

Trade and investment mission to India, Vietnam, China and Russia.

04 December 2009

Statement by the executive Mayor of Johannesburg, CLR Amos Masondo, at a media briefing on the city's trade and investment mission to India, Vietnam, China and Russia, Mayoral Parlour, Braamfontein — Johannesburg

Programme Director

Speaker of Council: Clr Nkele Ntingane

Chief Whip of Council: Clr Nonceba Molwele

Members of the Mayoral Committee

Fellow Councillors

City Manager: Mavela Dlamini

Media

The City of Johannesburg is South Africa's premier destination for trade and investment. In this capacity the City regularly receive delegations from other countries or visit similar cities across the world.

The Executive Mayor, Clr Amos Masondo, recently undertook a trip to deepen relations and led a trade mission to Ho Chi Minh City in Vietnam, Shanghai City in the People's Republic of China, Mumbai in India and St Petersburg in Russia. The Mayor met with his counterparts in these cities and also addressed investment seminars attended by the business community.

Memorandums of Understanding (MOUs) were signed with host cities to promote trade and investment and co-operation on issues of mutual concern. The underlying factor in all these efforts is to improve service delivery.

These visits were also intended to enable City officials to share best practice, experiences and expertise.

Briefly, the objectives of these trips were:

To promote the City of Johannesburg to the business communities and other stakeholders;

to identify opportunities for co-operation;

to share information, identify best practice with the view of adapting it to our own Johannesburg specific reality and,

To sign agreements and strengthen city-to-city partnerships.

The delegation of the City consisted of the Executive Mayor, five Members of the Mayoral Committee, the Chief Whip of Council, and nine City officials including support staff. Four members of the Johannesburg business community joined the delegation during parts of the visit – at their own expenses.

The City delegation was selected and constituted in such a way that it would broadly reflect areas of economic development, urban management, environment, housing and community development.

This was the second foreign mission led by the Mayor in this political term of office to enable Members of the Mayoral Committee and senior officials to gain valuable insights in how big cities in other countries deal with challenges that are very similar to that of Johannesburg and to share our own experiences.

A media statement was issued on the 6th of November 2009 and distributed to all the media. Another statement was issued on the 12th of November following the visit to Ho Chi Minh City.

A full report on the visit is being compiled and will be presented to the Mayoral Committee and the Council in December 2009. This report will be a public document and contain full details on the trip.

The following summary does, however, give an indication of the activities undertaken.

#### Mumbai, India

Meeting was held with Commissioner Rajeev of the Greater City of Mumbai. He is currently the most senior official of the city pending elections for a new Mayor. The delegation also met with the outgoing Mayor, Dr Raul.

Meetings with the Ministry of Women and Child Development, the Ministry of Environment, and Ministry of Urban Development and Housing were also arranged.

A decision was taken in principle to sign a sister-city agreement between the City of Johannesburg and Mumbai. Officials of the Indian Department of Foreign Affairs and the SA High Commission in Delhi will assist to take the process further.

Areas of interest that require further exploration include the following: Environment – water quality, waste management and greening of urban spaces; Urban renewal and regeneration; Development planning and Housing, the management of informal settlements and usage of land in partnership with the private sector; community development, integrated child development; arts and culture.

An investment seminar sponsored by Rand Bank and the Confederation of Indian Industry was held. Specific interest was shown in issues related to IT and telecommunications as well as the textile industry.

#### Ho Chi Minh City, Vietnam

The signing of a Memorandum of Understanding between the two cities following a meeting with Mr Le Hoang Quan, the Chairman (the Mayor) of Ho Chi Minh City and the members of his committee took place;

The MOU, amongst others, focuses on the promotion of social and economic development, good governance and the identification of joint initiatives to achieve this (programme driven approach);

Visit to Phu My Hung Urban Development to observe issues relating to collaboration between local government and the private sector in tackling challenges relating to housing stock, economic development, job creation, business and social amenities and the innovative use of IT in achieving some of these goals was organised.

Investment Seminar hosted by the South African Embassy and the Vietnam Chamber of Commerce and Industry (VCCI) – attended by about 90 people was held.

Specific areas of interest includes furniture manufacturing, IT and telecommunications, agricultural machinery and equipment.

Shanghai City, Peoples Republic of China

A Memorandum of Understanding was signed between the two Cities following a meeting with Mayor Han Zhen of the Shanghai Municipality.

The MOU focuses on the promotion of social and economic development.

Representatives from both cities will meet soon to develop a programme of action to implement this agreement.

Meetings with the Shanghai environmental protection bureau, the housing guarantees and administration bureau as well as the Shanghai planning, land and resource bureau were held.

An investment seminar was also held where specific interest in the areas of new technology, mining machinery, fresh produce and textile was shown.

A Memorandum of Understanding was signed with the vice governor of St Petersburg;

The MOU focuses on scientific, technical and cultural co-operation exchanges;

Meetings with officials responsible for issues such as support programmes for the homeless, food security, environmental protection and ecological safety and vehicle management were arranged.

An investment seminar was organised in which, amongst others, interest was shown in mining and refinery equipment, diamond sorting equipment and light machinery. Some business people who are already active in Southern Africa indicated some interest in relocating some of their operations to South Africa.

St Petersburg, Russia

It is a well known fact that missions such as these do not achieve instant results. Further work will have to be done to match the interest of foreign investors to those of local businesses and provide whatever relevant support.

The interest shown in investment and trade with South Africa – especially Johannesburg – was encouraging. We have a responsibility to take this work to another level and forward.

Debt write-off

Recent media reports on the City's decision to write off debts, unfortunately, do not reflect the complete situation.

It is important to note that the debt referred to date from as far back as 1994 – even before the current administration took office. It would, therefore, be wrong to portray it as a singular write-off on the current budget.

As indicated, more of the debt written off is over ten years old, irrecoverable and prescribed. Legislation requires the City to do everything within its means before writing debt off and such steps were indeed taken.

Under the circumstances it does not make sense to pursue prescribed debt. Prior to 2003 the City did not have a credit control policy and this was introduced to curb debt from escalating as well as to be able to collect it.

The current credit control policy is available to the media if they so request. It also highlights the steps taken by the City to collect debts that are recoverable.

Reports on debt write-offs are made to Council on an ongoing basis and do not affect the City's budget or ability to provide services as budgets are reviewed annually to enable new projects, programmes and initiatives to be executed.

The decision to write off this amount was taken in an open Council Meeting more than six months ago.

Johannesburg has a proud record of prudent financial management as is reflected in the fact that it has received an unqualified report from the Auditor General for the past three years.

The City has also received numerous accolades from independent institutions for the quality of its financial management and its record in service delivery.

It is a sad reflection on the quality of politics in this City that opposition councillors and those who collaborate with them, who should know better, continue to seek to malign Johannesburg by spreading untruths about the City's financial situation.

Some of these statements borders on dishonesty because councillors receive reports reflecting the City's collection rate in respect of rates and taxes on a monthly basis.

In my opinion such actions are in contravention of the Code of Conduct for Councillors contained in the Municipal Systems Act 32 of 2000. This Code requires of a councillor to perform the functions of office in good faith, honestly and in a transparent manner; and, at all times act in the best interest of the municipality and in such a way that the credibility and integrity of the municipality is not compromised.

For the current financial year, the City collected 100.1% in July 2009, 87.3% in August 2009 and 92.9% in September 2009 in respect of assessment rates.

It should be stated for the record that the City's finances are in good shape, considering the impact of the global recession. Like most other government and private institutions around the world Johannesburg had to make adjustments to its budgets to reflect the changing decline in revenue. We will continue to be transparent and accountable. We will report adjustments openly both to the Mayoral Committee and Council.

Thank you