



# State of the City Address

19 April 2012



# **THE STATE OF THE CITY ADDRESS BY CLR MONDLI GUNGUBELE, EXECUTIVE MAYOR OF THE CITY OF EKURHULENI, 19 APRIL 2012, GERMISTON COUNCIL CHAMBERS**

Madame Speaker, Cllr Patricia Kumalo;

Chief Whip of Council, Cllr Robert Mashego;

Members of the Mayoral Committee;

Leaders of All Parties in Council;

Honourable Fellow Councillors;

City Manager, Mr Khaya Ngema;

The Senior Management of the Municipality;

The Leadership of Business and Labour;

My Wife and my Friends;

Members of the Media;

Distinguished Guests;

Residents, Ladies and Gentlemen;



## 1. INTRODUCTION

The global economic map has changed. Not only is there a global surge towards emerging economies, there has been a radical shift in public policy making to empower Metropolitan areas as the next frontiers of global economic integration.

This trend has also resulted over the years especially in the last decade or so in a significant shift of global production, manufacturing, trade and foreign direct investment towards emerging markets. Statistics, for example, indicate that Ekurhuleni contributes approximately 7% to national production.

The global financial crisis, which has adversely affected developed markets, resulted in emerging economies in 2009 gaining a higher share of foreign direct - investment at 51.6%, according to research by accounting firm Ernst and Young. This scenario has presented developing economies such as ours with countless opportunities to be at the centre of gravity of economic transformation.

As developed countries are South Africa's traditional trading partners, unfortunately we were not immune from the ramifications of the global financial downturn. Residents of Ekurhuleni have not been spared this economic reality either.

Although the 2011 employment data will only be available in June 2012, available data at our disposal indicates that 29% of the population, which translates into 789,770 people, live in poverty.

This economic data serves to reinforce our view that the Ekurhuleni economy continues to suffer from the aftermath of the global economic meltdown, as employment has declined from 900 706 people in 2008 to 835 234 people in 2010.

We do not expect this decline in employment to continue indefinitely as there are signals that the economy has turned around. It is imperative though that we should marshal the Metro's resources efficiently to complement the strategic role of national and provincial governments in the creation of sustainable job opportunities.

As a city with a global outlook, we must also not lose sight from the experiences of what sister cities in developing countries have done to control the dehumanizing effects of poverty. Strengthening city partnerships with our counterparts will certainly go a long way in consolidating South-South relations, which is a key pillar of South Africa's foreign policy.

A country like Brazil, which accounts for the largest agricultural trade surplus in the world, has positioned itself as an agro-processing nodal point. China is to manufacturing what India is to business off-shoring.

In the developed world, the city of London is renowned for being a centre of commerce and business transactions with an estimated gross value added (GVA) in the region of 565 Billion US Dollars per annum.

Economists also tell us that Tokyo has an annual GVA of 1.4-trillion US dollars, closely followed by New York, which has a GVA of 1.2-trillion dollars.

These examples are an indication of the enormous potential that urban cities hold in being at the epicentre of economic transformation. They tell the story of a web of innovative



economic policies that have made it possible for these cities to command an enviable space as networks of a new geo-economy.

This new geo-economy is geared towards pushing urban centres as circuits of economic development, technological advancement and magnets of foreign direct investment.

Unlike in previous eras where resource commodities were the driving force behind attracting foreign direct investment, in today's world speed, accessibility, agility and cost-effectiveness are the defining features that will separate the winners from the losers.

Due to these features Ekurhuleni is in prime spot to leverage its sophisticated airport, road and rail infrastructure to connect South Africa to the world, and the world to Africa. Therefore our competitiveness as a city hinges on our ability to leverage this infrastructure to give a head-start as a preferred investment destination.

## **INDLELA IBUZWA KWABAPHAMBILI**

Madam Speaker;

The strategic path we are about to outline is a reconfirmation of the historic mission and fundamental goal of the Liberation Movement. This historic mission – of a non-racial, non-sexist, democratic and prosperous South Africa – has over a period of hundred years, continuously, consistently and coherently found translation in the manifestos of the ruling party.

The legacy of President-General Josiah T. Gumede, who is being celebrated this month, is a living testimony and abiding memory of this historic mission.

When we are long gone from the shores of this earth, will we leave behind a legacy similar to that of President-General Josiah Gumede and many other forebears, which provides a predictable yardstick on which our performance should be measured?

## **IPH' INDLELA?**

Will our city succeed in its quest to be one of the major players of note in the global economy? As the city of Ekurhuleni, what are we doing about our unfulfilled potential to become one of the world nerve centres of global significance?

The National Spatial Development Perspective, led by the Presidency, defines the areas of competitive advantage for Ekurhuleni as being the airport and manufacturing sector. How do we leverage the economic advantages of being a hub of manufacturing and having the OR Tambo International as the largest and busiest airport in Africa put us on a safe berthing position with other cities in the world?

In order to answer this question we embarked on a process to review our Growth and Development Strategy for the City. Part of this process included the establishment of a reference group that gathered some of the greatest minds in our country under the leadership of Dr Sydney Mufamadi and Phindi Nzimande. Our preliminary ideas are being shared with all of our stakeholders and most importantly our residents in a widespread consultative process to ensure that we all influence the path that will ensure that our city becomes the economic and developmental centre that will ensure prosperity and a better life for all. Emerging themes in the growth and development strategy include the central role of



our historical road network along the east-west and south-north corridor. Going forward we want to consolidate the city along these corridors in order to build a compact and efficient way. We are pulling our built-environment investments to be concentrated in these corridors to build compaction. One of the key interventions is to ensure an integrated and efficient transport network. In this regard we have commenced development on our Integrated Rapid Public Transport Network (IRPTN). Announcements with regard to the phases as well as time frames will be made in the Budget speech.

Looking to the future the presence of OR Tambo International airport must be considered as a trigger to integrate the city and ensure economic development. Global trends give us confidence that the strategic location of the OR Tambo International airport provides us with the necessary endowments of speed, connectivity, agility and significantly reduce the cost of doing business.

The city's approach to integrated transport infrastructure and a modernised manufacturing sector will assist the sector to compete on the new economic advantages of speed, connectivity and reduced costs. I have already tasked the team to put forward a proposal on how the city will revitalise the manufacturing sector.

As this journey on growth and development unfolds we are becoming more aware that no one will invest in an ugly and dirty city. The aesthetics of the city, the soul of its vibrancy play a key role in convincing investors to bring their capital to our shores.

The commitment to vigorous by-law enforcement, cleaning of lakes and dams, bears testimony to create an investor friendly urban management environment. However no amount of legislation or programme by the city will mitigate against the effects of urban decay unless there's a corresponding commitment and ownership of public facilities by the residents of Ekurhuleni.

The city's township development strategy goes beyond creating cleaner and safer areas but will also ignite the massive economic potential that resonates in townships.

With intense competition by other countries on the continent to lure foreign direct investment with generous incentive schemes, for how long will we hold the status of being the preferred gateway?

These are some of the challenges we as politicians, technocrats and residents must contemplate as we forge ahead with bold plans to turn Ekurhuleni into a world class municipality and economy.

We have seen multinational corporations, which are the primary drivers and shapers of the global economy today, targeting urban centres as bases, from which to expand their footprints in unconquered markets.

Most certainly Ekurhuleni must not be at the periphery of these developments. We cannot afford to be onlookers in this race when we have distinct advantages that could unlock our unfulfilled potential. If we fail to capitalise on our distinct advantages, the consequences will be too ghastly to contemplate. Undoubtedly it will be too costly for us in the long run to be persistently on the margins of key global economic developments. We should be able to proactively interrogate and dissect the complexities of the global economy.



Ekurhuleni must become one of the points of reference for other cities, be a model of a world class municipal administration in the country and beyond our borders. Indeed, it is our humble ambition to become a competitive, liveable and safe City despite the context of difficult development trends.

The City's strategic trajectory, as concretised by themes emerging from the Growth and Development Strategy 2055 conversations, reflects the New Growth Path, as well as other national and provincial priorities of government.

To effect to our growth path, we must develop the necessary knowledge and skills in our administration, cultivate relevant capable developmental cadres, ensure sound processes, systems and structures of administration that will accelerate service delivery and improve accountability within the municipality.

It goes without saying that we must also develop a well-capacitated and trained workforce for the city as a whole to increase employability and labour productivity. This will also increase Ekurhuleni's output to the national economy.

Currently we contribute approximately 19% to the total economic output of the Gauteng province. We are confident that our economic development initiatives will create an investment atmosphere leading to an increase of the City's share of the provincial GDP.

Amongst the initiatives to be pursued to this end:

- Innovative entrepreneurship programmes;
- Increased and more qualitative spending of our capital budget, to improve our economic and social infrastructure; and
- Diversification of our economic profile by attracting other sources of foreign direct investment that will complement our base as a manufacturing and logistics hub.

On the labour front, we must pull all stops to deepen the quality of our labour force and the capacity of our local economy to provide and sustain employment. This is necessary if we are to significantly to reduce our current unemployment rate estimated at 27%.

We are still committed to ensure that our capital budget allocation will still lead to the creation of 28000 jobs and 147 000 part-time equivalent jobs. In this regard, a comprehensive report on progress made this far, is being finalised.

In order to enhance our liveability and to be even more of an environment where South Africans wish to live, Ekurhuleni must sustain its character as a social web of cultural cohesion, where diverse groups and cultures finds space to interact with each other. Being an airport city we must a place where citizens of the world feel welcome and valued.

The City's programme of the **Digital City** seeks to benefit from the growth opportunities brought about by interconnectedness between regions and major cities of the world. The Digital City programme holds immense benefits for our City. It will lead to improved revenue generation and controls around information processing, storage and retrieval. The creation of a Digital City will further enable the metro to provide an effective broadband infrastructure that supports business services, commercialisation of the fibre and connectivity to Ekurhuleni community. It is also a major contributing feature of the planned Aerotropolis.

Madame Speaker



Having outlined the contours and the dynamics of the global economy and what this means for our City let me now focus on the core business of today.

It is important to reiterate that the implementation of our manifesto is embedded in the three pillared strategic framework of sustenance and service delivery improvement, transformation of society and Ekurhuleni as the preferred destination for investment and growth where the poor and underprivileged will be empowered to realise their dreams and aspirations.

This State of the City Address takes stock of our service delivery commitments in the previous year, set the pace for the next financial year and what we hope to consolidate during our five year term as elected public representatives.

## **2. PERFORMANCE AND FUTURE OUTLOOK**

Since the establishment of the Metro, we have made significant inroads towards the improvement in the quality of life of our residents. These achievements are not only a testimony of the efforts of the municipality but also the selfless contributions made by the residents through participation in our public engagements, collaborating with our law enforcement agencies and paying their rates, taxes and municipal services accounts despite the difficult economic climate.

### **2.1 Stabilizing the Work Environment**

We come from an organisational environment where we did the bare minimum with limited integration of municipal interventions. Despite existence of pockets of excellence, our endeavours did not consolidate and sustain emerging big ideas. In essence, we were fine with small to medium actions and activities, but bad with big transformation and action matters requiring bold decision-making.

Our past reveals an organisation, that spent huge amounts of energy to “putting out fires” than staying the course of chosen developmental path.

We lacked a woven thread to planning, budgeting and reporting cycles and exhibited a weak risk management environment.

In addition, the need to stabilize our municipality has been triggered by the lack of knowledge management processes, retention of institutional memory, high-staff turn-over rates and unhealthy labour relations environment.

In response to these challenges, a number of initiatives to stabilise have been undertaken, and are beginning to bear fruit.

Last year’s resolution by this Council to introduce a Separation of Powers model of governance has been implemented fully. The Budget that we shall be tabling in a month’s time will include adequate allocation for the sustainability of this system, thereby guaranteeing the necessary checks and balances.

We have successfully stabilised the work environment by improving relations between Ekurhuleni as an employer and all our employees, through their representative unions. After months of intense negotiations and rapprochement, the Local Labour Forum was formally resuscitated.



As the municipality we have embraced the principles of good governance. In order to improve our control environment and reduce the number of fraud and corruption incidents. We have started a rigorous and aggressive process of putting measures in place that will help to reduce any opportunities for fraud and corruption and, ensure that integrity permeates all aspects of the municipality. On such measure is the establishment in 2010 of a fraud hotline. Matters reported in the hotline are investigated and appropriate actions are being taken.

In October 2009 the City decided to bring in the Special Investigation Unit (SIU) to assist with the investigation of some procurement irregularities which had been picked up by our own internal systems. In line with the Service Level Agreement (SLA) signed with the SIU which have witnessed positive results in the fight against fraud and corruption including the recent freezing of the assets of the three individuals accused of committing acts of fraud and procurement irregularities against the City.

We have developed a business integrity framework and performance standards that will strengthen the manner in which we conduct our internal and external affairs.

Madam Speaker we will not rest until this cancer of fraud and corruption is rooted out of our system and the livelihood of the citizens of this City is improved through the economic and effective use of our financial resources. As the City we have zero tolerance to fraud and corruption.

## 2.1 Institutional Review

People in any business are the greatest asset. The key differentiators between one functioning municipality and one in distress are largely the kind of people that are functional in that environment and the kind of leadership that is present. Given these facts the question then is: "How much do we know about this asset in our Metro? What kind of information do we need to have about this asset in order to make the kind of business decisions that drive development, growth and service delivery? At an absolute minimum we need the following:

- An accurate analysis of the volume of people working at different levels and in different functional areas, people delivering on critical capabilities like Finances, IT, Engineering,
- Accurate positional and organisational structures and headcounts.
- Accurate information on long term performance levels (good and bad, subjective or not) and how these relate to business performance for the year, but also tracked over what you require for the 3 years that follow.
- Accurate information on competencies & skills gaps based on current reality and future long term needs.
- Up to date information on pay percentiles for guaranteed remuneration, incentives, benefits and bonuses not only for permanent staff but also for contract workers and temporary employees, tracked for the year and incorporating 3 year increases and benefit costs.
- Accurate information of the anticipated inflow and outflow of headcount in the critical service delivery and functional areas and business units.
- Historic and anticipated investment costs for three years (people development, salaries, benefits, infrastructure/ resources to do work etc.) for high and low performers, tracked against business plans.



- Employment Equity statistics against a role grid and Organisation Hierarchy.
- Succession plans and talent grids to track the bench strength and formulate retention plans for critical people capabilities for especially the critical roles.
- Culture, climate and value hot spots where special care is to be taken.

Over the past ten years since the amalgamation of the nine towns very little has been invested both from a financial and professional perspective into Human Resource Planning and Development, for us to have accurate answers to the above. Attempts to run internal processes on institutional review have borne little or no fruit. If we are to move into the next decade with the vigour of making a difference to our people we would need to invest in creating the kind of organisation that has the kind of Human Capital capability that will ensure we can create a "SMARTER, FASTER CITY". The new strategies in the Institutional Review will deliver exactly on this mandate.

The overall goal of the project is to create an integrated organisation which is robust and enables seamless end to end processes which will improve service delivery and accountability. Key deliverables of this project will be the strategic alignment of departments to the overall strategy of the Metro to ensure operational efficiency through modernization of business processes in the Municipality. Furthermore it will improve planning, prioritization and performance tracking, people capacity and capability practices. The project will enhance the service delivery model with clear accountability for each department through visionary, decisive and committed leadership.

There is a strong communication and change management drive which will run throughout the span of the project, to ensure people adopt these new ways of working and make them a lived reality. A stakeholder engagement plan has been developed to ensure constant consultation with all stakeholders throughout the project, including Council and Oversight Committees. Additionally we have a leadership development program which will ensure that leaders are prepared for the new way of working.

The implementation of the Institutional Review Process is envisaged to last for between 24 to 30 months. A matrix project plan will be followed to ensure engagement with departments happens as early on in the process as possible and that we have parallel implementation as far as possible.

However, to ensure results, departments must be grouped into phases. Grouped implementation will minimize any possible negative impact or problems being experienced by the entire organization and will ensure lessons learnt can be improved upon for the next round of implementation. For this purpose, we will implement in four phases, each consisting of approximately 8 to 10 departments, overlapping, as each phase nears its 50% implementation stage.

### **3. INFRASTRUCTURE DEVELOPMENT CLUSTER**

Infrastructure development remains a key economic development and urban renewal driver and over the last three years, Ekurhuleni has seen significant increases in the capital expenditure allocations. The capital expenditure allocation in the last three years has increased to over R2 billion.



### 3.1 Water and sanitation

Our efforts to provide quality water services has resulted in the Metro receiving a Blue Drop Status for excellence for water quality management for three years in a row, and as a result of consistency in water quality management we recently received a Platinum Award. The City of Ekurhuleni is amongst a few municipalities in the country that have been able to consistently maintain the highest standards of quality as set by the National Department of Water and Environment.

This year (2012) the City of Ekurhuleni was overall winner for water conservation and demand management interventions in the local government sector. This can be attributed to our initiatives to improve the metering and billing of water supply to bulk-water consumers, thus reducing non-revenue water (NRW) for the municipality. This is among the largest bulk meter management projects undertaken in Africa.

The project scope involved 242 properties as well as bulk consumers, with designs completed at 213 properties and 165 new bulk-meter installations fully commissioned. As a result of these measures, we have to date managed to decrease water losses from the monthly billing to R731 901,60 a month. When extrapolating the increases in revenue achieved to date to include the full extent of consumers investigated, the total increase in revenue expected from the project is estimated to be close to R44 million a year.

The City has implemented Project Boloka Metsi. The project seeks to improve water consumption and usage by residents and businesses in the municipal area. In this regard, the City of Ekurhuleni is confident that the installation of smart meters will go a long way in ensuring that water as a scarce resource is preserved. Political leadership including myself and senior management are the first to migrate to smart metering. This demonstrates our confidence to this initiative.

Our resolve to enhance the quality of life for citizens and residents in Ekurhuleni has led to the installation of ablution facilities in informal settlements. The City of Ekurhuleni is also implementing Project Xixima, a project that is aimed at enhancing the dignity of consumers in informal areas. To this end 3 waterborne ablution facilities have been installed in Delmore informal settlement which is situated between Boksburg and Germiston.

The waterborne sanitation project is a pilot intervention as part of our on-going efforts to find a more sustainable ablution solution to make informal settlements more liveable.

### 3.2 Electricity and energy

In the previous financial year (2010/2011), the City of Ekurhuleni has connected 9100 households to the electricity grid. This has seen a significant number of our people accessing daily conveniences of access to lighting, cooking, food storage by means of a fridge, space heating during cold winters and importantly, connection to the large world outside by means of television, internet and thereby gaining access to information and knowledge. Most of these daily conveniences are taken for granted when electricity has been part of your life for a long time.

Energy efficiency projects have been diligently executed and in the past 9 months, a conservative total of 3 000 kilowatt, or 3 Megawatt, has been saved by means of the installation of efficient street lighting, efficient building lighting and low pressure solar geysers to lower end users. The size of this saving may best be expressed as a saving in



electricity, which will be enough to supply almost 1 000 houses (based on an after diversity maximum demand of 3 kVA per house). This is significant if one takes into account that close to another 1 000 kilowatt will be added to the 3 000 kilowatt by end June 2012.

In the current financial year, in excess of 5 600 low pressure solar geysers have already been installed. In this regard the work has intensified and we hope that by the end of June 2012, this figure would have tripled. 800 street lights have been added to our networks, as well as around 60 high mast lights, making a difference to the lives of those people who have previously lived without public lighting.

The electricity revenue base is continuously solidified, with a world class automated meter reading service provided to our top 6 000 large electricity consumers. This system records consumption every 30 minutes, displaying the results on the internet. The users have a 24 hour access to this information, allowing them to take informed decisions on energy consumption in almost real time.

Power quality in Ekurhuleni is of a high standard. Our electricity network is extremely reliable, which provides a competitive advantage to our huge base of business and industrial customers. This excellent service can be attributed to the fact that the municipality has spent over R1 billion on the upgrading and refurbishment of our electricity network.

### 3.3 Human Settlements

The municipality has completed a comprehensive Sustainable Human Settlement Plan that is aligned to the emerging view in line with the GDS. The Plan will ensure that all housing delivery programmes are used to deliver sustainable human settlements and not the traditional RDP housing only. This will ensure an even wider range of beneficiaries benefit and qualify for housing in Ekurhuleni.

Council has further adopted a very progressive Informal Settlement Plan that goes beyond just recognizing informal settlement residents as beneficiaries for housing, but recognises their right to receive basic services. The Plan will specifically ensure access to water and sanitation; health facilities; waste removal and cleanliness; wider roads for emergency vehicles and policing; and the use of public open spaces in informal settlements for recreation.

In partnership with the National Treasury, the Metro is in the process of developing a township regeneration strategy, with project plans. This will ignite township economies.

### 3.4 Roads and Stormwater

Through the use of Fak'imali Uzobona, a flagship project to provide quality roads and storm-water systems we have constructed 28.064km of roads and 13.664km of Storm-water at the cost of R108.5m. Through these constructions we have reduced the backlog of roads and storm-water in the City. Convenience, aesthetic appreciation and the attraction of investment will be some of the benefits derived from these projects.

We have rehabilitated and resurfaced 120km of Roads and Stormwater at a cost of R90m, and patched 8 542 potholes through the use of the Hlase'amapothole initiative, a Pothole Brigade which is a public-private partnership between the City and Dial Direct.



To encourage the development of small-medium enterprises, we have established a contractor learnership programme under Vuk'uphile to train 20 contractors and twenty 20 supervisors to capacitate them with financial management, tendering and contract management skills. Currently each of these contractors has been awarded contracts for the construction of side-walks in township areas, to the value of approximately R1 million each. In the forthcoming year and current term, we will be intensifying processes for the tarring, gravelling and re-gravelling of all residential areas, including informal settlements and newly proclaimed townships, will pick up pace. In the process, we will further ensure that more people get employment through Government's Expanded Public Works Programme and related initiatives.

## **4. FINANCE AND CORPORATE CLUSTER**

### **4.1 Revenue management**

As a result of introducing the e-Siyakhokha (electronic bill presentment and payment platform), customers are now receiving statements and are able to make payments online. To date, 30 000 accounts have been registered, and the sum total R31 million has been paid through the e-Siyakhokha platform. We aim to increase the value of payments to R100 million and reach the 100,000 mark of registered accounts in the 2012/13 financial year.

The payment level has increased by 1 percentage point over a period of three years and this increase has led to 92% in the previous financial year. The anticipated payment level for the current financial year (2011/2012) is 93%.

This is in line with a 1% increment trend since the 2009/2010 financial year.

The payment level will be increased from the current levels to reach 95% over the next 3 financial years.

The City of Ekurhuleni is in the process of addressing the debtors' book which has accumulated over the past 10 years. This initiative will not only yield revenue but will help us to cleanse our data, identify indigent customers and register them, identify deceased estates and trace customers that have left a trail of debt. We aim to reduce our debtors' book from R9.2 billion to under R 2 billion over the next 3 years.

The financial year ahead is an exciting one for the revenue generation interventions for the City. These interventions will, amongst others, result in a single view platform of the customer by the end of 2012/13 for all services from the rates account, traffic fines, library account, ambulance account, hire of facilities etc. This means that a customer will be linked to all the accounts and interactions that they have with EMM especially where it concerns revenue.

The City is confident that constructive engagements with all residents will result in improvement in payment levels for all areas including the ESKOM supplied localities.

The provision of constant, quality services throughout the City is highly dependent on the municipality's ability to improve levels of payment in every corner of the municipal area. This implies those who do not pay for rates, taxes and municipal services, while they can afford, reduce our revenue base and weakens our resolve to accelerate the provision of quality services across the City.



In the next financial year, the City is committing R2 billion to subsidise basic services for the poor. The services that will be covered in this regard include free basic water, electricity, sanitation and refuse removal. The mechanisms of these interventions will be fully explained during the forthcoming Budget Speech.

#### 4.2 Capital expenditure

The City is planning to spend almost R3 billion rand on capital projects in the next financial year. The City has moved from a capital allocation base of a billion rand in 2003/2004 to over 2.3 billion rand in the current financial year (2011/2014). The capital budget increases over the last number of years as an indication of the Metro's commitment to service delivery. The MTEF figure will grow substantially as we present our budget speech.

A substantial portion of the capital budget will be funded from borrowings over medium term. The funding of capital from borrowings forms a substantial part of the Metro's long term funding strategy. Council considered various funding options for the capital budget during the 2009/2010 financial year and opted for the issuing of a municipal bond of R4 billion over the medium term period mainly as a result of the increased financial covenants required by commercial banks post the liquidity crisis.

During July 2010, the Municipality issued its inaugural municipal bond, and had targeted to raise an amount of R815 million. To our pleasant surprise, we received offers for R1.516 billion, meaning our bond was 1.86 times over-subscribed. The book filled at 185 basis points and the final interest rate was fixed at 10.56%.

The second bond was issued on 11 March 2011 for R800 million. Once again, it was over-subscribed – 2.05 times this time around – as the offers received amounted to R1.641 million. The book filled at 185 basis points and the final interest rate fixed at 10.72%.

Recently, this Honourable Council approved a third bond issuance. We have since being on road shows to test market appetite, and we expect to conclude the process on the 25th of April, 2012.

#### 4.3 ICT

In line with our business process management project, our EMM customers will, during the coming 2012/2013 financial year, benefit from the automation of service that will include application for 15mm water connection; application for new conventional meters; application for indigent services; rezoning application; building plan application; property alienation; and waste round collection.

The automation process will translate into a system through which all these services will be automatically moved through departments involved in decision making for faster application approval. As a result, processes will be speeded up, and customers will be able to track the status of their applications through the internet.



## 5. SOCIAL DEVELOPMENT CLUSTER

### 5.1 City policing (EMPD)

Our developmental objectives would be severely compromised in an environment of continuing lawlessness and crime. Consequently, we are encouraged by the improved interventions of the EMPD in fighting crime and ensuring compliant behaviour of all our citizens and residents to traffic and by laws. Every other day, the EMPD records spectacular interventions whether it is with respect to the seizure of drugs as we recently witnessed in Kempton Park or the recovery of stolen vehicles and illegal firearms as we have seen in Katlehong and surrounding areas in the South of our city.

The concentrated interventions in cleaning Kempton Park is slowly bearing fruit and we are confident that in no time, this once thriving CBD will be restored to its former glory thus bring closer to reality the realization of our Aerotropolis.

Most recently, the EMPD contributed through smart targeted policing to the reduction of traffic related fatalities in our area by more than half in comparison to a similar period in the last year. Through these and many other countless successes, the EMPD is slowly regaining the trust of our people as a dependable ally in the pursuit of a safer Ekurhuleni.

In the year ahead, the EMPD will seek to consolidate the gains made in restoring discipline among the ranks, fighting corruption and improving the work ethic amongst our officers. Some of the most spectacular successes in the past year have been achieved at the back of improvements in EMPD discipline, work ethic and the fighting of corruption among the ranks.

We will continue to prioritize the development of policing skills so that our officers are better at what they do and the quality of their interventions is improved. A deployment review is currently underway to see if we are maximizing our presences adequately in the areas where our police are needed most taking into consideration the presence of our sister agency the SAPS, in certain of our communities. We have no doubt that with the conclusion of this exercise, there will be a better spread of police services so that a greater number of our people can access the services.

### 5.2 Environmental development and environmental resource management

Greenhouse gas emissions (Carbon monoxide, Nitrogen dioxide and ozone) were reduced by 6 % on average. 7 Ambient stations are operational. Air emission licenses were issued to 18 industries to improve compliance with environmental legislation. 95 % level of compliance for diesel emissions were achieved.

Five community programmes were implemented to improve community awareness and education on the environmental. As our endeavour to provide best recreational facilities nine parks were upgraded. As part of the clean and green campaign a total number of 8 387 trees were planted across the City.

As a City we are continuing with our deliberate effort of keeping our City clean, the grass-cutting initiative is currently executed in our parks and open spaces.



### 5.3 Waste management

A total of 4 Development Contractors were appointed to establish 57 community based contractors who renders comprehensive waste management services in more than 450 000 service points. This model allowed extension of the services to some informal settlements. We have made great inroads in normalizing our day to day refuse collection and we continue to render waste removal services in our informal services.

We have managed to respond to issues of illegal dumping through by-law enforcement. Furthermore the City has been engaging and educating communities in environmental awareness campaigns at ward level, and will soon be introducing the Adopt-a-Spot project which aims at encouraging community members to refrain from illegal dumping and take care of their immediate surroundings.

### 5.4 SHRAC

Through our triangle of mass participation, development and competitiveness into realistic programmes, our ultimate aim remains that of ensuring especially our youth are addicted to sport, recreation and the arts. Without neglecting the areas in which we have focussed in the past, we are going to invest heavily in mass participation activities that target children, the youth and the elderly. We want children to develop a love for sport and recreation from a very early age, hence we are going to build infrastructure for these purposes in all communities, with a specific target on poor communities and informal settlements.

Our support for Government's investment in school sport is unwavering, and we will be engaging directly to ensure we are not found wanting when it comes to school sport in Ekurhuleni.

Soon we will be new and exciting cultural flagships in such areas as music, dance and theatre, based on the continuum of mass participation, development and competition.

### 5.5 Health

In the past two financial years, we completed ten health facilities at the cost of more than R180 million. By the end of June this year, we would have added to this list the 1st Avenue Clinic in Springs. Furthermore, we are upgrading the Tembisa Health Care Centre, and we are targeting to have completed the work by end of September 2012, although early delivery is possible.

In addition to the above, we have initiated the process for construction of a further five health facilities.

We are pulling all stops to ensure that all our health facilities also double up as distribution centres for anti-retrovirals in line with our ART programme.

We have further improved access to social services by building and operationalising several ECD centres, day care centres for older persons and one old age home.



## 6. GROWTH AND DEVELOPMENT CLUSTER

### 6.1 Economic Development and Job Creation

Based on our earlier analysis on employment trends, we are determine to reinforce the strategic role of the metro in the creation of job opportunities through effective and strategic deployment of capital and operational budget. It is in this regard that through the adoption of Social Accounting Matrix model, the city estimates that through proper coordination and leveraging with the private sector, it could contribute at least 24,000 short and long-term jobs annually.

In partnership with the Centre for Scientific and Industrial Research, we will develop the City's Economic Development Plan, which will be aligned to the Growth and Development Strategy and the Aerotropolis Strategic Roadmap.

The City will develop an Informal Trading Policy to regulate street trading in the inner city and surrounding towns in collaboration with the City's Urban Renewal and Management Programme.

900 cooperative members with undergo a business start-up programme offered by the Productivity South Africa. Out of the 900 members, 300 will undergo an industrial upgrade and productivity improvement programme to improve their efficiencies and competitiveness.

In partnership with the National Cleaner Production Centre, an audit of industrial parks will be undertaken and a minimum of twenty qualifying companies will be supported to ensure the adoption of environmentally friendly production technologies and applications.

70 SMMEs and 30 Cooperatives will undergo a 40 hours mentorship programme.

In the next financial year, the City will launch a Township Micro-Franchising Project as part of the Department of Trade and Industry' Black Supplier Development Programme in conjunction with the Department of Trade and Industry' Black Supplier Development Programme. This will result in 200 SMMEs exposed to the franchising environment.

In partnership with various entities, the City will facilitate the incubation of 120 SMMEs and 30 CIDB Grade 2-3 BEE construction companies per annum starting from the 2012/2013 financial year.

### 6.2 Towards a spatially-led city

In line with our aim of becoming a preferred destination for investment, growth and development, we are going to eliminate delays in processing of major development applications. As from July 2012, we commit to have made a decision within 40 days of receiving notification for top priority major development applications. This is clear is a clear commitment to decisiveness in the current term. This will also maximise on the spatial capacity of our city.

Within an urban design framework, we will package all private and public strategically owned land parcels and call for proposals for private sector partnerships. In our definition, strategic land parcels are land parcels that will yield maximum densification effect, undermine the apartheid spatial planning logic, are land parcels on major transit corridors, and those that advance the urban renewal programme of key strategic nodes. The intention is to



demonstrate our capacity to lead spatial planning rather than responding to uncoordinated urban form.

In the new financial year, we will be introducing a bylaw to regulate the built environment. That bylaw will be aimed at curbing the current proliferation of old, dilapidated and hijacked buildings in the inner city. The law will further enforce compliance with the City's town planning scheme and building regulations, dealing with illegal outdoor advertising and act as a catalyst for urban regeneration.

Moving forward the City of Ekurhuleni will be led, planned and governed on sound spatial planning principles based on functional urban design framework. That means strategic decisions on investment and growth will be based on sound spatial planning principles therefore best representing will and desire of the community of Ekurhuleni and its multiple stakeholders.

The Ekurhuleni Urban design framework as part of the Growth and Development Strategy will:

- Guide Growth and Urban form
- Respond to private led sector growth
- Integrate the Urban Land Use Planning, Transport Planning and Urban Management.

In the year ahead will have completed a reviewed set of the Metropolitan Spatial Development Framework. The defining character of the review will be a sound urban design that fosters growth, ensures a stable and predicate urban form giving proper context to the spatial interventions concepts such as the Aerotropolis, the urban renewal and regeneration programme, green open spaces programme as well as the digital city.

In principle, spatial planning and functional urban design will be the order of day in everyday decision making process. These and many other interventions will contribute towards the city on the unprecedented spatial trajectory.

The Built Environment Plan based on sound Spatial Planning and Urban Design principles will guide:

- An approach towards formalisation
- Land assembly and release strategy
- The direction of current housing projects

Our Built Environment Plan is aimed at guiding the infrastructure investment patterns to eradicate the backlogs. The plan resulted in the City capital expenditure being significantly funded from the Urban Settlement Development Grant. This fiscal injection will result in accelerate pace of growth and infrastructure investment. Through a defined Capital Investment Framework we will be making rational investment decision of the CAPEX on restructuring of the urban space, addressing the backlogs and investing in economic infrastructure.



## **7. GOOD GOVERNANCE**

### **7.1 Operation Clean Audit**

Our attainment of unqualified audit opinion for the last 3 financial years (2008/2009, 2009/2010 and 2010/2011) is an uncontested demonstration of adherence to good governance and sound financial management practices. The attainment of unqualified audit opinion provides a good foundation to meet a clean audit opinion before the due date of 2014. We are confident that prior to the due date, all matters of emphasis in the current reports, would have been adequately resolved. This will ensure that the City and its municipal owned entities (MoEs) are subjected to the stringent financial management standards.

Sound financial management and good governance remains the prism to which we judge our resolute to improve the management of our limited financial resources.

### **7.2 Public participation**

Our Mayoral Izimbizo and Service Delivery Fridays have kept us accountable to our citizens and residents in Ekurhuleni in keeping to our promise of resolving service delivery challenges within acceptable turn-around times. We have no doubt that views expressed by our communities remain the compass of our developmental path. In this regard, the City will develop an electronic system to track and measure our performance in resolving customers and residents queries in Ekurhuleni.

In all 101 wards, ward committees have been elected and inducted. This is a further testimony to our efforts of deepening community participation in matters of local government as pronounced by the White Paper on Local Government of 1998.

## **8. OUR VEHICLES TO DELIVER**

Madame Speaker

We would not have done justice to the strategic path, we are pursuing, if we do not highlight, the vehicles chosen to deliver on our commitments.

Through various strategic conversations, a number of flagship projects have been identified. These flagship projects seek to provide meaning to the three pillars (sustenance and improvement of service delivery, transformation of society and preferred investment destination) of our strategic framework.

The Growth and Development Strategy is in the making and will give effect to some of the following flagship projects which has the support of national and provincial seats of government. Let me briefly underscore some of these programmes:

Our Urban Renewal and Township Regeneration strategy will depend on a reliable public transport system. The beautification of our lakes and dams also speak to the attractive environment that we want to develop to position and market Ekurhuleni as a preferred destination for investment, a home for water sport, water economics and hospitality.

Having outlined the above the following flagships are the anchors of the development trajectory we are pursuing:



- Growth and Development Strategy 2055
- Ekurhuleni Aerotropolis
- ICT Strategy and Digital City
- Revitalisation of the Manufacturing Sector
- Urban Regeneration
- Township Economies
- Revenue Enhancement
- Beautification of Dams, Lakes and Pans
- Institutional Review.

Amongst the 61 project which will be reflected in the budget speech, including the flagships above, are :- the Rehabilitation of Roads from Opex; Acquisition of land for new human settlement; refurbishment of the Fresh Produce Market; and the Upgrade of CCA Buildings.

Ladies and Gentlemen

Our city will not be able to undertake the above flagship projects without having a reliable base of revenue. In order to improve our credit controls, revenue collection and expenditure we have prioritised Revenue Enhancement as another key flagship project.

## 9. CONCLUSION

That Madame Speaker, ladies and gentlemen is the State of our City.

We made these pronouncements on the back of more 100 years of efforts for the total liberation of people. We owe it to past and future generations to make these commitments a resounding success.





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