

**SPEECH BY THE HONOURABLE COUNCILLOR DR. RABELANI
DAGADA, MEMBER OF MAYORAL COMMITTEE (MMC) FOR
FINANCE ON THE OCCASION OF THE TABLING OF THE CITY OF
JOHANNESBURG'S PROPOSED 2017/2018 BUDGET, TUESDAY 23RD
MAY 2017 IN THE NEW COUNCIL CHAMBER, METROPOLITAN
CENTRE, BRAAMFONTEIN**

A BUDGET FOR JOBURG'S FORGOTTEN PEOPLE

Speaker of Council, Cllr Vasco Da Gama;
The Executive Mayor, Cllr Herman Mashaba;
Chief Whip of the Council, Cllr Kevin Wax;
Chair of Chairs, Cllr Alex Christians
City Manager, Dr Ndivhoniswani Lukhwareni;
Leaders of political parties;
Members of the Mayoral Committee;
Esteemed fellow Councillors;
Members of the media;
Distinguished guests; and
Most importantly, residents of Johannesburg.

Good morning to you all.

I am deeply honoured to stand before you all today to deliver the inaugural Budget Speech for this new administration on the proposed 2017/18 Budget for the City of Johannesburg.

Of significance, and for the first time in Johannesburg's history, this is the first budget speech delivered under a coalition government.

This is a coalition government made up of a number of different political parties, bringing a diversity of solutions to the challenges experienced by our residents.

We all stand resolute in our commitment to bringing change to the residents of our City.

Upon entering government, this administration quickly realised the full extent of the challenges we inherited, that must be addressed if we are going to turn the City around.

Our City is characterised by high unemployment, crumbling infrastructure, high levels of crime, substance abuse, chronic landlessness, and inadequate service delivery in far too many poor communities.

Indeed, far too many of our residents have been left behind.

They are the forgotten people of Johannesburg.

This tragic state of affairs and the hope for change is what led the residents of our City to vote in a new administration on the 3rd of August, local government elections.

The residents of this City have entrusted us to get the priorities of local government right, put their interests first, and ensure we create a more inclusive City.

A more prosperous City.

A better City for all of our residents.

We will not fail them.

In fact, today marks exactly nine months since our first Council meeting, which signalled a new era of accountable and responsive leadership in our City.

I would like to reiterate the sentiment of the Executive Mayor of Johannesburg, Cllr Herman Mashaba in thanking our coalition partners and the EFF for what they have done, and continue to do on a daily basis, to save Johannesburg.

Under the leadership of Mayor Herman Mashaba, this administration is committed to developing a responsive, caring and pro-poor government, which at all times, puts the best interests of our residents first.

We are determined to put this City's poor – its forgotten people – at the heart of our agenda.

We are resolute in our mission to deliver quality services, especially where there were none before.

We are committed to creating an enabling environment for businesses to flourish and become employers of our people.

And we will not rest until we root out corruption and ensure that every cent of public money goes to those who need it most, our residents.

THE ECONOMIC OUTLOOK

Mr Speaker,

Achieving the goals this administration has set itself will not be easy, particularly in our country's present economic climate.

Whether we like it or not, the fortunes of our City are influenced by national economic shifts and political uncertainty.

A downgrade in the City's credit rating could seriously hamper this administration's efforts to attain our 5% economic growth rate target needed to stimulate job creation and improve service delivery by 2021.

In addition to this, 34% of the City's Capital Budget is funded through long term debt and bonds.

Allocations within this Capital Budget are used to finance the City's 10 year, R170 billion gap in capital infrastructure investment.

A downgrade in our investment rating would thus raise the cost of debt, resulting in the City pouring more resources into servicing debt instead of servicing our residents.

Despite our poor economic climate, I believe that we can still take steps to ensure that Johannesburg is in a position to achieve a 5% economic growth rate by 2021 which will benefit all our residents, especially the poor.

We will make the City of Johannesburg a competitive destination for investment.

We will turn it into a place where businesses choose to come and set up, because of the ease of doing business and the reliability of services.

We will make this City what it was always destined to be – the vibrant, diverse heartbeat of our country's economy.

COJ FISCAL MANAGEMENT REGIME

Mr. Speaker,

Our approach to the management of the City's finances is, first and foremost, premised on fiscal discipline.

I am pleased to tell you that we have engaged substantially with National Treasury on this budget.

I am pleased to say it has received their unqualified endorsement.

In the spirit of both change and observing fiscal discipline, the City will seek to reduce unnecessary and wasteful public spending alongside limiting increases in municipal debt.

The residents of the City have entrusted us with the management of the City's finances and we are committed to deriving the most optimal value from every Rand spent.

Ultimately, by imposing austerity in public expenditure and by optimising and widening municipal revenue streams, we hope to return the City to a sound financial footing.

We have recently acquired a service provider who is currently conducting a City-wide study to review our expenditure.

INTEGRATED DEVELOPMNET PLAN (IDP)

Mr Speaker,

Our residents have made it clear that they are tired of the "business as usual approach".

Our residents have demanded a distinct break from the past and it is now time for "business unusual".

Over the past month, this administration has been engaged in extensive public engagements on the City's Integrated Development Plan.

These engagements proved invaluable and helped us to ensure that the City's spending will reflect our residents' needs and the change they desire.

The Integrated Development Plan for 2017/18 is thus aptly titled: **"Service with Pride and Dignity"**. This IDP captures our commitment to building a City that advances freedom, fairness

and opportunity for all. This commitment is captured through the five pillars of our administration.

The proposed 2017/18 Budget tabled before you is also guided by the need to deliver on this administration's five pillars. These pillars form the strategic foundation for the policies of this administration.

These pillars reflect our commitment to get the basics of service delivery right and deliver on the mandate of change we have been given by our residents.

These five pillars are:

To grow the economy and create jobs;

To enhance quality of life by improving services and taking care of the environment;

To advance pro-poor development that provides meaningful redress;

To build caring, safe and secure communities; and

To institute an honest, responsive and productive government.

TARIFFS

Mr Speaker,

Before I engage Council on the proposed budget, which I table here today, there are a number of matters which I must first draw to your attention.

The first of these is the City's tariff structure for the coming financial year.

The task of balancing tough economic times against the enormous backlogs in our City is a daunting one.

We have done all that is possible to keep tariff increases to a bare minimum while safeguarding the City's financial sustainability.

84.7% of our budget is dependent on revenue raised by the City.

The change demanded by our residents to address the enormous backlogs requires us to raise revenue.

We must look to our own efficiencies as a City, our own efforts to optimise in order to raise the revenue to meet the demands of change, while protecting our residents who suffer daily under the high cost of living.

The tariff increases tabled before you will allow for sustainable service delivery to our residents, particularly those in poor communities.

Property Rates

The property rates tariff will increase by 6.2% which is within the South African Reserve Bank's inflation target range.

The Property Rates Policy was reviewed and rebates offered by the City are as follows:

- The first R200 000 of the value of all residential property is exempted from rating;
- The business to residential ratio remains at 2.6 to 1;
- 5% rebate for residential sectional title;

- 100% rebate for pensioner owners whose gross monthly household income is lower than R8,745, with a property value of not more than R2 million;
- 50% rebate for pensioner owners whose gross monthly income is higher than R8,745 but lower than R14,991, with a property value of not more than R2 million;
- 100% rebate for pensioner owners who are seventy years and above, irrespective of income, with a property value of not more than R2 million;
- Child-headed households with a property value not exceeding R2 million receive a 100% rebate;
- 100% rebate for Extended Social Package pensioners who live in a property valued at not more than R2 million; and
- 100% rebate for people who are on the Extended Social Package, who are not pensioners and whose property value does not exceed R450 000.

Electricity

Electricity tariffs will increase by an average of 2.28% for residents.

The City continues to apply a step tariff to electricity, meaning that high consuming customers will pay higher tariffs.

Water, Sewerage and Sanitation Services

Fellow Councillors, we have recently emerged from a severe drought and studies indicate that our supply of water will continue to be under serious threat.

In response to this, the proposed tariff structure for water, sewerage and sanitation services emphasises the importance of water as a scarce resource and aims to create a culture of water conservation.

High consumers of these services will continue to pay at a higher rate.

The proposed average tariff increase is 12.2% for the 2017/18 financial year, distributed across various tariff bands.

It is important to note that 10.2% of this was directly passed on to the City by Rand Water, leaving the City with a marginal 2% to cover our operational costs.

In line with our commitment to care for the poorest members of our society, we will continue to provide free basic water to residents on the City's indigent list.

Depending on household income, our poorest residents will receive between 10 and 15 kilolitres of free water per household, per month.

This is above the national recommendation of six kilolitres of free water per month and is in line with our pro-poor agenda.

Mr Speaker, it is the trend across our country's metros to no longer provide free basic water to all residents, but only to registered indigent residents, which is in line with the National Water Policy and recommended by National Treasury.

Given the scarcity of water in Johannesburg, the huge inequality in our City, and the massive infrastructure and service delivery backlogs; we believe it is in the best interests of our residents to follow this national trend.

Domestic users who do not qualify as indigents will see an increase of R42.84 per month to their water bill as a result of this change.

Through this, the City will be able to generate an estimated R320 million more in revenue which has been ploughed back into our communities for better services and infrastructure in our 2017/18 Budget.

It will help to bring water and electricity services to communities that have never had them before.

This City could not have been historically pro-poor when it offered the same amount of free water to households in Saxonworld and they did to families in Alexandra.

The new administration is unapologetically pro-poor and this is an essential step to ensure that we protect the poorest residents in our city, while ensuring that we increase revenue to speed up service delivery and improve infrastructure.

Waste Removal Services

With effect from the 1st of July 2016, Pikitup will charge a levy based on the value of one's property.

The average refuse tariff is projected to increase by 6.2% for the 2017/18 financial year.

Mr Speaker,

We understand and sympathise with our residents who are frustrated from years of inadequate service delivery.

It is essential that we improve the quality of water, electricity, sanitation and refuse services in our city.

We are also resolute in our fight against corruption.

We will ensure that public money is not stolen by self-serving individuals but rather ploughed back into our communities.

We are committed to bringing about the quality services demanded by our residents and which they rightly deserve.

THE BILLING CRISIS

Mr Speaker,

We cannot continue to ignore the fact that challenges in our billing processes have reached crisis levels.

Our understanding is that the billing crisis comes as a result of many changes that were brought into the revenue value chain which were not managed well.

The integration of 16 municipal councils into one single metropolitan municipality was the first change which resulted in inadequate quality of billing data.

The implementation of SAP under the auspices of the Phakama Project was also poorly managed.

Having studied the challenges faced by the City's billing system, we have begun implementing a number of interventions to turn the situation around. These include:

- The establishment of a **Technical Support Services Unit** to ensure complete billing, accurate and clear invoicing, an effective payment process, effective credit management, improved customer relationship management, and timeous issue resolution;

- A dedicated **Revenue Nerve Centre** which will monitor the performance of the revenue value chain in real-time, detecting revenue losses and escalating identified issues to our technical team;
- The integration of the meter reading function into the **Revenue Shared Services Centre**. Our intention is to reach the target of 95% monthly actual readings by end of March 2018;
- Group Finance is working together with the Department of **Environment and Infrastructure Services** to review the water and electricity by-laws with the view of reducing the period for which the municipality is allowed to use estimated readings; and
- We have insourced the City's outbound debt collections. The insourcing of this service since January 2017 resulted in the City collecting **R275 million** in March 2017 alone.

During the month of March, the City collected **R3 Billion**, exceeding our revenue budget and setting a new record in the City of Johannesburg.

REVENUE COLLECTION

Mr Speaker,

Our reality is that we have to collect more revenue if we are to improve service delivery to our residents and start to make inroads into our enormous infrastructure backlog.

As we endeavour to collect more revenue we have initiated the following interventions:

- There are a significant number of properties in the City which are considerably undervalued. It has been estimated that since the inception of the current General Valuation Roll, R3 billion has been lost and this revenue cannot be recovered. I am

happy to inform you that we have made provisions to establish a **panel for supplementary valuations**.

- This intervention will close the lost rates and taxes revenue gap. In the 2017/18 proposed budget we have allocated R10 million to this panel;
- In order to improve our property valuation process, I am happy to announce that we have for the first time, allocated **R25 million for additional property valuers within the City**. To put the matter in perspective for you, the City of Cape Town, which is far smaller than our metro, has over 120 valuers. Our City only has 19 valuers.
- A number of reports commissioned under the previous administration found that the City had an **opportunity to increase its collected revenue by R5.3 billion per year**. This is as a result of customers that are not billed - many of whom are commercial customers. The previous administration failed to act on the recommendations of these reports, however we will act on them to ensure that we improve revenue collection;

A 2015 report compared City Power with utilities from the other major metropolitan municipalities. It found that our non-technical losses on electricity are 2.6 times larger than the average benchmark. This equates to up to R2.2 billion in lost revenue on an annual basis.

The residents of Johannesburg deserve more than an illusion of success. They deserve a professionally run City that delivers quality services.

- In our efforts to be a more caring and responsive government, we also have to improve our systems that resolve billing queries. To urgently attend to this matter, we reconstituted the **Back Office Unit** within the Revenue Department and made provisions for overtime so that we can resolve open queries.

When this Unit commenced work on the 3rd of April 2017, there were 48,476 open queries, of which 26,491 were between 90 and 365 days old.

Mr Speaker, I am pleased to inform you that as of Friday last week, **open customer queries have been reduced to 12,600.**

While asking our resident's for patience, I would like to assure them that we are doing everything in our power to resolve our billing problems.

We have heard their pleas for assistance and to quote our Executive Mayor, "Change is on the Way."

BUDGET ALLOCATIONS

Mr Speaker,

Johannesburg has the potential to be a city of golden opportunities for all our residents.

However, this potential has not been fully realised in the past.

The medium term budget tabled here today, as guided by our five strategic pillars, illustrates how this administration will use **R55.9 billion** over the next financial year to meet our residents' clear demand for change within the City.

We will ensure that the forgotten people of Johannesburg are placed at the heart of our agenda.

The Budget is made up of a **R47.3 billion** operating budget and a capital budget of **R8.6 billion** for the 2017/18 financial year.

The **three year capital budget appropriation** for the period up to 2019/2020 requested in this budget is **R27 billion.**

This is a significant allocation towards fixing our 10 year, R170 billion infrastructure gap.

We are also committed to ensuring that **a minimum of 60% of capital expenditure** is directed towards projects in Johannesburg's poor and forgotten communities as reflected in this Budget.

This will **increase to 65% over the medium term** as we advance pro-poor development that provides meaningful redress.

SUSTAINABLE SERVICES CLUSTER

Mr Speaker,

The Sustainable Services Cluster falls within our strategic pillar to enhance the quality of life by improving services and taking care of the environment.

Indeed, the majority of the City's service delivery responsibilities sits in this Cluster.

In addition, the Sustainable Services Cluster is a primary driver for advancing pro-poor development that provides meaningful redress; another important strategic pillar for this administration.

For the 2017/18 financial year **R28.7 billion** has been allocated for the operating budget of this cluster.

The three-year, medium-term capital budget of the Cluster amounts to **R11.8 billion**.

Environment and Infrastructure Services Department

The Environment and Infrastructure Services Department is allocated an operating budget of **R194.8 Million** for the 2017/18 financial year and a multi-year capital allocation of **R103.6 Million**.

City Power is allocated an operating budget of **R15.5 Billion** for 2017/18 and a multi-year capital budget of **R3.8 Billion** to meet our electricity supply needs.

Johannesburg Water is allocated an operating budget of **R9.6 Billion** for the 2017/18 financial year with a three year capital budget of **R2.3 Billion**.

As part of Joburg Water's budget, **R40 Million** is set aside to **enhance sanitation in our informal settlements**.

This is a major increase from last year's budget of R17 million and highlights our commitment to restore the dignity of Joburg's forgotten people.

This budget allocation is in line with our strategic pillar to advance pro-poor development which gives meaningful redress to our people.

Mr Speaker, in line with our promise to put the forgotten people of Johannesburg at the heart of our agenda, I am happy to announce that as part of the 2017/18 financial year, **R162.7 million is to be allocated to providing electricity and water connections to poor residents in informal settlements throughout the city**.

This again is a major increase from last year's budget allocation of R120 million and is in line with our strategic pillar to advance pro-poor development which gives meaningful redress.

R357 Million is budgeted for this purpose over the next three financial years.

This will boost other efforts to bring power to forgotten communities such as the allocation of **R50 Million to City Power for the electrification of Slovo Park**.

In 2015, after years of failed attempts to engage the City, the residents of Slovo Park were left with no option but to approach the courts due to the City's failure to provide this community with any development or basic services.

The Court instructed the City to intervene, and yet nothing was done.

Theirs was the story of yet another forgotten community in Joburg, which was not a priority.

I am delighted that we are able to bring hope, change and meaningful redress to this community with this R50 million commitment to electrify Slovo Park.

I would like to reiterate the Executive Mayor's words in thanking the EFF for bringing this matter to Council by way of a motion, and ensuring that we start to restore the dignity of this community.

Mr Speaker,

To meet the waste collection needs of the households in the City, as well as clearing illegal dumping to ensure a healthy and safe environment, **Pikitup** is allocated an operating budget of **R2.4 billion** for 2017/18 whilst the multiyear capital budget allocation is set at **R218.7 million**.

In line with our focus on poor communities, **R482 million has been set aside within Pikitup's budget for cleaning informal settlements over the next three financial years – R150 million is to be spent in 2017/18 alone.**

This is a sizable increase from last year's budget of R134 million for this purpose.

A further R50 million is also included within the budget to continue Pikitup's third cleaning shift within the inner city. This is expected to grow to R82 million in the medium term.

This additional cleaning shift was introduced under this administration, noting the serious grime, filth and neglect in our inner city. It forms part of our vision to revitalise the inner city and make it a more inclusive and prosperous place for our residents to live, work and play.

Housing Department

Mr Speaker, within the Sustainable Services Cluster, the Housing Department is allocated an operating budget of **R847 million** in the 2017/18 financial year and a multi-year capital budget allocation of **R3.5 billion** over the medium term.

As we all know, the City faces a major housing crisis, evident in the 181 sprawling informal settlements across our City, poorly managed housing within the inner city, and mushrooming backyard shacks in township neighbourhoods.

Sadly, our reality is that the City faces a housing backlog of over 300 000 units - the highest in the country - while experiencing ever decreasing grants from national and provincial government for the provision of housing.

In the last financial year, the City was provided with a R411 million Housing Top Structures Grant, however, following the local government elections last year, Provincial Government immediately reduced this grant to R345 million in the 2016/17 adjustment budget.

In the 2017/18 financial year, Provincial Government has opted to further reduce this vital grant to R145 million.

With this allocation from Provincial Government the City can only afford to build just over 1000 social housing units.

This reduction is despite the national government allocation towards the Housing Top Structure Grant increasing by R1.4 billion to R19.7 billion in 2017/18.

That said Mr Speaker, we are not deterred. Indeed, we cannot afford to have our resolve weakened.

Instead, we must aggressively utilise our existing budget to provide adequate housing, including, diversifying the ways we deliver housing to the poor.

In recognition of this, **we have allocated R66 million towards our shift to progressively focus on the Site and Service housing development approach.**

This involves the provision of fully serviced plots of land, onto which beneficiaries can be settled.

These beneficiaries will immediately be provided with title deeds and able to build their own homes on top of these serviced sites.

I am happy to announce that the City has identified suitable land in **Univille, Lawly and Ennerdale which will serve as primary pilot sites for this project; a first for the City of Joburg.**

It allows the City to address the landlessness in our City, and achieve more with less.

Other key projects undertaken by the Department will include the development of bulk infrastructure in Diepsloot, Poortjie, Dark City, Vlakfontein, Kanana Park, and Drieziek.

Housing development investments will also continue in Lehae, Lufhereng, South Hills and Fleurhof.

While money has also been set aside for developing transitional, emergency housing and rental stock in the inner city.

We have set ourselves a target of developing 2,000 rental accommodation units in the 2017/18 financial year, and a total of 9,500 over the medium term.

Last year the City had a target of developing 3,750 mixed housing development units. We are increasing this target to 5,000 in the next financial year, and a total of 17,200 over the medium term.

We also plan to develop 200 transitional housing units in the inner city in the next financial year, and 1,000 over the medium term.

Mr Speaker, in line with our strategic pillar to advance pro-poor development which gives meaningful redress, I am delighted to announce that we **have allocated R574 million of capital expenditure and R115 million of operational expenditure for the upgrading of 10 informal settlements throughout the City in the 2017/18 financial year.**

A total of 51 informal settlements will be upgraded over the medium term. Ten informal settlements will be upgraded in the 2017/18 financial year. Another 20 informal settlements are to be upgraded in 2018/2019 and 21 informal settlements in 2019/2020.

By comparison, the previous administration set itself a target of upgrading a mere two informal settlements in the 2016/17 financial year.

It is clear that we are making a break from the business as usual approach and ensuring that the forgotten people of Johannesburg are placed at the heart of our agenda.

We are committed to advancing pro-poor development which gives meaningful redress to our people.

Included in these 51 informal settlements are areas such as Slovo Park, Princess, Itsoseng, Meriting, Motsoaledi, Lawley, Ebumnandini, Alex, Ennerdale South, and Zandspruit.

The 51 informal settlements are to receive upgrades to water and sanitation, access roads, street names and electricity.

This represents a capital investment of R1.9 billion over the medium term.

I have no doubt that through this budget allocation we will start to restore the dignity of our forgotten people.

Although it is going to take time to turn around the years of neglect, we will prove that we are a truly pro-poor government through our actions.

Mr Speaker,

The Johannesburg Social Housing Company (JOSHCO) is allocated an operating budget of **R152 million** and a multi-year capital budget of **R1.9 billion**.

JOSHCO projects for the 2017/18 financial year include social housing projects in Turffontein, Nancefield, Lufhereng, Dobsonville, and the purchasing of inner city buildings.

The entity will also undertake repairs and maintenance of city hostels and flats which have endured years of neglect.

The following hostel projects are budgeted for over the coming medium term:

- **Meadowlands Hostel Renewal – R20 million;**
- **Helen Josephs Refurbishment and Upgrading of Women's Hostel – R35 million; and**
- **Selby Staff Hostel Redevelopment – R32.3 million.**

ECONOMIC GROWTH CLUSTER

Mr Speaker,

Infrastructure investment and maintenance are crucial to growing our economy.

Without proper infrastructure, we cannot provide public services that will enhance our residents' quality of life.

Given the City's 10 year, R170 billion infrastructure backlog, it is important for us to focus our efforts towards infrastructure investment, maintenance and repair.

Indeed, signs that our City's aging infrastructure is buckling are evident for all to see.

Water losses have reached 31% and currently the City experiences 371 leaks per kilometre of water piping due to poor maintenance.

Equally so, the poor maintenance and lack of investment in our aged, overloaded electricity sub-stations results in regular loses of power in parts of the city.

In the coming financial year, we will spend **R5.2 billion upgrading our existing infrastructure.**

A further **R3.3 billion is provided for the development of new infrastructure.**

In addition to this, **R4.3 billion is allocated to progressively address much needed repairs and maintenance on our infrastructure system.**

This investment in our infrastructure is essential. It speaks to the quality and reliability of services in our City.

It is a key driver of economic growth, because when the power supply is stable and the water flows reliably, businesses increase their productivity.

They grow into larger businesses, expanding into larger employers of our people.

They send a signal to other businesses that Johannesburg is the place to operate your business.

I am already pleased to see that in the 4th Quarter of 2016, Johannesburg experienced its first quarter of positive job growth.

The ranks of the unemployed reduced by 17 000 people.

This is a start, but there is so much more to do. This is why our investment in infrastructure is so important.

The private sector must be brought onboard as key drivers in this process.

They have been waiting for a signal from government, looking for the political will to address the crime, grime and failed services and give them the confidence they seek to work with government.

I am pleased to say to the private sector, those days have come. This City now has the political will, the budget and the plans to create that environment that you have been waiting for.

Our City is giving you the signal, we are ready.

Mr Speaker,

In line with our strategic pillar to grow the economy and create jobs, the operating budget allocation for the **Economic Growth Cluster** amounts to **R5.2 billion** and a three year capital budget allocation of **R10.9 Billion**.

The Department of Economic Development

The Department of Economic Development is the custodian of the City's Economic Development Strategy and receives an operating budget of **R228 million** in the 2017/18 financial year and **R35 million** for the three year capital budget in order to turn Joburg into the engine room of South Africa's future economic growth.

This marks a major increase in the three year capital budget of the Department, which was R23.5 million last year.

This is in line with our vision of ensuring a 5% economic growth rate by 2021.

We need to create an enabling environment for businesses, especially small businesses, to flourish and thereby become employers of our people – especially the forgotten people who have been locked out of the economy for decades.

We plan to expand the City's SME Hubs from seven Hubs to 14 Hubs, bringing the total expenditure on SME Hubs to R16 million in the 2017/18 financial year.

Our goal is to have two hubs in each of Johannesburg's seven regions, where young prospective entrepreneurs can receive support.

We expect to increase the number of SMMEs supported through SME Hubs per month to 1,250 by June, 2018.

Ultimately assisting 2,000 SMMEs per month by 2021, which will represent a four-fold increase in the SMME programme we inherited.

While the previous administration set itself a target of R4.5 billion in investment and business facilitation for SMMEs in the 2016/17 financial year, we are going to increase this to R8.5 billion in 2017/18, and ultimately increase it to R25 billion by the 2019/20 financial year.

The Executive Mayor, has made it clear that there are no silver bullets to job creation.

We will not be announcing fanciful projects in this budget to create jobs. Because economic growth in our City depends on a much broader approach to growing our economy.

Through the provision of services we need to create the environment for economic growth.

It is without doubt that this administration is putting its money where its mouth is to grow the economy and create jobs for our people.

Mr Speaker,

R12 million has been allocated for the commissioning and operations of the Alex/Marlboro Automotive Hub and the Alexandra Shared Industrial Production Facility to promote our township economy.

In addition, equipping our youth with skills and expertise which can allow them to participate in the economy is an important intervention in ensuring we can grow our economy and create jobs.

In line with this priority, **R10 million has been allocated for artisan development training programmes in the coming financial year.**

The **Metropolitan Trading Company** which runs the broadband business of the City is allocated an operating budget of **R385 million** and has been allocated with **R88 million** over the medium term for continued investment in the capital infrastructure.

Our investment is to preserve the value of the broadband fibre as we continue to drive increased access to broadband services, especially to poor residents in the form of **expanded access to free WIFI.**

The Joburg Market receives an operating budget of **R373 million** for the 2017/18 financial year and a multiyear capital budget of **R106 million.**

Key projects within this entity include upgrades and renovations to its facility at City Deep.

The Johannesburg Property Company (JPC) receives an operating budget of **R899 million** for the 2017/18 financial year and a three year capital budget of **R557 million.**

JPC is responsible for managing and maintaining public facilities and other public infrastructure. **Key projects include the revamping of informal trader stalls in the inner city which is estimated to cost R15 million.**

The Department of Transport

Mr Speaker,

The Department of Transport receives an operating budget of **R1.5 billion** for the 2017/18 financial year with a three year capital budget allocation of **R3.5 billion**.

The budget will fund the following:

- transit-oriented developments in identified priority areas;
- the purchase of new buses for Rea Vaya and Metrobus;
- the continued roll out of the Rea Vaya infrastructure; and
- the development of various public transport facilities.

Metrobus is allocated an operating budget of **R706 million** and a three year capital budget of **R308 million**.

Metrobus operates just under 400 buses carrying over 50 000 passengers daily, majority of whom are poorer residents of our city who require access to quality public transport. Therefore, **we are recapitalising Metrobus with 200 new buses**.

The Johannesburg Roads Agency (JRA) has been allocated an operating budget of **R1.1 billion** in the 2017/18 financial year, and a three year capital budget of **R4 billion**.

In the 2016/17 Budget, the JRA was allocated an R884 million operating budget and a R3.5 billion capital budget.

Noting our serious challenges and backlogs relating to road infrastructure, maintenance and upgrades, this marks a significant increase in the budget of the JRA.

In order for the City to become a true economic power house capable of bringing many of our residents out of poverty, our road network needs to be of a high quality.

For years the City's road infrastructure has been a stumbling block to growth in economic opportunities and a source of frustration for residents getting from one part of the City to another.

In this respect, our administration has developed a comprehensive approach to the maintenance, development and expansion of the City's road network.

Mr Speaker, we have allocated R105 million for the installation and repair of broken down traffic signals throughout the City. This includes the implementation of our 'No Join' policy.

Already I am pleased to say that over 70 traffic lights in the City, at key intersections have been recabled producing greater reliability. This allocation allows us to build on this success.

We have also set ourselves an ambitious target of ensuring that 90% of traffic-related technical faults are repaired within 24 hours in the next financial year.

In addition, R79 million is also made available within this budget to continue the City's war against potholes on our roads. We have again set ourselves an ambitious target in the next financial year of repairing 80% of all reported potholes within seven working days.

With these allocations and targets we are showing that we are committed to enhancing our residents' quality of life by improving services.

As we progressively address poor road infrastructure in our urban centres, we cannot afford to neglect the forgotten communities in our city who have gone without proper roads for years, if not decades.

Fellow Councillors, in line with our strategic pillar to advance pro-poor development which gives meaningful redress, **a total of R1.2 billion has been budgeted to upgrade gravel roads over the next three years in the following areas: Orange Farm, Ivory Park, Diepsloot, Doornkop, Braamfischer, Tshepisoong, Lawley, Protea South, Drieziek, Poortjie, Slovoville, Kaalfontein, and Mayibuye.**

In these communities, the lack of access roads inhibits the work of our Emergency Services such as Firefighters and Ambulances because of an inability to access those in need.

In addition, R14 million is allocated for enhancing road access into Zandspruit over the medium term with an initial R4 million being budgeted for project scoping and a feasibility study in the 2017/18 financial year.

Although it will take time to turn around the years of neglect that has resulted in the decay of our road networks, through our progressive interventions, our residents will begin seeing significant improvement in the standards of our roads.

The Department of Development Planning

The Department of Development Planning's operating budget amounts to **R327 million** for the 2017/18 financial year and a three year capital budget of **R1.5 billion**.

I am pleased to announce that **we have allocated over R23 million for the City's procurement of additional building inspectors, town planners and other professionals who will make it easier to do business in the City, by fast tracking building plan approvals, rezoning applications, installations of new meters and clearance certificates.**

For too long our City has closed the door on our developers and investors and it is time to run a more responsive, productive and professional government that turns red tape into a red carpet.

Mr Speaker,

The Johannesburg Development Agency (JDA) receives an operating budget of **R108 million** for the 2017/18 financial year and a three year capital budget of **R970 million**.

HUMAN AND SOCIAL DEVELOPMENT CLUSTER

Mr Speaker, through the Human and Social Development Cluster we commit to build caring, safe and secure communities; the fourth strategic pillar of the new administration.

The operating budget of the Human and Social Development Cluster amounts to **R6.5 billion** for the 2017/18 financial year.

The three year medium-term capital budget of the Human Development Cluster amounts to approximately **R1.7 billion**.

The Department of Public Safety

Public Safety has been allocated an operating budget of **R3.3 billion** in the 2017/18 financial year whilst its multi-year capital budget allocation is **R537 million** for both Emergency Management Services (EMS) and the Johannesburg Metropolitan Police Department (JMPD).

Mr Speaker, to keep our residents safe from criminals and to improve the observance of the rule of law, **we have allocated R131 million towards increased JMPD visibility in identified crime hotspots in the City. Ultimately spending R846.5 million over the medium term.**

This budget will also be utilised for the further capacitation of JMPD with another 1500 people currently being recruited who will thereafter undergo training.

This level of expenditure on visible policing is unprecedented in our City and shows our commitment to ensure that we build caring, safe and secure communities.

The recent brutal rape and murder of a number of women in our city is devastating and on behalf of the City I would like to send our sincere condolences to the families and friends of the victims.

It is hoped that our unprecedented levels of investment into public safety and visible policing will help us to turn the tide on high rates of crime in our city.

Our residents, and especially our women and children, have the right to live in an environment where they are safe, respected and protected.

Mr Speaker, other projects prioritised by the Department of Public Safety in 2017/18 include the following:

- Expanding the capacity of **JMPD's K9 Narcotics and Tactical Unit** with additional dogs and officers. This unit will also be capacitated with high-calibre firearms and high-performance vehicles;
- Launching **mobile station commands across each region** of Johannesburg. These mobile station commands will operate in communities and allow for better visible policing and improvements to response times and accessibility;
- Promoting the adherence to City by-laws and traffic regulation together with reducing drug-trafficking in communities through **increased visible policing**; and
- **Capacitating Municipal Courts** to deal more effectively and efficient with cases related to Municipal by-law infringements, infringements of other legislation administered by the City and traffic offences.

The Health Department

The Health Department receives a total operating budget of **R941 million** for 2017/18 and a three year capital budget of **R308 million**.

As part of our commitment to pro-poor development which provides meaningful redress, the City is working to change the face of the Primary Health Care System by making it more accessible.

This has also resulted in an impressive increase in the operating budget of this Department which sat at R775 million in the 2016/17 financial year.

Following the successful implementation of the extended operating hours pilot project at the Princess Clinic in October 2016, the City has embarked on a process to introduce comprehensive health and social services at all clinics in the near future.

Through this project, the City will aim to ensure that the poor and most vulnerable in our City are able to access quality, basic healthcare and ensure that all our residents have equal opportunity to lead healthier lives.

Effective from the 1st of April 2017, the City has rolled out extended operating hours at five additional clinics. In addition to this, more staff have also been employed to ensure that the clinics are well capacitated during all their operating hours.

This is an investment in the health of our people amounting to R118.6 million over the medium term. With a target to extending operating hours at an additional five clinics in the 2017/18 financial year.

Mr Speaker,

The drug addiction pandemic in our City continues to destroy far too many lives, especially of our youth.

As the Executive Mayor has already mentioned in his State of the City Address, addressing this pandemic will be a focus area of this administration.

It is essential that we work tirelessly to build caring, safe and secure communities, in line with our fourth strategic pillar.

We have allocated R30 million to capacitate five drug rehabilitation centres as a response to the drug epidemic, using existing city facilities.

The R30 million budget will be broken down as follows:

- **capacitation of trained medical professionals – R26 million;**
- **detox facilities equipment – R1.2 million;**
- **participants drug testing kits – R210,000;**
- **24 hour crisis line – R80,000; and**
- **Personnel for the 24 hour crisis line – R2 million.**

Fellow Councillors, I am delighted to announce that the following five clinics are proposed as sites for the community drug treatment centres by the City:

- **Region B – Westbury Clinic**
- **Region D – Tladi Clinic**
- **Region E – Riverpark Clinic**
- **Region F – 80 Albert Street, Inner City**
- **Region G – Eldorado Park.**

In line with the legislative framework, these five clinics are first subject to accreditation by the provincial Social Development Department before we are able to proceed.

The Department of Social Development

The Department of Social Development is allocated an operating budget of **R208 million** for 2017/18 and capital budget allocation of **R87 million** over the medium term.

This will include an allocation of R9.5 million for shelters for displaced people and a skills development centre.

In addition we have made an allocation of R10 million for the construction of an Early Childhood Development Centre. This will be a centre where practitioners are trained to provide the very best care to our City's young.

The Department of Community Development

The Department of Community Development receives an operating budget of **R1 billion** for the 2017/18 financial year. An amount of **R538 million** is allocated for multi-year capital projects.

An important development in the new financial year will be the rolling out of extended operating hours at ten regional libraries across the city.

These libraries will operate from 9am to 8pm, Monday to Friday, and from 9am to 5pm on Saturdays and Sundays.

This will ensure that children in areas such as Diepsloot, Ivory Park, Florida, Orange Farm and Ennerdale are able to study in a safe environment with the support of electricity.

Johannesburg City Parks and Zoo is allocated an operating budget of **R892 million** for 2017/18 and a three year capital budget of **R199 million**.

In another first for Johannesburg, we have centralised verge and grass cutting throughout the city under this entity and allocated R73 million for this purpose.

We believe that this centralisation and budget allocation will greatly enhance our ability to keep our verges and parks neat and tidy.

Over and above this, **R34 million** has been set aside for the renewal of Olifantsvlei Cemetery in Naturena over the next three years.

The City has also completed its investigation into the extension of existing old cemeteries within the City.

Additional land for this purpose has been identified in Syverfontein and Riverlea amounting to 350 hectares.

Finally, within the Social Development Cluster, **Joburg City Theatres** is allocated an operating budget of **R160 million** for the 2017/18 financial year and a multi-year capital budget of **R66 million**.

GOOD GOVERNANCE CLUSTER

Mr Speaker,

The Good Governance Cluster is tasked with realising our fifth strategic pillar; to institute an honest, responsive and productive government.

This cluster is allocated an operating budget of **R8.9 billion** for 2017/18 financial year and a three year capital budget of **R2.6 billion**.

The office of the **City Manager**, which incorporates a number of group functions is allocated an operating budget of **R956 million** and medium term capital budget of **R236 million**.

Programmes funded include the following:

- Preventing, combating and investigating all forms of crime committed against the City including fraud, corruption, theft and maladministration;
- Investigating of hijacked buildings and facilitating the arrest and prosecution of offenders;
- Provision of legal assistance and conduct quality assurance of all cases through optimal utilisation of all legal instruments;
- Enforcement of by-laws – strengthened through the municipal courts;
- Establishment of the chartered accountants training programme through SAICA;
- Driving up capital expenditure investment in infrastructure through the Strategic Portfolio Management Office;
- Community Based Planning and Budgeting;
- Quality of life survey fieldwork research;
- Smart Citizen Programme; and
- Strategic Research.

Group Finance

Mr. Speaker,

Group Finance is allocated an operating budget of **R4.3 billion** for 2017/18 and a multi-year capital budget of **R15 million**. Group Finance is the custodian of all finances in the City.

Priorities funded in the 2017/18 financial year include the revenue optimisation project, additional property valuers, additional professional capacity in the Revenue Department, and the attorney collection panel.

Group Corporate and Shared Services

Group Corporate and Shared Services is allocated an operating budget amounting to **R1.4 billion** for 2017/18 and a three year capital budget allocation of **R2.1 billion**.

Importantly, over the coming medium term, the City has also allocated R357 million for the re-implementation of SAP.

As I mentioned earlier, the initial implementation of this platform was poorly managed within the City. The platform is crucial to our ability to finally manage Johannesburg's billing crisis, monitor our human capital performance, ensure the effective running of our call centres, monitor the City's capital expenditure and a host of our activities.

It is quite literally the engine which runs the City's business process. It is thus critical that we get the platform fully functional.

Finally, this Department is also championing various other initiatives including the skills audit, institutional review, reintegration of municipal owned entities and in-sourcing activities.

The Executive Mayor, during his State of the City Address, announced that **from the 1st of January 2018, we will be insourcing our security services** with efforts to also insource cleaning services and catering services underway.

I can already report that the City has obtained the consulting services of Wits University, who have also undergone a similar process, to ensure the smooth integration of security services into the City.

The City has allocated **R1.2 billion** to insource security services over the medium term.

It is important to note that this is a cost neutral allocation and reflects the existing cost of safely securing all the City's facilities, personnel and assets. However, for the first time in our City, this represents an end to labour brokering.

Mr Speaker,

The **Legislature** is allocated an operating budget of **R403 million** with a multi-year capital budget of **R49 million**.

Finally, **the Ombudsman's Office** receives an operating budget of **R46 million** for 2017/18 and a capital budget of **R6 million**.

CONCLUSION

Esteemed Councillors, let me conclude by acknowledging the following:

The Executive Mayor who guided us during the whole budgetary process despite his punishing work schedule;

Colleagues at the Gauteng Provincial Government, Auditor General's Gauteng Provincial Office, and National Treasury for providing support;

Colleagues in the Democratic Alliance, and coalition partners, for the unwavering support;

The EFF – for their continued robust engagement;

The City Manager and Members of the Budget Steering Committee for providing the necessary technical support;

The Group Chief Financial Officer – Mr. Njokweni Reginald Boqo, and Acting Head of Group Accounting – Mrs Charity Wurayayi; and

My wife, Miss Nkaba Senne – for accompanying me on the journey to this podium. I would not be standing here without her undying love and support.

Ladies and gentlemen – I have got no doubt that under the leadership of the Executive Mayor, Cllr Herman Mashaba, Johannesburg will make huge strides towards reaching its true potential.

Mr Speaker,

This is the first budget in Johannesburg's history which has been tabled by a coalition government.

When our residents voted in this administration, they wanted a government made of different political parties with a variety of solutions to addressing Johannesburg's long standing challenges.

This is a budget crafted through consultation with our coalition and strategic partners, and indeed, our residents.

This budget is a victory for our city's forgotten people who, till now, were forced to fend for themselves on the fringes of our society.

This administration is putting the forgotten people of our city at the heart of our agenda and ensuring that we advance pro-poor development that provides meaningful redress.

Working together with residents and all of you here today, we will deliver the change the people of Johannesburg have demanded and rightly deserve.

Thank you.