
**CITY OF JOHANNESBURG BUDGET SPEECH ADDRESS BY CLR SELLO DADA
MORERO ON THE 13 JUNE 2023 AT THE METRO CENTRE, BRAAMFONTEIN AT
14:00**

MADAM SPEAKER,

With your permission, please allow me to do things differently. Difficult times call for drastic measures. Later in this budget speech, I will observe legislative protocol.

Who is familiar with the phrase I blew it?

Just for a moment please close your eyes and imagine being left with R5 billion. One day you wake up and realise you are broke and there are urgent bills to be paid. What do you do?

Just for a moment imagine owing just under R9,6 billion and you have no clue where to start because everyone is slowly losing confidence in you.

How would you feel, if you had to be in my shoes right now and have to tell society that:

1. In the financial year ended June 2022, the City of Johannesburg's (CoJ) billing for services was below budget by R3,4 billion whilst overspending on the purchase of bulk services was R342 million.
2. In 2022 the City achieved an operating deficit of R1 billion against a budgeted operating surplus of R1,1 billion resulting in an under performance for the year of

R2,1 billion. This under performance was mainly due to a higher under performance in revenue compared to the level of underspending in expenditure.

3. The City is losing a significant amount in electricity and water losses which peaked in June 2022 at 30% and 32% respectively. The losses both increased from 29% and 25% for electricity and water respectively in June 2021. This reflects a deterioration in the management of losses as the City pays in full for these services but a significant part thereof is lost in technical and non-technical losses.
4. The outcome of the revenue under performance against budget pronounced in itself is a significant decrease in the cash balances of the City from R6,6 billion in June 2021 to R3,8 billion.
5. The City's R3,8 billion cash balance in June 2022 included unspent grants of R762 million. The City was not able to secure rollovers on these unspent grants as the administration had failed to appoint a City Manager and a Group Chief Financial Officer.
6. There was an increase in the number of key municipal entities in overdraft positions.
7. The City's debt levels reached unaffordable levels and this led to financial institutions showing reluctance in providing funding to the City. This is in contrast to the appetite that financial institutions used to have on the City's debt during the 2014/15 administration due to the high credit rating the City achieved from the credit rating agencies. In the 12 months ended June 2022, the City could only raise R1,5 billion in loans compared to the budgeted amount of R2,1 billion.

8. The City lacked deliberate plans for the repayment of loans and bonds which will mature in the near future. In the current financial year ending June 2023, the City will be required to repay over R3 billion of its debt. The current cash level and poor revenue collection has placed the repayment of the debt at a significant risk.

MADAM SPEAKER,

Not only does it end there, but we are required to inform the entire Joburg Family that we need a minimum of R4,3 billion per month to fund the City's operations and deliver services so that we can survive as the People of Johannesburg. Unfortunately, there is no R4,3 billion to survive.

This is shocking right?

So how did we get there?

MADAM SPEAKER,

At this point, allow me to observe protocol.

Honourable Speaker of Council,

Honourable Chief Whips and Chair of Chairs,

Honourable Executive Mayor and Members of the Mayoral Committee,

Honourable Councillors,

Fellow Ministers, Deputy Ministers, Premier, MEC and Members of the Provincial Legislature,

President of the South African Local Government Association,

City Manager and your Administrative Team,
Leaders of Organised Labour, SAMWU and IMATU,
Members of the Fourth Estate,
Fellow South Africans,
Fellow Joburgers, and
Ladies and Gentlemen.

GOOD AFTERNOON!

When someone tells you that you are living on borrowed time, do not underestimate this statement. We should not be afraid because we have travelled this journey before.

It is us who put in place a fair and democratic process that enabled us to collectively develop a vision that is shared and enjoyed by all.

It is us who designed and implemented a model of developmental local government that is inclusive and put an end to discriminatory service delivery.

As the Government of Local Unity, we are dedicated to making the impossible possible.

MADAM SPEAKER,

We table the 2023 IDP Review and its budget during this youth month. To underline policy continuity across the different Administration of the CoJ, it is important for us to retell the positive iGoli 2000 story. This is our story of change and development. As in the present situation, similarly in 2000 the City had relatively collapsed.

At a financial level, we inherited a City that:

1. was in arrears with supplier payments;
2. had no cash in the bank;
3. was not servicing its long-term debt;
4. low levels of operating and capital budget;
5. had a deficit of R291m; and
6. had wastage caused by fraud in housing, water, non-essentials and bad management.

At an institutional level there:

1. was no distinction between commercial and other activities;
2. were five administrations that caused duplication and there was no coordination;
3. was fragmentation;
4. existed a huge gap between policy, decisions and implementation;
5. was no performance management;
6. were cumbersome bureaucratic procedures; and
7. were weak management, information system and lack of management skills.

This failed state resulted in a freefall that guaranteed the running down of City infrastructure, reduced services, increased backlogs, produced low morale/productivity and bad/underutilisation of money, people and assets.

TO THE YOUTH OF JOZI,

History may repeat itself, but as it repeats itself we must remember that there was a plan driven by leaders who were focused. A collective and widely-consulted plan called iGoli 2000 was put in place. This plan reimagined Johannesburg. At the centre of this plan was about “getting the basics right” so that Greater Johannesburg becomes:

- A City for living!
- A City for business!
- A City for people!
- A City for the millennium!

10 years later from iGoli 2000, the vision of being “A world-class African City” was born. We transformed the City with less than R50 billion. Today, we have to make tough decisions because the people of Johannesburg are trusting us with a budget that is informed by their needs.

Today our **Budget for 2023/2024 Budget is approximately R80.9 billion**. Our Operational Expenditure sits at R73.3 billion. Meanwhile, our Capital Expenditure stands at R7.6 billion for 2023/24 with a three year capital budget of R24.4 billion.

Alone we will not solve all of societal challenges. We call upon the private sector especially our investors community to help us to leverage this budget so that we can make every cent count and do more.

TO ABO GOGO, ABO MKHULU, OUMAs AND OUPAs OF JOHANNESBURG,

You are our primary witness and beneficiaries of iGoli 2000 and our Growth and Development Strategy (GDS) 2040.

Please confirm that we are the ones that turned the City's finances around and we were celebrated by the world because we:

1. achieved a **surplus of R3,9 billion** in line with the approved budget notwithstanding the economic climate which remained fragile throughout the financial year.
2. increased the City's **capital spending by 38% from R7,3 billion to R10,1 billion**. Capital investment is a key tool for improving service delivery and transformation of the urban environment.
3. **spent 94% of the City's record R10,1 billion** approved capital budget.
4. ensured that the City's cash and cash equivalents at year end amounted to R4,9 billion, excluding R3,7 billion reserved for future debt redemption, despite the capital expenditure increasing by 38%.
5. achieved a **revenue collection rate of 92%**.
6. **maintained healthy levels of liquidity** notwithstanding the successful redemption of debt amounting to R971 million, including listed bonds and loans received from investors.
7. **successfully raised R3,3 billion long-term borrowings to fund infrastructure investments** to improve the lives of Joburg citizens.
8. **maintained respectable credit ratings with Fitch Ratings and Moody's Investor Services during a difficult economic climate** where the global trend has been that of institutions suffering downgrades in recent times.

9. The City achieved a **15% reduction in waste to landfill** and **installed over 61,000 electricity smart meters.**
10. **celebrated many of our own being elected as UCLG Co-President, Co-President of Global Fund for Cities Development (FMDV) and Vice President of the Network for Locally Elected Women of Africa (REFELA),**
11. celebrated being the first City in the C40 Cities Climate Leadership Group to issue the **Green Bond and won the C40 award**, in the Finance and Economic Development Category for financial innovation through the issuance of the Green Bond to fund green projects. This was the first listed Green Bond on the Johannesburg Stock Exchange.
12. were **ranked the second-most inspiring city in the world** in a 2014 Good City Index study conducted by the Global Good magazine, measuring city indicators that included Hub of Progress, City Engagement, Street Life, Defining Moments, Connectivity, Green Life, Diversity and Work-Life Balance.
13. **were ranked the 33rd most economically powerful city in the world, and the number one city in Africa**, the Global Financial Centres Index (GFCI)

Fortunately even in 2023, we have the policy tools and programmes resources that can be mobilised such as the National Development Plan (NDP), Joburg Growth and Development Strategy 2040, The District Development Model (DDM) and the Urban Integrated Development Framework (IUDF). Let us use them to maximise our impact and change lives.

We are in agreement with the Minister of Cooperative Governance and Traditional Affairs (CoGTA), Honourable Thembu Nkandeni, that local government is everyone's business. We welcome the systematic approach to mitigate against loadshedding through implementing the Municipal Demand Management Programme (MDMP) and the Municipal

Revenue Management Programme (MRMP) which seek to address the following, amongst others, which I quote:

- “reduce intensity of the Loadshedding within the municipal demarcated area of supply;
- reduction of the municipality’s peak costs as less power will be procured on ESKOM elevated peak tariff like Megaflex tariff amongst others;
- introduction of smart metering (electricity/water/etc.) technologies to accelerate the loadshedding mitigations measures through load limiting”.

These programmes will also accelerate the adoption of the following interventions:

- Municipalities adopting a Roof Top Solar and battery storage with government assistance.
- Municipalities adopting Small Scale Embedded Generation initiatives for business situated within the municipal boundaries.
- Municipalities to roll out Solar Hot water heating systems in most low-cost housing within their supply areas

FELLOW COUNCILLORS,

We also welcome the Water Resilience Action Plan which will form the foundation of national Bulk Water Supply and Waste Water Treatment plant infrastructure rehabilitation and energy efficiency interventions within the water reticulation and sewer systems. We have implemented the Northern Wastewater Treatment Works, therefore we have experience to share.

It is us who took our challenges and turned them into opportunities. For instance, during 2015/16 the City was aggressive in implementing a smart metering technology programme that was rolled out to Large Power Users and Domestic Users. Remember the Domestic Smart Metre Load Limiting Strategy which resulted in the City generating energy. We have what it takes to find practical and impactful solutions.

Our approach to restoring the City's financial capacity demands of us to allocate the limited resources sparingly and optimally to extract maximum value from each Rand spent. In this context, we have carefully considered the strategic priorities, revenue generation capacity and ability to raise new funding to support the IDP and its budget.

It is against this reality that this budget speech is held together under the theme of

“Let us make the impossible possible by making Joburg a centre for economic growth and development”.

We acknowledge that the Government of Local Unity, presents this budget under very challenging circumstances where the economic landscape is unfavourable.

As we present this budget, we are also constrained by the weak financial position as I stated previously. It is therefore one of the objectives of this budget to restore the financial position of our beloved City and ensure that the people of Johannesburg receive the services that they so much deserve.

MADAM SPEAKER,

The South African Reserve Bank (SARB) has increased the repo rate for the 10th consecutive time since November 2021 in an effort to contain inflation. This has resulted in the Prime Lending Rate increasing by a cumulative 4,75%. In this regard our tariffs are cost-reflective and mainly informed by the increases implemented by our bulk services suppliers such as Eskom and Rand Water.

Remember in February this year, we collectively adopted a prudent approach by limiting our funding budget in the medium term in order to improve our debt levels and overall financial outlook for the benefit of future budgets. We have no choice but to work closely with the relevant financial institutions to optimize our funding costs considering the current high interest rate cycle.

In an effort to minimize the impact on our People, in this budget we have implemented a lower rate of increase on property rates having considered the comments received from the property owners during the budget consultation process. Our initial proposed increase on property rates was 5,3% and this has now been reduced to 2%. We encourage our residents who qualify for the Expanded Social Package to register for this relief programme.

In the spirit of ensuring that this budget is well spent, we will be implementing some initiatives to strengthen the capacity of our Administration.

These initiatives will include:

1. We will overhaul our Supply Chain process by introducing a strategic sourcing function to pro-actively study the market and provide insight into our process of acquiring goods and services at the correct value for money. This will ensure that the City's limited resources are spent in a smart way and each Rand is stretched to the limit.
2. We will also optimize our procurement process to ensure that from demand plan to award stage, the process is shortened within the prescripts of the MFMA and Supply Chain Regulations. This process will include capacitating our officials through training monitoring tools to identify and address inefficiencies.
3. We will also ensure that all key positions are filled within this current financial year to accelerate service delivery. The full activation of our Centre for Engineering Excellence will ensure that oversight on service delivery activities and infrastructure projects is significantly improved.

FELLOW COUNCILLORS,

It appears the task of effective oversight and course correction was beyond the previous administration's scope, as the City was in a financial free fall. The budget rebasing of R6.7 billion, was the first step of turning impossible into the possible.

We took decisive action in the development of the budget presented today based on tough decisions to rebuild the City's finances:

- Optimizing the use of the City's limited resources by doing more with less;
- Improving productivity and managing human resources efficiently;
- Allocation of resources that support strategic turnaround of key revenue generating entities;
- Intensify interventions on reducing electricity and water losses;
- Intensify revenue enhancement strategy to yield tangible improvements in billing and collection performance;
- Exploring alternative funding options and partnerships;
- Applying cash management strategies to rebuild the cash reserves that can be a spring board for future expansion in the capital investment programme.
- Implement the District Development Model by especially practicalising Private-Public Partnerships which enables for different funding mechanism to be put in place for bulk infrastructure.

These strategies have been successfully used to rebuild the City's finances in the past and again the City will rise from the ashes like the phoenix.

MADAM SPEAKER,

On the priority of **Good Governance**, let us make the impossible possible by making Joburg a centre of good governance by emphasizing the importance of transparent, accountable, and participatory governance. In our recent engagement with National Treasury, they assessed the City's governance as fragile on the basis of a number of governance challenges that the City has been facing in recent years.

Our second priority is **Financial Sustainability**. In this case we are determined to **turn our financial challenges to financial solutions** that are essential for driving municipal performance and spending. Achieving financial sustainability is key to unlocking the potential of our city and extending services to deprived areas in Townships, Hostels and Informal Settlements (TISH).

As stated previously, the trade-offs we have made have focused on ensuring we invest in the backbone of basic service delivery at the core of our municipal mandate. These budgeting principles further inform the composition of our **Budget for 2023/2024 Budget of approximately R80.9 billion**.

Our tariff proposals have largely been based on the pass-through costs of water and electricity from Rand Water and Eskom respectively. We are introducing the General Valuation Roll 2023 on 1 July in line with the provisions of the Municipal Property Rates Act (MPRA).

Property Rates revenue is the city's second largest revenue source. The services funded from the rates revenue include health, safety and security, roads and public parks, as well as many other community-related basic services.

In determining the tariffs for the 2023/2024 financial year, numerous factors have been considered including, but not limited to the market values of properties in the General Valuation Roll of 2023.

MADAM SPEAKER,

In the new financial year of 2023/2024, the property rates will increase by 2%. We have also made some changes to rebates and relief measures offered to residents, notably the introduction of a sliding scale on pensioner rebates. The first R1.5 million of the property value (inclusive of the residential threshold value) for pensioners between the ages of 60 – 69 will be exempted from rating, and the first R2 million of the property values (inclusive of the residential threshold value) for pensioners aged 70 and above will be exempted from rating.

All qualifying pensioners will receive the rebate and pay on the balance of values that exceed the above-mentioned thresholds.

The ***Municipal Property Rates*** Act permits a Council to allow rebates to the owners of residential properties with a market value lower than an amount determined by the municipality. The Act provides that the first R15 000 of the value of all residential property be exempt from rating. The Council granted an additional threshold rebate of R285 000 giving the total threshold of R300 000 of the market value for residential property for the General Valuation Roll 2023.

The ***Electricity Tariff*** increase applicable for the 2023/24 financial year is 14.97% based on the NERSA determination for local government. Despite resources being limited, this budget has sought to increase allocations for electricity infrastructure renewal and maintenance to counter the effects of service disruptions. We have also made money available to safeguard our infrastructure from theft and vandalism.

The **Water Tariff** increase applicable for 2023/24 is 9.3% based anticipated bulk water charge from Rand Water. The first 6,000 litres remains free for all residents, while additional provision has been made for indigent residents who will receive a monthly benefit of R307 compared to the previous R25 equivalent.

The **Sanitation Tariff** increase for 2023/24 is 9.3% and there is no change in the basis of charging using property size.

The **Refuse Tariff** increase applicable for 2023/24 is 7% which is informed by a cost recovery model for the entity. Pikitup is a labour intensive business and the bulk of its cost structure is based on staff costs. In determining a cost reflective tariff structure various options are being explored on waste management and landfill capacity.

LADIES AND GENTLEMEN,

In making budget allocations for the 2023/24 to 2025/26 Medium-Term Revenue and Expenditure Framework, the GDS 2040 remains the long term goal that informs our strategic intent. The allocations are aligned to the 11 priorities identified by the Government of Local Unity.

Let us make the impossible possible by making Joburg a centre for sustainable services. The Environment and Infrastructure Department, Housing, City Power, Johannesburg Water, Pikitup, and the Johannesburg Social and Housing Company (JOSCHO), are the backbone agencies of basic service delivery to the residents of Johannesburg.

The cluster on sustainable services, receives the largest portion of the budget directed to strengthening the backbone of the core municipal services. While the resources available for the capital budget are limited considering current budgetary constraints, this cluster receives the largest share of available resource to respond to infrastructure failures that have increased over the last year. Any additional resource that become available as the city's finances improve will be directed to this cluster to bolster continued investment in infrastructure backlogs.

A capital budget of R14.9 billion across the medium-term and an operational expenditure budget of R45 billion in the 2023/2024 financial year, has been allocated to the Sustainable Services Cluster.

Environment and Infrastructure Services Department is allocated an operational expenditure budget of R133.7 million and R57 million for the three-year capital budget. The allocated budget will focus on Air Quality, Waste, Water and Biodiversity management initiatives.

Pikitup's focus is on Waste Management / Environmental Protection, with an operating allocation of R3.9 billion and a capital budget of R681 million. The City will continue to implement the waste-to-energy programme initiative aims at addressing the challenge of waste management in the city while also generating electricity. The programme involves converting the City's waste into energy by using thermal treatment technologies, such as incineration or gasification, which produce electricity that can be supplied to the grid.

Pikitup's operational expenditure budget allocation is R3.4 billion, and the entity is allocated R179.7 million for capital spend. This will enable the acquisition of land for the Robinson Deep Landfill Site and Separation at Source Facilities and Equipment.

The **Human Settlements Department** has been allocated an operational expenditure budget of R1.2 billion, and a multi-year capital budget of R5.5 billion over the medium-term. Key projects funded over the medium term in Human Settlements include:

- R2.5 billion over the medium-term towards mega housing developments inclusive of R2 billion towards Lufhereng, R140 million towards South hills and R155 million for Fleurhof, Southern Farms R41 million Cosmo City (Malibongwe Ridge) R71 million.
- R71 million for Transitional housing to assist in providing alternative housing while the City deals with hijacked and bad buildings.
- Overall a number of hostels are allocated R154 million inclusive of 35 million for Dube, R20 million for Helen Joseph Hostel and R49 million for Madala hostel.
- R30 million towards the maintenance of various hostels across the City.
- Upgrade of flats and old age homes using an allocation of R65 million.
- The department has R302 million for the acquisition of property Citywide to secure land for various housing developments.
- R20 million toward providing serviced stands as part of the formalisation of informal settlements programme.
- Through the grant allocated from the National Human Settlement department, the City will utilise R1.6 billion for the formalisation of informal settlements.

Within the Human Settlements portfolio, **JOSHCO** provides affordable social housing opportunities. The entity has been allocated a three-year capital budget of R1.2 billion and an operating budget of R357 million for the 2023/24 financial year.

The entity will continue to implement Turnkey social housing projects in Regions A, B, D and F with a medium-term capital budget allocation of R280 million. Developments include Lufhereng, Marlboro, Princess Plots, Devland, Smit street and Selkirk.

R48 million has been allocated for the upgrade and maintenance of various existing facilities.

MADAM SPEAKER,

In our recent budget benchmarking exercise with National Treasury, concern was raised about the state of investment in infrastructure for our trading entities ***City Power and Johannesburg Water***. The budget allocation and expenditure for asset renewal /rehabilitation over the past five – seven years has been decreasing resulting in growing backlogs for infrastructure maintenance, and the backlogs has grown to unaffordable levels.

While we are cognisant of the growing backlogs, we are limited in our ability to respond due to the suppressed revenue performance in recent years. This under performance has been driven by persistent loadshedding, customers going offgrid, growing non-technical losses due to infrastructure failure and illegal connections to the networks. There is also a need to drive increased efficiencies in our revenue value chain to improve productivity and shorten the cash conversion cycle. Our oversight measure need to also improve with decisive action and consequence management taken where under performance persists.

The projected revenue for electricity increases by 18.5% to R23.5 billion. The increase, is largely a result of the 14.97% pass through cost from Eskom as well as the strategic drive to reduce total electricity losses to a level of 23% in the new year. There is also an expected R1.1 billion revenue from sales to Eskom through the extended back-to-back agreement with Kelvin Power station and Eskom.

Many municipalities like Joburg are now looking for alternative sources of power to plug the electricity supply gap. Through a feasibility study, with clear timelines, City Power, will commit to enter into long-term power purchase agreements with IPPs for the purchase of renewable energy. As the City's financial position strengthens into the future, additional financial commitments will be required for further expansion of this programme.

Through the R23.7 billion operational budget, City Power will be dealing with streetlight repairs and installations, responsiveness to service failures and preventative maintenance, and securing infrastructure from vandalism and theft. City Power is allocated a three-year capital budget of R4.3 billion, which is aimed at various infrastructure projects.

These include:

- Energy efficiency R234 million,
- Public lighting R172 million,
- Rooftop PV R200 million,
- Security and protective measures to protect substations from vandalism and theft R135 million,
- IT network upgrades R205 million,
- Revenue protecting investments through upgrade of pre-paid and smart meters R403 million, and
- Emergency upgrade work for various facilities citywide R275 million.

The City will explore and adopt an energy mix that is not dependant on coal, such as mine gas from landfills, extract energy from waste, and use energy from renewable sources such as solar energy.

Johannesburg Water's allocation for operational budget is R15.6 billion. This will mainly cater for a tariff increase of 9.3% based on a pass through on the water purchases from Rand Water to invest in maintenance of the water network.

The entity is further allocated a R3.1 billion multi-year capital budget that is R2.6 billion, and R514 million for water and sewer, respectively. The allocated budget will focus on programmes geared towards water and sewer pipe replacement, upgrades and storage infrastructure, the Wastewater Treatment Works Program, as well as repairs and maintenance. Sewer upgrades will be done in many areas including Orange Farm, Lanseria, Soweto, Diepsloot, Ennerdale and Cosmo City.

Johannesburg Water capacity upgrade and renewal programmes cater for the augmentation of water supply and the renewal of ageing infrastructure. The Reservoir Upgrade programme provides capacity to maintain a 24-hour storage requirement. This is necessary to provide water pressure and continuity of supply to consumers in the event of supply disruption. The water Pipe Renewal Programme aims at replacing the ageing water mains which have reached the end of their useful lifespan.

MADAM SPEAKER,

The next cluster is the **Human and Social Development Cluster**, which houses Community Development, the Health and Social Development Departments, Joburg City Parks and Zoo, as well as the Joburg Theatres.

The Cluster's operating expenditure budget for the 2023/24 financial year is R10.9 billion. Across the three-year medium term, the cluster's capital budget amounts to approximately R1.3 billion.

As we break down into departmental allocations, **Community Development** has been allocated an operating budget of R1.4 billion. This allocation is for the maintenance of existing infrastructure and for operationalising new infrastructure.

Community Development has further been allocated a three year capital budget of R238.7 million for the upgrading and construction of facilities including multipurpose centres in Matholesville, Kaalfontein and Drieziek as well as a new swimming pool in Cosmo City.

The revenue budget for **Health Department** increases by 4.5% to R199.8 million mainly due to an increase in the Provincial Primary Health grant allocation. The operating expenditure budget increases by 6.7% to R1.5 billion mainly due to an additional allocation of R10 million for the roll-out of sanitary pads programme. **Such programmes are an illustration that we can turn the impossible to possible by making Joburg a centre for social development. We call upon Councillors, senior managers of the City private sectors to support this programme by contributing in their personal capacity.**

In this regard, R337.6 million is allocated for the three year capital budget, and will be utilized towards capital works on a number of clinics including Zandspruit, Freedom Park, Naledi, Hikhensile, Protea South.

The ***Social Development Department*** is allocated R359 million for operation programme that includes:

- R20 million towards youth development;
- Substance Abuse Crisis and Treatment Centre Programmes;
- Assist the homeless including shelters, skills development, rehabilitation facilities, and work opportunities in collaboration with NGOs;
- Consistent support and uplifting of marginalised communities such as women, youth, people with disabilities and LGBTQIA+ through coordinated programmes across all departments;
- Training and support for early childhood development; and
- A food security programme in partnership with NGOs and the private sector – small scale farming.

The Department's three year capital budget of R307 million will continue with the implementation of the Refurbishment of the Yetta Nethan Community Centre, Louis Botha Co-Production zone for social interventions, and Betrams Multi-Purpose Center.

MADAM SPEAKER,

Public Safety is allocated a three-year capital budget of R146 million. Some of the key projects to be implemented includes implementation of Integrated Intelligence Operations Centre Phase 2, purchase of firearms for new recruits and continuation of the construction of the Midrand Business Desk to cater for the licensing needs of corporate clients.

The operational budget of R6.1 billion for 2023/24 includes an allocation of R75 million towards a hybrid solution that aims to close some of the gaps that have emerged following the implementation of the security insourcing. The expenditure includes allocations for ammunitions, speed signs and recognition medals and awards for JMPD. Allocations were made to Public Safety Head Office for critical positions, community outreach programmes and the disaster management fund.

Johannesburg City Parks and Zoo (JCPZ) is allocated a multi-year capital budget of R205 million. The allocation is set to cover upgrades to the zoo infrastructure, various parks citywide as well as cemeteries inclusive of the Olifantsvlei cemetery .

The operating expenditure budget increases by 4.1% to R1.3 billion which is below the consumer price index. The subsidy allocation to City Parks and Zoo increases by 16.7% to R1.1 billion due to the conversion of inter-company grass cutting revenue to a subsidy. JCPZ will work closely with the relevant departments and entities to ensure effective management of the grass-cutting across the city.

The **Joburg Theatres** receive an operating expenditure budget of R263 million, an increase of 9.7% from the previous year mainly due to increases on inventory consumed to cater for increase in cost-of-sales-hiring expenses and other expenditure for the Arts Alive programme.

A three-year capital budget of R73 million to upgrade of stage equipment (R45 million), and R21 million for renovations in all three theatres – Roodepoort Theatre, Soweto Theatre in Jabulani and the Joburg Theatre in the Inner City – has been allocated.

MADAM SPEAKER,

Local government is the economic heartbeat of any country. As we approach 30 years of celebrating democratic South Africa, we must recognise that the time is now to implement all our economic plans and tools. For example, the effective implementation of the Broad-Based Black Economic Empowerment (B-BBEE) Act and the Township Economic Development Act (TEDA) is non-negotiable. As the City of Johannesburg we must leverage our proposed operating expenditure budget of R7.7 billion for the **Economic**

Growth Cluster by increasing to 7.8% from the 2022/23 financial year. The three-year capital budget allocation totals R6.7 billion.

The **Economic Development Department** has been allocated an operational expenditure budget of R256 million for 2023/24 and R11.5 million capital budget over the medium-term. The Department will receive the Public Employment Programme grant of R112.8 million and the Expanded Public Works Program (EPWP) grant allocation of R13.9 million which will collectively deliver 14,750 employment opportunities across various departments and entities including public safety, CRUM and Pikitup.

The Department will also use the capital budget to implement the Informal Trade Permit System Data Intelligence Dashboard Service which includes a query resolution and ticketing.

The **Transport Department** is allocated a multi-year capital budget of R1.6 billion. Projects to be undertaken include R625 million for the continued investment in Rea Vaya phase 1C infrastructure to bring it to operational readiness as well as refurbishment of existing Rea Vaya infrastructure from phase 1A and 1B. R96 million has been made available for the Rea Vaya Automated Fare Collection (AFC) system to ensure completeness of revenue collections on the buses.

The Transport Department's operational expenditure budget allocation is R2.5 billion, which will also see to the operationalization of the Rea Vaya route between Alexandra, Sandton and the Inner City as well as the Johannesburg International Terminal Interchange. R362 million is available for investment in public transport facilities across the city including in Cosmo City, Roodepoort CBD, Sunninghill, Rosebank, Kya Sands, Orange Farm, amongst others.

MADAM SPEAKER,

The **Johannesburg Roads Agency** (JRA) is allocated a three-year capital budget of R2.5 billion and an operating budget of R1.5 billion for the 2023/24 financial year. Though the entity's budget needs based on the assessment of the infrastructure are far greater than the allocation made, work will continue on addressing potholes across the City's roads through road resurfacing and road rehabilitation which receive an allocation of R445 millions.

Roads that will benefit from this allocation include M1 Highway, M2 Highway, Soweto Highway, Klipfonteinview, Spencer Road, Richards drive and many other roads City wide. The agency will also ensure the tarring of gravel roads citywide and specifically in Tshepisoong, Mayibuye, Kaalfontein, Diepsloot, Orange farm and wards 77, 133 and 80. JRA will further target the maintenance of the city's bridges by conducting detailed inspections of over 900 bridges and culverts over the next two financial years (2023/24 and 2024/25). R419 million has been allocated to bridges over the medium-term. Traffic signal downtime issues will be addressed with a three year budget allocation of R246 million for investment in intelligent traffic systems inclusive of UPS, re-cabling, remote monitoring amongst other interventions.

Metrobus is allocated an operating expenditure budget of R663 million, and a three-year capital budget of R354 million for:

- Purchase of new buses R60 million;
- Engine and Gear box refurbishment R64 million;
- Bus Refurbishment R85 million; and
- Cashless Ticketing System Bus CCTV on board machine R60 million.

LADIES AND GENTLEMEN,

Development Planning is allocated an operating expenditure budget of R458 million. Included in their allocation is provision increased employee-related costs to capacitate the Law Enforcement Unit that will conduct Regular inspections to crack down on illegal building and land use. Other service delivery initiatives include improving turnaround times for Approval of building plans, Approval of outdoor advertising applications, Approval of rezoning, township and site development plan applications and Modernization of built environment automation system.

The capital budget of R302 million over the medium-term will be used for projects including R180 million towards Precinct improvement projects in areas such as Mayfair, Fordsburg, Brixton, Jabulani, and Inner City (High Court, Newtown and Health) Precincts. Work will also continue on the Inner-city Partnership and the Soweto strategic area framework.

The Joburg Market is allocated an operating expenditure of R567 million and a three-year capital budget of R356 million. The budget is allocated to projects that include - Upgrades to the Mandela Market R18.7 million; Upgrading of Banana Ripening and Cold rooms R20 million; Alternative Energy Systems R40 million to protect revenue streams during loadshedding also supported by a R26 million investment in a Ring Feed and Cashless Project R20 million.

MADAM SPEAKER,

The **Johannesburg Tourism Company** has been re-established and allocated an operating budget of R73 million and a three year capital budget of R11.7 million to implement various initiatives to increase visitor numbers into the City of Johannesburg as a destination of choice and drive economic activity.

Metropolitan Trading Company is allocated an operating expenditure budget of R594 million, and a three-year capital budget of R21 million. The work of the entity includes improving connectivity throughout the city to support economic growth by providing free Wi-Fi services to citizens and Wi-Fi Access rollout at 150 access points for a period of three years.

Johannesburg Property Company is allocated an operating expenditure budget of R1.1 billion, and a three-year capital budget of R254 million. The operating expenditure budget increases by 22.8% to R1.1 billion in line with the increase in revenue. An allocation of R135 million was made for the leasing of properties to accommodate staff during the refurbishment of the Metro Centre. The capital budget will implement projects including revamping of the Informal Trading Stalls within the Inner City, Office Space Optimisation Program and Walter Sisulu Square Upgrade.

Johannesburg Development Agency is allocated an operating expenditure budget of R119 million, and a three-year capital budget of R1.3 billion. The entity will continue with its agency work on behalf of various city departments and entities as well as precinct development work across the city.

MADAM SPEAKER,

Our fourth cluster, **Good Governance** which is made up of the Ombudsman, the Legislature and the Office of the City Manager with the following group function departments - Group Forensic and Investigation Service (GFIS), Group Finance, Group Information and Communications Technology (GICT), and Group Corporate Shared Services. ***Without these support service departments nothing will be possible.***

The function of this cluster is primarily to enable the municipality to become a high performing metropolitan government that pro-actively contributes to, and builds, a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City-Region (GCR).

This function is extended to preserve shareholder value in Municipal Entities and the professionalization of the local government institution that is Johannesburg - to ensure that the citizens' experience of the City is that of quality and care across its regions.

The three-year medium-term capital budget of the Good Governance Cluster amounts to approximately R1.5 billion.

Group Information Communication Technology's expenditure budget increases by 4.3% to R1 billion. Projects funded by the three year capital budget of R1 billion include:

- Smart City enablement (R150 million); Enterprise Resource Planning (ERP) upgrade (R320 million);
- Application licences (R383 million; and implementation of the e-procurement.

Group Finance is allocated a R5.6 billion operational expenditure budget and R48 million capital budget over the medium-term. The Department will focus on strengthening the City's financial positions through:

- Improvement of profitability and liquidity ratio of the city;
- Improved customer centricity, customer experience
- Support for vulnerable residents through fair property rates rebates; and
- Strengthen revenue system to ensure completeness and accuracy, resolution of billing queries as per service level standards, increasing responsiveness to billing problems.

This will expand engagement with customers through smart and virtual platforms. The portal will also go a long way in ensuring that billing queries and the non-delivery of customer statements is dealt with efficiently.

TO OUR ORGANISED LABOUR

Group Corporate Shared Service's operating expenditure budget increases by 118.8% to R1 billion mainly to cater for the adjusted permanent locomotion allowance rate and implementation of Political Facilitated Agreement (PFA) as well as contractor's specialist services including a provision for the long overdue institutional review. The Department has also made provision for Study bursaries for under-privileged individuals.

The **Legislature's** operating expenditure budget increases by 5.1% to R 514.9 million. Below is a highlight of programmes that are within the budget:

- Increase public participation and stakeholder engagement on IDP and Budget process;
- Publication of all approved By-laws and public participation on By-laws and policies;
- Providing support to strengthen Section 79 Committees and Chairpersons in order to enhance oversight and scrutiny over the executive;
- Conduct Civic education sessions for the public on IDP and ward committee elections;
- Training of Councillors and Ward Committees; and
- Creating a platform for communities to raise issues for redress by the City.

MADAM SPEAKER,

Our track record of running this City in a financially sound manner speaks for itself. We will rebuild the finances of this City by following stringent financial principles and present our City as an investment attractive destination and partner to our financial institutions and the broader investor base of the Country and beyond.

We wish to assure the People of this City that our “belt-tightening” approach in this budget will provide a solid foundation for the future and the City will be well positioned to counter the economic downturn and provide improved protection to our most vulnerable members of our community.

All our efforts and initiatives will come to nothing unless we partner with the residents of this City to achieve our objectives. To this extent, we invite the People of Johannesburg, to walk this journey with us and hold us to account. We invite our residents to support our efforts in protecting our infrastructure so that the limited resources presented in this budget can be deployed in providing further services to our People.

We know what it means to be a high-performing metropolitan government that proactively contributes to and builds sustainable, socially inclusive, locally integrate and globally competitive Gauteng City Region. We call upon the employees of the City to own this IDP and its budget and to ensure effective implementation.

MADAM SPEAKER,

FELLOW COUNCILLORS,

On behalf of the Executive Mayor and the Governmet of Local Unity Government, I present the following for consideration by this august house and for approval at its Council meeting scheduled for 14th June 2023:

- **ITEM 1: 2023/24 INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW**

- **ITEM 2A: 2023/24 – 2025/26 MEDIUM-TERM OPERATING BUDGET FOR THE CITY OF JOHANNESBURG**

- **ITEM 2B: 2023/24 – 2025/26 MEDIUM-TERM CAPITAL BUDGET FOR THE CITY OF JOHANNESBURG**

- **ITEM 2C - THE REPORT ON OUTCOMES OF PUBLIC CONSULTATION ON THE PROPOSED 2023/24 BUDGET AND ITS REVENUE-RAISING MEASURES AND THE TECHNICAL EVALUATION LED BY NATIONAL TREASURY**

- **ITEM 2D: DRAFT RATES POLICY AND RATES BY-LAW**

- **ITEM 2E: FUNDING PLAN FOR MEDIUM TERM CAPITAL BUDGET**

I THANK YOU!