

2021 Budget Speech

by the Member of Mayoral Committee
for Finance, Councillor Jolidee Matongo

Tuesday, 25 May 2021

Rebuild. Transform. Thrive.



a world class African city



CITY OF JOHANNESBURG
METROPOLITAN MUNICIPALITY

www.joburg.org.za

@CityofJoburgZA

CityofJohannesburg

CityofJoburg

CITY OF JOHANNESBURG BUDGET SPEECH BY THE MEMBER OF THE MAYORAL COMMITTEE (MMC) FOR FINANCE, COUNCILLOR JOLIDEE MATONGO AT THE JOHANNESBURG COUNCIL CHAMBER ON TUESDAY, 25 MAY 2021

Madam Speaker,

May I firstly express my sincere gratitude for the Council platform afforded to present the 2021/2022 – 2023/2024 Medium Term Budget of one of South Africa’s most progressive municipalities of our time – the City of Johannesburg.

Madam Speaker,

The Mayoral Committee and all Councillors have a Constitutional obligation to carefully exercise executive and legislative authority in the use of the City’s resources for the best interest of the residents we represent in Council.

Madam Speaker,

As the Presiding Officer of our Council and the custodian of our legislative processes that are prescribed by the Republic’s Constitution, you will appreciate the challenges encountered in the budget process.

These are challenges related to striking a balance between continued service delivery, the economic decline as well as managing the devastation of the ongoing Covid-19 pandemic on our municipality.

Madam Speaker,

We owe it to the people of Johannesburg to continue pursuing our Constitutional mandate of a developmental local government - with the utmost integrity and commitment.

Therefore, the Budget we are presenting today is a demonstration of the commitment by the City’s Government of Local Unity – the GLU - to **rebuild** and **transform** Johannesburg into a **thriving** City that we all aspire it to be.

Madam Speaker

Executive Mayor

Chief Whip of Council

Members of the Mayoral Committee

Chairpersons of Committees

Leaders of political parties

Special greetings to the leadership of the Government of Local Unity

Fellow Councillors, especially the children of Mama Charlotte Maxeke

Acting City Manager and your executive team

And a special welcome to Johannesburg citizens tuned in online

Ladies and Gentlemen

Good morning,

In Shona we say: Mangwanani

Madam Speaker,

Today – the 25th of May - we commemorate Africa Day, which marks 58 years since the formation of the Organization of African Unity (OAU), the precursor to the African Union – the AU.

Africa Day is a day dedicated to acknowledging and celebrating the successes of the Africans in their fight against colonialism and apartheid. This acknowledgement is also extended to the progress that the African continent has made – while also being cognizant of obstacles we continue to face in the global community of nations.

Ladies and Gentlemen,

In his address to the AU in 1998, former President Nelson Mandela reflected on how for a long time Africa “had to contend with the consequences of a conquest in denial of its own role in history, including the denial that its people had the capacity to bring about change and progress”.

The global stalwart further pointed out that “Africa yearns and deserves to redeem her glory, to reassert her centuries-old contribution to economic, politics, culture and the arts, and once more, to be a pioneer in the many fields of human endeavour”.

Madam Speaker,

Councillors,

Ladies and Gentlemen,

We can all take from Madiba’s reassuring words that as we are all gathered here today for the delivery of the Johannesburg Budget in the face of a pandemic, we are all rich with various talents and capabilities as Africans in South Africa – and in Johannesburg to be exact.

We all have something invaluable that we can apply in our respective work or business functions to positively impact the common drive to **rebuild** and **transform** our City to **thrive** even further amidst a devastating pandemic.

My fellow Councillors and City officials,

It is human to feel the pain of the loss and devastation brought upon us by Covid-19. We have all lost people we know – be it distant or personally. May all those lost to Covid-19 rest in eternal peace, and their loved ones who remain - be comforted.

Our Financial Status

Madam Speaker,

The ongoing Covid-19 pandemic continues to have a devastating impact on lives and livelihoods of Johannesburg residents. This has seen many people struggle to keep up with their municipal accounts. This has

subsequently affected the collection of municipal rates and taxes that are a source of revenue for continued service delivery.

Amid fluctuating revenue collection rates, the City of Johannesburg municipality is still expected to function and provide essential services such as water, electricity, as well as sanitation and refuse collection.

A 2020 Survey on the Impact of Covid-19 on South African Municipalities by the National Department of Planning, Monitoring and Evaluation is very telling of our circumstances.

It showed that up to 78% of municipalities surveyed across the country were not well prepared to address periods of reduced revenue. Only 44% of them indicated that they had available cash reserves for over a month.

I am sure we can all imagine what is currently happening in most South African municipalities – with some not even having a funded budget to speak of.

As it stands for Johannesburg, on the 25th of November 2020, Moody's took rating action on the City following their downgrade of South Africa to a Ba2 from a Ba1 rating.

However, Madam Speaker, the City has managed to maintain a strong operating performance, although certainly affected by the economic devastation of the Covid-19 pandemic. The City's liquidity has slightly improved from R5,4 billion in 2018/2019 to R5,6 billion in 2019/2020. Our debt levels are also expected to remain below 40% of the operating revenue in 2023.

Madam Speaker,

In response to the downgrade, the City remains committed to continue addressing infrastructure development needs, service delivery challenges, and the urgent need to rebuild and transform Johannesburg during a pandemic. The Budget being presented today supports this commitment.

Fellow Councillors,

It is a given that the City's operating expenditure must be channeled more towards key service delivery areas such as public health, safety, and

community development initiatives to curb the impact of the Covid-19 pandemic.

With the tight economic climate that South Africa is facing, there is a marked decrease in national grant allocations to municipalities, and thereby forcing us to find alternative sources of funding.

The City's funding model further relies on revenue generated from trading services as a source of revenue - followed by grants and loans.

Madam Speaker,

What tends to differ is the share of each of the sources of funding. Furthermore, with new innovations and technological developments, the traditional notion of utilities as ultimate monopolies that can generate excessive revenue is eroding.

For instance, large power users are moving away from the grid, and this means that revenue generated by City Power is at risk going forward.

Madam Speaker,

The current operational and capital budget's funding model is based on the continued and sustained generation of surpluses through trading services that are primarily water and electricity. This is complemented by revenue raised through property taxation and grant funding.

In addition, National Treasury continues to encourage municipalities to keep increases in rates and tariffs at affordable levels for the Budget to be realistic as required by the Municipal Finance Management Act (MFMA).

Ladies and Gentlemen,

With the scarcity of resources such as water, tariffs are increasingly used to encourage the economic use of scarce resources, and to price appropriately for returns to the capital employed in the provision of municipal services.

In pursuit of financial sustainability, the City continues to monitor revenue trends, tariff structures, changes in the regulatory framework, and the economic impact on various consumer categories as part of formulating revenue forecasts.

The rate of revenue collection is currently expressed as a percentage of annual billing. For the medium-term, collection rates for the various services are an overall budgeted collection rate of 90.8% for 2021/2022, 91% for 2022/2023 and 91.1% for the outer years.

Councillor Atkinson, I can confirm that the City is today tabling a funded Budget after the National Treasury's benchmarking found that it was also credible and sustainable.

Striking a balance between the Budget and the GDS

Madam Speaker,

The City also has a Financial Development Plan that seeks to drive the rebuilding and transformation of Johannesburg into a thriving municipality that we all aspire to.

The approach adopted in the plan for financial sustainability includes expenditure management, revenue and debt management, balance sheet optimisation, better supply chain and procurement control, as well as financial performance management.

Both the funded Budget and the Financial Development Plan are designed to aid the transformation agenda that we so wish for in the City. We also have the Growth and Development Strategy (GDS) 2040 that we drafted together with Johannesburg residents through the GDS Outreach Process for public input.

The GDS primarily informs the transformation agenda that we are pursuing as the GLU government. I can further describe the GDS as our execution navigation map. It is our guide to rid the City of the ongoing colliding worlds and visions that are socio-economic divisions and spatial scars of the unjust and immoral system of apartheid.

For the first time in history, we have managed to fuse the five-year Integrated Development Planning (IDP) into the GDS roadmap. This will

ensure that in our day-to-day activities over the next five years, we work towards achieving the outcomes of the GDS.

Madam Speaker,

Fellow Councillors,

If you take a closer look at the GDS outcomes, you will be able to easily identify their alignment with the priorities of the GLU government, which is led by the ANC alongside coalition partners - the IFP, UDM, AIC, COPE and Al Jamah. The GLU took a cue from the GDS Outcomes on what the people of Johannesburg have entrusted us to do to improve their lives.

Cognizant of the limited time remaining for the current five-year term of office that began in 2016, the GLU which only took office three months before the Covid-19 Lockdown in March 2020, set out 11 strategic priorities. These priorities were the most urgent for the people of Johannesburg in-line with the GDS 2040.

Madam Speaker,

Those who began the journey of building the progressive Johannesburg that we all see and appreciate today - post 1994, painted a clear vision of a City that prioritized socio-economic transformation through strategic spatial redesigning.

These leaders planted the seeds of the coproduction concept in the delivery of municipal services and the spatial redesign programme that later took off under the respective brand names of Jozi@Work and the Corridors of Freedom.

Madam Speaker,

It is unfortunate that the Johannesburg transformation agenda was disrupted in August 2016 by a political leadership that lacked a real vision for the City. For three years the City was on autopilot without an alternative vision being pursued. The evidence to this is all around us in Johannesburg communities – particularly in poor areas such as Kliptown, Riverlea, Ivory Park and Orange Farm.

Fellow Councillors,

On the 4th of May, the Executive Mayor, Councillor Moloantoa Geoffrey Makhubo clearly outlined in his State of the City Address (SOCA) the GLU goals for the last leg of the current term of office amidst the ongoing Covid-19 pandemic.

He correctly labelled the current governing environment - a public emergency – that needs to be tackled as such – a public emergency.

Fellows Councillors,

Mayor Makhubo further outlined the following six areas as the anchors of the GLU's 11 priorities to be pursued as we head towards the end of the term of office:

- Working together to defeat the Covid-19 pandemic
- Forging new economic pathways
- Entrenching our transformational agenda
- Ensuring high impact service delivery
- Restoring trust and faith by building a new social compact
- Confronting the digital divide

Planning with people, not for people

Madam Speaker,

In the recent Community Based Planning (CBP), the IDP and the Draft Budget public engagements, the people of Johannesburg voiced their concerns and interests.

Their interests were particularly on the GLU priorities and the recently proposed property rates and tariffs for water, electricity, sanitation, as well as refuse removal. All these were taken into consideration for the Budget being tabled today.

Madam Speaker,

I can assure the people of Johannesburg that their cries during the recent public engagements on the affordability of rates and taxes, particularly during the ongoing Covid-19 pandemic, did not fall on deaf ears.

The City has already placed measures in place to assist residents during this difficult time. Since the beginning of the Covid-19 Lockdown, Johannesburg has rolled out several relief interventions. These include:

- An expansion of the rebates net to cushion more elderly ratepayers through increasing the pensioner income qualifying criteria by 4.36%.

This means a pensioner with a property value of below R2.5 million and an income below R10 783 for the lower limit, or below R18 481 for the upper limit, receives a 100% rebate on their property rates.

- The City further set out to place back up to R400 million into the pockets of property owners by giving a three-month rates rebate on the first R600 000 value of a property during the hard lockdown.
- The City also extended the Expanded Social Package (ESP) benefit period for existing beneficiaries to reduce the number of residents needing to visit our customer service centres to renew their benefit period during the hard lockdown period.

Madam Speaker,

As we speak, the City has begun the roll-out of the improved Debt Rehabilitation Programme approved by Council last month, which now also covers more beneficiaries.

The Programme's added relief measures include an increase of the qualifying property value from R600 000 to R1.5 million. This adjustment was influenced by calls from the people of Johannesburg to review the terms and conditions of the Debt Rehabilitation Programme.

Councillor Sibanyoni has raised with me the concern from those residents in our City who pay their municipal accounts without fail. These residents are asking; "what benefit or relief is the City giving to us as loyal customers since it is writing off debt for those who are in arrears?"

Madam Speaker,

We take note of this concern and we have already asked the revenue team to bring forth proposals in this regard.

Fellow Councillors,

Please go back to your respective communities and reassure residents that the Debt Rehabilitation Programme is not designed to catch them out for non-payment of municipal services to a point of legally attaching their homes.

However, the Programme is aimed at affording amnesty to property owners whose municipal accounts are in arrears for a period of more than three months, and those who wish to bring their accounts back up to date.

The balancing act of strategic allocations

Madam Speaker,

In our attempt to strike a balance between the needs of residents and the institution's ability to provide for the needs of our residents, the City has been confined to maneuvering within a prescribed budget principles framework. This is the framework that governs local government finances as captured in the MFMA.

These budgeting principles further inform the composition of our 2021/2022 Budget of approximately R73.3 billion. Our Operational Expenditure sits at R65.1 billion. Meanwhile, our Capital Expenditure stands at R8.2 billion for 2021/22 with a three-year capital budget of R25.5 billion.

A difficult balancing act of our Budget has enabled us to take into consideration pleas from residents for minimal tariff increases in the finalization of the proposed rates and tariffs for 2021/2022 - amidst the Covid-19 economic impact on livelihoods.

Fellow Councillors,

It is important to note that Property Rates revenue is one of the major funding sources for the City. The services funded from the rates revenue include, inter alia, health, safety and security, roads and public parks, as well as many other community related basic services.

There were numerous factors that were considered in recommending the tariffs for the 2021/2022 financial year, including, but not limited to the

market values of properties in the General Valuation Roll of 2018. Also included were the ratios as previously determined by Council, the economy of the country and the impact of the pandemic.

Madam Speaker,

We managed to keep the new tariff increases at the most possible minimal rates as follows:

For the current financial year, property rates were increased by 4%. In the new financial year of 2021/2022, the property rates will only increase by 2%.

This is in-line with heeding the call from ratepayers against an increase, and at the same time, also considering the reality of having to ensure that the city has the revenue to continue delivering services to residents.

In the current financial year, the **Electricity** tariff increase was 6.2%. The City stands at 14.59% for 2021/2022, which means that residents will not be paying more than the 15.09% that NERSA granted to ESKOM.

In the current financial year, the **Water** tariff increase was 6.6%. The City stands at 6.8% for 2021/2022, which is also anchored on the anticipated bulk water charge from Rand Water – while the first 6kl remains free for residents.

In the current financial year, the **Sanitation** tariff increase was 6.6%. The City stands at 6.8% for 2021/2022.

In the current financial year, the **Refuse** tariff increase was 5.2%. For 2021/2022, the City has dropped the increase to 4.3%.

Ladies and Gentlemen,

The 2021/2022 – 2023/2024 Medium Term Budget focuses on strategic priority infrastructure Turnkey projects in areas that include, in particular, Orange Farm, Ivory Park, and Kliptown. These are projects that are central to increasing the City's economic nodes in-line with our GDS socio-economic and spatial transformation agenda.

Fellow Councillors,

The City needs to replicate all the spatial and socio-economic developments achieved in Soweto also in other parts of the City, particularly in Orange Farm, Ivory Park and Kliptown, which is home to the backbone of the democracy that we all enjoy today – The Freedom Charter.

All of us present in the Council Chamber today will remember that Soweto was once just a dusty township designed by the apartheid government for oppression.

It was a labour dormitory meant for those who provided labour for capital to only sleep and not live a decent life. Hence, Soweto had no efficient transport system, no active economic hubs such as shopping centres, and no recreational amenities, to mention a few.

Today, Soweto boasts decent shopping malls, the roads are tarred, and the Rea Vaya Bus Rapid Transit (BRT) system provides reliable and affordable transport for the township's residents. Today Soweto also boasts state of the art swimming pools and Wifi connected libraries.

Our democratic government ensured that Orlando Stadium was upgraded to a state-of-the-art sports facility that hosts international games, and to top it all, today Soweto even has a stunning architectural theatre – the Soweto Theatre.

Madam Speaker,

The list of all the developments in Soweto post 1994 is very long. It is, however, the intention of the GLU government to do what we did in Soweto also in Kliptown, the Greater Orange Farm and the Greater Ivory Park areas.

In a bid to fast-track the replication of these developments to other parts of Johannesburg, a significant amount of the Budget being presented today is earmarked for the continuation of the Orange Farm, Kliptown and Ivory Park developments as follows:

- **Orange Farm** and surrounds have been allocated a medium-term capital allocation of R625 million for the multi-disciplinary Turnkey project, while other projects in the area will also continue over the medium term. These include;
 - the R140 million for the conversion of open stormwater drains,

- R215 million towards tarring of gravel roads,
 - R49 million for the construction of a public transport facility,
 - R536 million for water demand management,
 - a Capex of R148 million for JOSHCO's social housing turnkey project in Region G, and
 - a Social Development Capex of R1.5 million for a shelter to deal with gender-based violence and femicide.
- **In Kliptown** and surrounds – a total of R197 million has been allocated over the medium term for the multi-disciplinary Turnkey project. Other investments in Kliptown over the medium term will include;
 - R340 million Capex earmarked for new bulk infrastructure in the area's housing project and the Walter Sisulu Square, as well as,
 - R212 million for JOSHCO's social housing Turnkey project.
 - **Ivory Park** and surrounds have been allocated R331million for the multi-disciplinary Turnkey project over the medium term. Additional investment in the area includes;
 - R203 million for JOSHCO's social housing Turnkey project,
 - R18 million Capex for Community Development to construct a swimming pool in the township, and
 - JDA is allocated a Capex of R 30 million for the Ivory Park Development Catalytic Node infrastructure project.

The Citywide rebuilding and transformation agenda

Fellow Councillors,

You will appreciate that the City's Operational Expenditure (Opex) Budget is designed to directly support our agenda to **rebuild** and **transform** Johannesburg into a **thriving** City.

This is to be done through accelerated service delivery and the reintroduction of co-production of municipal services with residents.

The Opex Budget will see to the operationalization of new facilities and programmes, as well as the enforcement of the mandatory 30% subcontracting for the development and support of small to medium and micro enterprises (SMMEs) - while also balancing the City's financial sustainability.

Madam Speaker,

The Budget is broken down as follows in alignment with the GDS Outcomes and the GLU priorities for the last leg of the term of office to rebuild and transform Johannesburg into a thriving City:

The **Sustainable Services Cluster**, which is made up of the Environment and Infrastructure Department, Housing, City Power, Johannesburg Water, Pikitup, and the Johannesburg Social and Housing Company (JOSCHO), is central to the provision of basic services to the residents of Johannesburg.

The cluster is allocated the largest portion of the budget to enable - not only the provision of these services - but also to ensure the sustainability of the services and related infrastructure over time.

A capital budget of R13.2 billion across the medium term and an operational expenditure budget of R38 billion in the 2021/2022 financial year has been allocated to the Sustainable Services Cluster.

As part of this cluster, the Environment and Infrastructure Services Department is allocated an operational expenditure budget of R154.9 million and R162 million for the three-year capital budget. Of this allocation, a significant portion is dedicated to waste sorting facilities, increasing the City's waste treatment and disposal capacity, and to fast-track the waste to energy programme.

In the new financial year, Pikitup will contract at least 40 cooperatives who in turn will employ on a short-term basis 10 to 15 people per ward to ensure that ours is a clean City.

Next up in this cluster is the Housing Department with an allocation of an operational expenditure budget of R1 billion, and a multi-year capital budget of R4.4 billion over the medium term. The Housing Department has also been allocated R40 million over the medium term to commence work on the Southern Farms housing development programme.

Madam Speaker,

It is anticipated that once completed, the Southern Farms project will yield no less than 15 000 housing units. We are all aware that safe, decent, affordable housing is fundamental to forging a path to a thriving future.

The housing need is immense, and undeniably, it is one of the GLU's primary priorities to create a significant impact in the housing market. In responding to the historical backlog in housing, the department will continue with development on various mega projects across the City - in Fleurhof, Lufhereng, Lehae and Riverside.

The department also has R295 million set aside for the upgrade of several hostels over the medium term. Through the dedicated Upgrade of Informal Settlements grant of R1.4 billion over the next three years, the City is set to formalize 13 informal settlements with:

- 1660 units in Hospital hills
- 1600 units for Klipsruit Ext 7
- 1074 units in Slovo Park near Nancefield
- 1045 units in Rugby Club
- 1210 units in Princess Plot
- 1860 units in Kya Sands
- 507 units in Organic Compound
- 569 units in Meriting

A further R90 million is available to provide communities with serviced stands. This will go a long way in curbing illegal land grabs and provide communities with land to build for themselves. We are going to deal with illegal land invasions, but while doing so, we need to provide people with serviced stands.

Executive Mayor,

Your recent visit to Eldorado Park and Westbury has confirmed to you and your team that the living conditions of people residing in flats and old age homes are inhumane. As a result of this, we are allocating R102 million for the upgrade of flats and old age homes.

Within the Housing portfolio, JOSHCO plays the role of providing affordable social housing opportunities in the City. The entity has been allocated a three-year capital budget of R1.9 billion.

Turnkey social housing projects in Regions A, B, D and G have been allocated a three-year budget of R768 million. Developments will also continue in Devland, Lufhereng, Marlboro, Nancefield, Princess Plots and Selkirk.

Madame Speaker,

In the 2021/2022 financial year, the projected revenue for electricity increases by 17.4% to R20.2 billion. The hike, which many would relate to the tariff increase, is in fact based on multiple factors that include the strategic drive to reduce total electricity losses to a level of 24% in the new year.

It is also to cover the turnaround strategy programs projected to enhance revenue and profitability of City Power. During our public engagements with residents, the key theme was complaints about streetlights, their maintenance and subsequent high crime levels in affected areas. Another pertinent issue that came up was the unreliability of power supply in some wards.

Through the R19.9 billion operational expenditure budget, City Power will be dealing with streetlight repairs and installations, electricity failures, facility repairs, as well as preventative maintenance aimed at improving network stability.

The allocation will also cover the establishment of a Program Management Office to manage the transfer of Eskom areas of supply in Soweto, Orange Farm, Ivory Park and Sandton to City Power.

City Power is further allocated a three-year capital budget of R2.8 billion, which is aimed at various infrastructure projects. These include R650 million towards the electrification of Informal Settlements and R165 million for public lighting.

Over the medium term, the entity will renew and upgrade bulk infrastructure at the Hursthill Sub-station through the allocation of R95 million, and the Ruimsig Sub-station through an allocation of R172million.

Furthermore, interventions for the overall improvement of the electricity grid and network, new bulk infrastructure and revenue protecting investments such as the replacement of meters are covered.

Johannesburg Water's expected operational surplus amounts to R1.2 billion in the upcoming financial year - with an expenditure budget of R13.4 billion.

This will mainly cater for a tariff increase of 6.8% based on a pass through 5.8% increase on the water purchase price from Rand Water - plus a 1% retail margin to invest in maintenance of the water network.

The entity is further allocated a R3.3 billion multi-year capital budget that is R2 billion, and R1.3 billion 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.

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.

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 expenditure budget has increased by 2.7% from the previous financial year. Across the three-year medium term, the cluster's capital budget amounts to approximately R1.4 billion.

Madam Speaker,

As we break down into departmental allocations, Community Development has been allocated an expenditure budget of R1.4 billion. Much of the increase is because of funding required for the operationalizing of new facilities.

Fellow Councillors,

The people of Johannesburg equally deserve functional facilities across the City's communities. This budget is designed to ensure that these community spaces and facilities, which include multi-purpose centres, libraries and swimming pools, do not end up as white elephants.

Community Development has further been allocated R144 million for the upgrading of facilities and the construction of multipurpose centres in

Matholesville, Lehae, Kaalfontein and Driezik. In the upcoming year, Cosmo City and Ivory Park will also see the construction of new swimming pools.

Madam Speaker,

The Health Department's expenditure budget increases by 3.7% from the previous year to R1.4 billion in 2021/2022. This will go towards spending on the expansion of extended clinic hours across the City, and the implementation of the City's Substance Abuse Strategy. It will also cover the roll-out of Mobile Clinics to increase access to primary healthcare in Johannesburg communities.

With an allocated R119.3 million capital budget, the department will further be expanding healthcare access to facilities through new or upgraded clinics in Freedom Park, Naledi, Hikhensile, Lawley, Rabie Ridge. Work on land acquisition and planning for a new clinic in Zandspruit is also set to start.

The Social Development Department is allocated R76.2 million for programs that include the establishment of a new Multi-Purpose Center in Bertrams and the refurbishment of the Yetta Nethan Community Centre in Orlando West.

Other priorities that the department will focus on include the management of displaced members of our communities and homelessness. This is to provide agility - as the past year has taught us how we had to avail some of our facilities as temporary shelters at the dawn of the Covid-19 pandemic, and in our bid to combat drug and substance abuse

Madam Speaker,

In the current financial year, an allocation of R175 million is available for the purchase, and distribution of 500 000 food parcels to those who are food insecure in our city. In the new financial year, a further 140 000 food insecure households in our city will be provided with food parcels. These parcels will mainly be for child and youth headed households and the indigent.

In the new financial year, work will also start on the establishment of a shelter for people exposed to Gender Based Violence and femicide in

Orange Farm. Shelters for displaced people across the City are also included in the department's budget.

Madam Speaker,

Public Safety is allocated a three-year capital budget of R326 million. Some of the key projects to be implemented include the advancement of the Integrated Intelligent Operations Centre (IIOC) and the much-needed fire and rescue equipment.

Over the medium term, the city will also be investing in establishing a one-stop business desk in Midrand to cater for the licensing needs of corporate clients.

Fellow Councillors,

If the past year has taught us anything, it is the evolving meaning of a Safer City. The definition has been expanded to ensure that the safety of citizens, organizations, and institutions against threats to their well-being are covered.

This has prompted the reintroduction of ward-based policing through the Joburg 10 Plus and effective by-law enforcement, which now also includes monitoring compliance with Covid-19 regulations.

Johannesburg City Parks and Zoo is allocated a multi-year capital budget of R297 million. The allocation is set to cover upgrades to the zoo infrastructure, recreational parks and cemeteries.

Grass cutting initiatives are part of the bulk work that City Parks will also be doing going forward. An allocation of R167 million is made available for this purpose. The days of one department pointing a finger at the other are over. City Parks is expected to use its allocation to deal with grass cutting.

The Joburg Theatres receive an expenditure budget of R217.8 million, which will allow them to host, develop and stage productions that tell a story of social cohesion. The theatres are also expected to stage community-based productions that address social ills through educational theatre.

A three-year capital budget of R37 million to upgrade equipment, machinery, and renovations in all three theatres – Promusica in Roodepoort, Soweto Theatre in Jabulani and the Joburg Theatre in the Inner City has been allocated.

Madam Speaker,

The expenditure budget of the **Economic Growth Cluster** allocation increases by 13.9% from the 2020/21 financial year, which places its three-year capital budget at R7.2 billion.

Ladies and Gentlemen,

The Economic Development Department has been allocated an operational expenditure budget of R195.5 million and about R14 million over the medium term. The allocation will allow for the revitalization of Industrial Parks and Priority Economic Zones.

It will further cover Youth Skills Training and the establishment of Opportunity Centres in Orange Farm and Ivory Park. With a capital budget of R12.9 million in the 2021/2022 financial year, the department will also implement the Inner-City Roadmap, Economic Development Initiatives and purchase a Mobile Opportunity Centre.

The Transport Department is allocated a multi-year capital budget of R2.7 billion. Projects to be undertaken include the redevelopment of the Inner-City Taxi Ranks at R187 million and the Rea Vaya BRT Phase 1C infrastructure at R979 million.

About R800 million has been allocated for the purchase of new buses for the Phase 1C, and R122 million to invest in an automated fare collection system.

Fellow Councillors,

The Transport Department's operational expenditure budget allocation is R2 billion, which will also see to the operationalization of the Rea Vaya route between Alexandra, Sandton and the Inner City.

The primary objective is to transport an average of just over 57 000 passengers a day by 2022 – which is just around the corner.

The department will also implement the Integrated Transport Systems through the development of Transport Master Plans and the Integrated Public Transport Network Plans, as well as Corridor Management Plans, cycling promotion, and non-motorized transport.

Development Planning is allocated an expenditure budget of R426 million. An allocation of R149.6 million is to be spent on creating community facilities in the Transit Oriented Development Corridors.

More focused and efficient customer service operations, Inner City Regeneration, including Economic Nodes, which are innovative scenario planning models designed to support private and public sector investment in the City are covered.

Enhanced law enforcement for town planning, building control and outdoor advertising is also covered in this budget.

Madam Speaker,

The key capital projects over the medium term include the Brixton Social Cluster with R68 million, the Jabulani Precinct Upgrades for R46 million and the Inner-City Partnership program at R87 million.

The Joburg Market is allocated an operating expenditure of R445 million and a three-year capital budget of R240 million. The budget is allocated to projects that include the extension of its trading space for a more effective, food safety and compliant environment.

The allocation will also cover initiatives for alternative energy systems and the upgrade of facilities.

As part of the entity's three-year capital budget of R2.8 billion, JRA will continue with the war on potholes across the City's roads. The agency will also ensure that the tarring of gravel roads in Tshepisong, Mayibuye, Kaalfontein and Zandspruit is undertaken.

The roads agency will further ensure conversion of open drains to underground storm water systems, continue with the bridge rehabilitation project, the implementation of an intelligent transport system and traffic light management.

METROBUS is allocated an operating expenditure budget of R767.5 million, and a three-year capital budget of R288 million to also spend on the bus refurbishment project and a cashless ticketing system.

Madam Speaker,

I am happy to announce that R45 million has been set aside for the re-establishment of the Johannesburg Tourism Company. We have for far too long neglected the promotion of Joburg as a destination of choice.

Our infrastructure, transport network, quick access to the airports and the world-class hospitality and conferencing facilities certainly make our City a destination of choice. The sector is also critical for the stimulation of the economy, especially in support of SMMEs.

Madam Speaker,

This brings me to the fourth cluster, **Good Governance** which is made up of the Office of the City Manager with the following group function departments - Group Forensic and Investigation Service (GFIS), Group Finance, the Metropolitan Trading Company (MTC), Group Information and Communications Technology (GICT), Group Corporate Shared Services, the Ombudsman and the Legislature.

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.

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.

Madam Speaker,

The three-year medium-term capital budget of the Good Governance Cluster amounts to approximately R3.6 billion.

The GICT's Smart City enablement program is allocated R50 million while R110 million goes to the roll-out of 1000 Wifi hotspots across the City. The Group Corporate and Shared Services is allocated R615 million for capital

expenditure over the medium term, which also covers the procurement of the much-needed fire engines.

Group Finance, which is allocated a R6 billion operational expenditure budget and R28 million capital budget, is expected to also implement an online Electronic Bill Presentation Portal.

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.

Madam Speaker,

Proper planning and feasibility studies still need to be undertaken to ensure that we effectively secure our facilities, and our staff need to feel safe in their workplaces.

We are currently dealing with the disastrous insourcing of security personnel which has ballooned our Security cost from R576 million in the 2018/2019 financial year to almost R1.3 billion in the 2019/2020 financial year.

Madam Speaker,

As it stands, one of the greatest risks to the tabled Budget is the unfinalized local government wage negotiations. However, it is important to note that in planning for financial sustainability, we considered the Consumer Price Index (CPI), which is estimated at 4.3% for 2021/22, 4.4% for 2022/23 and 4.5% for 2023/24.

The CPI places estimated salary increases at the same level in the respective financial years – with a natural attrition of 0.5% included in the budget each year.

Madam Speaker,

Before I conclude, may I point out that as we head into the Youth Month in commemoration of June 16, we need to remind the youth of Johannesburg that they have a significant role to play in the rebuilding and transformation of our City to thrive that they must continue to take up.

Madam Speaker,

To quote former Johannesburg Mayor Parks Tau from his SOCA 2015 on the significance of the youth in our City: “We are a City where the young lead the call for transformation, demanding the opportunity to work, to improve their lives, and become the best of what they can be. A City which knows that with just a little help, our youth are not the challenge some perceive them to be, but our greatest asset”.

Fellow Councillors,

This statement says all that we need to keep in mind about the significance of the youth in rebuilding and transforming Johannesburg into a thriving City. An allocation of R90 million over the medium term is provided for in the budget for youth development programmes, whilst a further R60 million is allocated for programmes to address the needs of military veterans.

Furthermore, the Citizens Relations and Urban Management (CRUM) department is set to implement the augmented services project by ensuring that 10 people per ward are employed on a permanent basis as general workers in our City.

The 10 people, who must be residents from the wards themselves, are to be responsible, as frontline workers, for identifying service delivery failures in wards, and working with our entities to speedily resolve these concerns where identified.

Conclusion

Madam Speaker,

As I conclude, a significant amount of the Budget presented today comes from the rates and taxes collected from the ratepayers of Johannesburg. These are the people who faithfully kept paying their municipal accounts during the hard lockdown and ensured that basic service delivery continued in the City.

Fellow Councillors,

Please allow me to also express my sincere gratitude to the ratepayers of Johannesburg for their demonstrated active citizenry. Thank you for your commitment to the City and your patience with us.

We can stand in the Council Chamber today to present the new Budget of the City with a sense of privilege that many South African municipalities can only wish for - following the economic devastation of the ongoing Covid-19 pandemic on their coffers.

However, I can tell you without doubt that Johannesburg ratepayers are not pleased with some of the services we render to them. There are complaints everyday about basic municipal services that we should be excelling in as a progressive City.

Fellow Councillors and City Officials,

The displeasure tabled in the City's recent public participation engagements was very loud and clear – more especially because residents complained of the same municipal service failures on our part.

Ladies and Gentlemen,

We need to view the ratepayer's continued payment of municipal accounts as another rare opportunity given to all of us to self-correct in the execution of our duties to avoid a rates boycott in the near future that will see us eventually have no Budget to present.

Madam Speaker,

The difficult year of 2021 is also the 150th Commemoration Year of the Liberation Struggle Icon and Human Rights Activist, Mama Charlotte Maxeke. It is therefore an opportune time that we pull a page from her legendary wisdom to remind ourselves why we are public servants.

Mme Charlotte Maxeke once clarified that “this work is not for yourself, kill that spirit of self and do not live above your people, but live with them, and if you can rise, bring someone with you”.

Fellow Councillors,

City Officials,

That is the principle that we all need to subscribe to in how we serve the people of Johannesburg - using the authority entrusted upon us to make a difference – especially during the difficult time of the Covid-19 pandemic.

Through you, Madam Speaker,

Acting City manager, Mr. Floyd Brink, the Council will on Thursday 27 May 2021 hand over R73.3 billion to you and the Executive Management Team to deliver on the commitments we have made in the SOCA 2021 and the Budget Speech today.

We appeal to you to use the Budget to rebuild and transform Johannesburg into a thriving City.

Madam Speaker,

On behalf of the Executive Mayor and the GLU government, I present the following for consideration by this august house, and for approval at its Council meeting scheduled for 27 May 2021:

- ITEM 2A: 2021/22 – 2023/24 MEDIUM-TERM OPERATING BUDGET FOR THE CITY OF JOHANNESBURG
- ITEM 2B: 2021/22 – 2023/24 MEDIUM-TERM CAPITAL BUDGET FOR THE CITY OF JOHANNESBURG
- ITEM 2C - THE REPORT ON OUTCOMES OF PUBLIC CONSULTATION ON THE PROPOSED 2021/22 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
- ITEM 2F: 2022/26 INTEGRATED DEVELOPMENT PLAN (IDP) REVIEW AND ENTITIES BUSINESS PLANS

I thank you.