In this chapter the background to the 2003/04 Annual Report is contextualised in that the City’s profile is outlined, the key challenges are defined and the vision, strategy and priorities of the City of Johannesburg are described. The chapter also gives an overview of the political governance arrangements and the City’s administration.

A PROFILE OF THE CITY

The Johannesburg metropolitan area extends from Orange Farm in the south to Midrand in the north. It is adjacent to two other metropolitan areas, namely Tshwane to the north and Ekurhuleni in the east as illustrated in Figure 2.1. In comparison Johannesburg has the smallest land area (1 620 km²) of these metropoles, yet it has the largest population (approximately 3,2 million people), which makes it the most densely populated (average 1 975 persons per km²) and most urbanised municipality in South Africa.
Johannesburg’s population is growing at a rate of 4.1% per year, which exceeds the 0.9% per annum previously predicted. As a result, the City has already exceeded the projected figures for 2010 and at this rate, the City’s population could double in the next 17 years.
The City of Johannesburg Metropolitan Municipality (CJMM) was established on 19 September 2000, as gazetted in a Provincial General Notice, number 6569. The municipality, established in accordance with section 12(1) of the Local Government Municipal Structures Act of 1998, on the day that the results of the first election of the Council of the Metropolitan Municipality were declared in terms of section 64 of the Municipal Structures Act, 27 of 2000.

**CHALLENGES**

Johannesburg is the most powerful economic hub on the African continent. The City's services and infrastructure compare well with cities in the developed world in terms of safe drinking water, a reliable electricity grid, multilane freeways, skyscrapers, conference centres, golf courses and telecommunication systems. Johannesburg is, however, faced with a range of development challenges such as globalisation and urbanisation. Further to this, there are serious local concerns, e.g. how to alleviate poverty and increase education levels and reduce unemployment and crime. Other challenges revolve around the management of the impact of HIV and AIDS, basic needs such as the provision of primary health care, housing and services, and, above all, how to stimulate economic growth.

Despite all the challenges facing the City, the performance of the City compares well with those for other cities, the Gauteng province and the country as a whole. The City's unemployment rate of 33% is also below the national rate of 42%. A more detailed breakdown of unemployment rates for metropolitan municipalities is provided in Figure 2.2.

*Figure 2.2 Unemployment rate for metropolitan municipalities, 1996-2002*
The average income per person in Johannesburg is R37 768 per annum, compared to R27 352 in Cape Town, R27 032 in Tshwane and R16 259 in eThekwini. The average income per household in the City (which is more than R140 000 per annum) is by far the highest in the country. Johannesburg also displays the highest Gross Domestic Product (GDP) per capita, as illustrated in Figure 2.3.

*Figure 2.3  GDP per capita for metropolitan municipalities, 1996-2003*

Between 1996 and 2001 the City Development Index (CDI)\(^1\) showed that Johannesburg improved from 81 to 84, primarily because of the increase in income per capita. Johannesburg also has the highest Human Development Index (based on income per capita, literacy and life expectancy) in the country, as depicted in Figure 2.4.

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\(^1\) The CDI measures development in cities based on income per capita, access to services, waste removal, health and education. The index is used to compare the level of development within cities, between cities and progress over time and is a number between 0 and 100.
Despite the relatively good performance of Johannesburg, there are major discrepancies in the income distribution in the City. While the average annual household income in four of the City’s wealthiest administrative regions doubled between 1996 and 2001, the number of households that reported ‘no income’ increased from approximately 50,000 to nearly 200,000. Another such discrepancy relates to service delivery, where the total number of households with access to electricity increased by 200,000 between 1996 and 2001, while in the same period the proportion of households with access to this service decreased by 7% from 86% to 79%. This is primarily because of the rate of people migrating to the City, and this rate outpaces extensive efforts in delivering basic services.

The challenges faced in terms of rapid population growth and the growth of informal settlements result in difficulties with the management of the biophysical environment. Environmental challenges facing the City include air quality management, protection of water resources, waste management, provision of land and open spaces and plant and animal biodiversity management. The air quality management challenges are a result of households depending on fossil fuel for heating, the use of private vehicles, dust from unrehabilitated or operational mines and other forms of industrial air pollution. All of which leads to elevated levels of emissions such as CO₂, NOx and PM10. The river systems in the City also show evidence of high levels of sewage and mining pollution. This is worsened by contaminated stormwater run-offs, increased littering and illegal effluent discharges from industry and wastewater treatment works.
The City also has a high level of waste generation. The five landfill sites that the City depends on for waste disposal cannot cope with the current rate of waste generation. Current projections show that the existing landfills will reach their half-life by 2010.

Statistics indicate that only 1.38% of Johannesburg is formally conserved as natural areas for biodiversity conservation. This is far below the 10% recommended by the International Union for the Conservation of Nature. There is therefore a need to increase the percentage land that is reserved for biodiversity conservation, if compliance with international guidelines is considered.

VISION, STRATEGY AND PRIORITIES

The City of Johannesburg created Joburg 2030 in response to development and economic challenges. In Joburg 2030 the long-term vision is described as follows:

‘In 2030 Johannesburg will be a world-class African city with service deliverables and efficiencies which meet world best practice. Its economy and labour force will specialise in the service sector and will be strongly outward oriented to ensure that the City’s economy operates on a global scale. The strong economic growth resultant from this competitive economic behaviour will increase city tax revenues, private sector profits and individual disposable income levels, such that the standard of living and quality of life of all the City’s inhabitants will enhance in a sustainable manner.’

The main focus of this vision is on developing a world-class African city to enable businesses in the City, and all its inhabitants, to enjoy sustainable economic growth and an improved quality of life. It is intended that the City will not only operate as a provider and administrator of services, but also act as a key agent for economic development.

The Executive Mayor also identified six Mayoral Priorities as medium-term priorities underpinning the long-term vision. These priorities are:

- Good governance
- Economic development and job creation
- Inner city regeneration
- Public safety
- Service delivery excellence, customer care, Batho Pele
- HIV and AIDS

To provide focus to the service delivery efforts, the following strategic agenda underpinned the work of the City during the 2003/04 financial year:

- Effective financial management
- Sustainable development and environmental management
- Service delivery excellence, customer service and Batho Pele
- Access to basic services
- Public safety and by-law enforcement
- Housing delivery
- Transportation
- Economic growth and development
- Good governance and building democracy
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- Strategic management
- Fighting poverty and promoting human development
- Entity management
- HIV and AIDS prevention and management

GOVERNANCE

The concept of ‘governance’ encompasses the political domain and highlights the role of the Executive Mayor and the Mayoral Committee, the Council, the Council’s Speaker and the Council’s Chief Whip. All of them play a vital role in the governance of the City through the exercise of executive and/or legislative power, facilitation of political interaction and oversight. The role of the Council as well as the roles of the Speaker and Chief Whip will be described in a subsequent chapter. The structure of governance is shown below.

*Figure 2.5 Governance in the City of Johannesburg*
THE EXECUTIVE MAYOR AND THE MAYORAL COMMITTEE

The Executive Mayor of the City of Johannesburg, Councillor Amos Masondo, assisted by the Mayoral Committee, constitutes the executive arm of the City. The Executive Mayor is at the centre of the City’s system of governance, since executive powers are vested in him to manage the affairs of the City. This means that he has an overarching strategic and political responsibility. Each of the members of the Mayoral Committee chair a portfolio committee, consisting of councillors from all the different political parties. The names and portfolios of the members of the Mayoral Committee are listed in Table 2.1.

Table 2.1 Members of the Mayoral Committee (MMC) and their portfolios

<table>
<thead>
<tr>
<th>MMC</th>
<th>Portfolio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sol Cowan</td>
<td>Inner City</td>
</tr>
<tr>
<td>Parks Tau</td>
<td>Finance, Strategy and Economic Development</td>
</tr>
<tr>
<td>Brian Hlongwa</td>
<td>Municipal Services Entities</td>
</tr>
<tr>
<td>Prema Naidoo</td>
<td>Health</td>
</tr>
<tr>
<td>Sizakele Nkosi</td>
<td>Public Safety</td>
</tr>
<tr>
<td>Nkele Ntingane</td>
<td>Municipal Enterprises</td>
</tr>
<tr>
<td>Thomas Phakathi</td>
<td>Municipal Administration</td>
</tr>
<tr>
<td>Strike Ralegoma</td>
<td>Housing</td>
</tr>
<tr>
<td>Hilda Mokoena</td>
<td>Development Planning, Transportation and Environment</td>
</tr>
<tr>
<td>Christine Walters</td>
<td>Community Development, Roads and Parks</td>
</tr>
</tbody>
</table>

Councillor Parks Tau replaced Councillor Kenny Fihla in September 2003 as a Member of the Mayoral Committee responsible for Finance, Strategy and Economic Development. Councillor Hilda Mokoena was appointed to Councillor Tau’s former portfolio of Development Planning, Transportation and Environment.

The Mayoral Committee is the principal executive decision-making body and the strategic centre of the City. Twenty meetings of the Mayoral Committee were held during the 2003/04 financial year.

Mayoral subcommittees

The Executive Mayor clustered each political portfolio into a Mayoral subcommittee to promote planning, integration and alignment. These subcommittees also facilitate working relationships between the political leadership and senior management. Four Mayoral subcommittees have been established for economic development, human development, housing and infrastructure and shareholding of municipal entities.

The economic development subcommittee’s chairperson is Councillor Parks Tau. This subcommittee includes the MMC for the Inner City and MMC for Municipal Enterprises. Their responsibilities include economic development, management of informal trading, tourism and marketing and inner city regeneration.

The human development subcommittee is chaired by Councillor Prema Naidoo and consists of the MMC for Community Development, Roads and Parks, the MMC for Municipal Administration and the MMC for Public Safety. It oversees activities related to health, social development, community safety and corporate services. The committee’s work during the financial year focused on the design and development of a human development strategy.
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The infrastructure subcommittee is chaired by the MMC for Housing, Councillor Strike Ralegoma, and includes the MMC for Development Planning, Transportation and Environment, the MMC for Municipal Service Entities and the MMC for Community Development, Roads, Parks and Arts, Culture and Heritage Services. The subcommittee plays a key role in overseeing the planning, monitoring and implementation of housing and infrastructure delivery programmes.

The shareholding of municipal entities subcommittee is led by the Executive Mayor and comprises the MMC for Municipal Services Entities, the MMC for Municipal Enterprises, the MMC for Finance, Strategy and Economic Development and the MMC for Community Development, Roads and Parks. The main function of the subcommittee is the optimisation of the City’s shareholder value. This includes corporate governance (to protect and optimise the utilisation of assets), financial evaluation (to pursue growth of entities), business strategy (to ensure a return on the City’s investments) and legislative compliance.

A number of initiatives implemented during the 2003/04 financial year have contributed significantly to the strengthening of the governance practices of the City’s entities. These initiatives included a framework to assess shareholder value and returns in respect of corporate establishment projects, the implementation of a governance protocol, monitoring corporate governance practice and reviewing and reporting on financial performance.

The Mayoral Committee also establishes ad hoc subcommittees when required, e.g. for the 2010 World Cup. The pension subcommittee is another example of one of these ad hoc committees.

Mayoral road shows

The Public Participation Policy is the cornerstone of the City’s commitment to involve citizens and stakeholders in the matters of local government. The City is of the view that effective participation and input by stakeholders could enhance local democracy, promote consensus on development priorities, create greater understanding of the work of elected representatives and officials and ensure transparency and accountability.

In order to encourage public participation, the Executive Mayor and the Mayoral Committee launched the Mayoral road shows. These road shows had two distinct features:

- Regional visits were organised, which had a clear structure and included presentations by the regional management teams, a detailed tour of the region’s representative communities and priority projects and stopovers to meet with stakeholders to do a critical evaluation of problems and best practices.

- Public meetings were arranged on the evenings subsequent to the respective regional visits, to enable the political leadership to listen to the views of the communities and to share information.
In 2003/04 a total of six visits to regions and eight public meetings were conducted. It is estimated that more than 10,000 citizens participated in public community meetings during these road shows and public meetings.

CITY ADMINISTRATION

City administration describes the institutional structure of the City of Johannesburg. It draws distinctions between the core administration, the regional administrations and the municipal entities and their functions.

The City completed a far-reaching transformation to fundamentally reorganise the way in which it provides services. The new administration, unique among major South African cities, was designed in the context of the iGoli 2002 plan, which sought to reflect the goals of growth with sustainability, affordable structures, enhanced accountability, increased efficiency and the elimination of duplication and fragmentation.

The City Manager, Pascal Moloi, heads the City’s core administration and is assisted by the Chief Operations Officer (COO), Executive Directors for Development Planning, Transportation and Environment, Finance and Economic Development, Corporate Services and Housing and the Directors of the Contract Management Unit and the Shareholder Unit. The Chief of the Johannesburg Metropolitan Police Department (JMPD) and the Executive Head of Emergency Management Services (EMS) also report directly to the City Manager. The City Manager and his senior management, who were appointed on five-year performance contracts, provide the link between the political and administrative arms of the City’s government.

The City’s administration is subdivided into a core administration, 11 decentralised administrative regions and 14 separate companies or municipal entities known as utilities, agencies and corporatised entities (UACs). The diagram below depicts the structure of the City’s administration as well as their relationship to the political office bearers.
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Figure 2.6 Structure of the City Administration

Core administration

The core administration is divided into three departments. The first grouping provides central distribution functions that deliver services directly to consumers, such as development planning, finance, metropolitan police and emergency management services. The second grouping of functions provides internal support services such as corporate services. The third group comprises functions based on the concept of separation between policy, monitoring and evaluation on the one hand, and operations on the other. These include health, housing and social development, which incorporate social services, libraries and sport and recreation.

To ensure optimal management of the UACs, the City established the Contract Management Unit to oversee their service delivery obligations. The Shareholder
Unit was recently established with responsibility for corporate governance and the financial and investment performance of the companies.

Table 2.2 City of Johannesburg’s core departments

<table>
<thead>
<tr>
<th>DEPARTMENT</th>
<th>DEPARTMENTAL HEAD</th>
<th>FUNCTIONS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Operations Officer (COO)</td>
<td>Sibongile Mazibuko</td>
<td>Overall responsibility for health, social development, information technology, Joburg Connect and the regional administrations</td>
</tr>
<tr>
<td>Corporate Services</td>
<td>Reuben Denge</td>
<td>Corporate services include legal services, facilities management, administration and geographical information system</td>
</tr>
<tr>
<td>Development Planning, Transportation and Environment</td>
<td>Amanda Nair</td>
<td>Development planning, transportation and environmental management</td>
</tr>
<tr>
<td>Finance and Economic Development</td>
<td>Mankodi Moitse</td>
<td>Revenue, expenditure, treasury, supply chain management (procurement) and economic development</td>
</tr>
<tr>
<td>Housing</td>
<td>Uhuru Nene</td>
<td>Housing services</td>
</tr>
<tr>
<td>Johannesburg Metropolitan Police</td>
<td>Chris Ngcobo</td>
<td>By-law enforcement, crime prevention and traffic management</td>
</tr>
<tr>
<td>Emergency Management Services</td>
<td>Audrey Gule</td>
<td>Ambulance and fire fighting services</td>
</tr>
<tr>
<td>Contract Management Unit</td>
<td>Prem Govender</td>
<td>Responsibility for service delivery of UACs</td>
</tr>
<tr>
<td>Shareholder Unit</td>
<td>Nolene Morris</td>
<td>Responsibility for finance and corporate governance of UACs</td>
</tr>
<tr>
<td>Arts, Culture and Heritage</td>
<td>Steven Sack</td>
<td>City’s museums, historic sites and buildings and the coordination and presentation of arts, cultural events and festival programmes</td>
</tr>
<tr>
<td>Health</td>
<td>Refik Bismilla</td>
<td>Primary health care and environmental health</td>
</tr>
<tr>
<td>Social Development</td>
<td>Graeme Bloch</td>
<td>Social services, libraries and sport and recreation</td>
</tr>
</tbody>
</table>

REGIONAL ADMINISTRATIONS

Eleven decentralised regional administrations are responsible for the direct delivery of primary health care, social services, housing, libraries, sport and recreation. They also operate the People’s Centres to facilitate direct access by local communities to information and customer queries. By virtue of their close proximity to the communities they serve, the regional administrations are able to promote and ensure accountability and responsiveness.
The City Manager, as the head of the administration of the City, is responsible and accountable for an effective, efficient and accountable administration. The Municipal Systems Act of 2000 clearly sets out the responsibilities of the City Manager. They are:

- Management of administration in accordance with relevant legislation
- Implementation of the IDP and monitoring of progress against the plan
- Ensuring provision of services to the community in a sustainable and equitable manner
- Overall management of human resources within the municipality, including recruitment, training, employment equity, discipline and labour relations
- Providing effective advice to and managing effective communication with political structures and political office bearers
- Carrying out decisions made by political structures and political office bearers
- Ensuring administration and implementation of the municipality's by-laws and other legislation
- Facilitating participation of the local community in the affairs of the municipality
- Developing and maintaining a system whereby community satisfaction with municipal services are assessed
- Operating as the accounting officer for the municipality by being responsible for all income and expenditure, all assets and the discharge of all liabilities and ensuring proper and diligent compliance with applicable municipal finance management legislation

In executing these wide-ranging and challenging responsibilities, the Office of the City Manager supports the City Manager. The Office of the City Manager comprises the Chief Operations Officer (COO) and functions relating to strategic planning, risk assurance services, performance management, intergovernmental relations, international relations, innovation and knowledge management.

Chief Operations Officer

The COO, Sibongile Mazibuko, is located in the Office of the City Manager to provide support for the City Manager. She is responsible for the management of central functions such as health services, social development, information technology and Joburg Connect (the call centre), as well as the 11 regional administrations. The COO is expected to enhance integration and coordination of overlapping functions between the regions and the core departments of Health, Housing and Social Development.

Corporate Planning Unit

The Corporate Planning Unit (CPU) facilitates the business planning process for core departments and the formulation of the IDP on an annual basis. In the 2003/04 financial year, the IDP process involved agenda setting, community
consultation processes, business planning, interdepartmental coordination and political approval processes.

The CPU was also responsible for compiling the 2002/03 Annual Report, and the Executive Mayor’s Mid-Term Report, the second Annual Customer Satisfaction Survey and research and policy development.

Risk management

The MFMA specifies that the City Manager is responsible for managing the financial administration of the municipality, including the maintenance of an effective, efficient and transparent system of risk management. The City has implemented a risk management methodology that is based on best business practice and was one of the first municipalities in South Africa to do so.

Furthermore, the King Report on Corporate Governance for South Africa, 2002 (King II), which is a non-legislated code that is applicable to private sector enterprise and organisations that are regulated by the MFMA, states that risk management should be practised throughout the organisation by all staff in their day-to-day activities. Risk management is about identifying and assessing key risks, designing and implementing strategies and processes by which those risks can be managed and the continual review of processes to ensure that risks identified have been mitigated to a level acceptable to the relevant stakeholders.

By establishing and working from a set model, the City has ensured a consistent and logical approach to risk management. Within the City, the risk management process began with an assessment of the strategic risks that the City is faced with. The risk listing was prioritised and the following risks were identified as those most crucial to the success of the organisation:

- Growth of HIV and AIDS
- Lack of proper revenue management
- Insufficient provisioning for liabilities of the City
- Revenue loss due to inefficient collection of monies due to the City
- Overreliance on consultants
- Unaccounted for losses
- Abuse of Council assets and resources
- Increasing levels of crime

By proactively identifying the top risks, the City can manage the objectives contained in the Mayoral Priorities in a more fruitful way. These top strategic risks have been rolled down to an operational level and collectively each business unit throughout the city has a role to play in managing and mitigating these risks. The use of the risk management methodology as a key component of the Business Planning Process, in which business objectives, risks and strategies were used to formulate business plans for every business unit, underpins the execution of risk management. Further to this, the implementation of effective risk mitigating strategies will now be included as performance objectives for specific officials throughout the city.

Performance management

The Office of the City Manager provides support to the Executive Mayor’s Performance Management Panel. The panel comprises the Executive Mayor,
members of the Mayoral Committee and external members drawn from business, academia and civil society. The panel assists the Executive Mayor in the development of scorecards for senior managers, the monitoring of performance and the annual evaluation of performance.

Innovation

The Joburg Innovation and Knowledge Exchange (JIKE) unit was established to promote innovation and to house a visitor and resource centre that aims to share the City’s experiences with ‘knowledge tourists’. It hosts local, national and international delegations on an ongoing basis where discussions, issues of mutual interest and information are exchanged.

Support to political office bearers

Through the various departments, the City Manager provides support to the political office bearers, as and when requested.

Customer relations

Section 95 of the MSA places an obligation on Council to provide prompt, accurate billing and redress for errors. Section 17 requires that procedures be in place to address complaints. A number of initiatives were implemented during the year to ensure that customer complaints could be tracked.

The City has developed three preferred points of contact for citizens, based on citizen preference. For citizens who would prefer to interact with the City by telephone, there is a single number call centre, Joburg Connect (011 375 5555) and a single number emergency services (011 375 5911). For citizens who prefer to interact personally with a member of staff, there are People’s Centres in all the regions, as well as outreach programmes the centres instituted in communities. For citizens who wish to use the internet, there is the website: www.joburg.org.za.

A major innovation has been the progressive development of e-services, including the issuing of electronic receipts, electronic logging and tracking of customer queries and amendments to personal details. This has been enhanced by electronic mapping availability for businesses and individual citizens.

Where appropriate, each call is logged and distributed to the relevant business unit. Joburg Connect has not yet achieved call-talking efficiency to international benchmarks, but the performance of all business units can now be monitored in an objective manner. While the present focus of the call centre has been on assisting business units to manage complaints, it has an important long-term role in the availability of accurate information requested by individuals and communities.
Intergovernmental relations

The Constitution prescribes that all spheres of government and all organs of state are to cooperate and support one another. The City has been working in close cooperation with the Gauteng Provincial Government on issues such as the devolution of primary health care, the establishment of the JPMD, development of the IDP spatial frameworks, environmental management and Blue IQ projects. These relationships operate at both political and administrative levels. At the political level the City’s political leadership participates in the Premiers’ Forum and the Gauteng Intergovernmental Forum.

Similar relationships also exist between the City and national government. The South African Constitution provides for organised local government to represent the interests of the country’s individual municipalities by providing seats for the South African Local Government Association (SALGA) on the National Council of Provinces. The City is a member of SALGA and the political representatives participate actively to further the City’s interests. SALGA is therefore able to influence the development of legislation affecting the local sphere of government. SALGA also interacts with the executive branch of government through the Local Government MINMEC (comprising the Minister of Provincial and Local Government and the local government MECs of the nine provinces). This ensures that the voice of local government is heard on issues concerning powers and duties, fiscal matters, draft legislation, as well as capacity building.

Municipal international relations

Municipal international relations seeks to establish, maintain, manage and monitor agreements between Johannesburg and selected foreign cities to the mutual benefit of the parties and the communities they represent. Any agreement is based on its ability to achieve one or more of the following principles:

- Support and enhance the attainment of strategic priorities of the cities
- Promote economic growth and development through trade, investment and tourism as a means to achieve poverty reduction or social development
- Foster knowledge sharing and expertise in local governance
- Mutually build leadership, technical and managerial capacity and expand a culture of learning
- Build, maintain, defend and promote the New Partnership for Africa’s Development (NEPAD)
- Enhance good governance

The International Relations Unit investigated 40 select cities and 17 were accepted for consideration. These cities included five African cities with the aim to support the NEPAD process. Twelve cities outside of Africa were identified, with the aim to learn from international best practices. Agreements with these cities should be finalised by 31 December 2005. The status quo of the agreements with each of the 17 cities are provided in Tables 2.3 and 2.4.
Table 2.3 Status quo of agreements with NEPAD cities

<table>
<thead>
<tr>
<th>Approved agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Addis Ababa</strong></td>
</tr>
<tr>
<td><strong>Windhoek</strong></td>
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<table>
<thead>
<tr>
<th>In negotiating phase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cairo</strong></td>
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<tr>
<td><strong>Matola</strong></td>
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<tr>
<td><strong>Nairobi</strong></td>
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</tbody>
</table>

Table 2.4 Status quo of agreements with cities outside of Africa

<table>
<thead>
<tr>
<th>Approved agreements</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>London</strong></td>
</tr>
<tr>
<td><strong>New Delhi</strong></td>
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</table>

<table>
<thead>
<tr>
<th>In negotiating phase</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Berlin</strong></td>
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<tr>
<td><strong>Birmingham</strong></td>
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<tr>
<td><strong>Paris</strong></td>
</tr>
</tbody>
</table>
In negotiating phase

<table>
<thead>
<tr>
<th>City</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>New York City</td>
<td>Identified programmes and projects were tabled at the Mayoral Committee on 31 May 2004. International Relations Unit visited New York City in October 2004 to undertake on-site investigation and pursue discussions.</td>
</tr>
<tr>
<td>Mexico City</td>
<td>The Ambassador of Mexico met with the Executive Mayor on 27 February 2004, confirming an agreement that Mexico City wants to enter into partnership with Johannesburg.</td>
</tr>
<tr>
<td>Sao Paulo</td>
<td>The International Relations Unit completed research on Sao Paulo on 5 March 2004. Twinning proposal with areas of cooperation was tabled and approved at Mayoral Committee by 31 May 2004.</td>
</tr>
<tr>
<td>Havana City</td>
<td>The Embassy of Cuba confirmed in December 2003 that Plaza de la Revolucion, a municipality of Havana, had agreed to partner Johannesburg.</td>
</tr>
<tr>
<td>Xi’an</td>
<td>In April 2004 the Xi’an Government, through the Chinese Consulate, confirmed that it wishes to enter into a partnership with Johannesburg.</td>
</tr>
</tbody>
</table>

UTILITIES, AGENCIES AND CORPORatised ENTITIES (UACS)

The UACs were created as separate companies. The utilities provide water and sanitation (Johannesburg Water), electricity (City Power) and waste management services (Pikitup). The agencies focus on roads and stormwater (Johannesburg Roads Agency), parks and cemeteries (Johannesburg City Parks) and area-based economic development (Johannesburg Development Agency). The corporatised entities include Johannesburg Zoo, Johannesburg Civic Theatre, Metrobus, Johannesburg Fresh Produce Market, Johannesburg Property Company, Metropolitan Trading Company, Johannesburg Tourism Company and Johannesburg Social Housing Company. These entities were created to deliver specialised services and to relate closely to their customers.

These UACs are wholly owned by the City and have the primary objective to provide services, which were originally provided by Council. Most of the UACs became operational from 1 January 2001, except for the Johannesburg Metropolitan Bus Services, Johannesburg Fresh Produce Market and the Johannesburg Civic Theatre where the effective date was 1 July 2000. Johannesburg Tourism Company and Johannesburg Social Housing Company became operational in the 2003/04 financial year.

The extensive administrative changes in the management of the City of Johannesburg contribute to the Joburg 2030 vision to transform the City into one of world-class African status. This status could not be achieved unless underpinned by an innovative administrative system. Although innovation has been instituted, an ongoing process of evaluation and further improvement will be followed to provide the best possible services to the citizens of Johannesburg.
Sixteen Council meetings held, including two extraordinary meetings

Adoption of official languages policy of City of Johannesburg

Establishment of Multi-party Women’s Caucus

Extensive community participation and consultation processes

Functioning Chief Whip’s Forum to promote constructive inter-party relations
The Council is the legislative arm of the City, which means that it is empowered to approve municipal by-laws, the Budget and the IDP. It also has executive powers to deal with those matters that have not been delegated to the Executive Mayor.

The Council of the City of Johannesburg comprises 217 elected councillors. A total of 108 councillors were elected in terms of proportional representation and 109 are ward representatives. Of these councillors, 75 (35%) are women and one councillor is disabled. With regard to political composition, the African National Congress (ANC) has by far the highest representation (61%), whilst the Democratic Alliance (DA) has 27% representation. Two by-elections were held this year. Table 3.1 provides a detailed breakdown of the party and gender representation in Council.
Table 3.1 Political party and gender breakdown of Council

<table>
<thead>
<tr>
<th>Party</th>
<th>Councillors</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>African National Congress</td>
<td>132</td>
<td>45</td>
<td>87</td>
</tr>
<tr>
<td>Democratic Alliance</td>
<td>59</td>
<td>25</td>
<td>34</td>
</tr>
<tr>
<td>Inkatha Freedom Party</td>
<td>8</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>New National Party</td>
<td>8</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Pan Africanist Congress</td>
<td>3</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>African Christian Democratic Party</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Christian Democratic Party</td>
<td>2</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>United Democratic Movement</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Black Consciousness Forum</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Independent</td>
<td>1</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Vacancy</td>
<td>1</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>TOTAL</td>
<td>217</td>
<td>75</td>
<td>141</td>
</tr>
</tbody>
</table>

Sixteen Council meetings (including two extraordinary meetings) were held in the 2003/04 financial year. Council meetings were conducted in accordance with the revised Standing Rules of Council. These meetings were characterised by animated and healthy debates, which is an indication of the vibrancy of local democracy and good governance. A return of attendance report, reflecting attendance at Council and committee meetings, is presented to the Council on an annual basis. Not a single case of non-adherence to the Code of Conduct was referred to the Disciplinary Committee for a hearing. Each party caucus was able to use its internal party processes to solve whatever problem was reported to the Chief Whip.

The four official languages that were adopted by the City of Johannesburg are isiZulu, Sesotho, English and Afrikaans. This was done in terms of the 1996 and 2001 censuses for the City. It is envisaged that an electronic voting system and translation service will be provided in the Council chamber during all Council meetings. After ten years of democracy, South Africa has now arrived at a crucial point in its history where we have to respond to our linguistic and cultural diversity and to the challenges of constitutional multilingualism.

In terms of the MSA and the City's Public Participation Policy, meetings of the Council are open to the public. The schedule of meetings is advertised in local newspapers to encourage attendance.
THE SPEAKER OF COUNCIL

The role of the Speaker is a councillor, elected as the chairperson of the Council in terms of section 36 of the Municipal Structures Act and section 160(1)(b) of the Constitution. Councillor Nandi Mayathula-Khoza is the Speaker of the City of Johannesburg’s Council.

The role of the Speaker in terms of legislation is:

- to preside at meetings of the council
- to perform the duties and exercise the powers delegated to the speaker in terms of section 59 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- to ensure that the council meets at least quarterly
- to maintain order during meetings
- to ensure compliance in the Council and Council committees with the Code of Conduct set out in Schedule 1 to the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000)
- to ensure that Council meetings are conducted in accordance with the rules and orders of the Council

The role of the Speaker has evolved to incorporate additional functions. She plays a central role in promoting good conduct amongst elected councillors through the application of the Code of Conduct. She has also been tasked to assess councillors’ needs and to arrange suitable training in order to develop the City’s political governance capacity and improve the skills of individual councillors. With respect to these roles, the Council’s Speaker chairs the section 79 Rules Committee, the Ethics Committee and the Petitions and Public Participation Committee.

The role of the Speaker of Johannesburg also includes the management of community participation, in the ward committees in particular. This role manifested through the establishment of ward committees in each of the City’s 109 wards. It is important to ensure that they function effectively on an ongoing basis. The Speaker has a key function to ensure public consultation, involvement and participation.

Council committees

The Council is supported by a committee system. Section 33 of the Municipal Structures Act makes provision for the establishment of two types of committees, known respectively as Section 79 and Section 80 committees. The Council appointed the members of the Section 79 committees and can delegate functions and duties to them. The Council also established Section 80 committees, but the Executive Mayor appointed the chairpersons from the Mayoral Committee. All 217 councillors of Johannesburg are members of at least one Section 79 or Section 80 committee.
Chapter 3

Council

Table 3.2  Section 79 and Section 80 committees of the City of Johannesburg

<table>
<thead>
<tr>
<th>SECTION 79 COMMITTEES</th>
<th>SECTION 80 COMMITTEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>Housing</td>
</tr>
<tr>
<td>Inner City</td>
<td>Health</td>
</tr>
<tr>
<td>Ethics</td>
<td>Municipal Enterprises</td>
</tr>
<tr>
<td>Rules</td>
<td>Municipal Entities</td>
</tr>
<tr>
<td>Disciplinary</td>
<td>Public Safety</td>
</tr>
<tr>
<td>Petitions and Participation</td>
<td>Finance, Strategy and Economic Development</td>
</tr>
<tr>
<td></td>
<td>Development Planning, Transportation and Environment</td>
</tr>
<tr>
<td></td>
<td>Inner City</td>
</tr>
<tr>
<td></td>
<td>Community Development</td>
</tr>
<tr>
<td></td>
<td>Municipal Administration</td>
</tr>
</tbody>
</table>

No other formal Section 79 and Section 80 committees were established in the 2003/04 financial year. The Section 79 and Section 80 committees respectively held 80 and 103 meetings.

Section 80 committees

Section 80 committees, chaired by members of the Mayoral Committee, reflect the political portfolios of the Mayoral Committee. These committees play a key role in the development of policy, as well as the monitoring of service delivery and the oversight of strategic programmes and projects. These multi-party committees normally meet on a monthly basis. They are an important interface between the executive, the administration and political representatives.

Rules Committee

The Section 79 Rules Committee develops and reviews a range of procedures and policies, which seeks to promote good governance and participatory democracy. The Rules Committee developed a number of procedures and policies since it was established in February 2001. Policies and procedures covering the following were developed in the 2003/04 financial year:

- Conferment of the Freedom of the City awards and Freedom of Entry to Johannesburg
- Name badges, symbols and questions submitted to the Executive Mayor (review of standing rules)
- Council membership of, and representation on, or participation in external bodies
- City of Johannesburg protocol and etiquette manual
- Code of procedure for ward committee members
Administrative support system for councillors
Training schedules for councillor training
Evaluation of the efficient functioning of committees of Council
Language policy for the City of Johannesburg
Establishment of a councillor centre
Establishment of Women’s Multi-party Caucus and women steering committees

Ethics Committee
The Ethics Committee was established to supervise and manage the declaration of financial interests of councillors, to ensure honesty and to prevent corruption. The committee meets on a quarterly basis and reports on an annual basis to Council. The committee was primarily established to supervise and manage a Register of Financial Interests of Councillors. A confidential and a public register were compiled in 2003/04, which was a significant achievement for the City. The public register is available for inspection in the Office of the Speaker or the Office of the City Manager.

Petitions and Participation Committee
The Petitions and Participation Committee handles all written petitions by the community. Chapter 4 of the MSA requires municipalities to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of the Council through petitioning. To meet the requirement for the receipt, processing and consideration of petitions, and similar representation, the Council approved a Petitions Management System. The aim of the system is to:

- Ensure that communities are aware of how the petitions system can be used to interact with Council in an open, transparent and productive manner
- Effectively address all written public requests and grievances within reasonable time frames
- Increase the effectiveness and efficiency of the existing public participation process and research ways of increasing access of marginalised sectors of communities to Council

In terms of the management system, petitions can be hand delivered, posted or delivered as a memorandum. The petition may be given directly to a councillor in the ward, to a Member of the Mayoral Committee, to the City Manager or it may be handed in at a regional office. Once received, a petition is logged into a register kept in the Regional Director’s office and the Office of the City Manager. It is then validated in terms of the identity of the petitioner(s) and a report is prepared for the Petitions Committee within 48 hours. The committee then decides how to respond to the petition.

At the end of June 2004, a total of 331 petitions were submitted to Council. Figure 3.1 shows the categorisation of petitions that were received in 2003/04.
The petitions reflect a fair mix of the issues under the responsibility of the Municipality, with the Johannesburg Roads Agency (JRA) accounting for the majority of petitions lodged. The petitions related to the JRA revolve around requests for tarring of road surfaces, requests for implementation of traffic calming measures and the erection of traffic signpost and street names.

In the 2003/04 financial year, 180 petitions were finalised. Outstanding petitions remain unresolved, because the committee did not have sufficient information to respond. The relevant information was not available, because departments and entities, to which the petitions were referred for consideration, had not responded to the committee or failed to attend committee meetings.

**Multi-party Women’s Caucus**

Council approved the establishment of a Multi-party Women’s Caucus, chaired by the Speaker. The caucus is responsible for driving women’s empowerment and contributes to gender equality throughout the city. The objectives of the caucus are:

- To make Council a gender sensitive structure on issues of service delivery, development and equal representation, as part of transformation
- To ensure that gender is taken into account in policy formulation, planning and budgeting processes
- To promote women empowerment amongst women councillors and women from the City of Johannesburg community
To work on areas of common concern amongst women in the City of Johannesburg for example, women and child abuse, rape, battery, equitable service delivery such as child care facilities etc, and to identify and lobby for policies and programmes to address these concerns
To network, lobby and liaise with other women councillors and other women empowerment projects and organisations locally, nationally and internationally, around local government and gender
To create a support system for women, in and outside of Council

Community participation

Legislation such as the Municipal Structures Act, the Promotion of Access to Information Act and the Municipal Systems Act deals with public participation and requires the involvement of local communities in local government procedures. This is strongly underpinned by the chapter on local government in the Constitution of the Republic of South Africa.

One of the main areas where public participation is formally accommodated is the Integrated Development Plan (IDP) and the Budget Process. Consultation on the 2004/05 IDP and budget involved 14 stakeholder sessions. These included combined sessions of wards per region, stakeholder forum meetings and the Stakeholder Forum. The attendance at the stakeholder sessions varied. At some sessions 40 to 50 people attended, while at others, the participants numbered several hundred. A total of approximately 1 200 people participated in the combined ward meetings and approximately 500 people attended the Stakeholder Summit. Participants were passionate in their opinions and the issues they raised. This was an indication of the value stakeholders attach to their voices being heard in decision-making processes in the City.

In addition, city-wide sectoral forums for business, NGOs and women's sectors were convened to mobilise views on the Budget and IDP. The Women Sector Consultative Forum was convened in November 2004 and attended by 80 women representing Ward Committees, NGOs and CBO.

The key issues flowing from the consultation with stakeholder representatives and ward consultations included:

- Affirmation of the need for ongoing, consultative and transparent city planning and budget processes
- Consultative processes in relation to planning and budgeting that are proactive rather than reactive
- Establishment of formal forums to discuss Council issues on an ongoing basis
- Communities need to comment on tariffs, policy and structures before they are finalised
- Accessibility issues need to be addressed

All of these issues were reviewed with the aim of improving public participation in the 2004/05 cycle. Critical to these processes is the accurate capturing of comments and, where appropriate, their inclusion in the IDP and budget voted for by Council.

Ward committee system

The ward committee system includes a process where a ward committee, consisting of 10 members from various sectors of the community, is established
in each of the wards. The chairperson of the ward committee is the ward councillor. The ward committees are expected to meet at least once a month and are obliged to hold a minimum of three community meetings per financial year to report on Council’s plans, successes and challenges. Reports should be submitted to the Speaker on a quarterly basis. Administrative support is provided to ward committees and training is arranged.

The importance of ward committees to public participation in the City of Johannesburg may be summarised by this quote from the Executive Mayor:

‘Ward committees are an important mechanism through which government can forge a strong and dynamic link with civil society. This link is vital not just for its own sake, but also to provide a direct channel of implementation of government programmes and to ensure greater legitimacy for such programmes.’

The main function of ward committees is to assist the ward councillor to carry out his or her mandate. A ward committee may make recommendations on any matter affecting the ward to the ward councillor, or through the ward councillor to the Council. The Council’s Speaker develops proactive guidelines for ward committees for every financial year. Some degree of flexibility on what a ward committee deals with is necessary. However, to monitor and evaluate the performance of ward committees, a basic minimum of activities that need to be carried out in each financial year needs to be provided. Issues that ward committees must attend to, include input on the City’s IDP, reporting on the budgeting process, communicating the work of Council and specific issues relating to a ward. Ward committees have been established in all 109 wards in Johannesburg.

In general, ward committees have performed quite well and have participated actively in the affairs of the City. Most of the ward committees have met the requirement of holding a minimum of three community meetings during the 2003/04 financial year. The role of ward committees is expected to grow as the capacity, skills and legitimacy of these committees increase within communities. An annual report on the activities of the ward committees found that 80% of ward committees were functioning successfully and fulfilled their roles in that they assisted and advised the ward councillor. The speaker’s office has continued to intervene and support those ward committees experiencing challenges.
Councillor Bafana Sithole is the Council’s Chief Whip. His role is to ensure that interparty relationships are constructive and focused on service delivery. This is an extensive task, because of political diversity and taking into account that there are 217 councillors.

The above is executed through a functioning Chief Whip’s Forum that consists of the Council’s Chief Whip and the chief whips of the nine political parties represented on the Council. A key responsibility of the forum is to deal with policy-related issues that could hamper the constructive relations between the different political parties. The forum also ensures equitable representation of councillors on the different committees.

During 2003/04 the Chief Whip’s Forum participated in developing the Ward Committee Code of Conduct and the administrative support systems for councillors. They also contributed to the Standing Rules on questions to assist the Mayoral Committee in answering questions within a reasonable time period. Further to this, the forum contributed to the Policy on Council Representation on Outside Bodies, which Council adopted.

The Council’s Chief Whip works closely with the Council’s Speaker on issues of conduct, councillor benefits and governance. He chairs the Section 79 Disciplinary Committee and is the Deputy Chairperson of the Section 79 Rules Committee.

Two staff members, namely a researcher and a personal assistant, support the Chief Whip. During the past financial year the Chief Whip ensured that all parties were allocated offices in the Metropolitan Centre and that support staff was made available.

It is foreseen that the Chief Whip’s office will monitor the implementation of administrative support systems for councillors by the regions, monitor the implementation of the Ward Committee Code of Conduct, improve councillors’ accountability to their wards and communities and maintain strong discipline amongst the City’s councillors in the next financial year.
Chapter 4

Overall city performance

Achievements

- Sustainable and accessible service delivery
  - reduction in the backlog of unaccounted-for water loss from 39% to 36%
  - electricity supply to 100% households in formal areas
  - basic sanitation of 89,5% of households

- Fully functioning Municipal Court

- Tenders awarded to SMMEs and PDIs

- Improvement in resolving customer queries in a shorter period of time
The concepts of accountability and transparency are critical drivers of performance management in the City of Johannesburg. The performance reporting of the City takes the form of an overview and update of the activities and achievements during the 2003/04 financial year.

This chapter outlines the key achievements in respect of performance in the City. The chapter reports specifically on each of the indicators and targets set for the City’s overall scorecard. Some of the key events during 2003/04 will also be highlighted. The subsequent chapters set out the key achievements of each of the departments and entities within their respective political portfolios.

PERFORMANCE MANAGEMENT

In terms of the Municipal Planning and Performance Management Regulations of 2001, municipalities are expected to adopt a Performance Management System before, or at the same time, as setting Key Performance Indicators (KPIs) and targets in accordance with the IDP.

THE CITY SCORECARD

Johannesburg developed the City Scorecard, which gave a consolidated picture of the City’s plans and commitments for 2003/4. The following processes were implemented when the City Scorecard was compiled:

- **Agenda setting:** This laid the foundation to determine political priorities. The City’s 13 key strategic agenda areas were formulated at the Mayoral Lekgotla. The six Mayoral Priorities and a review of the previous year’s plans informed the exercise.
- **Business planning:** Departments and UACs designed business plans informed by the Mayoral Priorities and the 13 Strategic Agenda Thrusts. The business planning exercise set detailed indicators and targets in respect of strategic agenda issues.
Chapter 4
Overall city performance

● **Outreach Programme**: Community and stakeholder participation was undertaken with a view of capturing these inputs when formulating the key areas of service delivery for the next financial year. The Outreach Programme included local integrated development plan and budget meetings at regional and ward levels, stakeholder meetings with labour and business, NGOs and CBOs and an annual stakeholder meeting.

● **Approval**: The Council approved the Scorecard and measurable, relevant, objective and precise performance indicators. The City Scorecard was then used to enhance the City’s performance in service delivery, management and governance.

The Scorecard was designed to be the key strategic management tool that identifies the City’s annual priorities, establishes indicators and serves as the reporting framework for measuring delivery against objectives. The scorecard also gives effect to the performance scorecard for the City Manager.

**STRATEGIC THRUSTS**

The following 13 strategic agenda thrusts were finalised during the Budget Lekgotla, held in October 2002:

- Effective financial management
- Sustainable development and environmental management
- Service delivery excellence, customer service and Batho Pele
- Access to basic services
- Public safety and by-law enforcement
- Housing delivery
- Transportation
- Economic growth and development
- Good governance and building democracy
- Strategic management
- Fighting poverty and promoting human development
- Entity management
- HIV and AIDS prevention and management

**PERFORMANCE REPORT ON THE CITY SCORECARD**

To ensure continuity, the key performance areas of the City Scorecard were based on the strategic thrusts and the previous year’s City Scorecard. The KPAs contained in the City Scorecard included the following:

- **Ensure customer service** – increased improvement in quality of service and responsiveness.
- **Ensure sustainability and accessibility of service delivery** – closely related to factors such as revenue management, cost efficiency and delivery efficiency. Provide basic services to all residents in metropolitan areas with below-basic levels of service – in line with the legislated national indicators, which focus on delivery of basic services such as water, sanitation, waste removal and electricity.
• **Improve crime management and prevention** – responding directly to the need for better by-law enforcement and improved perceptions about safety.

• **Effectively address the challenge of HIV and AIDS and improve access to comprehensive health care** – targeted strategies and a range of initiatives that will be implemented through the Health Department, using the clinics to roll out the strategy. The emphasis has shifted from a reactive approach to a focus on proactive and preventative health service delivery that is both accessible and effective.

• **Ensure inner city regeneration** – requiring a concerted effort to attract investors and the rigorous enforcement of by-laws. The Johannesburg Development Agency (JDA) identified projects, which fall under the City Reconstruction Programme.

• **Ensure effective financial management** – dealing with financial management and controls, HIV and AIDS and improvement in labour relations.

• **Ensure effective revenue management** – better revenue management will create a higher level of financial sustainability.

• **Eradicate fraud and corruption** – introducing an enterprise-wide risk management strategy to eliminate opportunities for corruption or fraud.

• **Promote economic development and improve safety** – creating an environment that stimulates economic development and assisting Small, Medium and Micro Enterprises (SMMEs) and Black Economic Empowerment (BEE) companies with capacity building and providing these entities with opportunities for growth. Responding directly to the challenge of by-law enforcement and perceptions of safety.

**PERFORMANCE REPORT ON THE CITY SCORECARD**

The City’s service delivery interventions are informed by the political priorities decided on by political principals. The 13 strategic thrusts adopted by the Mayor and Mayoral Committee informed the budgeting and programming for the 2003/04 financial year. In addition, the views of the communities were integrated after months of consultations and discussions. Core departments and UACs developed their KPIs to respond to the priorities of the City, within the constraint of resource availability.

The City Scorecard represented the collective effort of the City in terms of responding to service delivery needs. The City Manager, as Chief Accounting Officer, stood as custodian of the Scorecard. Key achievements in 2003/04 included the following:

• **Ensuring sustainable and accessible service delivery** – major strides in meeting the challenge of unaccounted-for water loss occurred over the past financial year, with the reduction of the existing backlog of unaccounted-for water from 39% to 36%. The previous year also saw an increase in water provision, with 97.2% of households in the city having access to basic water services. In an attempt to address the challenge of providing uninterrupted electricity to all its citizens, the City established a SWAT planning team to find permanent and long-term solutions to unscheduled electricity interruptions. In addition to this, the City made giant strides during the course of the previous year in supplying electricity, achieving its set target of 100% of households in formal areas with access to basic electricity. However, the challenge of outages, which in fact increased over the year, remains. Solid waste removal remains a priority area and the previous year has seen the provision of access to solid waste removal services increasing to 95% of households. In the case of access to basic
sanitation services, the City progressed extensively with regard to providing basic sanitation services, with 89.5% of households now having access to such services.

- **Promoting economic development and improving safety within the city** – a key decision was taken by the City to raise the profile and importance of dealing with by-law and traffic infringements to improve safety for all citizens. In the light of this decision, the City launched the Municipal Court on 27 August 2004. The first hearings commenced on 4 October 2004.

In an effort to continuously promote economic development and ensure that all citizens share in the growth of the City, there is continued emphasis on the awarding of tenders to SMMEs and/or previously disadvantaged individuals. Progress made in respect of the above projects and initiatives during the previous year has been an area of pride for the City.

- **Enhancing customer service** – The City fully supports the Government’s concept of Batho Pele (‘people first’) and is actively involved in ensuring that the services delivered to the people of Johannesburg are of a high standard. In support of creating a local government that is focused on customer service, the City has spent the past year measuring, monitoring and actively implementing initiatives to resolve customer queries speedily and efficiently. The financial year of 2003/04 witnessed major performance improvements for City Power and Johannesburg Water. A total of 95% of City Power’s customers reported resolution of queries within 120 hours in 2003/04 as against 94% in 2002/03. Johannesburg Water was rated by 95% of customers as having resolved queries in 30 hours as opposed to 98% having their queries resolved only after 68 hours.

- **Attending to human resources and labour relations issues** – as at the end of the 2003/04 financial year the City had eliminated its backlog of disciplinary cases. Sound labour relations between the employer and its employees were enjoyed during the course of the year and no industrial actions took place. On the human resources side, a major priority of the City Manager has been an accelerated drive to implement a workplace HIV and AIDS policy within the city.
<table>
<thead>
<tr>
<th>NO.</th>
<th>KEY PERFORMANCE AREA</th>
<th>KEY PERFORMANCE INDICATOR</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Ensure sustainable and accessible service delivery</td>
<td>% reduction in existing backlog of unaccounted-for water (% on baseline)</td>
<td>36,00</td>
<td>36,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% reduction in unscheduled electricity interruptions (% on baseline)</td>
<td>5,00</td>
<td>172,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Number of 240 litre bins rolled out</td>
<td>220 000</td>
<td>185 595</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% households with access to basic services – water</td>
<td>94,00</td>
<td>97,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% households with access to basic services – sanitation</td>
<td>83,00</td>
<td>89,50</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% households with access to basic services – solid waste removal</td>
<td>95,00</td>
<td>95,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% proclaimed households with access to basic electricity</td>
<td>100,00</td>
<td>100,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% fixed facilities per region offering agreed upon package of primary health care services</td>
<td>55,00</td>
<td>87,00</td>
</tr>
<tr>
<td>2</td>
<td>Promote economic development and improve safety</td>
<td>Implementation and commencement of the municipal court (%)</td>
<td>100,00</td>
<td>100,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% value of tenders awarded by tender committee or under delegations going to SMMEs and/or Previously Disadvantaged Individuals (PDIs)</td>
<td>50,00</td>
<td>75,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Implementation of Joburg 2030 projects</td>
<td>8,00</td>
<td>8,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% increase in the perception of Joburg CBD as a safe area</td>
<td>85,00</td>
<td>To be confirmed</td>
</tr>
</tbody>
</table>
## Overall city performance

<table>
<thead>
<tr>
<th>NO.</th>
<th>KEY PERFORMANCE AREA</th>
<th>KEY PERFORMANCE INDICATOR</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>3</td>
<td>Ensure sound financial health of the City's enterprise-wide risk management</td>
<td>Ratio of service debtors to revenue</td>
<td>13,1:1</td>
<td>5,4:1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Ratio of cost coverage</td>
<td>22 days</td>
<td>45 days</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% development of enterprise-wide risk management plan</td>
<td>100,00</td>
<td>100,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% implementation plan for risk management system</td>
<td>100,00</td>
<td>100,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Maintain current credit rating (measures financial health of entire group)</td>
<td>A-</td>
<td>A-</td>
</tr>
<tr>
<td>4</td>
<td>To enhance customer service</td>
<td>% increase in the rating of customer satisfaction achieved in the annual customer satisfaction survey</td>
<td>54,00</td>
<td>45,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduction in the average time to resolve revenue-related customer queries and the % of customer queries resolved for Revenue</td>
<td>53 hours 95%</td>
<td>48 hours 92,2%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reduction in the average time to resolve customer queries (City Power)</td>
<td>70 hours 94%</td>
<td>49,3 hours 94,7%</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% customer queries resolved for City Power</td>
<td>98%</td>
<td>98,6%</td>
</tr>
<tr>
<td>5</td>
<td>Ensure effective governance across the Council and its entities</td>
<td>Establish a framework to assess shareholder value and returns in respect of corporate establishment projects</td>
<td>100,00</td>
<td>100,00</td>
</tr>
<tr>
<td></td>
<td></td>
<td>% compliance and implementation of governance protocol as per plan</td>
<td>100,00</td>
<td>100,00</td>
</tr>
</tbody>
</table>
Table: Key Performance Indicators

<table>
<thead>
<tr>
<th>NO.</th>
<th>KEY PERFORMANCE AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>Ensure effective financial and human resource management, sound labour relations and effective response to HIV and AIDS in the workplace</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>KEY PERFORMANCE INDICATOR</th>
<th>Target</th>
<th>Actual</th>
</tr>
</thead>
<tbody>
<tr>
<td>100% of revenue collected</td>
<td>R9,99 billion</td>
<td>To be confirmed</td>
</tr>
<tr>
<td>% over on operating expenditure</td>
<td>0,00</td>
<td>To be confirmed</td>
</tr>
<tr>
<td>% capital expenditure</td>
<td>75,00</td>
<td>86,00</td>
</tr>
<tr>
<td>% decrease in turnaround times of all departmental disciplinary cases referred for appeal</td>
<td>10,00</td>
<td>10,00</td>
</tr>
<tr>
<td>% reduction in industrial actions</td>
<td>10,00</td>
<td>10,00</td>
</tr>
<tr>
<td>% implementation of the approved HIV and AIDS policy and HIV and AIDS management system (benchmarking tool)</td>
<td>100,00</td>
<td>100,00</td>
</tr>
</tbody>
</table>

**PERFORMANCE MANAGEMENT AND REMUNERATION PANEL**

Over the past two years, a comprehensive performance management system was implemented. The system seeks to define KPAs, indicators and budgets to improve accountability and performance. A Performance Management and Remuneration Panel, in conjunction with the Executive Mayor and Mayoral Committee, is responsible for the assessment of the performance reviews of senior managers.

**KEY COMMITMENTS FOR 2004/05**

The City Manager committed his office to ensure that activities will be undertaken against defined targets for the next financial year. In doing so, the aim is to maintain and sustain service delivery. The following key areas have been prioritised for 2004/05:

- Enhancement of customer service and service delivery levels – to be measured against targets such as an 80% positive perception of the City’s achievements in the annual customer satisfaction survey. A reduction in the turnaround times of high priority business transactions in finance, e.g. the resolution of 95% of rates and service accounts refunds within 14 days. The upgrading of 883 km of gravel road.
- Ensuring safety and security in the City – to be measured against indicators such as the perception of Johannesburg as a safe city and increased enforcement of Council by-law infringements.
- Enhancement of human development within Johannesburg – with targets including, amongst others, 100 000 poor households receiving benefits from the social basket and 10 000 HIV and AIDS affected and infected children benefiting from the City’s food programme.
- Overseeing regeneration of the inner city against set targets in relation to issues such as the surveying of inner city buildings and an increased attraction of visitors to arts and culture facilities and events.
- Ensuring the achievement of the desired urban form to be gained through actions such as the construction of three new public transport facilities in the 2004/05 period and the completion of approved capital investment projects.
- Maintaining the sound financial health of the City and effective governance of the City’s companies.
- Strategically managing the City through activities such as the complete implementation of a citywide Risk Management Strategy and 100% alignment of the Corporate Governance Protocol to the MFMA and the MSA of 2000.
Achievements

- Development of a ten-year financial plan
- A Joint Revenue Operations Committee established
- The CoJ01 bond voted ‘Best Issue of the Year’ and won Spires Award
- The City’s partnership with ‘The Business Place’ supported SMMEs
Councillor Parks Tau is the Member of the Mayoral Committee responsible for Finance, Strategy and Economic Development. The portfolio deals with the overall financial management for the City and ensures that economic development is implemented. The activities of the Johannesburg Development Agency (JDA) and the Metropolitan Trading Company (MTC), Johannesburg Trading Company (JTC), which functions as economic agencies of the City, also form part of this portfolio, including Revenue Shared Service Centre (RSSC).

Financial management includes compiling, through due processes, the medium-term budget framework, the management and control of expenditure, collection of revenue, raising of loan finance and cash-flow management. The Finance and Economic Development Department also performs an oversight function, as it has to ensure legislative and professional compliance in respect of the financial management of the various municipal entities and line departments.

The JDA and MTC play a major role in developing the city’s economy through supporting and sustaining the City’s economic development initiatives. As an agency of the City of Johannesburg the JDA stimulates and supports area-based economic development initiatives throughout the city. It also acts as development manager of these initiatives, ensures coordination and management of capital investment and supports other programmes involving both public and private sector stakeholders. The MTC, in turn, was established in April 1999 to manage and develop inter-nodal transport centres for minibuses, buses and formal retailing and informal trading. Both agencies provide a service to the public at large and there are no direct charges to individual consumers. Although they are structured as separate companies, they are reliant on the Council for funding.
CHAPTER 5

Finance, strategy and economic development

FINANCE AND ECONOMIC DEVELOPMENT DEPARTMENT

KEY SERVICE DELIVERY AREAS AND CHALLENGES

The Department of Finance and Economic Development is responsible for the following core services:

- In the Finance division
  - Budget and financial planning
  - Revenue Shared Services Centre (Revenue Department)
  - Financial accounting
  - Treasury
  - Supply Chain Management
- In the Economic Development division
  - Economic development
  - Tourism and marketing

In carrying out its core business, the department is internally supported by its own human resources and administration division to help drive its business strategy. Given the diversity of these functions, the department has a twofold mission:

- To ensure that it maintains effective, efficient and transparent systems of financial and risk management and internal control
- To promote the economic development of the city

This portfolio has to deal with the following critical challenges facing the City:

- To ensure that the City solves its major revenue challenges
- To ensure that the Johannesburg economy performs better than the national average
- To continually improve the City’s credit rating
- To ensure the City obtains a clean audit report

PROGRAMME PERFORMANCE

The department has embarked on the following programmes:

Effective revenue management

The Revenue Department was faced with significant challenges. In some areas of the business, the solutions required strategic interventions, which would be implemented over the longer term, while improvements in others were simpler to implement and could make an immediate difference.

The City’s revenue business processes have been analysed to inform operational improvements. Priority areas identified for immediate improvement were query resolution, finalisation of accounts, clearances and refunds. The recommendations
that emerged from the analysis of the revenue business processes are already being implemented successfully in some areas of the business.

Other initiatives include reviving data cleansing and improving the internal controls. Improving the working relationships with other business units within the City and the utilities is integral to the revenue operations, as there are several dependencies to be considered.

There is huge pressure on Revenue to meet the set cash collection-target to enable the provision of quality service delivery to all the residents of the CoJ. The City's efforts to resolve operational problems include addressing indigents, arrears and credit control issues. Despite the customer service deficiencies, cash collection generally held up well during this period. Statistics for cash collection over the period were good, although this was at least partly the result of the cessation of charging for interest on uncollectible debt.

A series of extraordinary management interventions were undertaken during the year under review. These included:

- The City Manager established a weekly Revenue Joint Operations Committee in March 2004 to ensure the achievement of public commitments made by the Executive Mayor
- The termination of underperforming meter-reading contractors
- The installation of meter-reading quality control software
- An April 2004 directive from the City Manager to cease credit control until additional checks could be put in place to prevent incorrect service terminations
- The establishment of a Revenue Transitional Management Team which introduced significant new capacity

The Revenue Transitional Management Team is responsible for managing the revenue turnaround project, starting with a re-examination of the overall revenue value chain. Their activities build upon previous initiatives by introducing immediate improvements in work procedures and in supervisory tools and will be followed up by a more fundamental business process re-engineering exercise across the value chain.

**Treasury**

The CoJ operates a fully-fledged corporate treasury, undertaking centralised functions for the City and its UACs on investments, financial risk management, liquidity and cash flow management, asset-backed finance, fund raising and other forms of off-balance sheet funding.

During the financial year that ended in June 2004, the Treasury pioneered the municipal bond market, and went on to issue the first municipal bond under the current dispensation. Two bonds were issued, i.e. the CoJ01 being a 6-year bond and the CoJ02, a 12-year bond with a partial guarantee of 40% of the borrowed amount from Development Bank of Southern Africa (DBSA) and International Finance Corporation (IFC). CoJ01 was priced at 230 basis points above R153, whereas the CoJ02 was priced at 164 basis points above the R157. Both bonds are listed and traded on the Bond Exchange of SA. As one of its achievements the CoJ01 was voted ‘Best issue of the year 2004’ and awarded the Spires Award.
Chapter 5
Finance, strategy and economic development

The advantage of this move by the City yielded widespread benefits, including the ability to reduce funding costs in the long term, extending maturities, releasing escrows, expanding funding sources as well as changing market practices. An interest saving of R20 million per year for the City and its UACs was also realised as a result of the bond issues and the refinancing of existing debt.

A total of R2.3 billion was raised in the financial year. Net flows amounted to R800 million after restructuring existing debt to the tune of R1.2 billion, the remaining portion will be applied to further debt refinancing. All funding raised through borrowings was applied to capital investment projects in the city in areas such as electricity, water and sanitation, roads, waste and inner-city regeneration.

During the financial year Treasury also integrated the City’s risk financing services for its transferable risks within its broad functions and appointed a Chief Risk Finance Officer to lead this function. In addition to this, Treasury also pioneered the centralised asset-backed financing of office equipment and other movable assets.

During the financial year Treasury increased its investment portfolio for unfunded liabilities by R121 million and brought the total funds invested to R225 million as at 30 June 2004. This investment will be managed very closely to increase returns.

Forthcoming events include the launch of the City’s Domestic Medium Term Note (DMTN) programme of R6 billion for the next six years, which will take place in the financial year 2004/5. DMTN is a programme that allows the City to borrow from the market in line with its financial plan and offers the flexibility to use not only bonds but other instruments that are appropriate.

Budget office and financial planning

The office has successfully implemented a medium term budget framework for the past four years and has achieved a fine balance between expected income and expenditure, redirecting expenditure toward more capital spending. In addition a 10 year financial plan that links to the funding plan has been developed as is revised on a yearly basis.

Effective control of expenditure

In an effort to ensure that the Finance Department exercises strict measures to control expenditure in the city, and also contribute to the collection of all revenue due to it, a number of initiatives were embarked upon over the past year. A system is now in place to inform HODs of their spending decision within a day of month-end closure. Much time and effort was spent in ensuring that financial controls of the City were satisfactorily implemented. This was coupled with a rigorous approach to ensure that wherever possible, expenditure was monitored and controlled. An Activity Based Costing (ABC) pilot study was conducted and a
programme is being developed to extend the implementation. The unit also monitors performance against budget and produces a revised budget.

Supply Chain Management

The new supply chain management (SCM) system was implemented in line with the new legislation (Municipal Finance Management Act). The City has established the Central and Executive Acquisition Committees to perform adjudication function for all tenders.

The SCM strategy will focus on BEE and supplier management, strategic sourcing, procurement services and the efficient management of facilities within SCM. Declaration of conflicting interests is closely monitored per sitting of the acquisition committees. The SCM policy, based on National Treasury draft regulations, is currently being reviewed. The City officials involved with the SCM activities were exposed to several SCM workshops to raise their competency levels.

The SCM unit will also be expanding its system starting with the first stock control report. It will also report on the number and value of tenders considered by the respective acquisition committees. The next step will be reporting on BEE spend and efforts towards supplier development as well as report on the City's compliance towards Expanded Public Works Programme.

Enhancing tourism and improving the City's image

A key focus of the City of Johannesburg is the development of the City's tourism potential. Increased tourism will have a number of positive spin-offs for the City, including job creation and economic development. In response to this priority, the past year saw the department developing a Soweto Tourism strategy aimed at growing the tourism potential of the region. In order to give effect to this objective the department is working closely with product suppliers and tourism associations to develop this potential. One of the initiatives has been to introduce new and innovative tours of Soweto in conjunction with tour operators and assisting them in marketing and creating the demand for these tours. This endeavour was further supported through the attainment of approximately R5 million in extra funding that was allocated to projects to further boost Soweto's tourism potential.

The department also works very closely with The Johannesburg Tourism Company which is a city-owned entity. The JTC works closely with the private sector to promote tourism in Johannesburg, and especially to attract business visitors. This includes bidding for various conventions and meetings, as well as advertising the City’s facilities in international publications.

Economic development

The City has over the past financial year scored some telling victories in terms of enhancing economic development across its geography. Direct support projected in four economic sectors, namely Business Process Outsourcing (with a focus on call-centres), Freight and Logistics, Information and Communication Technology and the Creative Industries. Examples of sector support include the proposed Call Centre Academy (a training facility for call centre operators) and the Art Bank (the creation of a facility to rent out Joburg-made artworks to office-based clients). A programme for a fifth sector (sport-related industries) is also being developed.
Investment facilitation and trade promotion, which includes a Black Economic Empowerment Programme (BEEP) that aims at stimulating investment in particular areas, as well as in assisting significant investors with progressing their projects. Skills development, which aims to reduce the huge gap between the available skills in the labour market and those that are required, has also been increased. Interventions include a partnership with the City’s universities as well as with the Gauteng Department of Education and a number of specific interventions, including a proposed Foundation College. The Foundation College aims to create an opportunity for students who do not have sufficient university entry qualifications to improve their maths and science skills and therefore gain entry into specified courses. SMME support, which includes the City’s partnership in ‘The Business Place’, as well as direct work with the informal trading sector, including the provision of trading facilities.

Area regeneration projects, including Inner City projects, focusing on a range of areas from Hillbrow, Berea, Joubert Park and the Greater Ellis Park Precinct – with a specific emphasis on investor initiatives. This includes coordination of the Urban Development Zone which is a tax incentive for the inner city, emanating from the National Treasury. In addition to this, the Soweto Development Initiative was launched, which aims to catalyse economic development in Soweto through a multi-disciplinary approach that focuses on business stimulation, infrastructure improvement, land use management and social development.

**Enhanced customer service**

The Revenue Department in the CoJ is aware that significant work is required in the area of customer service and service delivery excellence. In the light of this, the Revenue Department conducts an annual customer satisfaction survey. The 2004 survey indicated general satisfaction levels, with Revenue at 74% (marginally down on 2003), but only 46% in respect of revenue query handling. Efforts are under way to improve the interface with the customers, not only from a revenue perspective but also for the city as a whole. In order to give effect to this, customer service training for frontline staff is a priority.

The tracking, monitoring and measuring of customers’ perceptions of the Revenue department has become an important activity of the department, and continues to be used to guide strategic decisions undertaken by management to improve such perceptions and the underpinning service delivery goals.

There is a dire need to address customer relationship management (CRM) issues and query resolution and to this end query resolution teams have been assembled within the rates and taxes and billing environment.

The data cleansing initiative continues to focus on improving data quality, as this has been the source of many of our billing problems. The department’s approach
is multi-pronged and is using information technology tools available to the city. In addition to this, customer service representatives will continue to verify customer information when engaging with the customer.

A number of new institutional arrangements has been put in place to enhance customer service e.g. Pre-edit of billing readings is now the responsibility of the service entities which will improve the query resolution process and the turnaround times as well. In February 2005 we were sitting with less than 7% as compared to July 2004. 70% of the clearance certificates are now issued within 30 days and 84% of refunds within 30 days.

PLANS FOR 2004/05

In conjunction with the department’s medium-term objectives and the overall aim of continuously enhancing service delivery, the following commitments for the 2004/05 period were determined:

- Enhancement of customer service – to be measured against targets such as the attainment of a turnaround rate of five days for 70% of rates and service accounts refunds and three days for clearance certificate issuing
- Ensuring effective revenue management, with the completion of current Revenue Improvement Projects within the time period
- Ensuring sound financial management – to be assessed through indicators such as revenue collected (with a target of R10 billion), and 100% alignment of the corporate governance protocol with Acts, such as the Municipal Finance Management Act (MFMA) and the Municipal Systems Act, and to continue to provide overall financial oversight to the City to ensure a 0% variance in operating budgets and 90% expenditure on capital budgets
- Sound financial risk management and risk financing
- Implementation of the MFMA and ensuring alignment and compliance
- Progress on Operation Clean Audit Report
- The ongoing promotion of economic development and tourism
- Targets for promoting economic development through tourism include the development of at least five tour packages in conjunction with the private sector aimed at growing domestic tourism in Johannesburg
- The development and implementation of Tourism Transport and Tourism Safety Programmes
- Tourism and corporate merchandising projects with the Fashion District and the utilisation of all major events to profile the City of Johannesburg

JOHANNESBURG DEVELOPMENT AGENCY

KEY SERVICE DELIVERY AREAS AND CHALLENGES

The JDA has been identified as the primary vehicle for the implementation of the strategic plan for the economic development of the City of Johannesburg. This forms part of the Joburg 2030 initiatives. The aim of the agency is to stimulate and support area-based economic development initiatives throughout the metropolitan area. The JDA acts as development manager in the coordination and management of capital investment and other programmes involving both public and private sector stakeholders. The JDA aims firstly to create an efficient business environment, and, secondly, to curb the cycle of disinvestment and decay taking place in the city. The majority of the JDA’s developments are featured in Chapter 13 on the inner city.
Chapter 5

Finance, strategy and economic development

PROGRAMME PERFORMANCE

In assessing the JDA’s success, the City of Johannesburg uses a set of economic indicators. For the past financial year the indicators were as follows:

- Creating a 24-hour city (measured by attendance of various inner city venues). A 23% increase on the 2001 baseline was achieved.
- Long-term property value growth in impact areas (measured by value of building plans approved and vacancy rates of A&B grade properties): A 500% increase in building activity between 2001 and 2002 and a stable trend in vacancies.
- Rentals (measured by median rentals charged for A grade properties): A 4.6% increase from the previous year (CBD median rentals increased from R25.24 to R28.25 per square metre), with rentals stabilising in general.
- Increased business confidence (measured by a confidence index score and interviewing businesses around specific issues, e.g. crime and grime): An increase of 32% on 2002 baseline (overall index up to 57%);
- Business activity in impact areas where the JDA operates (measured by RSC levies in respect of employment): A 17% increase in turnover and a 34% increase in salaries.
- Service delivery and customer satisfaction (measured by awareness of the JDA and business satisfaction with access to its information and services): A 73.1% awareness proxy and 38% satisfaction index increase on 2002 (was 10% in 2001).
- Increased employee customer service skills effectiveness (measured by business satisfaction with JDA capability in projects): 86% of respondents aware of JDA initiatives (figures up from 84% in 2003 and 34% in 2002) and 90% of those involved with the JDA satisfied with the service (dramatic rise from 61% in 2003).
- Empowerment spending (measured by percentage of total expenditure): 67% achieved against a target of 50%.

Various projects were undertaken under the auspices of the JDA. A number of these were initiated in previous financial years and as such serve as indicators of progress and performance. The majority of them are discussed as part of the Inner City Portfolio in Chapter 13.

PLANS FOR 2004/05

The following developments are in conceptual stage: Gautrain Precincts (with the exception of the Park City Precinct which is being managed under the Braamfontein development), Industrial Areas Upgrades and the Soweto Development Initiative. (IDC-funding is sought for an economic development initiative managed by the EDU.)

The following developments are at initial investigation stage: Alex-Hillbrow Link (formerly Louis Botha) and the Medical Precinct. (Work on the initial
investigations is complete and proposals on taking this forward into detailed investigations will be considered shortly.

The following developments are at detailed investigation stage:

- **CBD’s regeneration and development**: Randburg
  The Economic Development Unit, in conjunction with the Department of Planning, Transportation and Environment, has identified Randburg, the third largest office and commercial node in Johannesburg, as one of the areas that is experiencing economic decline.
  Its regeneration has been identified as a priority for the City and the re-development of the area will improve the functionality of the area, provide and upgrade community facilities, create stability for existing business and stimulate economic growth.

- **NASREC**
  The Nasrec development area is set to be a world-class sports and Expo centre. It is home to the Nasrec Expo Centre, the second largest expo centre in Africa; Soccer City, a world-class stadium seating 80 000 spectators and home to South African Soccer; and the Crown Mines Golf Course. These facilities, only a 10-minute drive from the inner city and close to Soweto, hold significant potential for sustainable economic growth, job creation and tourism.

  The Nasrec Landowners Forum (NLOF) has been established to ensure mutual value for all. The Forum consists of the Department of Public Works, First National Bank Stadium (Soccer City), the Johannesburg Expo Centre and iProp Limited, the major private sector landowner in the area. The role of the forum is to coordinate and direct developments and land release within the area. All parties in the forum share the vision and work together towards realising the goals of diversification of economic activity, ensuring better use of resources and increased social and economic investment.

The following developments are in implementation stage:

- **Greater Kliptown development**
  The Greater Kliptown development was launched in 2002 and aims at improving both living standards and business opportunities for the community of Kliptown and greater Soweto. The Kliptown development will focus on providing decent, affordable housing and job creation for the Kliptown community; stimulating and creating business opportunities in the area, specifically for small businesses; attracting more visitors to the area and increasing visitor spending; establishing an efficient and cost-effective public transport system that will make Kliptown easily accessible; and ensuring that Kliptown is environmentally healthy and attractive.

  Maximising the heritage, tourism and educational significance and importance of Kliptown is key to its success as a heritage and visitor destination. The Walter Sisulu Square of Dedication – formerly Freedom Square – is under construction for opening by 26 June 2005, the 50th anniversary of the adoption of the Freedom Charter at the Square. The Square will include a multi-purpose hall, commercial and retail spaces, which will give people a place to gather and do business. A tourist information centre has also been built.
Chapter 5

Finance, strategy and economic development

At its core, the Greater Kliptown development is an urban regeneration project. It aims to revitalise Kliptown and the greater Soweto into a desirable and prosperous residential and commercial locality. The area's historical significance and tourism potential will be used as the tools of transformation. The development is progressing well and the new financial year will see the tenanting strategy for the commercial spaces at the Walter Sisulu Square of Dedication being finalised, relocations of the few businesses that are in the way of the construction to new buildings and the finalisation of the business plan for the Kliptown Open Air Museum.

Baralink
This development aims to stabilise, consolidate and promote economic development in the Baralink node focusing around an inter-modal transport and trading hub. The development seeks to integrate Soweto and Johannesburg and improve access and employment opportunities through mixed-use development. Improving public transport facilities to improve the lives of commuters is one of the aims of this development, implemented on behalf of the City's Department of Planning, Transport and Environment.

The Baragwanath Public Transport Facility is situated along the northern side of the Old Potch Road opposite the Chris Hani Baragwanath Hospital, Soweto. Consisting of five phases, the development will make travel simpler and easier for both long and short-haul commuters. The formalising of taxi ranks, informal trading and retail environments will provide shelter, security and a more structured environment for commuters.

METROPOLITAN TRADING COMPANY

KEY SERVICE DELIVERY AREAS AND CHALLENGES

The Metropolitan Trading Company (MTC) was established by the City of Johannesburg to develop and manage informal trading markets, taxi ranks and other developments at key sites in the Johannesburg Metropolitan areas. The aim of this was to establish and manage retail markets for formal and informal traders, while providing support in the form of market promotions and business training. It is envisaged that this will add to the social and economic development of informal traders.

The MTC business scope includes property development, facilities management and business support. The company’s responsibility includes the management of taxi ranks and formal and informal trading facilities. Its revenue is generated in the form of rental income for the use of the trading facilities, ranking fees from taxi operators, selling advertising revenue and facilities management contracts.
PROGRAMME PERFORMANCE

The service delivery of the company is heavily dependent on the proficiency of the management team in the execution of operational responsibilities, as well as the alignment of the responsibilities to the strategic objectives of the company.

Currently there are 1 566 traders in the eight markets. Income in the form of rental (ranging from R60 to R750) generates income of R3.5 million per annum. Informal traders’ stalls with an average rental of under R5 per day make up 32% of the generated income. Currently at the Metro Mall, there are 37 formal traders with lease agreements that rent space at market-related rentals, which make up 31% of the generated income.

At present approximately 3 100 minibus taxis are accommodated in the seven taxi ranks, providing an income of R3.5 million. Average rentals of R1.34 per day, make up 35% of the generated income.

PLANS FOR 2004/05

MTC will focus on improved revenue performance and development of relevant management policies including credit control.