

CITY OF JOHANNESBURG

2016 BUDGET SPEECH BY THE MEMBER OF THE MAYORAL COMMITTEE FOR FINANCE IN THE CITY OF JOHANNESBURG, COUNCILLOR GEOFFREY MAKHUBO.

TURBINE HALL, NEWTOWN – JOHANNESBURG, 24 MAY 2016

2016 THEME: A CITY THAT DELIVERS ON ITS COMMITMENTS

Madam Speaker, this city, City of Johannesburg delivers on its commitments.

In 2011, we committed to strengthen our finances.

We committed to increase our financial capacity.

We committed to be responsive to communities.

We committed to building the economy and creating jobs.

We committed to investing in infrastructure.

Today, I can confidently say - We have delivered.

- We delivered cash of R4.9 billion in 2014/15 – which is 6 times what they were in 2010/11, and consistently high cash balances averaging R5 billion per year over the last three years;
- We delivered capital expenditure that has more than tripled from R3.2 billion in 2011/12 to a record R10.1 billion in 2014/15;
- We have spent government grants - only 4% of conditional grants were unspent in 2014/15 indicative of improved grant management;
- We have maintained sustainable debt levels; and
- We attained three consecutive unqualified audits with six entities receiving clean audit opinions in 2014/15.

Madam Speaker, we are not the only ones saying this or talking about our excellent results. Our story is also told by Moody's Rating Agency in their assessment of Johannesburg in March 2016:

- **“Improving Liquidity Level.”** Fiscal discipline and strong revenue growth led to an improvement in the city's liquidity position, supported by a consistently strong revenue collection rate of 92%.”
- **“Sophisticated Financial Management.”** Sound financial management and budget planning processes”
- **“Largest Economic Base in the Country.”** Johannesburg is South Africa's largest city, with over four million inhabitants, and retains its status as the business capital.
- **“High Capital Expenditure Plan”** - the city increased spending on capital infrastructure ...Cash investment from own sources contributed 30% to total capital expenditure in 2015. Strong cash position helped the city to fund a larger part of capex minimising the city's exposure to increasing debt burden.”
- **“Strong Revenue Growth Supported By Broad Tax Base”** - Johannesburg is the largest South African city in terms of budget size”

Without any fear of contradiction, I can confidently say, we did not get **here** by chance. We heard you, the citizens. We planned, we implemented and we monitored.

In 2012 we, together, committed to a promising future by identifying 10 Priorities to kick start the implementation of the Joburg 2040 Strategy. To set the City on a path of financial sustainability and resilience the City strategically adopted the Financial Development Plan – FDP – as a financial management and planning tool that responds to the operating environment.

The FDP ensures continued financial sustainability and effective financial planning through prudent borrowing, generation of annual operating surplus, and the creation of cash reserves to increase the level of infrastructure spending. The FDP has placed the City on the path of financial sustainability and resilience.

It is against this backdrop that the City has been able to embark on a R100 billion capital expenditure roll-out over a ten year period, as was first announced by the Executive Mayor in 2012. We are serious about creating a better city and about improving the lives of people.

By the end of the 2015/16 financial year more than R30 billion of this will have been spent.

Madam Speaker we said we would strengthen the finances of the City and set it on a path to a promising future. We have indeed done this. Joburg is on the right track and indeed in good hands.

This is Joburg, this is Jozi.

A City full of ambition

A City at work and a City that works

A City that is up there with its peers in the world

Re bona ka mesebetsi ; Mintirho ya vula vula

WE CAN BOLDLY SAY – JOBURG’S NEW ECONOMIC DEMOCRACY IS RISING.

Madam Speaker, Cllr Constance Bapela;

Executive Mayor, Cllr Mpho Parks Tau;

MEC’s and Members of Provincial Legislature;

Executive Mayors;

Chief Whip of Council, Cllr Prema Naidoo;

Members of the Mayoral Committee;

Chair of Chairs;

Chairpersons of Council Committees;

Fellow Councillors;

ANC leadership led by the Regional Secretary Mr Dada Morero;

Members of the Diplomatic Corps;

Leaders of all Political Parties;

City Manager, Mr Trevor Fowler;

Group Chief Financial Officer, Mr Reggie Boqo

Senior Managers and Officials of Council;

Business Leaders;

Civil Society Organisations;

Faith-based Organisations;

*Members of the Media.
All people present here today,
Ladies and Gentlemen*

Madam Speaker, our venue today, the Turbine Hall, was once part of Jeppe Street power station which eventually went into a state of derelict. Today this modern, rejuvenated, state-of-the-art, conferencing facility is testimony to a city working with the private sector in regenerating the inner city, changing the urban fabric and creating liveable environments.

I also welcome the people of Johannesburg that have walked the journey with us in developing “The People’s Plan” and who are joining us today via the live broadcasts throughout the City.

Madam Speaker, 2016 is the 40th anniversary of the Soweto Student Uprising. It is important, therefore, that we should cast our minds back to a period in which thousands of young people sacrificed their lives in the struggle for the freedom we enjoy today.

We honour and pay everlasting tribute to these gallant heroes and heroines whose blood has nourished the tree of freedom in our Motherland. Our democracy is the fruit of their sacrifice. We carry forward that unrelenting spirit that drove them to take a principled stand against the brutality and barbarism of the apartheid system.

Since the establishment of this metropolitan municipality, we have relentlessly pursued transformation of our City, with the same resolve that drove the youth of 1976. In the budget we are tabling today we continue accelerating the advances made towards a democratic society that embraces the diversity of all citizens.

Our freedom was not free.

Young people were our future then and they are our future now. For this reason, under the leadership of our Executive Mayor, today we are rolling out radical youth programmes that break the barriers of entry for young people to become economically active. Today, youth unemployment is a challenge. In our City young people are benefiting from city empowerment programmes including *Jozi@Work*, *Vulindlel' eJozi*, e-learning, digital interns and Massive Online Open Varsity (MOOV).

Madam Speaker, on 4 May 2016, our Executive Mayor, during his State of the City address, reminded us of the many victories we have scored during the course of this administration. We have achieved a lot in transforming this City and acknowledge that much more still needs to be done. Madam Speaker, we are resolute, in our pursuit to make a radical difference and impact on the lives of all citizens of Johannesburg.

This is Joburg. A City that delivers on its commitments.

WE HAVE DELIVERED

Fellow citizens, we have delivered on our 2011 electoral mandate: We have – and are – continuing to build better communities on the solid foundation laid by our predecessors.

We said we would review the City's long term strategy to ensure that it still meets the needs of a dynamic urban environment.

We have done this through working as a collective with our communities, in developing our aspirational vision, Joburg 2040 Growth and Development Strategy. We realised that this vision will not be realised overnight, but needs to be implemented systematically.

We developed a roadmap for the first decade of the 30 year GDS and the first five years were articulated in the IDP 2011-2016. Ten priorities were identified and formed the core of our implementation plans:

- *Financial Sustainability and Resilience*
- *Good, decent, affordable and sustainable human settlements;*
- *Agriculture and food security;*
- *SMME and entrepreneurship development and support;*
- *Active and engaged citizenry;*
- *Resource resilience;*
- *Smart City;*
- *Investment attraction, retention and expansion;*
- *Green economy; and*
- *Safer City*

We said we would exercise fiscal responsibility and high standards of prudent financial management.

We have aggressively increased our spending during this term of office to almost R200 billion. **We exercised fiscal responsibility.** Our Financial Development Plan sets out prudential financial ratios and ensured that we maintained financial sustainability and resilience. Through our FDP we were able to build financial capacity in line with our ambitious strategies.

We have exercised fiscal responsibility – you can trust us.

We said we would refurbish and replace our infrastructure network.

We have developed a 10-year Consolidated Infrastructure Plan incorporating detailed asset maintenance plans, to support a R100 billion capital commitment over ten years. By June 2016, more than R30 billion will have been spent of our commitment. This investment has enabled the City to fund service delivery backlogs; modernise City infrastructure such as roads; and begin addressing the legacy of apartheid spatial planning through Corridors of Freedom.

Investments include new bridges such as the Naledi Bridge, major repairs to the M1, and over 1 600km of roads have been resurfaced.

In 2013/14 Johannesburg was the first municipality in South Africa to take the unprecedented step of tabling a multi-year capital budget, which enabled better planning and ability to spend. We have become the largest per capita infrastructure spender after national government. Despite the City's significant growth in capital budget, provincial and national transfers to Johannesburg have not kept pace. Joburg is now the city least dependent on national and provincial transfers in South Africa.

No doubt, this is a magnificent achievement. The City is in good hands.

We said we would turnaround of the City's revenue management. We have done this through the Revenue Step Change programme launched in November 2011. We focused on improving the accuracy of billing and enhancing customer experience. There has been an improvement in billing distribution through the use of SMS and MMS and an improvement in query resolution through regionalisation with an average 90% within 30 days. We are now more responsive.

We have delivered – you can trust us to continue delivering.

We said we would ensure that all residents have access to quality water, reliable electricity and decent sanitation.

We have done this through the substantial improvement in access to basic services over the term. Services have been expanded in marginalised areas, with Joburg Water spending R340 million on the upgrading of existing infrastructure, and installation of new infrastructure, in areas including Greater Soweto, Greater Ivory Park, Greater Orange Farm, Diepsloot, Zandspruit and Alexandra. 94% of households in informal settlements have access to basic water services because it is a critical aspect of the City's service delivery focus. Water and sanitation coverage across the City is at 99.4% and 94.5% respectively. The entire population of the City has access to waste services. We are electrifying informal settlements at Thembelihle, Lawley and Sejwetla in Alexandra. We continue to build better communities and improve the quality of life. More informal settlements will be electrified in the coming three years.

We said we would address the quality of our roads, fix the potholes, repair broken traffic lights and clean out culverts and storm water drains. In 2013, we said "*in the coming months and years parts of Johannesburg will resemble a massive construction site as we start to realise the Corridors of Freedom*". Madam Speaker, there is evidence that this has come true with our investment in road infrastructure, including bridges and storm-water drainage systems. Over 107 km of gravel roads have been upgraded in areas such as Ivory Park; Diepsloot; Doornkop and Braamfischerville. Major repairs to the M1 have commenced, and almost 1 900 km of roads have been resurfaced, including Witkoppen in Sandton, Main Road in Bryanston and Lincoln in Wendywood.

We said we would extend the bus rapid transit system to ensure that communities have access to safe, affordable and reliable public transport. We have extended the BRT system beyond Phase 1A (Thokoza Park in Soweto to Ellis Park in the Johannesburg CBD), adding Phase 1B Soweto to CBD past Noordgesig, New Canada, Horseshoe, Bosmont, Coronationville, Westbury, Newclare, Westdene, Auckland Park and Parktown.

A total of 277 buses are providing safe affordable and reliable public transport. Over the last 5 years we have spent R3.5 billion on the Rea Vaya infrastructure, including the purchasing of buses. The City continues to expand the BRT system along Louis Botha Corridor extending to Sandton and Alexandra, and ultimately to Midrand.

We delivered on our commitment to improve the quality of interaction with residents and clients. Development is about active involvement and growing empowerment of communities in the utilization of resources. It is not about the delivery of goods to a passive citizenry.

We have adopted a community-based planning approach to establish an improved understanding of residents' needs and issues. Community-based planning enables community voices to be heard. Our approach ensures that these voices are a part of our planning - implementation and monitoring of development. The IDP is the 'people's plan'. Thousands of voices have been heard. Thank you for your contribution to make this happen.

You can trust us to work with you. You can trust us to build better communities.

Local government is in your hands.

We said we would change the spatial structure of a divided city of the past. The Corridors of Freedom are transforming the spatial form of our City. We are investing in a more compact and efficient City through mixed-use, high-density developments along mass transit corridors. Our Corridors of Freedom will bring people closer to areas of economic activity and job markets, reduce cost and travel times. We are building an integrated City where people can live, work, and play.

We said we would address social exclusion and under-development by widening the net of our expanded social package.

The City has focused on the needs of the deprived and vulnerable through initiatives that aim to reduce poverty and dependency. We improved food security through our food bank, food gardens and expanding the number of small farmers. We effectively reduced the percentage of the poor who go to bed hungry, from 42% in 2011 to 24.5%. We introduced programmes that increase literacy and skills with the hope of a better future through enhanced skills.

Madam Speaker, indeed our budgets over the past five years have been statements of our political intent. We say today that none dare challenge us when we say we are delivering on those intents.

We committed – we delivered

We said... we did. You said... we did.

We have delivered on our mandate.

IDP 2016/21 - THE PEOPLE'S PLAN

The 2016/21 Integrated Development Plan is a result of listening to the voices of you the Joburg citizens and deliberately focuses on ensuring a better life for all, especially the youth, the poor and most vulnerable. From the 2nd - to the 21st April we had 24 Regional Ward Cluster Community Outreach sessions, giving communities an opportunity to raise pertinent issues affecting their areas. This culminated in the IDP Summit.

We have heard you and the 2016-21 IDP is your plan - **The People's Plan.**

Fellow Citizens, we are now entering the second phase of delivering the commitments made in our Growth and Development Strategy, Joburg 2040. This IDP is about delivering the promised future by putting people at the centre of development. We are collectively realising '**A World Class African City.**' The People's Plan seeks to achieve four outcomes as articulated in the GDS 2040:

1. Improved quality of life and development-driven resilience for all.
2. A sustainable city which protects its resources for future generations and a city that is built to last and offers a healthy, clean and safe environment.
3. An inclusive, job-intensive, resilient and competitive economy that harnesses the potential of citizens'.
4. A high-performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region (GCR).

In order to achieve these outcomes we have refined our focus and identified 11 Priority areas:

- Priority 1: Economic growth, job creation, investment attraction and poverty reduction
- Priority 2: Informal Economy and SMME support
- Priority 3: Green and Blue economy
- Priority 4: Transforming sustainable human settlements
- Priority 5: Smart City and innovation
- Priority 6: Financial Sustainability
- Priority 7: Environmental sustainability and climate change
- Priority 8: Building safer communities
- Priority 9: Social cohesion, community building and engaged citizenry
- Priority 10: Repositioning Joburg in the global arena
- Priority 11: Good governance

These priorities reflect the continuity of Johannesburg's long term planning as we work towards achieving the GDS targets for the first decade. We are adopting a bold incremental approach and building on the successes of the last 5 years.

OVERVIEW OF THE 2015 BUDGET

Madam Speaker,

We developed this budget cognisant of the economic environment in which we are operating. The outlook for the South African economy has deteriorated on the back of lower commodity prices, higher borrowing costs, and diminished confidence. In recent months, currency weakness has added pressure on the inflation rate, which was further exacerbated by the drought. This is felt in our pockets through increased cost of living.

Economic growth remains constrained. Real GDP growth rate for 2015 was 1.3%. The growth forecast for 2016 was revised down to 0.7% from the initially estimated 1.7% (*SARB: May 2016*). Global economic developments, such as the modest economic recovery in Europe and the USA and the slowing Chinese economy, point towards continued low growth in the South African economy in the medium term. Thus City revenues will also face increased pressure due to diminishing household income levels, and cash-flow challenges for business customers resulting from likely weak sales growth.

In the current economic conditions the City may also be exposed to widening spreads and higher borrowing costs in the capital markets due to possible capital flight from emerging markets. This year 29% of the capital budget is still funded by national and provincial grants. Under the current economic conditions, increases in fiscal transfers are unlikely. In this current challenging environment we will focus on managing our capital funding mix of in line with the prudent principles of the Financial Development Plan.

In this current economic environment “business as usual” is not an option. Game-changer initiatives are required. At a City level, this is expressed in the elevated emphasis on economic interventions in the revised IDP being: “***Economic growth, job creation, investment attraction and poverty reduction***”.

Citizens of Johannesburg, in preparing this budget we have been particularly cognisant of the impact of the current economic environment on our consumers.

TARIFFS

Madam Speaker,

The City’s Tariff Policy is based on principles that address the social, economic and financial imperatives. The annual reviews of tariffs take into account a number of internal and external factors. It also takes into account the balance between consumer affordability and the cost of providing the service. The correct tariff balance assist in the compilation of a credible and funded budget.

Madam Speaker, **we are a City that listens. We have heard the voices of our residents, expressed through the public participation process.** While we consider tariffs in the context of being cost-reflective to ensure sustainability of the City and its business units, we have taken into account increased internal efficiencies and passed this benefit onto consumers by providing further relief in the final tariffs proposed. The proposed tariffs for key services for the 2016/17 year are, therefore, as follows:

Property Rates

Property rates tariff increases by 5.9% which is within the South African Reserve Bank's inflation target range and is below the latest inflation rate.

Some of the key aspects of our revised Property Rates Policy include:

- Rebates offered by the City which provide **relief to residents in excess of R1 billion** annually include the following:
 - The first R200 000 of the value of all residential property is exempted from rating;
 - The business ratio which has been dropped from 2.8 to 2.6;
 - a 5% rebate for residential sectional title;
 - 100% rebate for pensioner owners whose gross monthly household income is lower than R8 234 and with property value not more than R2 million;
 - 50% rebate for pensioner owners whose gross monthly income higher than R8 234 but lower than R14116 in a property value not more than R2 million'
 - Pensioners over 70 years who own a house worth R2 million or less receive 100% rebate.
 - Child-headed households with property value not exceeding R2 million receive 100% rebate; and
 - People who are on extended social package who are not pensioners and whose property value does not exceed R450 000

Electricity

The proposed average tariff increase for electricity was initially 7.61% in line with the NERSA proposed tariff increase. Cognisant of the pressure on household disposable income levels, we have committed to focus on generating internal efficiencies to pass on this benefit to consumers.

We have heard you and reduced the average tariff increase to 6.93%. However we continue to stress that this is a stepped tariff and **the less electricity consumers use, the less they pay.**

Water and Sewerage and Sanitation Services

The proposed water and sewerage tariff increase was initially proposed at 13.9% which is also largely, a 'pass through cost' from Rand Water. The setting of our water tariff is also determined by the need to ensure the conservation of this scarce natural resource, particularly in the context of the drought conditions experienced this year. The proposed tariff also factors the cost of maintenance and renewal of water networks and reticulation infrastructure. Again we have heard you. We are taking into account internal efficiencies and passing on the benefit to consumers. We have reduced the average proposed tariff to 13.2%

Waste Removal Services

The proposed waste removal tariff introduced new policy that levies charges on the basis of property value. It also introduced a City Cleaning Levy for domestic customers. We have taken into account the numerous comments received from residents and have heard you. We have reviewed the tariff within the context of the new tariff policy.

The year on year increase is capped at an average of 6% with the maximum year on year increase not exceeding R30 per month. In addition we will not be introducing the domestic city cleaning levy this year. The business tariff increases by 7.5%.

We have heard your voices. We have responded. We are providing relief to you, the customer.

Relief for vulnerable consumers

Madam Speaker through our free basic services and the Extended Social Package, the City assists poor households and those that face circumstances that limit their ability to pay for services. About 124 477 households are currently registered on ESP and the number is expected to increase to around 290 000 over the medium term.

Over and above the equitable share provision the City uses its own resources to provide further assistance to vulnerable citizens through initiatives such as food security and the disaster relief packages.

BUDGET ALLOCATIONS

Madam Speaker,

When he delivered his 2016 Budget Speech on 24 February the Minister of Finance Mr Pravin Gordhan emphasised the difficulties that lay ahead and said:

“We are conscious of the difficulties we face; our resilience as a nation – black and white – can propel us to a better future if we make right choices”.

The City of Johannesburg is home to nearly 5 million people. It is a city of contrasts. It is a city of economic dynamism - the economic hub of South Africa. It is a city recognised internationally for its successes and achievements – a global city.

But it is also a city that receives 10 000 new residents every month – placing continuing pressure on our infrastructure, housing and services. It is also a city with challenges of unemployment, poverty and inequality.

Fellow Councillors, this budget makes the right choices for the future and builds on our economic dynamism but is also conscious of the difficulties we face.

The operating budget being tabled today is for the 2016/17 financial year while the capital budget is for the three year period up to 2018/2019. In other words, the operating budget is appropriated for one year and the capital budget is appropriated for three years in terms of the Municipal Finance Management Act (MFMA).

After 4 years of expansionary budgets our track record to spend has been proven. We have set ourselves ambitious targets and we have achieved them. However, in light of the current economic environment, we need to manage the size of the budget envelope to protect key financial fundamentals mindful of covenants with investors, rating agency reviews, the cost of borrowing... and for just good and prudent financial management.

For the 2016/17 financial year, the City's budget is **R54.8 billion** representing an **operating budget of R45.3 billion**, and a **capital budget of R9.5 billion**.

Of the R9.5 billion capital budget, approximately 71% will be funded by the City through loans and internally generated funds, and 29% received from grants and public contributions.

The **three year capital budget** appropriation requested in this budget is **R28.6 billion**. As we continue rolling out the R100 billion capital programme and through this budget we will continue to meet the expectations of better living standards, to create a better life for all Joburg citizens.

SUSTAINABLE SERVICES CLUSTER

Madam Speaker, the Sustainable Services Cluster, oversees and coordinates the bulk of the City's service delivery obligations including access to basic services. For the 2016/17 financial year **R28.8 billion** has been allocated for the operating budget. The three year medium-term capital budget of the Sustainable Cluster amounts to approximately **R12.8 billion**.

Environment and Infrastructure Services (EISD) manages the City's 10-year Consolidated Infrastructure Plan that integrates and consolidates the planning for engineering infrastructure provision and the associated maintenance to meet the current and future socio-economic growth needs of the City. EISD is also responsible for the policy and strategy co-ordination of waste management, resource sustainability and climate change. The department is allocated an operating budget of **R195.6 million** for the 2016/17 financial year and a multi-year capital allocation of **R155.7 million**. EISD plays a leading role in policy development to create a Johannesburg that protects its air, water and soil and manages its waste to build better environments for future generations.

Housing Department

The City's Sustainable Human Settlements Urbanisation Plan (SHSUP) acknowledges that a response to rapid urbanisation needs to consider the provision of sustainable accommodation, including an increased emphasis on innovative approaches to meet accommodation needs both now and in the future. It puts communities at the centre of development in creating a sense of identity through well-designed built environments that promote a mix of uses, walkability and cycling facilities.

In the 2011/16 term of office, over 16 000 housing opportunities were created. In addition, approximately 28 000 informal settlement households were upgraded, exceeding the target of 16 605 set at the start of the term. It is estimated that by 2030, the City would need to accommodate more than one million households, based on current backlogs and future demographic projections.

In order to continue with this great work, the **Housing Department** is therefore allocated an operating budget of **R1.1 billion** in the 2016/17 financial year and a multi-year capital budget allocation of **R3.4 billion** over the medium term. Other key projects include: the development of bulk infrastructure to ensure sustained momentum in Fleurhof, Lufhereng, Kliptown, Princess Plot and Diepsloot Redevelopment.

Johannesburg Social and Housing Company (JOSHCO) is allocated an operating budget of **R139.5 million** and a multi-year capital budget of **R2.0 billion**, 80% which is funded from the city's own resources. In this term of office, through the Sustainable Human Settlements Urbanisation Plan social housing has been built in well-located land that supports the transit-oriented development focus of the City. This includes areas such as Randburg, Nancefield, Jabulani, Orlando East and Park Station in the Inner City. Over 12 000 housing units have been created, ensuring the continued provision of decent housing in the City. Projects for 2016/17 include Selkirk social housing; Turffontein rental housing; Princess Plot; Roodepoort Extension 2; Kliptown, Walter Sisulu Square housing; and Lombardy East. The entity will also undertake repairs and maintenance of city hostels and flats.

Madam Speaker, a new economic democracy is rising as we democratize access to shelter

City Power is allocated an operating budget of **R16.7 billion** for 2016/17 and a multi-year capital budget of **R3.9 billion**. This budget will be used to; drive climate change and energy diversification initiatives; step up revenue completeness initiatives; the refurbishment and upgrading of the network; and electrification projects including Elias Motsoaledi, Lehae, Kliptown and Princess Plot.

City Power will continue to roll out prepaid and smart meters that will protect the City's revenue streams. In the past 5 years approximately R7 billion was invested in the refurbishment and upgrade of electrical infrastructure, to increase supply capacity, extend services to new communities and secure the supply of electricity. We have also installed almost 75 000 solar water heaters in areas which include Alexandra, Devland, Lehae, Pimville, Pennyville, Tshepisoong, Vlakfontein, Lawley, and Lenasia to improve the quality of life of our people. These initiatives will continue in the new IDP period.

Johannesburg Water is allocated an operating budget of R8.6 billion for the 2016/17 financial year with a three year capital budget of R3.1 billion. Key projects include the upgrade of water infrastructure; construction of reservoirs; renewal and maintenance of existing water infrastructure; water demand management; and renewal of bulk waste treatment plants. In this term of office Joburg Water has implemented a Water Conservation/Water Demand Management Plan which includes water pipe replacement; the Soweto Infrastructure rehabilitation; and education and public awareness campaigns on the conservation of water. A reduction in physical losses is visible through the fewer number of bursts reported, with a saving of over 30 Mega litres being realized. This amount of water is equivalent to what 87 000 households can consume per year.

Pikitup is allocated an operating budget of R2.1 billion for 2016/17 whilst the multiyear capital budget allocation is R273 million. The allocation will be used to fund key projects such as cleaning of informal settlement; street cleaning; collecting business and domestic refuse; clearing illegal dumping; landfill management; and waste diversion. By 2015/16 the City had achieved a 16.2% reduction of waste to landfill. The Budget allocated will ensure that this work continues. The City aims to have just 7% of waste disposed of going to landfill sites by 2040, compared to the baseline of 93% of waste disposed of in landfills.

We are democratizing the quality of services in Johannesburg.

Our new economic democracy is rising

HUMAN AND SOCIAL DEVELOPMENT CLUSTER

The operating budget of the Human and Social Development Cluster amounts to **R6.3 billion** for the 2016/17 financial year. The three year medium-term capital budget of the Human Development Cluster amounts to approximately **R1.7 billion**. The cluster's work responds to issues of health, safety and social development.

Community Development receives an operating budget of **R1.1 billion** for the 2016/17 financial year. An amount of **R566 million** is allocated for multi-year capital projects. The Department continues to invest in the maintenance of heritage assets; development of library facilities; and community sporting infrastructure. New projects include the construction of swimming pools in Cosmo City, Ivory Park, and various multipurpose centres including in Phiri.

Over the last five years the department has used its budgets to invest in community centres and sports facilities across the city. They have also hosted events aimed at enhancing the cultural life of the city and building social cohesion.

The **Health department** receives an operating budget of **R775 million** for 2016/17 and a three year capital budget of **R361 million**. The funding will be used in responding to Primary Health Care; the Chronic Disease program; and the roll-out of Electronic Health System. New projects include the Bophelong, Bosmont Rosebank, and Zandspruit clinics. Past allocations have contributed towards the expansion of the Ward-Based Outreach Teams as well as the e-health services. Quality health services have been brought closer to communities through numerous new clinics opened in Ennerdale, Riverpark in Alex, Halfway House, Westbury and Noordgesig.

Social Development is allocated an operating budget of **R196.6 million** for 2016/17 and capital budget allocation of **R87.5 million**. The key focus for the 2016/17 financial year will be on access to food; urban farmer support; healthy lifestyle; and the creation of a single window for services to the poor and vulnerable. In June 2016 we will launch the healthy bread bakeries which will provide healthy alternative bread for our communities.

Public Safety is responsible for ensuring safer communities and neighbourhoods and the reduction of crime in the city. The department is allocated an operating budget of **R3.2 billion** in the 2016/17 financial year whilst its multi-year capital budget allocation is **R480 million** for both Emergency Management Services (EMS) and Johannesburg Metropolitan Police Department (JMPD). The budget will support initiatives for a safe and resilient City, law enforcement; mobile command posts and disaster readiness. The JMPD will strengthen smart policing and management of public spaces, and crime intelligence operations. The EMS will invest in ambulance equipment replacement; urban search and rescue equipment; fire and rescue medical equipment; fire extinguishers; telematics equipment; and standby generators.

We are building confidence in a safe city, safe business districts and safe neighbourhoods.

Our new economic democracy is rising.

Johannesburg City Parks and Zoo is allocated an operating budget of **R839.9 million** for 2016/17 and a three year capital budget of **R220 million**. The budget will be used for public open space management and upgrades; conservation management; and new parks development. New capital budget programmes include Stretford Park, Olifantvlei cemetery, Road Island, and Westdene Dam Park. Various upgrades will be undertaken at the Zoo including improvements to the animal hospital, parking area and building alterations.

Joburg City Theatres is allocated an operating budget of **R139.8 million** for the 2016/17 financial year and a multi-year capital budget of **R20.9 million**. We are investing in our theatres to reach out to communities and take theatre to the people. Capital projects include the renovation and upgrades of the Joburg theatre, improvement of stage machinery, information technology, and the refurbishment of the Soweto Theatre in Jabulani.

ECONOMIC GROWTH CLUSTER

Madam Speaker,

The operating budget allocation of the Economic Growth Cluster amounts to **R4.5 billion** and a three year capital budget allocation of **R11.6 billion**. This cluster plays a lead role in the implementation of the Corridors of Freedom, the modernisation of the public transport system, promotion of investments and SMME support in the City.

Economic Development Department are the custodians of the 15-point Economic Development Strategy that responds to the elevated economic growth priority of the IDP 2016/21. It receives an operating budget of **R235.2 million** in the 2016/17 financial year and **R23.5 million** for the three year capital budget.

Programmes in economic development include the promotion of SMME and entrepreneurial development; trade promotion; green economy; sector diversification; trade and investment promotion; business retention, expansion and aftercare.

In line with the initiatives on SMME Development, the City has entered into a co-operation agreement with Standard Bank South Africa to set up a R250 million SMME Working Capital Fund, to meet the funding requirements of the City's service providers. This partnership is testimony that indeed a **new economic democracy is rising as we empower our citizens to be active participants in the economy.**

Transportation receives an operating budget of **R1.5 billion** for the 2016/17 financial year and the three year capital budget allocation is **R3.8 billion**. The budget will fund transit-oriented developments in identified priority areas. In the current term of office R3.5 billion has been spent on BRT infrastructure on the Empire-Perth Corridor, and the Louis Botha Corridor. Future expenditure will include the purchase of more Rea Vaya buses as well as extension of the BRT, park and ride facilities and complete streets.

Metrobus is allocated an operating budget of **R640.4 million** and a three year capital budget of **R542.9 million**. Future investments will focus on increasing service coverage and reducing costs through improved reliability, re-fleeting and new operating model. We have taken delivery of the first green buses which have improved the reliability of our service and reduced our carbon footprint.

We empower all classes of citizens to change the way they move for the better.

These investments all contribute to creating people friendly environments and improving mobility and healthy lifestyles.

Development Planning's operating budget amounts to **R353 million** for the 2016/17 financial year and a three year capital budget of **R1.5 billion**. The department is responsible for integrated planning, policy development and standard setting, to transform the City's spatial form. Capital programmes include purchase of strategic land within the Corridors of Freedom; operationalisation of the SDZ incentive scheme; construction of industrial facilities in Ivory Park; inner city renewal; reconstruction of the Ngonyama Road Precinct; and mining belt corridor interventions.

We call on private sector investors to partner with us in creating the City to our heart's desire.

We are implementing spatial justice in Johannesburg

Our new economic democracy is rising.

Joburg Market receives an operating budget of **R335.1 million** for the 2016/17 financial year and a multiyear capital budget of **R380.9 million**. Over 40% of all produce processed in South Africa passes through the Joburg Market. Future projects include the promotion of access to food as well as SMME and entrepreneurial development. Capital programmes include the construction of distribution centres in Alexandra, Orange Farm and Diepsloot; food sorting centre in City Deep; and a weigh bridge consignment station.

Johannesburg Property Company (JPC) receives an operating budget of **R497.1 million** for the 2016/17 financial year and a three year capital budget of **R585 million**. JPC is responsible for managing and maintaining public facilities and other public conveniences. Its capital programmes include precinct development in Jabulani; Orlando Ekhaya; the Rissik Street Post Office renewal, and Rosebank linear park redevelopment and the revamping of informal trader stalls in the inner city.

Johannesburg Development Agency (JDA) receives an operating budget of **R104.5 million** for the 2016/17 financial year and a three year capital budget of **R1.2 billion**. JDA has the primary role of development facilitation on behalf of various city departments and will continue to implement projects including inner city renewal, Rea Vaya roll-out and other developments in priority implementation zones. For the 2016/17 medium term expenditure framework, JDA projects include widening of the Alfred Nzo Road, old age housing in Alexandra Ext 7, pedestrian bridge in Far East Bank Ext 9, Randburg CBD regeneration, and Orlando East Precinct Station.

Johannesburg Roads Agency (JRA)

In the past five years JRA has spent R2.1 billion in capital projects with spending increasing by 52% per annum on average. R1 billion has been spent on road reconstruction and resurfacing effectively dealing with improving road quality and facilitating better mobility. R182 million has been invested in the City's traffic signals to improve mobility.

Looking ahead, the JRA has been allocated an operating budget of to **R884.1 million** in the 2016/17 financial year, and a three year capital budget of **R3.5 billion**.

The allocation will enable the JRA to continue with its 10 year master plan for roads investing in resurfacing of roads; the upgrading of gravel roads; closing open storm water channels; development of pedestrian bridges; construction of new roads; storm water drainage; pedestrian bridges; depot facilities; and managing traffic congestion using the intelligent traffic management system augmented by the recently introduced Infrastructure Protection Unit.

GOOD GOVERNANCE CLUSTER

The Good Governance Cluster is allocated an operating budget of **R8.2 billion** for 2016/17 financial and a three year capital budget of **R2.5 billion**. The cluster is responsible for ensuring that the city is a high-performing metropolitan government that pro-actively contribute to the Gauteng City Region. Key projects that the cluster responds to include:

The office of the **City Manager**, which incorporates a number of group functions is allocated an operating budget of **R1 billion** and medium term capital budget of **R362 million**. Programmes funded include:

- Community based planning (CBP);
- Smart City including the Digital Ambassadors Programme and Wi-Fi Hotspots;
- Blue Economy projects;
- Centre for Engineering Excellence and the Infrastructure Programme Management Office (IPMO);
- Vulindlel' eJozi Programme
- Urban Management and regional oversight
- Public liaison and reputation management
- Participatory democracy
- Corporate performance management

Fellow councillors,

Local government and the private sector are partnering to democratise our economy for the youth of this City.

Joburg's new economic democracy is rising.

We are empowering our citizens as innovators.

Joburg's new economic democracy is rising.

Group Finance is allocated an operating budget of **R3.9 billion** for 2016/17 and a multi-year capital budget of **R9.8 million**. Group Finance as the custodians of the Financial Development Plan are tasked with expenditure management, revenue optimization; cash flow management; long term financial planning; securing adequate and cost effective funding; smart and efficient procurement processes; and overall co-ordination of clean audits process city-wide.

Group Corporate Shared Services operating budget amounts to **R1.1 billion** for 2016/17 and the three year capital budget allocation is **R1.6 billion**. Key focus areas include ICT infrastructure upgrade and renewal; procurement and performance management of fleet vehicles and SAP upgrade to the latest version. It will also accelerate the roll-out of 'smart city' initiatives through the increased penetration of Wi-Fi hotspots.

Joburg's economic democracy is rising because we are bridging the digital divide.

Madam, Speaker, I am delighted to confirm that the **Legislative Arm of Council** is allocated an operating budget of R362 million with a multi-year capital budget of R204.2 million. The capital budget will be used largely for ensuring that the new Council Chambers building is fully functional and for the purchase of tools of trade for Councillors.

Two additional Votes were added to this cluster, this year namely:

Ombudsman's Office receives an operating budget of **R54.4 million** for 2016/17 and a capital budget of **R7 million**. The Ombudsman is responsible for public accountability within the City through mediation and conciliation of disputes; investigating maladministration or corruption and ensuring that the rights of the public are upheld in terms of the Constitution.

The **Metropolitan Trading Company** has also been re-established to run the broadband business of the City following the laying of over 1100km of fibre optic cable. An operating budget of **R90.5 million** has been allocated in 2016/17 with **R292 million** set aside for continued investment in the capital infrastructure. Our investment is to address the digital divide, bring broadband fibre to public facilities, lower the cost of communication and increase the capacity of the city to provide e-services.

We are investing in bridging the digital divide.

Johannesburg's new economic democracy is rising

CONCLUSION

My Fellow Councillors, I wish to thank the Executive Mayor, the Speaker, the Chief Whip, my fellow MMC's, the Office Bearers of Council, Board Members of Entities, Members of the Oversight Committees, the Ombudsman, the City Manager, the Group Chief Operations Officer, Group CFO, MD's, all the senior management and officials of the City at all levels. With your support, we have made significant strides for the people of Joburg.

I wish to thank my wife, my children and my family, who have been my pillar of strength.

Fellow Joburg residents, Fellow citizens of this great city; we have just delivered the people's budget. The 2016/21 IDP is your plan, the People's Plan to deliver on a promised future.

Local government is in your hands. Power is in your hands.

It is apt is that we present to you -- the people of Johannesburg-- your budget from the Turbine Hall, where turbines used to generate power for Johannesburg from the late 1920s. From here Joburg was illuminated and powered to be the great city it is today. I am certain that the budget delivered today will illuminate the way to 2040 and beyond. It will illuminate the path to liveability, to sustainability and resilience.

Indeed, my fellow councillors, Joburg's new economic democracy is rising

This budget funds the second IDP of the first decade of Joburg 2040 and will ensure that tomorrow is better than today. It builds on the great work that has been done by our collective led by the Executive Mayor Tau. Indeed, Mr. Mayor; Johannesburg today is better than yesterday. Tomorrow will be better than today

Joburg has a track record of delivery. You can trust us to deliver. This is a budget for all the people of Johannesburg. This is our plan to transform society. And to ensure that socio-economic transformation is experienced by all.

THIS IS YOUR PLAN, THIS IS OUR PLAN.

THIS IS JOBURG, THE PLACE I CALL HOME!

THIS IS JOBURG, A PLACE YOU CALL HOME

THIS IS JOBURG, A PLACE WE CALL HOME

A CITY OF FIRSTS

A CITY THAT DELIVERS ON ITS COMMITMENTS

AN INNOVATIVE CITY

A CITY THAT BELONGS TO ALL ITS CITIZENS

A WORLD CLASS AFRICAN CITY

JOZI MY BEGINNING, VULINDLEL' EJOZI

Fellow residents

LOCAL GOVERNMENT IS IN YOUR HANDS!

TOGETHER WE ARE BUILDING A BETTER JOBURG

Thank you very much.