial and other means for this purpose be made available to the Department of Water Affairs by the State. The Commission goes on to say, however, that water tariffs in South Africa are generally low and that the cost of water is as a rule only a very small percentage of industrial production costs. It has therefore recommended that no subsidies for municipal or industrial water schemes for the development of natural water resources should be considered unless the unit cost of water to the consumer rises to approximately 22 cents a kilolitre, that is to say R1,00 per thousand gallons. The city's present charge to the general consumer is 7,61 cents per kilolitre. A number of other recommendations covering, for example, the re-use of water, prevention of pollution and the metering of supplies have most important financial and other implications for local authorities, and are being studied by the United Municipal Executive.

The Niemand Commission of Enquiry into the High Selling Price of Residential Land

Johannesburg, along with other large local authorities, has serious misgivings about the recommendations of the Commission. There is no disputing the fact that the present high prices of residential land are posing serious problems for the middle-income group of citizens and also for local authorities which have an obligation, in terms of existing legislation, to provide housing for those persons falling within economic and sub-economic earnings groups. The contention, however, that the cost to developers of providing new townships with the basic municipal services such as road construction, stormwater drainage, sewerage, electricity and water, contributes towards the high cost of residential land is just not tenable in existing economic circumstances. The problem is mainly one of supply and demand, and if a local authority were to take over some or all of the existing responsibilities of a township developer in this regard, it would only serve to widen the developer's margin of profit at the expense of the local taxpayer. Furthermore, if the responsibility for the initial financing of services is to be shifted to local authorities the shortage of available capital funds would be very much aggravated.

I do not wish to examine the Commission's proposals at any length in this address, but I have one or two general observations to make. Firstly, many of the recommendations are so vague as to defy any attempt to arrive at their true financial implications. Secondly, there is a danger that the proposals which favour local authorities may be whittled down by pressure groups leaving local authorities in a very much worse position than they are today. Local authorities should guard against piecemeal implementation of the recommendations which may be to their detriment.

The State has been quick off the mark to give legislative backing to one of the Commission's recommendations which seeks to impose an obligation on a local authority to ensure that sufficient residential sites are always available to satisfy the needs of present residents as well as new residents added to the population through growth, natural increase and immigration. The Slums Act is being amended to give effect to this recommendation and it appears that the obligations of local authorities will then extend well beyond their present responsibilities towards lower income groups.

I am unable to give you any indication of the financial or other implications of this proposed enactment. Who is to provide the necessary capital finance to purchase the land at the high prices which prevail today? Will the sequential loss, if any, which arises from what is essentially a national problem fall upon the shoulders of the local taxpayer? These questions still remain to be answered.

Conclusion

By the very nature of its size and diversity, Johannesburg's budget and the financial accounting which flows from it, are complex affairs. Matters are further complicated by the cross-currents of thought which today are impinging upon almost every facet of municipal administration. During the year that has passed I have endeavoured to bring to you a closer understanding of the city's involved financial arrangements, in the belief that such knowledge will enable us to carry out our duties more

effectively. But this leads me on to another important point. The efficient administration of our cities has a direct bearing on the nation's economy. In my opinion the provinces and the State have not in the past given the lead in the co-ordination of planning and development and have not taken sufficient cognizance of the contributions of the cities to the nation's prosperity. If they had how could such delays have taken place in the presentation and consideration of such reports as those of the Borckenhagen Committee? What is needed is not more controls but creative thinking and action.

Mr. Mayor, I should like once again to extend to my colleagues on the Management Committee, to the Section 60 Committees, to the Town Clerk and to heads of departments my gratitude for the advice and assistance which they always gave so willingly and generously during the course of the year that has passed.

P. R. B. LEWIS,

Chairman, Management Committee.

AGGREGATE EXPENDITURE FIGURES RELATED TO THE NET REVENUE BUDGET
COMPARISON APPROXIMATE RESULT, 1970-71, WITH BUDGET, 1971-72

1	2	3	4	5	6	7	8	9
	Public Service Sections		Internal Service Sections		Totals			
	Approximate Result 1970-71	Estimate 1971-72	Approximate Result 1970-71	Estimate 1971-72	Approximate Result 1970-71	Estimate 1971-72	Increase/Decrease (Col. 7 minus Col. 6)	
	R	R	R	R	R	R	R	%
Emoluments:								
A European	28 546 478	33 714 975	5 251 417	6 454 625	33 797 895	40 169 600	6 371 705	18,85
B Other	11 767 713	13 898 065	2 543 704	3 126 511	14 311 417	17 024 576	2 713 159	18,96
C Total	40 314 191	47 613 040	7 795 121	9 581 136	48 109 312	57 194 176	9 084 864	18,88
D Miscellaneous Expenses	50 192 307	53 935 254	7 079 135	8 332 760	57 271 442	62 268 014	4 996 572	8,72
E Repairs and Maintenance	11 262 072	11 809 053	1 648 478	1 885 005	12 910 550	13 694 058	783 508	6,07
F Loan Charges	25 127 960	28 516 499	857 380	1 408 801	25 985 340	29 925 300	3 939 960	15,16
G Contributions to Capital Outlay	1 504 932	2 219 266	190 586	267 745	1 695 518	2 487 011	791 493	46,68
H Extraordinary Expenditure	5 240 423	4 587 486	—	—	5 240 423	4 587 486	(-) 652 937	(-)12,46
J Gross Prime Totals	133 641 885	148 680 598	17 570 700	21 475 447	151 212 585	170 156 045	18 943 460	12,53
K Deduct Redistributions	27 662 542	30 024 936	17 570 700	21 475 447	45 233 242	51 500 383	6 267 141	13,86
L	105 979 343	118 655 662			105 979 343	118 655 662	12 676 319	10,60
M Grants-in-Aid					1 009 370	977 534	(-) 31 836	(-)3,15
					106 988 713	119 633 196	12 644 483	10,70

ESTIMATES, 1971-72

ADDENDUM TO THE BUDGET SPEECH

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

THIS addendum and its annexures is an adjunct to the foregoing budget address and provides details of income and expenditure on revenue account and the main features of capital expenditure provision for 1971-72. Departments have been grouped according to the committees of the Council responsible for their operation.

Aggregate Expenditure Figures related to the Net Revenue Budget

A summary of the Estimates appears on the page immediately preceding this addendum. This shows a breakdown of the budget into type of expense and variances between one year and the next. Columns 4 and 5 in the table reflect the approximate results for 1970-71 and the estimate for 1971-72 of those sections of the municipal organisation which do work or perform services within their own sections or for other branches or departments and whose cost is fully recouped from the section or department for which the work is done or the service performed. The expenses relating to the other activities of the Council are classified as belonging to the "Public Service Sections" and the relative figures for 1970-71 and 1971-72 are shown in columns 2 and 3 respectively.

Aggregate ordinary expenditure, as reflected in line N of the summary, shows an expected increase of R12,6 million or 10,7% which follows the general pattern of rising costs and expansion. The make-up of this overall growth is reflected under the various headings of expenditure and will be discussed in the paragraphs that follow.

Line C reflects an increase in total emoluments of 18,9% or R9,1 million. The relative figures for 1970-71 were 22,2% or R9,3 million. The detailed estimates for all departments go up generally in this respect, although not in equal proportions. Provision is made for normal annual increments and the review of salaries and wages in terms of the Council's decision of 30th March 1971.

Miscellaneous expenses, indicated in line D of the summary, are expected to be more by 8,7% or R5 million. The reasons are examined in the references to the individual departmental estimates. The amount provided for repairs and maintenance follows the usual growth pattern which is shown as 6,1% in line E, and compares favourably with the 8,3% rise for the 1970-71 financial year. No further comment is necessary if it is remembered that this item of expenditure tends to move in sympathy with the capital expenditure of previous years and increases as buildings and plant become older.

Line F shows that loan charges will advance by R3,9 million, being 15,2% more than the approximate result for the current year. Loan charges are directly influenced by the Council's capital expenditure programme. These charges will continue to go up appreciably in years to come as a result of extensive capital works still to be executed and financed by dearer money.

Contributions to capital outlay, line G, are expected to go up by 46,7% or R0,8 million. The various reasons for this are dealt with in discussing the detailed departmental estimates.

Line H represents extraordinary expenditures. These include contributions by departments to various funds such as a tariffs stabilization fund, the Produce Market Unallocated Surplus Account, the Capital Development Fund and reserve accounts. The 12,5% decrease in expenditure is attributable in large measure to a lesser contribution that will be made to the Sewer Tariffs Stabilization Fund by the Sewerage Branch, and the reduction of the amount that will be available to the Electricity Department out of its operating surplus for financing capital expenditure. In addition, operations at the Produce Market will not permit a contribution to be made to the Produce Market Unallocated Surplus Account as is the case in the current year.

Grants-in-Aid account for R977 534 as reflected in line M and are 3,2% less than for the current year.

MANAGEMENT COMMITTEE

City, Duncan, Selborne and Mondeor Halls (Vote No. 015)

Revenue Estimates, 1971-72:

Expenditure	R244 526
Income	18 500

Revenue expenditure is expected to increase by R45 241 next year. This amount is made up of a number of small items, the more important being assessment rates, electricity and gas supply, sanitary fees and stores and materials. Repairs and maintenance expenditure on the City Hall organ and pianos will be R1 550 more, but loan charges are less by an amount of R5 230. Contributions to capital outlay include new seating and curtaining for the City Hall amounting to R24 000.

The income that will accrue from the hiring of the City Hall is shown to increase by R3 000.

City Treasurer's Department (Vote Nos. 085 and 090)

Revenue Estimates, 1971-72:

Expenditure	R3 240 600
Income	624 210

Capital Expenditure, 1971-72	7 105 500
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The expenditure on revenue account includes the cost of specialized services rendered to departments in respect of electronic data processing, electricity, gas and water accounting, insurance, stores control and buying and Non-European timekeeping. The net cost of these services is R3 024 171 and is recovered in full from the departments according to the use made of them.

The financing of capital expenditure will be from the Consolidated Loans Fund – R4 940 000, Capital Development Fund – R1 715 500, Subsidies and Public Contributions – R100 000, and Special Funds – R350 000. In order of magnitude of expenditure, purchase of land will take up R6 450 000, repayable advances to officials for the purchase of motor cars R350 000, a new nursery school for the South African Legion at the End Street Park R63 000, construction of houses at Power Park

R60 000, modernization and overhauling of lifts at Lewis and Marks building R55 000, while the balance of the expenditure is made up of a number of smaller items.

Council's General Expenses (Vote No. 100)

Revenue Estimates, 1971-72:

Expenditure	R1 790 036
Income	260

The estimates of the Council's General Expenses account include Mayoral and corporate outlays, special subsidies and provision for contingencies. R150 000 has been set aside to supplement pensions, R60 000 to meet the cost of subsidizing housing loans for European employees and R63 275 for subsidizing the Sick Benefit Societies.

Organization and Methods Division (Vote No. 125)

Revenue Estimates, 1971-72:

Expenditure	R181 579
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Additional amounts have been provided to cover the cost of increased salaries approved by Council on 30th March 1971, R7 087, and increments, R6 115. The amount provided for rentals is R17 330 more as a result of the projected move to the Civic Centre. The estimated expenditure of the year to come is R31 882 more than the approximate result for 1970-71.

Staff Board (including Staff Administration and Investigation) (Vote No. 175)

Revenue Estimates, 1971-72:

Expenditure	R644 706
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A comparison of the estimated and approximate expenditure for 1970-71 shows an increase of R163 040. This is due in part to the re-organization of the Staff Board, and requires in all R123 020 more for salaries and wages. The branch is scheduled to move to the City Hall as from 1st January 1972 and this will bring about higher rentals amounting to R9 881.

Consequent upon reorganization and as a result of the new prices for petrol and oil, locomotion allowances will rise by R7 272.

Miscellaneous expenses include a new item of expenditure namely consultants fees, for which R2 500 is required. The projected move to the City Hall will entail additional expenditure on new furniture, air conditioning and sound proofing of the board room, the purchase of new projectors and screens and the establishment of a medical examination centre. These contributions to capital outlay will amount to R18 264.

Clerk of the Council's Department (Vote No. 180)

Revenue Estimates, 1971-72:

Expenditure	R1 438 055
Income	300

Capital Expenditure, 1971-72	3 783 000
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The overall expenditure of this department exceeds the approximate result for 1970-71 by R240 699. Salaries and wages constitute the largest single factor in the rise, accounting for R156 311. The rent that will

become payable for offices at the Civic Centre is generally much more than at present, the increase being in the order of R39 547. In conformity with the increased charges levied by the Post Office, the amount provided for telephone calls and rentals is higher than that of the current year by R6 015. The annual capital outlay, mostly for the continued construction work being done at the Civic Centre, will bring about R332 930 more for loan charges. The proposed capital expenditure relates almost entirely to the Civic Centre. The amount of R1 200 000 is required for the completion of the Administration Block, R1 875 000 for work to be done on the Council Chamber project, R250 000 for the purchase of new furniture, R250 000 for work on the north-eastern corner office block, and R38 000 for preliminary work on the new library building. The amount of R40 000 will be for preliminary work on the Performing Arts Complex at the Civic Theatre, and R50 000 for a new telephone switchboard for the City Hall.

Valuation Department (Vote No. 195)

Revenue Estimates, 1971-72:

Expenditure	R358 719
Income	3 100

The estimated expenditure of the department for the financial year ending 30th June 1972 is R105 190 more than the approximate result for 1970-71. Provision has been made for the organizational structure recently approved, as well as for the compilation of the interim valuation roll in respect of those areas previously falling under the South Rand Local Area Committee and the Willowdene Local Area Committee. Higher rentals attendant upon moving to the Civic Centre account for the increase of R32 212 while locomotion allowances are up by R7 200, as inspection of properties relating to the 1973 Valuation Roll will commence during the forthcoming year.

Coloured and Asiatic Division (Vote No. 210)

Revenue Estimates, 1971-72:

Expenditure	R2 022 936
Income	989 800
Capital Expenditure, 1971-72	3 097 100

It is expected that the deficit that will be incurred and charged to the Rate Fund in 1971-72 will be R1 033 136 compared with R663 724 for the current year. This represents a 56% rise in expenditure and is substantially to be found in the increased bill for salaries, wages and allowances R74 100, and loan charges R256 000. Provision has been made for reorganization proposals for the division and for salary increases in accordance with Council decision. Loan charges will become payable on a few large schemes initiated from housing funds, notably the oriental Plaza at Fordsburg, and housing in the course of construction at Riverlea and Westbury.

Projected capital investment for 1971-72 at R3 097 100 is financed from Consolidated Loans Fund R423 000, Capital Development Fund R70 100 and Housing Loans R2 604 000, and is R1 125 100 more than that provided in the estimates for the current year. This expenditure is

mainly for the development of amenities, housing, recreation and services in the Coloured and Indian areas. Amenities to be provided include the establishment of a Civic Centre at Newclare R1 010 000, a Civic Centre at Lenasia R200 000, the Oriental Plaza at Fordsburg R900 000, and a neighbourhood centre at Nancefield R25 000. Recreation facilities will be developed at Lenasia R20 000, at Nancefield R15 000, and a swimming pool at Riverlea, R30 000. The provision of housing and ancillary services will take up R594 000 in the townships of Newclare, Westbury, Eldorado Park (Nancefield) and Extension 2, and an Old Age Housing Scheme at Noordgesig. Land will be purchased up to an amount of R150 000.

Income will improve by R30 400 as rents become payable in respect of the occupancy of new housing units.

HEALTH AND AMENITIES COMMITTEE

Art Gallery (Vote No. 005)

Revenue Estimates, 1971-72:

Expenditure	R115 006
Income	800
Capital Expenditure, 1971-72	60 000

Revenue expenditure next year will exceed the approximate result by R31 028. Staff expenses will absorb R16 641 after vacancies have been filled and allowance made for increased emoluments. Miscellaneous expenses go up by R4 377, repairs and maintenance by R1 260, and loan charges by R8 200.

Of the amount available for capital expenditure, R30 000 will cover preliminary expenses for the new Art Gallery and R30 000, financed from the Capital Development Fund, will be for the purchase of pictures and other works of art.

City Health Department (Vote No. 065)

Revenue Estimates, 1971-72:

Expenditure	R5 302 480
Income	2 224 960
Capital Expenditure, 1971-72	480 375

The expected shortfall in income to be met by the Rate Fund is R3 077 520 compared with R2 349 725 for 1970-71. Increased emoluments amount in total to R730 750 and represent R525 770 for Europeans, R170 640 for Bantu, R30 030 for Coloureds and R4 310 for Asiatics. R199 160 of the wage bill is attributable to general increases authorized by Council and R531 590 to the creation of new posts, including those that came about through the reorganization of the environmental hygiene division to combat the incidence of venereal disease, and the family health services which cater for all race groups.

Disbursements under the heading miscellaneous expenses are R211 950 more than the approximate result for the current year. The more important items making up this additional expenditure are drugs and medicines R58 030, locomotion allowances R48 390, hospital and sanitorium charges R24 000, purchase of food R21 600, departmental charges R14 120, and advertising R13 000. The foregoing expenses arise mainly

from the department's work in measles immunization, noise abatement, antipollution, and tuberculosis control in the areas to the south. Repairs and maintenance go up by R15 500 and loan charges by R52 800.

On the income side, recoveries under the Public Health Act are more by R98 700, owing to the approval of higher salary grades by the State Department of Health. Subsidies from the Transvaal Provincial Administration for curative and midwifery services are up by R28 630.

Capital works already commenced in previous years will require R254 375 for the new laboratory at Cydna, and R30 000 for the completion of the new disinfecting station complex. Equipment and services at the Fever Hospital, to comply with the requirements of the Department of Labour, will cost R75 000, the Council's share being R9 375. The existing houses in Vredepark for the superintendent and supervisor of disinfecting services are to be demolished, and R40 000 is required for the purchase of other houses in closer proximity to the new disinfecting station. A R16 000 European tuberculosis clinic at the fever hospital will, after approval for part refund from the State Department of Health, cost the Council R2 000, while preliminary work on the infectious diseases hospital at Waterval scheduled to open on 1st January 1974, will be undertaken for R5 000.

Parks and Recreation Department (Vote No. 130)

The following is a summary of the estimates of the various activities of the Parks and Recreation Department for 1971-72.

Branch	Revenue Estimates			Capital Expenditure
	Income	Expenditure	Deficit	
	R	R	R	R
Parks and Horticulture	35 790	1 951 750	1 915 960	273 500
Recreation Facilities	126 370	1 191 220	1 064 850	247 000
Zoological	63 270	858 400	522 130	214 600
Cemeteries	155 940	487 850	331 910	8 000
Swimming Pools	70 590	721 720	651 130	113 000
TOTALS	451 960	4 937 940	4 485 980	856 100

On revenue account, the bill for salaries and wages for 1971-72 will exceed the approximate result for 1970-71 by R354 000. Increased emoluments are shared by European employees R273 000, and Bantu employees R81 000.

Miscellaneous expenses have advanced by R147 500. Higher rentals at the Civic Centre account for R37 450, and swimming pool rentals at Hillbrow and Balfour Park for R11 250. Transport costs go up by R15 000, stores and materials by R10 000 and the expenditure on operating mobile plant by R15 000. Repairs and maintenance will be R26 050 more owing to the additional amount of R20 000 which has been set aside for the maintenance of buildings, while loan charges exceed the approximate result by R33 110.

The amount provided in the capital estimates will be financed from the Consolidated Loans Fund R281 600, and the Capital Development Fund R574 500. There are seventy-seven items on the capital programme,

some of the projects having been commenced in previous years and still in various stages of completion. At the Zoo, R214 600 is to be spent for the completion of the ape house, monkey house and pigmy hippo enclosure. R80 000 is allocated for the purchase of new machinery, while swimming pool improvements in various parts of the city take up R113 000. Recreation facilities, buildings, equipment and ancillary sports amenities will entail expenditure of R247 000.

Public Library and Africana Museum (Vote No. 155)

Revenue Estimates, 1971-72:

Expenditure	R2 212 003
Income	45 450
Capital Expenditure, 1971-72	85 000

Total expenditure on revenue account for the ensuing year is expected to exceed the approximate result by R388 314. Salaries, wages and allowances account for R168 385, miscellaneous expenses R187 889, repairs and maintenance R21 200, and contributions to capital outlay R23 040, while there is a slight reduction in loan charges. The pay adjustments that will come into effect on 1st July, 1971 and 1st January, 1972 account for the increase in salaries and wages, whereas increases in expenditure under the other headings are necessary to meet rising costs of administration.

The capital provision of R85 000 will be spent on air conditioning plant for the central library block R35 000, travelling library R12 000, waterproofing of the underground bookstack R15 000, suburban branch library R20 000, and R3 000 for structural alterations to the central library block.

European Housing (Vote No. 205)

Revenue Estimates, 1971-72:

Expenditure	R1 891 875
Income	1 149 350
Capital Expenditure, 1971-72	6 262 211

Total revenue expenditure is expected to be R630 660 higher than for the current year and the outstanding feature of the increase is the commitment for loan charges which at R1 306 400 is R514 350 more than the approximate result for 1970-71. New schemes on which heavy loan charges will become payable are at Bellavista Estate, Bellavista South and Claremont Stage 2. In this division Government housing loans constitute the prime source of capital finance, and R6 188 211 will be needed for the purchase of land and implementation of housing schemes. Lesser provisions are for aesthetic improvements and amenities R20 000, replacement of coal stoves South Hills R27 000, and offices and workshops in existing and proposed housing schemes R12 000. Income, mostly from rents, has increased by R108 900.

Abattoir and Livestock Market Department (Vote No. 310)

Revenue Estimates, 1971-72:

Expenditure	R1 814 000
Income	1 837 000
Capital Expenditure, 1971-72	1 636 000

For 1971-72, an operating surplus of R9 000 is expected. Increased tariffs approved by the Abattoir Commission with effect from 26th April 1971, will add R214 221 to income for abattoir fees, and R59 168 for refrigeration plant charges.

In accordance with decided policy, the Abattoir Revenue Account operates as a closed account and will contribute annually to the Rate Fund a fixed sum of R12 000 in respect of the Newtown Abattoir until the City Deep abattoir is commissioned, plus 1% of the total progressive annual capital expenditure at City Deep.

As a result of this arrangement, R23 000 will be transferred to the Rate Fund in the forthcoming year.

Operating expenditure is expected to increase next year by R300 710 mainly as a result of higher staff expenses which will go up by R124 320, and loan charges, R130 600. R29 060 for the rental of the City Deep abattoir land is included in miscellaneous expenses and is chargeable to the Newtown abattoir account for the year 1971-72.

The capital requirement for the City Deep abattoir takes up R1 633 400 of the total capital provision of R1 636 000 for next year.

NON-EUROPEAN AFFAIRS COMMITTEE

Non-European Affairs Department (Vote No. 220)

The following is a summary of expenditure on revenue and capital accounts of the department.

Section	Revenue Estimates			Capital Expenditure
	Expenditure	Income	Deficit	
	R	R	R	R
Bantu	12 219 594	9 102 700	3 116 894	11 409 400
Bantu Beer	3 862 600	3 862 600	—	278 000
Liquor Distribution	3 148 000	3 148 000	—	52 000
Totals	19 230 194	16 113 300		11 739 400
			3 116 894	

Ordinary expenditure for the department as a whole shows an upward trend to the extent next year of R1 478 589. Total emoluments go up by R766 500. Of this increase the Bantu Section accounts for R568 000 while Bantu Beer and Liquor Distribution account for R171 000 and R27 500, respectively. Miscellaneous expenses will rise by R122 859.

The operating costs of the Bantu section will be more by R1 636 459, the Bantu Beer section by R187 600, while that of liquor distribution come down by R345 200. The estimated surplus for the coming year on the sale of Bantu beer will be R972 600 and for European liquor R420 000, representing a decrease of R431 400 and R168 000 respectively on the approximate result for 1970-71. Sale of Bantu beer is expected to be R100 000 lower than for 1970-71 while European liquor sales will also be lower by R500 000.

In the general revenue account salaries, wages and allowances are expected to grow by R568 000, of which amount R261 000 is attributable to Bantu emoluments. Provision has been made for general salary increments in accordance with Council decision. Total expenditure in the miscellaneous section of the account at R4 190 494 is R369 559 more

than the approximate for 1970-71. The increase is accounted for under various headings of expenditure, the more important being in relation to services and amenities to be provided by other Council departments, inevitable increases such as the new sales tax, insurance premiums arising from the revaluation of assets, and telephone charges. Expenditure on repairs and maintenance goes up by R90 700 and loan charges by R392 200.

Capital spending in the Bantu Revenue Account will amount to R11 409 400, the Bantu Beer Section R278 000, and the Liquor Distribution Branch R52 000. Housing Loans will be the major source of finance at R6 304 000 followed by the Bantu Services Levy Fund R3 267 100, and the Consolidated Loans Fund R1 789 000. Next year will see the completion of 1 480 houses at Emdeni R200 000, Mapetla Hostel R500 000, Orlando West Women's Hostel R35 000, and extensions to Dube Hostel R81 000, while a start will be made on building new schools R200 000, housing schemes in various townships involving 5 464 houses for which R2 968 000 is required, and a new hostel at Eastern Bantu Township R100 000. A provision of R1 000 000 is set aside for future housing schemes.

Non-European Housing Division (Vote No. 565)

Revenue Estimates, 1971-72:

Expenditure R1 431 310

This Division administers the Non-European Affairs Department's housing activities in the Bantu areas. Expenditure for 1971-72 will be R231 760 more than in the current year and provision has been made in the capital estimates of the Bantu Revenue Account for the total expenditure to be incurred in respect of the housing loan provisions under vote No. 220.

PLANNING AND TECHNICAL SERVICES COMMITTEE

City Engineer's Department (Vote Nos. 025, 030, 035, 040, 045, 050, 055, 058, 390 and 410-455)

The estimates of income and expenditure on revenue account and estimated capital expenditure of the various sections of this department for 1971-72 may be summarized as follows:

Branch	Revenue Estimates				Capital Ex- penditure
	Ex- penditure	Income	Surplus	Deficit	
	R	R	R	R	R
Administration	627 636	2 000	—	625 636	—
Building Survey	394 339	224 700	—	169 639	—
Cleansing	4 150 300	4 250 300	100 000	—	892 200
Construction	7 550 039	185 651	—	7 364 388	11 777 000
Forward Planning	439 191	350	—	438 841	—
Land Survey and Town Planning	119 934	100	—	119 834	—
Sewerage	5 829 300	5 829 300	—	—	5 949 650
Town Planning	666 935	19 500	—	647 435	350 000
Water	6 661 904	7 430 151	768 247	—	2 287 000
General:					
Transport and Mobile Plant	—	—	—	—	1 117 500
Non-European Services Workshops, Building	—	—	—	—	258 500
Workshops, Building	—	—	—	—	30 000
Workshops, Mechanical	—	—	—	—	8 000
TOTALS	26 439 578	17 942 052	686 247	9 365 773	22 669 850

Revenue expenditure on all activities of the department – excluding those undertaken for services rendered to other departments and which are recoverable from them – has increased by R2 940 396 over the approximate figure for this year. A general survey of all the branches indicates that the ratio of total income to total expenditure has decreased from 74% in 1970-71 to 68% in 1971-72.

Increases have been incorporated for rentals in respect of those branches that will take up accommodation at the Civic Centre, as well as for telephones, telegram and postal charges and motor fuel costs. While increased administrative and running expenses are evident in every function of the department, those more readily discernible when compared with the current year are salaries, wages and allowances which are up by 27%, stores and materials by 22%, and loan charges 14%.

The Cleansing Branch surplus of R100 000 which is to be transferred to the Rate Fund is R351 957 less than the figure for the current year. The decline in the surplus arises from the fact that the annual rise in rate of income lags behind the growth in expenditure.

Expenditure of the Construction Branch for 1971-72 reflects an advance of R1 472 897 while income is marginally more by R21 000. The salient features of increases in expenditure are found in emoluments, R424 072; miscellaneous expenses, comprising in the main, resurfacing of roads, premix, transport and stores and materials, R593 218; and loan charges to the extent of R588 200. The estimates of the Forward Planning Branch include an amount of R50 000 for the Transportation report, while R50 000 is earmarked for investigations of proposed schemes.

In the estimates of the Sewerage undertaking gross expenditure at R5 232 903 is forecast to be greater by R529 110. Emoluments, miscellaneous expenses and loan charges account separately for greater expenditure to the order of R346 581, R184 182 and R174 400. The total revenue of the branch is expected to be R14 800 more, but the contribution to the Sewer Tariffs Stabilisation Fund will be R514 310 less than for the current year.

The cost of water purchased from the Rand Water Board has as from 1st April, 1971, gone up by R175 000 per annum but will be recouped through the increased water tariff which came into operation as from 1st May, 1971. The expected profit on water sales will be R768 247 for 1971-72 as against R591 900 for the current year.

Capital Expenditure

Capital expenditure involving a total of R22 669 850 has been budgeted for, the finance being provided by the Consolidated Loans Fund R13 263 850, Capital Development Fund R4 707 000, and Subsidies and Public Contributions R4 699 000. In the Cleansing Branch the greatest part of the amount provided will go towards the building of new compounds and the improvement of older ones. The largest single items here are R267 200 for the new compound/hostel building at Antea, and R90 000 for new hostel buildings in the North Eastern Areas.

The building of urban motorways will proceed through an allocation of R7 652 000; R1 305 000 will be spent on the major road programme, R930 000 on roads in wards, R605 000 on pavements in wards and

R805 000 on the stormwater drainage programme. Provision has been made in the vote 'urban motorways' to award the final construction contract with a view to completion in 1973. Sewer reticulations will take up R1 204 650 of the proposed expenditure of R1 521 650 on the sewer system, while the amount allocated to the Northern Sewerage Scheme, the Klipspruit Basin and Olifantsvlei works is R4 339 000. A contract valued at R3 485 000 has been awarded for the main outfall tunnel to the Klipspruit purification works.

An amount of R2 287 000 has been provided for development of the water system. R768 000 will be used for large reservoir contracts in progress at Randjeslaagte and imminent in Yeoville, and a further R100 000 for a start to be made on a reservoir to serve a portion of the southern region. A sum of R570 000 has been provided for the trunk supply and distribution mains to serve these reservoirs; R205 000 for new plant and equipment including a telemetry system, and R250 000 for the reticulation of new townships.

Licensing Department (Vote No. 120)

Revenue Estimates, 1971-72:

Expenditure	R1 498 288
Income	2 221 600
Capital Expenditure, 1971-72	95 015

This department carries out the functions required by law as provided in the Road Traffic Ordinance, the Licences (Control) Ordinance and the Council's by-laws relating to licences and business control.

It is expected that expenditure on revenue account will be R379 266 more in the forthcoming year than in 1970-71 while income for the same period will increase by only R81 000. The creation of a separate registering authority for the new Sandton area as from 1st January, 1972, with a resultant loss of revenue to the Council, has been taken into account in assessing this income. The surplus of income over expenditure for the new financial year is estimated at R723 312 compared with R1 021 578 for the current financial year.

Items in the capital expenditure programme include the construction of extensions to the vehicle testing station R34 515, and a new weigh-bridge with ancillary roadwork R30 000.

Traffic Department (Vote No. 190)

Revenue Estimates, 1971-72:

Expenditure	R3 958 442
Income	4 325 200
Capital Expenditure, 1971-72	613 200

Expenditure on revenue account will increase by R540 132 or 16% in the ensuing year, while income will be more by R760 200 or 21%. In regard to expenditure, salaries, wages and allowances will advance by R456 830 largely through salary increments envisaged for next year, but also on account of employing part-time traffic inspectors and office personnel. Miscellaneous expenses increase by R47 850 and include an amount of

R10 000 for the increased consumption of electricity for the new parking garage equipment. Loan charges are more by R23 500 owing to the Council's parking garage building programme.

The upward revision of parking tariffs which became effective on 22nd April, 1971, together with higher traffic fines imposed by the courts, has boosted income to R760 200 above the level for 1970-71. Income from parking fees increases by R555 200, parking meters R80 000, and traffic fines by R125 000, thus enabling this department to reflect a surplus of R366 758 which will be set aside for traffic improvements of a capital nature.

Capital requirements for 1971-72 amount to R613 200 and include R287 500 for the Braamfontein No. 1 parking garage, parking facilities and a workshop for motor cycles R100 000, new traffic lights and improvements R85 000 and new motor vehicles R60 000.

UTILITIES COMMITTEE

Fire Department (Vote No. 110)

Revenue Estimates, 1971-72:

Expenditure	R1 591 966
Income	217 966
Capital Expenditure, 1971-72	379 100

Fire protection and ambulance services will cost the city an estimated R107 400 more than in 1970-71. R66 954 of this amount is attributable to emoluments, R23 688 to miscellaneous expenses, R9 300 to repairs and maintenance, R23 500 to loan charges and R7 000 to contributions to capital outlay. Income is not expected to vary much from that of the current year.

The major source of capital finance is from the Capital Development Fund which provides R346 000. The building of new fire engine rooms and grandstand will take up R70 000, fire pump water tenders R90 900, new ambulances R72 000, and radio equipment R72 000. A commencement will be made on building the new fire station at Fairview, and the sum of R33 100 has been set aside from the Consolidated Loans Fund for this purpose.

Public Street Lighting (Vote No. 165)

Revenue Estimates, 1971-72:

Expenditure	R953 800
Income	2 270
Capital Expenditure, 1971-72	755 000

The estimated deficit that will be transferred to the Rate Fund in 1971-72 will be R71 750 more than in 1970-71, the increase in loan charges alone accounting for R60 450 of the shortfall.

The amount provided for capital expenditure is reflected in the estimates of the Electricity Department as R655 000 from the Consolidated Loans Fund and R100 000 from the Capital Development Fund. R455 000 is required for additional public street lighting, R200 000 for street lighting improvements and R100 000 for replacement of obsolete street light fittings.

Rand Airport (Vote No. 170)**Revenue Estimates, 1971-72:**

Expenditure	R212 323
Income	233 000
Capital Expenditure, 1971-72	40 000

The expected surplus on revenue account for 1971-72 will be R20 677 compared with a nominal surplus of R335 for the current year. Income is more by R35 000, while expenditure has increased by R14 658. The additional income will augment landing fees and rents, while higher staff expenses form the bulk of the increase in the cost of operating the airport.

A military hangar previously rented by the Council will be bought from capital funds for R20 000, while a further R20 000 has been provided for modification and additions to the Bantu compound.

Electricity Department (Vote No. 320)**Revenue Estimates, 1971-72:**

Expenditure	R22 932 200
Income	25 107 200
Capital Expenditure, 1971-72	8 802 700

The basis of apportionment of the operating surplus adopted by Council last year allowed for a contribution in relief of rates equal to $1\frac{1}{4}\%$ of the total capital outlay of the department. In terms of this arrangement R2 175 000 will be transferred to the Rate Fund for 1971-72, or R95 000 more than for the current year.

A comparison of the rate of growth for income and expenditure in the department for next year in relation to the current year, reveals that income will grow by 5,7% and expenditure by 6,7%. The residual amount available for capital spending is R167 010 less than that for the current year. The allocation of electricity surpluses is set out in the following comparative table:

	1970-71	1971-72
Direct Capital Appropriations	R544 990	R377 980
Surplus transferred to Rate Fund	2 080 000	2 175 000
Operating Surplus	<u>R2 624 990</u>	<u>R2 552 980</u>

Total revenue expenditure is expected to be more by R1 424 960, and of this amount increased salaries, wages and allowances make up R966 620. Coal for coal-fired turbines will bring about a rise of R405 100 and furnace oil of R84 000. The department has an extensive programme of electricity improvements financed from revenue listed under extraordinary expenditure, involving alterations, conversions, demolitions and replacements to existing capital assets. Expenditure under this heading is expected to be R25 160 less for next year.

Income from the sale of current is expected to increase by R1 361 000. Other income at R950 200 shows very little variation from that of the current year. The capital requirements amount to a total of R8 802 700 and are allocated to generation R638 200, major distribution expansion R2 100 500, general distribution construction R4 450 000, and technical administration (including street lighting) R1 614 000. The major source of finance is the Consolidated Loans Fund, which provides R6 960 700 of the required funds.

The 88 000 volt section of the John Ware Switching Station in Fordsburg to take Escom bulk supplies will be completed in time for the winter of 1972 at a cost of R350 000, and R500 000 in contract payments will be made for transformers at Braamfontein and John Ware substations.

Planned expenditure for general distribution construction will be as follows:

High voltage mains	R1 490 000
High voltage switchgear	460 000
Transformers	935 000
Low voltage mains	570 000
Low voltage switchgear	110 000
Buildings	115 000
Plant and machinery	120 000
Purchase of distribution network from Escom	600 000
Extensions to distribution network Lenasia	50 000

Gas Department (Vote No. 340)

Revenue Estimates, 1971-72:

Expenditure	R2 389 200
Revenue	2 397 500

Capital Expenditure, 1971-72 304 000

A comparison of net expenditure and net income for 1970-71 with that for 1971-72, reveals that in the forthcoming year expenditure will increase by 3% and income by 1,5%. The surplus available for transfer to the Rate Fund is accordingly expected to be R33 500 less than for the current year. Income from the sale of gas is marginally more by R64 000, but this is partially offset by a fall in the sale of coke of R30 000. In regard to expenditure, the purchase of carbonizing coal at R375 000 is the same as for the current year, but the purchase of Sasol gas increases by R22 000. The burden imposed by loan charges has decreased from R472 790 to R463 500 for next year.

Capital expenditure in the forthcoming year will be financed from the Consolidated Loans Fund R200 000, and the Capital Development Fund R104 000. The main items are R75 000 for gas boosting equipment, R45 000 for general extension of mains, R35 000 for renewal of corroded mains, and R30 000 for the renewal of gasmaking retorts.

Produce Market (Vote No. 360)

Revenue Estimates, 1971-72:

Expenditure	R1 331 735
Income	1 331 735

Capital Expenditure, 1971-72 5 169 617

Revenue income from all sources, though R56 000 more than the approximate result for 1970-71, will not offset normal rises in expenditure next year. In contrast to the current year's surplus of R212 043 a deficit of R181 735 will be transferred from the Produce Market Unallocated Surplus Account. Expenditure on revenue account for 1971-72 will exceed the current year's approximate results by R449 778.

Income and expenditure in respect of the Soweto Market are transferred to the Non-European Affairs Department and do not, therefore, affect the operating results of the Market Department.

The whole of the capital expenditure provision for 1971-72 is related to construction work at the City Deep market site, for which purpose R5 169 617 will be allocated from the Consolidated Loans Fund.

Transport Department (Vote No. 380)

Revenue Estimates, 1971-72:

Expenditure	R8 556 717
Income	4 687 513
Capital Expenditure, 1971-72	2 152 291

Total expenditure for 1971-72 is expected to exceed the approximate result by R535 434 and total income is expected to be R12 042 more than the approximate income for 1970-71. It is estimated that salaries, wages and allowances, miscellaneous expenses and loan charges will go up by R436 471, R260 772 and R106 600 respectively, but expenditure on repairs and maintenance will decrease by R8 015, largely as a result of a substantial reduction in the maintenance of buildings. The increased loan charges that will become payable in 1971-72 is attributable to the expected delivery of buses in that financial year. The estimated loss that will be incurred on operations in the ensuing year will be R3 869 204, this being R523 392 more than for the current year.

Bus operating costs, including repairs and maintenance expenditure on buses, are expected to increase by R151 128 next year. Of this amount, R128 408 is in respect of additional loan charges, R15 042 for running expenses and R7 677 for repairs and maintenance.

The capital requirements of R2 152 291 will be shared by allocations from the Capital Development Fund, R1 552 880, and the Consolidated Loans Fund R599 411. The commitment in respect of retention moneys and contractual liability arising from the purchase of 165 buses is R1 655 791 and alterations and extensions to garages and workshops will be R250 000. Fare collection equipment which has become essential for one man operated buses in order to replace conductors will cost R75 000, while a chassis dynamometer which will facilitate the detection of engine faults will be bought for R35 000.

SCHEDULE A

INCOME FROM GENERAL RATES IMPOSED ON LAND VALUES

1 Year	2 Average Land Values on which Rates imposed (Rounded)	3 Rate on Land	4 Basic Rate Income	5 Rates on Mining Improvements, Special Rates, etc.	6 Total Rate Income
	R	c	R	R	R
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
1967-68	570 148 000	3,000	17 045 185	49 615	17 094 800
1970-71 (Approximate)	1 210 000 000	2,700	31 880 000	96 000	31 976 000
1971-72 (Estimated)	1 214 000 000	2,700	31 970 000	87 000	32 057 000

SCHEDULE B

CAPITAL FINANCE COMPARED WITH OUTLAY

(AS AT 30th JUNE, 1970)

	R	R	R	%
External Loan Debt				
1. Government Housing Loans			40 631 846	8
2. Long Term Loans			154 885 459	31
3. Short-Term Borrowings			18 355 875	4
4.			213 873 180	43
5. Deduct: Liquid Investments			29 897 463	6
6.			183 975 717	37
7. Short-Term Internal Borrowings			28 595 060	5
8. Trust Funds and Specific Provisions	12 992 803			
9. General Insurance Fund	5 988 404			
10. Tariffs Stabilisation Fund	6 661 824			
11. Maintenance of Buildings Reserve	2 952 029			
12.			212 570 777	42
13. <i>Deduct: Sundry Debtors</i>			6 966 358	1
14. A. Capital Outlay from Net Borrowings			205 604 419	41
15. B. Capital Outlay from Permanent Pools		76 717 416		15
16. Capital Development Fund	57 763 279		} 297 246 048	
17. Permanent Capital Reserves	18 954 137			
18. Capital Assets Fully Paid Off		220 528 632		
19. Property and Permanent Works (At Cost)	190 521 529			
20. Other Capital Outlay	30 007 103			
21. Total Capital Outlay			<u>R502 850 467</u>	<u>100</u>

SCHEDULE C

SUMMARISED STATEMENT OF ASSETS AND LIABILITIES AS AT 30th JUNE, 1970

CAPITAL LIABILITIES		CAPITAL ASSETS	
	R		R
Loans Outstanding	300 829 781	Capital Outlay	502 850 467
Temporary Advance from Revenue Account	18 355 875	Sundry Debtors	6 966 358
Surplus	220 528 632	Investments	29 897 463
	<u>R539 714 288</u>		<u>R539 714 288</u>
REVENUE LIABILITIES		REVENUE ASSETS	
Temporary Loans	9 555 761	Stores	5 838 879
Sundry Creditors	22 596 455	Sundry Debtors	10 487 249
Special Funds	115 120 509	Investments: Special Funds	115 120 509
Surplus	3 978 835	Cash	1 449 048
	151 251 560		<u>132 895 685</u>
<i>Less:</i> Temporary Advance to Capital Account	18 355 875		<u>R672 609 973</u>
	<u>132 895 685</u>		
	<u>R672 609 973</u>		

SUMMARY OF ESTIMATED INCOME AND EXPENDITURE ON REVENUE ACCOUNT FOR THE YEAR 1971-72

Vote No.	Committee, Department, Section or Division	Expenditure	Income	Transfers to Rate Fund		
				Surplus	Deficit	Per Rand Valuation on Land
		R	R	R	R	c
	Management Committee:					
010	Assessment Rates		32 057 000	32 057 000		2,684 9 Cr.
015	City, Duncan, Selborne and Mondeor Halls	244 526	18 500		226 026	0,018 9
085, 090	City Treasurer's Department	3 240 600	624 210		2 616 390	0,219 1
100	Council's General Expenses	1 790 036	260		1 789 776	0,149 9
115	Grants-in-Aid and Donations	977 534			977 534	0,081 9
125	Organisation and Methods Division	181 579			181 579	0,015 2
175	Staff Board	644 706			644 706	0,054 0
180	Clerk of the Council's Department	1 438 055	300		1 437 755	0,120 4
195	Valuation Department	358 719	3 100		355 619	0,029 8
210	Coloured and Asiatic Division	2 022 936	989 800		1 033 136	0,086 5
	TOTAL MANAGEMENT COMMITTEE	10 898 691	33 693 170	32 057 000	9 262 521	1,909 2 Cr.
	Health and Amenities Committee:					
005	Art Gallery	115 006	800		114 206	0,009 6
065	City Health Department	5 302 480	2 224 960		3 077 520	0,257 8
130	Parks and Recreation Department	4 937 940	451 960		4 485 980	0,375 7
155	Public Library and Africana Museum	2 212 003	45 450		2 166 553	0,181 3
205	European Housing	1 891 875	1 149 350		742 525	0,062 2
310	Abattoir and Livestock Market Department	1 814 000	1 837 000	23 000		0,001 9 Cr.
	TOTAL HEALTH & AMENITIES COMMITTEE	16 273 304	5 709 520	23 000	10 586 784	0,884 7
	Non-European Affairs Committee:					
220, 230, 295	Non-European Affairs Department	19 230 194	16 113 300		3 116 894	0,261 1
	TOTAL NON-EUROPEAN AFFAIRS COMMITTEE	19 230 194	16 113 300		3 116 894	0,261 1
	Planning and Technical Services Committee:					
025, 030, 035, 040, 045, 050, 055, 058, 390	City Engineer's Department	26 439 578	17 942 052		8 497 526	0,711 7
120	Licensing Department	1 498 288	2 221 600	723 312		0,060 6 Cr.
190	Traffic Department	4 325 200	4 325 200			
	TOTAL PLANNING AND TECHNICAL SERVICES COMMITTEE	32 263 066	24 488 852	723 312	8 497 526	0,651 1
	Utilities Committee:					
110	Fire Department	1 591 966	217 966		1 374 000	0,115 1
165	Public Street Lighting	953 800	2 270		951 530	0,079 7
170	Rand Airport	212 323	233 000	20 677		0,001 7 Cr.
320	Electricity Department	22 932 200	25 107 200	2 175 000		0,182 2 Cr.
340	Gas Department	2 389 200	2 397 500	8 300		0,000 7 Cr.
360	Produce Market Department	1 331 735	1 331 735			
380	Transport Department	8 021 283	4 687 513		3 869 204	0,324 1
	TOTAL UTILITIES COMMITTEE	37 967 941	33 977 184	2 203 977	6 194 734	0,334 3
	TOTALS	116 633 196	113 982 026	35 007 289	37 658 459	0,222 0

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