

## **THE MTC MID-YEAR DEVIATION REPORT**

### 1.Strategic thrust

- Safer City and Smart City
- Sustainable economic growth
- Sustainable service delivery
- Financial Sustainability

### 2.Objective

The purpose of this report is to request for deviation from approved 2020/21 Business Plan and Service delivery agreement.

### 3.Background

MTC is a Municipal Owned Entity which is 100% owned by the Metropolitan Municipality of the City of Johannesburg. During 2013, the City of Johannesburg decided to transfer the business of the previous MTC to other business units within the City of Johannesburg.

On 28 February 2015, the City of Johannesburg Council approved the establishment of a Broadband Network Municipal Entity (“ME”) in terms of section 76(b) of the Local Government: Municipal Systems Act No.32 of 2000 to receive the network asset and associated business. The effective date of transfer of the Business and associated Broadband Network was as at the 3rd of September 2015. After the transfer, the City Manager decided to revive the Metropolitan

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Trading Company (Pty) Ltd ("MTC") to be the Municipal Entity (ME) to receive the network asset and associated business.

The entity was launched to ensure the delivery of the City's Growth and Development Strategy 2040 (GDS 2040) Smart City drive. MTC is responsible for providing affordable, efficient and inclusive connectivity and maintaining broadband distribution across the city.

#### 4. Proposed deviation

2020/2021 Approved business plan KPIs	2020/2021 Deviation requests
<p><b>Smart City and Safer Cities:</b></p> <ul style="list-style-type: none"> <li>• 250 - CCTV device availability</li> <li>• 2000 - WIFI device availability</li> </ul>	<p><b>Safer City and Safer Cities:</b></p> <ul style="list-style-type: none"> <li>• 98 % - CCTV device availability</li> <li>• 98 % WIFI device availability</li> </ul>
<p><b>Job Creation and Economic Development</b></p> <ul style="list-style-type: none"> <li>• 200 - EPWP employees target is</li> </ul>	<p><b>Job Creation and Economic Development</b></p> <ul style="list-style-type: none"> <li>• 100 - EPWP employees target</li> </ul>
<p><b>Financial Sustainability</b></p> <ul style="list-style-type: none"> <li>• 70 % of total sales revenue collection achieved</li> </ul>	<p><b>Financial Sustainability</b></p> <ul style="list-style-type: none"> <li>• 95 % of total sales revenue collection achieved</li> </ul>

#### 5. Motivation

MTC has been engaging with business in order to ensure that the service delivery is aligned with the requirements of the citizens and the provision of the IDP as aligned to

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GDS2040. We have also looked at the industry practice against the MTC capability matrix in order to determine what is possible and what is a must do.

We believe that the KPIs that are currently used are still relevant to address the business requirements and citizen service delivery fulfilment as detailed in the SDA. With all this said, we still acknowledge the outcomes of the AG AOPO assessment which resulted in a qualified opinion due to non-alignment between the KPI and the means of verification. AG also indicated that the KPI were not SMART and required improvement.

MTC is also implementing a high impact solution that will increase the community engagement, business activation and job creation through Smart City approach which incorporated use of free WiFi in designated areas to connect to the SMME Reseller portal that will assist the communities to build new businesses under the CoJ umbrella and generate additional revenue for both the communities and the City at the same time improving service delivery.

#### 6. Legislative requirement

Section 72 of the MFMA, 56 of 2003 requires that the Accounting Officer each year to submit a mid-year budget and performance assessment report of the City and its municipal entities, to Council.

#### 7. Financial implications

Budget provisions exist on the 2020/21 financial year

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8.Communication implication

None

9. Deviation Template - Annexure A

Author

Celani Mathenjwa

10.RECOMMENDATIONS

That the content of this report be approved.

**RECOMMENDED YES /NO**

**DATE**

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**MARIA NCUBE  
MANAGEMENT SUPPORT EXECUTIVE  
THE METROPOLITAN TRADING COMPANY**

**APPROVED/NOT APPROVED**

**DATE**

.....

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**THEDI MOROPA  
EXECUTIVE CHIEF OFFICER  
METROPOLITAN TRADING COMPANY**

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**CHINNELLE STEVENS**  
**CHAIRPERSON OF THE BOARD**  
**METROPOLITAN TRADING COMPANY**

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## TEMPLATE

### PRIORITY: SAFER CITY AND SMART CITY

GDS OUTCOME: SAFER CITY AND SMART CITY																
STRATEGIC PRIORITY: ENCOURAGE INNOVATION AND EFFICIENCY THROUGH THE SMART CITY PROGRAMMES																
STRATEGIC PROGRAMME: SMART CITY AND SAFER CITIES																
Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 target	Q 1 actual	Q2 target	Q2 actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
250 CCTV device availability	5	Smart City initiatives	CCTV device availability	250	250	50	714	50	791	100	50	0.5m	25m	Monthly availability reports as per TID	KPI Quantification change from 250 to 98 %.	Availability, refers to the ability of a user to access a resource and is measured as a percentage and not a number.
98% CCTV device availability	5	Smart City initiatives	CCTV device availability	n/a	98%	n/a	n/a	n/a	n/a	98%	98%	0.5m	25m	Monthly availability reports as per TID		

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**GDS OUTCOME: SAFER CITY AND SMART CITY**  
**STRATEGIC PRIORITY: ENCOURAGE INNOVATION AND EFFICIENCY THROUGH THE SMART CITY PROGRAMMES**  
**STRATEGIC PROGRAMME: SMART CITY AND SAFER CITIES**

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 target	Q 1 actual	Q2 target	Q2 actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
																This will ensure that the KPI can be measured in a SMART way to address previous audit finding

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**GDS OUTCOME: SAFER CITY AND SMART CITY**  
**STRATEGIC PRIORITY: ENCOURAGE INNOVATION AND EFFICIENCY THROUGH THE SMART CITY PROGRAMMES**  
**STRATEGIC PROGRAMME: SMART CITY AND SAFER CITIES**

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 target	Q 1 actual	Q2 target	Q2 actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
2000 WIFI device availability	6	Smart City initiatives	WIFI device availability	1000	2000	500	58	500	78	500	500	0.5m	25m	Monthly availability reports as per TID	KPI Quantification change from 250 to 98 %.	Availability, refers to the ability of a user to access a resource and is measured as a percentage and not a number. This will ensure that the KPI can be measured in a SMART
98% WIFI device availability	6	Smart City initiatives	WIFI device availability	n/a	98%	n/a	n/a	n/a	n/a	98%	98%	0.5m	25m	Monthly availability reports as per TID		





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**PRIORITY:**

**GDS OUTCOME: SUSTAINABLE ECONOMIC GROWTH**  
**STRATEGIC PRIORITY: SMME DEVELOPMENT AND JOB CREATION**  
**STRATEGIC PROGRAMME: JOB CREATION**

Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 target	Q 1 actual	Q2 target	Q2 actual	Q3 Jan-Mar	Q4 Apr-Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
200 EPWP employees	8	Job Creation	EPWP employees	200	200	50	2	50	2	50	50	0	253k	The following documentation of the workers to be submitted: 1.Certified ID documents 2.Proof of addresses contact details and proof of payment	Reduction of number of EPWP from 200 to 100	Funding and ability to collect EPWP from projects.
100 EPWP employees	8	Job Creation	EPWP employees	200	100	n/a	n/a	n/a	n/a	50	50	0	253k			

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GDS OUTCOME: FINANCIAL SUSTAINABILITY																
STRATEGIC PRIORITY: ENHANCED FINANCIAL SUSTAINABILITY																
STRATEGIC PROGRAMME: REVENUE GENERATION																
Change	KPI No	Key Performance Area	Key Performance Indicator	2019/20 Baseline	2020/21 Target	Q1 target	Q 1 actual	Q2 target	Q2 actual	Q3 Jan - Mar	Q4 Apr - Jun	Estimated budget		Evidence and Means of verification	Proposed deviation	Motivation for deviation
												Capex	Opex			
70 % of total sales revenue collection achieved	2	Financial Sustainability	% of total sales revenue collection achieved	95%	70%	70%	235%	70%	25%	70%	70%	0	10m	Positive Cost coverage on quarterly report	Increase in percentage collection from 70% to 95%	Alignment to the City of Joburg SDBIP targets
95 % of total sales revenue collection achieved	2	Financial Sustainability	% of total sales revenue collection achieved	95%	95%	70%	235%	70%	25%	95%	95%	0	10m			