

**SPEAKER'S NOTES FOR CLR GEOFFREY MAKHUBO, MEMBER OF THE
MAYORAL COMMITTEE FOR FINANCE, AT THE LAUNCH OF
JOHANNESBURG'S ANNUAL REPORT 2012/13**

30 January 2014

Committing to a Promising Future

In a message to the Mo Ibrahim Foundation which, in 2007, bestowed on him a lifetime award for leadership, Johannesburg's most famous son, our recently departed, Nelson Mandela, singled out "five tenets" for the successful development of the African continent.

The first, he said is: **democracy**. The second is: **rule by the people for the people**. Then comes **the promotion of rights** and **the rule of law**. And the fifth, according to Madiba is: **good governance**.

The Annual Report of the City of Johannesburg, for the 2012/13 financial year, which was tabled in Council this morning, reflects our commitment to excellence in governance.

At the outset, I want to emphasise the most important highlights of the report:

- Our excellent financial performance with 92% of billed revenue collected and a net surplus of R3.4 billion.
- Our achievement of an unqualified audit report from the Auditor General for the first time since 2010.
- Our investment in strategic infrastructure – roads, water, power and broadband – which amounts to more than a R100-billion over a 10 year period.
- The spatial renewal of the City through the introduction of the Corridors of Freedom which will bring people living on the edges closer to economic opportunities and create a more just and equitable Johannesburg.
- Our success in creating job opportunities through the Expanded Public Works Programme and support to small and medium enterprises.
- Our achievements in the delivery of basic services where 98% of households now have access to piped water and the sanitation backlog has been reduced to less than five percent – despite a 37% growth in population over the past decade.

Programme director, Members of the Mayoral Committee, distinguished guests, members of the media.

This administration has been the target of severe criticism by our political opposition and pundits in the media in recent years. There were predictions that we will not reach our targets. There were exaggerated claims that Johannesburg is “bankrupt.” There were doubts cast about our financial stability.

Throughout this period we maintained consistently that this administration led by the African National Congress is in excellent shape. We asked the people of Johannesburg to put their trust in our leadership and to allow us time and opportunity to build a solid and stable City.

The report released today is the clearest indicator yet that we are, indeed delivering a world-class African City. We are, indeed, creating a well-run, efficiently managed and sustainable city of the future.

Programme director,

This is a remarkable year for South Africa as we celebrate 20 years of democracy. 20 years of freedom for our people. 20 years of considerable progress with the delivery of essential services which are designed to improve the quality of life of the residents of Johannesburg.

Measured against any indicator this city is in 2014 a much better place to live in for the vast majority of its residents than it was in 1994. In fact, I want to say it is much better place for *all* its residents – from Dobsonville to Melville; from Ivory Park to Craighall Park; from Newclare to Newtown.

Today we can say with a sense of great pride that the City has been truly turned around. We have laid the foundations. ***We are now committing Johannesburg to a promising future.***

Good Governance:

Ladies and gentlemen,

At the top of our achievements is the fact that the City has received an “unqualified audit opinion” from the Auditor General for the first time in three years. Two of our city-owned entities – the Johannesburg Market and Joshco – were given complete clean bills of health.

From a technical perspective this is an important milestone. But it is only one of a wide range of indications which show that the governance and the financial position of Johannesburg are in excellent shape.

There are some outstanding issues between us and the achievement of a “clean audit opinion” but they pertain predominantly to matters relating to compliance and annual targets that were missed – some by less than 10%.

An important feature of the Auditor General’s report is the fact that billing issues and uncollected revenue which dominated previous negative findings are now kept to a minimum. This is the clearest indication yet that our Revenue and billing interventions in cleaning up the quality of data on the billing system are yielding positive results.

The City collected 92% of revenue billed and intends to improve this to 97% by 2016.

Ladies and gentlemen,

All the figures show that the City is in excellent financial shape despite the impact of the global economic downturn. In the period under review we generated a healthy net surplus of R3.4 billion and our net assets position has improved by 13% to R30.4 billion.

This is an achievement of which our residents can be justifiably proud of and I want to congratulate “Team Johannesburg” for their contribution in this regard.

Improved liquidity management enabled the City to increase its cash and cash equivalents to R5.4 billion from R2.2 billion in the previous year.

The debt to revenue ratio stands at 38.77%. This is significantly down from 41.24% in the previous year. However, we expect that borrowings will increase as we roll out the capital expenditure programme, but that it will remain below the 45% target limit.

The ratio of maintenance to expenditure has improved to above 2% in the current year – but is still below the internal target of 7%. It should be noted that 85% of Johannesburg’s assets are underground – in the form of infrastructure such as water pipes and electricity cables – and it requires continuous attention through routine maintenance.

Let me remind you that Johannesburg is on a journey to invest more than R100-billion over a ten year period, in partnership with the private sector, to create infrastructure which can unlock economic opportunities, expand investment and create jobs.

Ladies and gentlemen, while financial sustainability remains a high priority we are also committing to a promising future across the entire spectrum of service delivery for which metropolitan governance is responsible in South Africa.

The positive perceptions about the quality of governance in Johannesburg and the progress we are making in the delivery of essential services are also reflected in the most recent “Quality of Life Survey” conducted by the Gauteng City Region

Observatory, in collaboration with the Universities of Johannesburg and the Witwatersrand.

Economic Growth

The National Development Plan which provides the framework for South Africa's growth path over the next two decades singles out the availability of affordable, quick and reliable broadband as one of the most important factors to unlock the country's potential.

As we speak, Johannesburg is being transformed into a "digital city." At the end of the financial year more than 900 kilometre of fibre optic broadband cable has already been rolled out as part of our investment in strategic infrastructure.

The new network will reduce the cost of telecommunications, improve service delivery and increase access to information technology to every corner of the city.

It will further strengthen Johannesburg position as Africa's leading investment and commercial hub and signal that "the City is open for business."

I am convinced that the future of Johannesburg will be determined by our ability to mobilise modern technology in a manner, which attracts investments, encourages business growth, improve access to services for all our residents and improve the quality of life of communities.

In the annual report you will also find details about the wide-range of programmes that are designed to transform the Johannesburg economy and address the triple challenges of unemployment, poverty and inequality.

Almost 4 000 small and medium-sized enterprises benefited from a programme that assists informal traders to acquire trading licences. The City also facilitated funding to the value of R27-million from the Eskom Foundation and the Department of Trade and Industry for the Soweto Energy SMME Incubator.

This demonstrates our support for the development of a dynamic entrepreneurial spirit and innovation within our formal and informal economic sectors. .

In the coming year the City will continue to develop Empowerment Zones and Hubs to ensure the development of SMMEs and establish programmes to develop entrepreneurship as an alternative to formal employment.

The Expanded Public Works Programme is one of the City's flagship initiatives designed to reduce unemployment and alleviate poverty through on-the-job training. During the year 36 588 employment opportunities were created – exceeding the City's own targets by more than 1 580. For this programme Johannesburg received the Kamoso Award from the Department of Public Works as the best performing metropolitan municipality in the country.

In addition, land ownership has been facilitated through the transfer of 155 properties to rightful owners in Greater Soweto, Orange Farm, Ivory Park and Alexandra.

Ladies and gentlemen,

Over 17 000 people were interviewed, including in every municipal ward in Johannesburg. It indicated high levels of satisfaction among users of our transport services – which, we are confident, will further increase as Rea Vaya is extended into other areas of the city.

Ladies and gentlemen,

In the Annual Report you will also note that Metrobus transported almost 16.5 million passengers in the year under review 35 953 commuted daily on the modern Rea Vaya Bus Rapid Transit System.

The first two phases of Rea Vaya has now been completed and the next stage will see the greater integration of the bus system with other modes of transport. This includes the construction of three large interchanges at Sandton, Westgate and Pan Africa in Alexandra to enable passengers to transfer between Gautrain, commuter rail, Metrobus, mini bus and metered taxi modes.

I referred earlier to the statistics concerning the delivery of water, electricity and sanitation – and the details are contained within the Annual Report. At the time, issues related to billing were the biggest concerns among residents but we have started to address this through the Roadmap for revenue enhancement, measures to improve the accuracy of bills and the progressive removal of the backlog of queries.

Some of the other issues raised in the Survey relate to public safety, illegal dumping, urban decay and by-law infringements. These are exactly the issues which the City has started to address following the adoption of our Growth and Development Strategy 2040.

If you look at the Annual Report, for example you will note that our stricter by-law enforcement resulted in a 72% reduction in illegal advertising. Steps were also taken to address illegal dumping and littering and the dangerous practice of illegal electricity connections.

Ladies and gentlemen,

You will recall that the Executive Mayor, Cnr Mpho Parks Tau, made important announcements about Corridors of Freedom in his 2013 State of the City Address

and that I added further details about this flagship project in my recent Budget Speech.

At the core of the concept is the need to stimulate the growth of mixed-use commercial and residential development around public transport spokes and hubs. It has to go hand in hand with the growth of a reliable, affordable and accessible public transport system which enables communities to live, work, shop and play within a mixed-use space.

The Corridors of Freedom will also create a more equitable spatial form for the city, bringing people living on the periphery into the mainstream of economic activity and closer to job opportunities.

Ladies and gentlemen,

The theme of our Annual Report is "Committing to a Promising Future."

At the beginning I said that this ANC administration has proven its critics wrong, especially in the areas of governance and financial stability. During the first two and a half years of our tenure we have been building a stable and high-performing city block by block.

Through a consultative process we have formulated a long-term vision for the City as expressed in the Johannesburg Growth and Development Strategy 2040.

In the coming years we will see the acceleration of our initiatives and grow into a truly, world class city.

Together, we are moving Johannesburg forward. Together we are moving Gauteng forward. Together we are moving South Africa forward.

Thank you.

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