

SPEECH BY CLR GEOFFREY MAKHUBHO, MEMBER OF THE MAYORAL COMMITTEE FOR FINANCE AT  
THE LAUNCH OF JOHANNESBURG'S 2013/14 ANNUAL REPORT

29 January 2015

Programme Director

The City Manager

Members of the Panel

Members of the Media

Ladies and Gentlemen

“Corridors of Freedom – Re-stitching our City to Create a New Future”

Ladies and Gentlemen, the Freedom Charter identifies the challenges in a way that relates to the world as we know it. It speaks of decent housing, affordable rentals, food, health care, transport, roads, lighting, playing fields, crèches, addressing the needs of the disabled, leisure and recreation and abolition of ghettos, fence locations, and laws that break up families.

As we table the Annual Report for the year ended 30 June 2014, I am proud to note that the City of Johannesburg has remained focussed on continuous improvement of our financial position and service delivery standards. This year we celebrate the 60th anniversary of the adoption of the Freedom Charter in Kliptown and as the City of Johannesburg we are committed to re-stitching our City to create a new future for those who call Johannesburg home in the spirit of this seminal document. We continue to work towards the realization of its ideals

At the core of our endeavours to build a strong City administration is undoubtedly good corporate governance. As you will find out in the 2013/14 Annual Report, the City has, for the second year in a row, achieved an unqualified audit opinion. This is a firm indication of continuous improvement of our financial management. We will continue to strive to build a clean administration and maintain the highest standards of corporate governance.

Ladies and Gentlemen, the City welcomes the Auditor General's audit findings, which reflect the positives and highlight challenges that still need to be addressed. We will continue to work with the Auditor General to ensure continued improvement.

Our financial strategy, which is driven by the Financial Development Plan, continues to reap fruitful rewards. Three years ago we faced a number of challenges, including low cash balances, high volumes of customer queries and a qualified audit opinion. We committed then to clear targets to address these challenges and we have accomplished what we set out to achieve.

- The City has achieved a surplus of R4.2 billion, an improvement of over R700 million compared with the previous year's achievement of R3,4 billion;
- In the 2012/13 financial year we scaled up capital investment with a budget of R4.5 billion which increased to R7.7 billion in 2013/14 and exceeds R10 billion for 2014/15. This is in line with our intention to spend R100 billion on capital expenditure over a 10 year period. Capital investment is a key tool for improving service delivery, and transformation of the urban environment.
- Our revenue collection stands at 94%; and
- Over the past 3 years we have worked towards building up cash reserves through more stringent cash management. The City's cash and cash equivalents at year-end amounted to R5,3 billion, compared with R5,4 billion the previous year despite the capital budget increasing by more than 70%.

Despite operating in unfavourable and difficult economic conditions, the City has maintained its respectable credit ratings with Fitch and Moody's at AA- (zapzaf) with a stable outlook and A1.za with a negative outlook respectively. However, as you know, the Moody's rating was subsequently revised down to A2.za with the sovereign downgrade in November 2014. The impact of the Sovereign may have reduced our rating, but if Joburg is isolated, it shows good fiscal management and that we are a powerhouse and a pillar of strength in the South African economy. These credit ratings will assist in containing the funding costs of the City and ensuring that the City's listed bonds remain an attractive proposition to the investors.

Ladies and Gentlemen, Joburg is innovative and committed to finding new and better funding mechanisms that will not only benefit Johannesburg, but the local government within the Gauteng City Region. Thus in this regard we issued a green bond COJG01 in June 2014 to fund part of the 2013/14 capital expenditure program to the tune of R1.458 billion. The green bond, which is the first of its kind in South Africa and on the African continent, was oversubscribed by 150% indicating the confidence placed in us by our investors.

It is also in the spirit of innovation that we are privileged to host the FMDV conference in Johannesburg from 28-30 January 2015. This event brings together international and local experts to

discuss innovations in creating funding opportunities for world class African possibilities including looking at mechanisms such as pooled funding.

Looking back at the 12 month period under review I want to refer briefly to some of the achievements made besides the financial gains.

- 4,281 SMMEs and 37 Co-operatives were supported. Two SMME Hubs were established as well as four regional sector-based incubators. These activities resulted in 1,397 jobs being created by City-supported SMMEs.
- Our SMME support has seen 11% growth in the informal economy; this is in line with our strategy of ensuring the development of SMMEs and establishment of programmes to develop entrepreneurship as an alternative to formal employment.
- Reduction in prevalence of communicable and non-communicable diseases: HIV exposed babies born negative are at 99%.
- Phase 1A and 1B continue to provide safe, efficient and environmentally friendly public transport for our citizens - has created more passengers on BRT seats 23,660 Passengers were commuted by Rea Vaya during period under review.
- 13,428km Roads were tarred and 623 kilometres of existing roads were resurfaced (over 700% increase compared to the previous financial year). 46.97 kilometres of storm water infrastructure was maintained, translating as approximately 44 kilometres more than the previous year.
- Joburg is moving towards low carbon infrastructure, minimal resource reliance and increased preservation of natural resources.
- To reduce 'unaccounted for water', the City replaced 182 kilometres of piping
- Drinking water quality remains of highest possible standard at 99.8% of approved standards.
- 30,008 Solar water heaters (geyser) were installed in various areas including Alexandra, Devland, Lehae, Pimville, Pennyville, Tshepisong and Vlakfontein
- The City planned to create a total of 50,000 EPWP work opportunities during the year 2013/14, and surpassed this target by 5,082 work opportunities (10.2%) achieving a total of 55,082 work opportunities.
- JOSHCO grew its housing portfolio to within 4% of the projected target for the year by increasing the portfolio to 7,034 units against a target of 7,298 units. The company ended the year at 96.4% of this target.
- The City achieved 37% and 28% reduction in assaults and robberies in areas covered by CCTV; this will further be enhanced by IOC enablement.

Ladies and gentlemen, following on from our successes and achievements in 2013/14, we will continue to re-stitch our City to create a different future for our residents where we can link jobs to people and people to jobs. We are embarking on Transit-oriented Development. Because the developments are along transport corridors, the provision of transport like Rea Vaya will enable fast, safe and affordable mobility along the corridors.

We call on residents and stakeholders of Johannesburg to engage with the Annual Report and to provide feedback through the existing channels. Copies of the Consolidated Annual Report and Annexure A Summary Annual Report can be found on our Website [www.joburg.org.za](http://www.joburg.org.za) and at Council buildings.

Thank you

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