

*“Corridors of Freedom –  
Re-stitching Our City to Create a New Future”*



a world class African city

City of Johannesburg  
**2013/14 Group**  
Integrated Annual Report  
(Abridged version)

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## About this report

### Statutory annual reporting process

The Municipal Finance Management Act (MFMA) requires that the City of Johannesburg (also referenced as “the City”) and its municipal entities prepare an annual report for each financial year. Section 46(1) of the Municipal Systems Act (MSA) requires municipalities to prepare a performance report for each financial year. The report sets out a summary performance review of the municipality and its external service providers and provides a comparison of performance relative to performance in the previous year, together with measures to improve performance.

The City of Johannesburg’s 2013/14 Integrated Annual Report (Abridged Version) reflects performance of the City and its entities for the period 1 July 2013 to 30 June 2014.

### Selecting an overarching theme

The City selected the theme of “Corridors of Freedom - Re-stitching our city to create a new future” to represent its programmatic drive for the 2013/14 financial year. The theme addresses the spatial inequalities of the city and expresses the desire to bring people closer to the things they need, such as transport, recreation and work, thereby enhancing social cohesion.

This overarching theme was applied to the City’s wide range of stakeholder engagement initiatives, programmes and campaigns during the reporting year and has, accordingly, been incorporated as a defining element in this year’s Integrated Annual Report.

### Aligning with leading-practice reporting frameworks

This is the City of Johannesburg’s second abridged Integrated Annual Report and serves as our primary report to all stakeholders. As such, the report aims to reflect our commitment to a measured and integrated approach to our long-term strategy and operational practices; as well as the reporting of our economic, social and environmental impacts.

We have compiled this report using stakeholder feedback, as well as the input of reporting professionals and our own internal review process. Further, as far as possible and applicable, our reporting format follows the guidelines provided by the International Integrated Reporting Council (IIRC) and also considers the reporting priorities outlined in the King Code of Governance for South Africa (2009) (King III).

In producing this report, we have also remained mindful of the key economic, social and environmental sustainability disclosures outlined in the Global Reporting Initiative (GRI-G4) and have used the “materiality principle” as proposed by both the IIRC and the GRI-G4 guidelines to report on our performance. However, whilst we have not as yet fulfilled all GRI-G4 reporting requirements in this report, we have included “Standard Disclosures” from the GRI Sustainability Reporting Guidelines. A list of Standard Disclosures and their location in the report is available online at [www.joburg.org.za](http://www.joburg.org.za). A materiality index is available as Table 16 in this report and provides page references for discussions on material reporting aspects in both Book 1 and Book 2. As the City’s integrated reporting progresses and matures over time, we will continue to refine our sustainability reporting according to the GRI-G4 guidelines.

Key features of this year’s report include:

- Illustrating how we derive “material issues” and how they inform our long-term Joburg 2040 strategy.
- Introducing a diagrammatic representation of our sustainability-driven business model to demonstrate the visible links between strategy and sustainability priorities.
- Harnessing the principle of ‘materiality’ to inform report content.

- Linking, as far as possible, our material risks to our strategy and material issues, as well as providing mitigation activities to manage our risk exposure.
- Presenting a high-level diagrammatical representation of the linkages between our business model, operational structure, strategic objectives, capital inputs and business outcomes to demonstrate the connectivity between strategy, operations and performance, as guided by the International Integrated Reporting Council (IIRC).
- Using icons as a navigation feature of this report. These icons highlight key strategic areas and guide the reader to related content both within the report and to online resources on the City’s website.

## Scope and boundary

The boundary of this report is limited to performance reporting as it relates to the City of Johannesburg during the 2013/14 financial year. Where applicable, the boundary extends to reporting on performance by Municipal Entities (MEs) that facilitate service delivery on behalf of the City, and as mandated by the City.

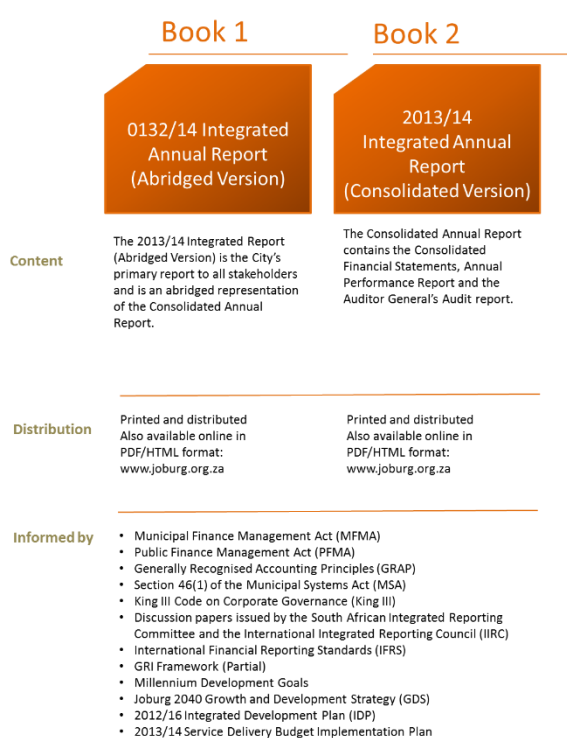
The Municipal Finance Management Act (MFMA) requires that the City of Johannesburg and its municipal entities prepare an annual report for each financial year. The previous Integrated Report was approved by Council on 30 January 2014 for the period 1 July 2012 to 30 June 2013.

## Suite and alignment of reports

This report forms part of a two-part annual integrated reporting framework. It provides an abridged, integrated view of the City’s performance for the 2013/14 reporting year and forms the primary report to all stakeholders. A second consolidated report provides a detailed representation of the City’s performance for the year as required by National Treasury’s MFMA’s Annual Report Circular. It includes the consolidated Financial Statements, Annual Performance Report and the Auditor General’s Audit report.

Both reports harness the principle of ‘materiality’ to inform report content. The two reports should ideally be read in tandem.

**Figure 1: The City of Johannesburg’s reporting for 2013/14 consists of two books**



## Referencing content online



The City's 2013/14 Integrated Annual Report (Abridged Version) is available on our website as a downloadable document: [www.joburg.org.za](http://www.joburg.org.za).



## Referencing content in the Consolidated Integrated Report

In certain instances, references are provided to more detailed information in Book 2: Integrated Annual Report (Consolidated Version). Where applicable, readers are directed to additional content using a 'cross-reference' icon.

## Feedback

The City of Johannesburg aims to establish and maintain constructive and informed relationships with its stakeholders. Accordingly, we wish to encourage all stakeholders reading our Integrated Annual Report to provide feedback on their views. This will enable Council to gauge the adequacy and quality of its integrated reporting. To provide feedback, kindly complete the printed feedback form included in this report or download a form at [www.joburg.org.za](http://www.joburg.org.za). Feedback forms can be submitted at regional offices or emailed to [salatialc@joburg.org.za](mailto:salatialc@joburg.org.za).

## Navigating this report

### Structure of the report

This abridged report is structured as follows:

- About this report
- Organisational profile
- Governance and assurance
- Material issues
- Strategic review
- Performance review
- Organisational development review
- Financial performance

### Performance commentary

Commentary on the performance for each of the City's four clusters is indicated throughout the report by means of the following icons:



Sustainable Services Cluster



Economic Growth Cluster



Human and Social Development Cluster



Good Governance Cluster

## Sustainability statement

The City of Johannesburg views 'sustainability' - in its most inclusive sense – as balancing the societal needs of the present generation with the regenerative conditions of the broader social, economic and ecological environment which sustains them.

From a social perspective, sustainability requires that communities have equitable access to key services and can participate in systems of human interaction that value cultural diversity; can experience a sense of community ownership; and are able to fulfil their own needs where possible.

From an economic perspective, sustainability requires that assets are used efficiently so that they may continue to function profitably over time and that current economic activity does not disproportionately burden future generations.

From an ecological perspective, sustainability refers to a sustained condition of balance, resilience, and interconnectedness that allows citizens to satisfy their needs without exceeding the capacity of the supporting eco-systems to regenerate the resources necessary to meet their present and future needs and without diminishing biological diversity.

From a governance and administrative perspective Local Government has an obligation to report, clarify and be accountable for the impacts of the decisions it makes on behalf of the community it represents. Further, it has a responsibility to implement decisions and follow processes that optimise the use of the available people, resources and time to ensure the best possible results for the long-term economic, social and environmental sustainability of its community. In addition, sustainability requires that citizens are free to contribute to political decision-making, particularly at a local level.



A list of Standard Disclosures from the GRI Sustainability Reporting Guidelines and their location in the report is available online at [www.joburg.org.za](http://www.joburg.org.za).

## Assurance statement

Assurance on the Integrated Annual Report (Abridged Version) was done through engagements with the Group Performance Audit Committee (GAC) and Group Assurance Services (GRAS). Council will undertake oversight of the Annual Report between February and March 2015, through its Municipal Public Accounts Committee (MPAC). The report will be communicated to all City stakeholders.

We will continue to refine our approach to integrated reporting in future annual reports to further align with international reporting standards and to promote consistency, accessibility and accountability with respect to our multi-faceted role in creating and sustaining value for all citizens of Johannesburg.

## Approval of the Integrated Annual Report (Abridged Version)

Council acknowledges its responsibility to ensure the integrity of the 2013/14 Integrated Annual Report (Abridged Version). We confirm that we have collectively reviewed the content of the Report and agree that it addresses issues that are material and that it provides a fair representation of the integrated performance of the City of Johannesburg for the period 1 July 2013 to 30 June 2014.

## Organisational profile

### Vision

The City of Johannesburg's vision is to create sustainable value for present and future generations through:

**Resilience:** Our ability to work together and support each other in times of need and to adapt to difficult situations by recognising our strengths and assets, and mobilising these to deliver on our promises.

**Sustainability:** Using our resources to address inequality and poverty and to create a better life for all. We are committed to ensuring that resources are carefully managed to achieve our long-term vision without compromising the environment for future generations.

**Liveability:** Creating an environment that promotes civic engagement and a sense of place through access to safe sustainable choices for economic opportunities. Johannesburg is committed to providing access to adequate, affordable, environmentally sustainable and coordinated transport system as well as housing opportunities.

### Mission

Johannesburg has committed to pro-active service delivery and the creation of a city environment that is resilient, sustainable and liveable by 2040. We aim to achieve this through long-term, targeted 2040 plans and programmes, as well as quality service delivery and by providing enabling support that drives economic growth. We further aim to promote optimal management of our natural resources and encourage careful consideration for the environment, whilst developing a non-racial and culturally diverse society. We will only succeed in these endeavours if we commit to sound financial management and governance in all the City does.

### Values

- Proactively assisting the poor.
- Involving more citizens to ensure the sharing of economic opportunities.
- Building 'equality neighbourhoods' and integrating communities.
- Protecting the natural environment for future generations.
- Promoting unity and togetherness to ensure a collective sense of belonging.
- Encouraging meaningful interactions between the City and its citizens.

### Principles informing the City's strategy

The City's vision, mission and values inform six principles that, in turn, inform the City's strategy:

1. Eradicating poverty
2. Building and growing an inclusive economy
3. Building sustainable human settlements
4. Ensuring resource security and environmental sustainability
5. Achieving social inclusion through support
6. Enabling and promoting good governance

### Contextualising our operations

#### Service delivery context

The City of Johannesburg (CoJ) Metropolitan Municipality continues to be South Africa's primary city, providing services to over 4.4 million people. This translates into approximately 8% of the total national population. Service delivery is facilitated through an employee base of over 25,000 employees. Recognised as one of the



leading cities globally, the City of Johannesburg is known as a city of innovation and economic dynamism; a city that mobilises the strengths and qualities of its diverse population; and also a city that cares deeply for all its residents through its commitment to world-class service delivery for all.

## Economic context

Johannesburg, the largest and wealthiest city in South Africa accounts for 16% of the country's Gross Domestic Product (GDP). It hosts South Africa's largest corporations as well as many other international corporations operating on the African continent. Johannesburg is the provincial capital of Gauteng, the wealthiest province in South Africa; and is one of the 40 largest metropolitan areas in the world. Johannesburg is the centre of a rapidly urbanising Gauteng Province. It is projected that by 2015, the urban portion of Gauteng - comprising mainly the cities of Johannesburg, Ekurhuleni (the East Rand) and Tshwane (greater Pretoria) - will be a polycentric urban region with a projected population of some 14, 6 million people.

The City continues to offer its residents a high quality of life and endless economic opportunities by:

- Providing excellent transport and telecommunications infrastructure services.
- Being Africa's economic powerhouse and one of the world's leading emerging market economies.
- Promoting a well-structured regulatory environment.
- Hosting institutions of exceptional quality recognised in global competitiveness surveys.
- Promoting a sound banking and financial system as well as a sophisticated financial market and being home to Africa's largest stock exchange.
- Having a good credit rating supported by good financial governance.
- Being recognised for its low cost of living and being the least expensive African city out of 214 cities on five continents; Johannesburg is almost three times less expensive than the most expensive city, Tokyo.
- Providing a shopping mecca for sub-Saharan Africa as well as ensuring strong cross-border trade.
- Providing a spring-board to Africa's markets.
- Promoting good socio-economic infrastructure.

## Developmental context

The City's "Joburg 2040" Strategy acknowledges that, worldwide, cities experience increasingly complex challenges. With the future of cities becoming more unpredictable and uncertain, the development paradigm in relation to cities has changed. In this context, city strategies must navigate uncomfortable tensions between defining a chosen development growth path, and accommodating uncertainty resulting from population growth, migration, urbanization, climate change, poverty and inequalities.

The following summary view of the City of Johannesburg highlights some of the key challenges associated with factors of population growth, unemployment, regionally concentrated economic growth and environmental sustainability. This overview provides a meaningful backdrop for a discussion on the City's integrated approach to long-term value creation for its citizens.

### *Population growth*

The growth in urban population in South Africa is outstripping the national population growth. This implies that there is an increasing urgency to develop infrastructure in South Africa's cities to support the population increase. This presents resource challenges for water and sanitation, waste, energy, electricity, transport and social infrastructure.

Johannesburg is home to more than 4,4 million people, accounting for about 36% of Gauteng's population and 8% of the national population. Over the last decade the City has grown faster than the entire Gauteng region as it continues to be the leading metropolitan gateway for migrants from other provinces across South Africa as well as international migrants. Going into 2015 the City is expected to grow by 2.5% to approximately 4,9 million people.

### ***Gauteng employment and unemployment***

The City of Johannesburg has the largest number of unemployed people compared to other metros in Gauteng. According to the StatsSa 2014 Quarter 1 Labour force survey, Johannesburg had 24.5% unemployment, with a 'Labour Force Participation' rate of 73.1%. The rate of unemployment is still very high in Johannesburg and the situation is exacerbated by jobless growth.

Despite notable positive growth in employment since the economic recession, such growth has remained largely erratic in both the formal and informal sectors. Improving linkages between the formal and informal sectors as a priority will improve growth prospects as well as stimulate innovation. The City would also be identifying labour absorptive sectors such as high-value manufacturing, tourism, film industry and so forth, which will become key drivers for future economic growth.

Youth unemployment remains a major challenge both nationally (above 35%) and for the City (31.5%). The City faces a high level of youth unemployment at a rate of 31.5%, which is atypical of a City that attracts youth searching for employment opportunities. Johannesburg is predominantly populated by youth, concentrated in the working age group of between 20 years and 39 years, primarily as a result of economic immigration. As an economic hub in the country and the region, Johannesburg is a first choice destination for job seekers across the country and region. However, the attraction of the youth population, presents an unemployment challenge for the City's young people.

Unemployment cannot be addressed without focusing on the issue of youth unemployment. Through positive economic growth and programmes such as the Expanded Public Works Programme (EPWP) among others, Johannesburg has made significant progress, with youth unemployment falling by 13.5% over the last decade. Johannesburg is committed through its GDS long-term strategy to create value over a 30-year period in anticipation of this growth as well as to confront unemployment challenges. With the launch of Jozi@Work, greater strides are anticipated in reducing unemployment in Johannesburg.

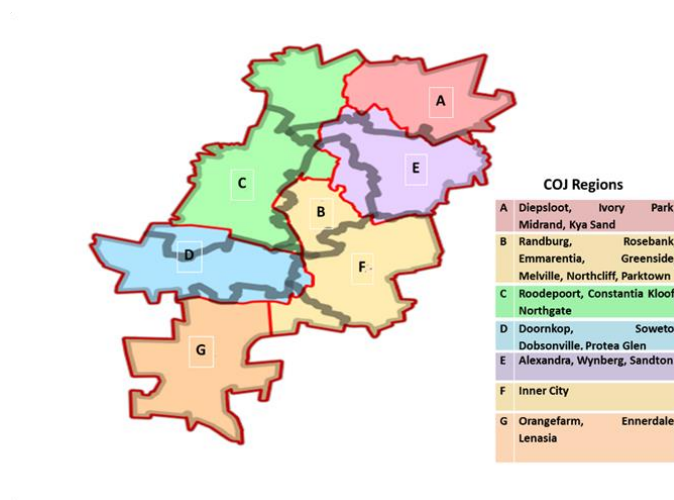
### ***Economic growth***

The City's economy is the main driver of national growth – historically performing at 50% higher in growth rates relative to national growth. In 2013 Johannesburg's economy grew by a modest 2.6% driven by construction (3.4%) and Finance (3.2%). During the same period, Gauteng's economy grew by 2% while the national growth was estimated at 1.9%. The growth statistics are indicating that Johannesburg's growth rates are narrowing to near par with the provincial and national growth rates since the economic recession. Moreover, given the strong link between the City's economy and that of South Africa, the impact of a struggling global economy is also felt locally. During 2013, manufacturing growth slowed and was further affected by shrinking export sales, high production costs and the increasing cost of credit. The largest economic sector in Johannesburg is the financial services sector, which is one of the strongest in the world.

### ***Inequality and poverty***

The main factors contributing to poverty in the City of Johannesburg are spatial inequality and the structural jobless growth which is reinforced by low skills levels. These actualities reinforce the approaches taken by the City's Developmental Service Delivery and a Public Works Programmes in addressing inequality and poverty. Consequently, the increase of poverty cannot only be attributed to population growth but the perpetuation of spatial inequality.

Figure 2: City of Johannesburg regions



In Johannesburg: Region G has the highest number of people living in poverty followed by Regions D and A, while Region B has the lowest number of people living in poverty. Although a considerable number of Johannesburg's residents are poor, there is a substantial middle and upper class which competes in the global financial and trade markets and adheres to international norms of urban consumption and culture. In addition, the city has a growing middle class which presents opportunities in terms of economic growth as well as the City's ability to improve its revenue base. This means that there needs to be a variety of services (both level and type) and amenities available to all citizens.

### **Food security**

Food security is another major challenge in the City. Poor households are particularly at risk given the high proportion of income used for food. It is estimated that as many as 42% of poor households are affected by food insecurity. Poverty and food insecurity have a clear impact on health issues. The City identified specific social mobility and human development priorities to address the issue of poverty and inequality.

## **Contact the City of Johannesburg**

### **Physical address:**

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Metropolitan Centre  
158 Loveday Street  
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### **Postal address:**

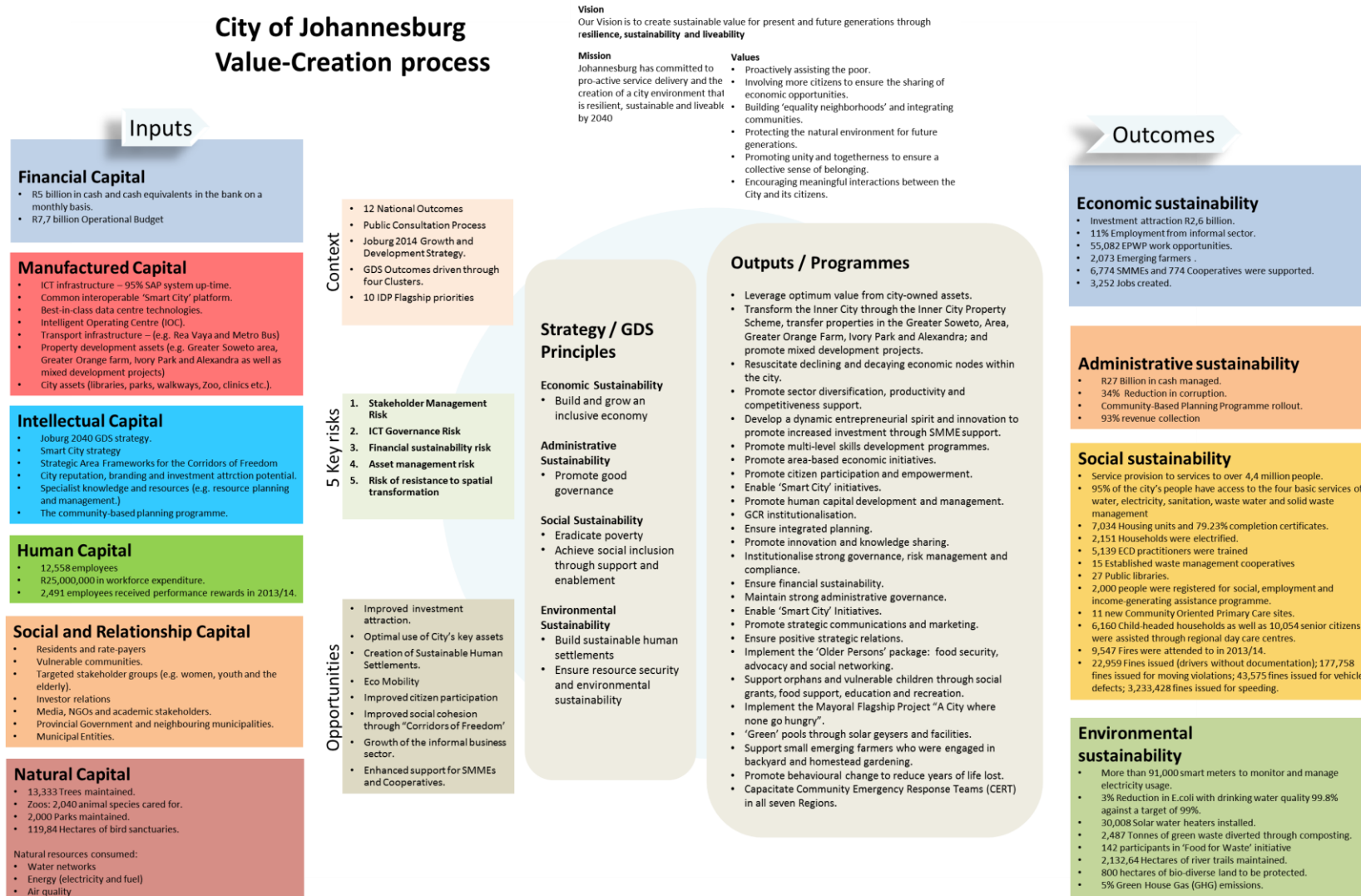
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# Integrated approach to value creation

Figure 3: The City of Johannesburg's approach to value creation



## Principal activities: overview of clusters

### *The Sustainable Services Cluster*



The Sustainable Services Cluster is responsible for providing the following services: water services, electricity, sanitation, waste management, housing, transport, roads, storm water, planning and development and environmental protection. In 2013/14 the Sustainable Services Cluster was responsible for providing 99% of the households in the City with piped water. In terms of sanitation, 98% of the households were serviced above the minimum standards level; with no households using a bucket system. The cluster was further responsible for electrifying an additional 2,151 households and installing 7,027 street lights across the city. Overall 7,660 households in informal settlements were upgraded to receive basic services.

### *The Economic Growth Cluster*



The Economic Growth cluster focuses on economic investment, growth and sustainability, which broadly encompasses job creation and SMME support and development. During the year, the cluster provided support to SMMEs and Cooperatives as well as two SMME hubs. Four regional sector-based incubators were established. Through the support provided to SMMEs and Cooperatives, a total of 1,397 new jobs were created directly from those businesses supported by the City's programmes. Further, the City aimed to create additional jobs and alleviate poverty through its Jozi Skills Hub and the Expanded Public Works Programmes (EPWP). The cluster is also responsible for investment and growth; and through the City's plans for attracting investment, retention, and expansion, R2.6 billion was invested during the year, which surpassed the target by 143%.

### *The Human and Social Development Cluster*



The Human and Social Development Cluster is responsible for improving quality of life and ensuring development-driven resilience for the city. During the year, the cluster made significant progress towards achieving its mandate. Programmes across the departments provided assistance to citizens and further developed the spaces in the city. Some of the developments included the maintenance of 2,000 parks and 3,2 million street trees. The City cleared approximately 2,097 hectares of alien vegetation. In terms of social upliftment, 10,054 senior citizens were assisted through the regional facilities, while more than 6,000 child-headed households were assisted and 11 new community-orientated primary care sites were established.

### *The Good Governance Cluster*



The Good Governance Cluster is responsible for managing the City's finances, as well as its ICT and municipal processes. The cluster performed well throughout the year, and further assisted the City in achieving its goal of 're-stitching' the city. The management of resources and improved revenue collection have resulted in an increase in available capital and resources for infrastructure development and projects across the city.

## Our supply chain

The City's Supply Chain Management (SCM) practices are based on the National Treasury's SCM model, which includes the following components:

- Demand Management
- Acquisition Management
- Logistics Management

- Asset Disposal Management
- Risk Management
- Contract / Supplier Performance Management and monitoring
- Supplier Databases

### ***Demand Management***

Section 15 of the City's Supply Chain Management Policy, makes a provision in terms of the SCM Regulations for a demand management system through which the entire City's requirements for works, goods and services are to be consolidated in the Integrated Acquisition Plan. This is intended to facilitate proper planning of the acquisition of goods and services through the consolidation of the City's procurement requirements and to develop a strategic approach to the City's procurement practices to promote cost effectiveness and economies of scale. All service delivery programmes of the City, including its Municipal Entities, have been prioritised and aligned to the flagship initiatives such as Corridors of freedom.

### ***Acquisition Management***

Section 16 of the City's SCM Policy makes a provision (in line with the SCM Regulations) for a range of procurement mechanisms and processes to be followed for the procurement of works, goods and services. These mechanisms comply with the monetary threshold prescribed by the Municipal Finance Management Act and related Regulations. An applicable mechanism is observed in the procurement of goods and services that falls within the prescribed threshold as follows:

- Petty cash – all purchases that are below R2 000.00 in value including VAT.
- Quotation system – all purchases above R2 000.00 but below R30 000.00 including VAT
- Formal quotation – all purchases above R30 000.00 but below R200 000.00 including VAT
- Bid process – all requirements above R200 000.00 including VAT

In line with section 23 of the City's SCM Policy, the SCM Directorate has established three committees outlined in the policy to ensure separation of duties, limitation of undue and undesirable influence and imposition of individual interest in the finalisation of awards of contracts. In this regard, the following committees have been set-up:

- Bid specification committee (BSC): an ad-hoc committee comprising the officials of the SCM unit and those of the user department. Its main objective is to finalise specifications for requirements to ensure that it is unbiased and encourages competition, to establish evaluation criteria to be used in the evaluation of bid responses and to ensure that departments procure in line with their individual departmental acquisition plans.
- Bid evaluation committee (BEC): an ad-hoc committee comprised of the representatives of the SCM Unit and the user department for purposes of evaluating bid responses in line with bid conditions and the evaluation criteria; and to make recommendations to the adjudication committee for the award of business.
- Central and Executive Adjudication Committees: to consider recommendations of the BEC for the award of business based on the fairness of the process and the soundness of the recommendation received.

### ***Logistics Management***

Section 26 of the City's SCM Policy provides for the establishment of an effective logistics management system to provide for the setting of inventory levels, placing of orders, receiving and distribution of goods and stores. To this end, the minimum and maximum inventory levels have been determined and the system for the material requirement planning has also been set-up.

### ***Risk Management***

Section 28 of the City's SCM Policy provides for the establishment of an effective system of risk management for the identification, consideration and avoidance of potential risks in supply chain management. To this end, the City's SCMU has developed a Risk Management Framework to provide guidelines for the identification and

the management of supply chain management related risks, such as fraud and corruption, abuse of the SCM system etc. Furthermore, various risk management tools are utilised on a continuous bases namely; operational risk register, Risk Matrix and management plan to ensure continuous monitoring and management of SCM related risks.

### ***Supplier performance management***

All appropriate measures to monitor the effective implementation of the supply chain management processes have been implemented. Further, supplier performance monitoring tools have been developed and are being implemented to monitor contracts established by the City's respective contract managers.

The City has an established contracts register that records all the contracts of the City. The SCM Directorate issues notices six months in advance before the expiry date of the contract. This should provide project managers ample time to extend affected contracts. The City has embarked on a drive to consolidate - as far as possible - all the contracts of the City at an acquisition stage. The process is linked to the acquisition planning.

### ***Supplier Databases***

Regulation 14 of the Municipal Supply Chain Management Regulations makes it a requirement that the Supply Chain Management Policy of the municipality must instruct the Accounting officer to keep a list of accredited service providers. In line with section 36 of the City's SCM Policy, the SCMU has established a database of providers of goods and services. All providers on the list were subjected to the City's supplier accreditation process and only those companies who met the City's listing criteria were approved for inclusion into the list. The list is used to solicit quotations for requirements below R30 000 by various user departments of the City. The Regulations makes it compulsory that when using the quotation system, only quotations from the accredited services providers on the City's supplier database may be considered, this includes quotations for the procurement value above R30 000 but below R200 000.

## Letter from the Executive Mayor



**Executive Mayor of the City of Johannesburg  
Councillor Mpho Parks Tau**

The year 2014 marked 20 years of democracy for South Africa, coinciding with the fifth national elections as a democratic country. In April 1994, all legally eligible South Africans were able to cast their vote – some for the first time – to mark the end of Apartheid rule and to establish a new constitutional order. The road to democracy was fraught with economic and racial discrimination and the resulting spatial and resource inequalities that percolated in our country's cities. Today, we are proud as the City of Johannesburg, to acknowledge the collective efforts of our employees, service delivery partners, investors and all Joburg citizens to transform and 're-stitch' a city - still for the most part divided according to artificial racial and economic strata - into a cohesive and representative 'peoples' city'.

In October 2012, we embraced a new and invigorating vision of Johannesburg as a world-class African city, which would be strengthened through its diversity, and would provide sustainability and quality of life for all its citizens. To realise this vision in practical terms, we embarked on the Growth and Development Strategy (GDS), "Joburg 2040" to develop a sustainable and resilient city by creating a sustainable environment and developing infrastructure to improve access to educational services, transport and employment. An important outcome of the GDS strategy has been the identification of the ten IDP priorities which direct our efforts and guide our resource allocation. These priorities steer us towards long-term economic, social and environmental sustainability whilst building a responsive, efficient and accountable metropolitan government. They encompass our work in ensuring financial and resource sustainability whilst promoting economic growth; safeguarding food security; building sustainable human settlements; engaging and empowering our citizens; and building a smarter and safer city for all who reside in it.

During the year, we continued to deliver according to the ten priorities by instituting transformative programmes that would optimise the city's revenue potential, whilst ensuring that our core business of providing municipal infrastructure and basic services remained firmly on course. Accordingly, we spent 95% of our capital budget, despite the 71% budget increase to R7,7 billion during the year. We further collected 94% of all billed revenue and actively curbed unnecessary expenditure, thereby concluding the year with a net surplus of R3,4 billion. This surplus puts us on a sound financial footing, enabling us to further increase our capital investment to R7,66 billion in the year ahead.

We remain committed to improving the quality of life of our people, addressing the legacy of past inequalities head on, and ensuring all citizens – including those on the margins of society – have access to opportunities to earn and contribute to the economy. We are well positioned to empower our city's poor, and to relieve individual and household distress to create sustainable solutions to poverty and hunger. Our intervention strategies focus on poverty reduction, food security and development, whilst promoting self-sustainability and social inclusivity.

Approximately 2,000 people were registered for social, employment and income-generating assistance programmes during the year as part of the City's efforts to alleviate poverty. We have mobilised communities to be actively involved in agricultural activities and also to improve their confidence and ability to grow and produce food. Accordingly, food production levels across the city have improved exponentially. Further, the City developed the Food Security Index using the 2011 Census and the City of Johannesburg Deprivation Map.



For the first time, areas experiencing various degrees of food insecurity have been identified, defined and ranked, thereby enabling the City to work more strategically to keep the scourge of poverty at bay.

We are steadily creating an environment that is conducive to the emergence and growth of small businesses, which, together with our other poverty-reduction programmes, will attract investment from large companies and multinationals to bring about an inclusive, job-resilient and competitive economy that harnesses the potential of all our citizens. During the year, we saw positive growth in the informal sector, with the *Separation at Source* project creating 568 jobs and establishing 15 cooperatives. The *Food for Waste* programme incorporated 142 individuals, whilst 304 youths participated in bin cleaning, and 137 community members were employed to help clean informal settlements in Avalon.

The City planned to create a total of 50,000 work opportunities associated with the *Expanded Public Works Programme* (EPWP) during the year, and surpassed this target by 10.2%, achieving a total of 55,082 opportunities. 6,774 SMMEs and 774 cooperatives were supported through targeted programmes and 3,252 jobs were created. Two SMME hubs were established, including four regional sector-based incubators. These activities resulted in 1,397 jobs being created by City-supported SMMEs. However, the City surpassed this target by facilitating 2,300 youth job placements. This is 15% greater than the stated target.

The City established the LMID website-based system to assist job seekers with placement in different sectors, thereby further addressing the City's skills-shortages. Initially, the planned annual target for facilitating job placement was 2,000 youth placements. We also launched the *Jozi@work* 'co-production' model in Eldorado township to assist citizens, including the youth, to enhance their livelihoods by forming part of co-operatives and community-based companies. Going forward, these service entities will be able to offer their services across the City's nine different areas of work, including infrastructural development and maintenance. R1 billion is earmarked for *Jozi@work*.

As Government - and as officials of the City of Johannesburg - we are not simply delivering services to our people but work as 'servants of the people'. We encourage our citizens to raise their concerns directly with us by visiting them and engaging them through Imbizos. This fosters mutual trust and respect between the state and its citizens.

During the year, we approved the City's new ICT strategy so as to support the city's growth into a well performing, sustainable and globally competitive 21st century metropolis. We are steadily becoming a 'Smart City' as we roll out Broadband technology and capabilities; and upgrade the City's SAP system, using best-in-class programme management methodologies. We are upgrading our ICT infrastructure through the implementation of the best data centre technologies available to ensure efficiencies. This will further increase the number of departments connected to a common interoperable Smart City platform whilst we adopt world-class ICT governance frameworks and tools. The Intelligent Operating Centre (IOC) is in the process of being built and we have also embarked on a programme to increase access to internet and to include Wi-Fi hotspots on our public transport. The programme is expected to commence in the next financial year.

Our continuing efforts to normalise and improve our revenue collection is in line with the Joburg 2040 Strategy. Joburg 2040 recognises the importance of sound governance practices that will support the City in the attainment of its long-term objectives and goals. The latter includes creating a high-performing metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region. Additionally, the City has again achieved an unqualified audit opinion as was the case in the prior year. This is a firm indication of the continuous improvement of our financial management and that we continue to strive towards clean administration and the highest standards of corporate governance.

During the year, we continued to deliver the basic services of water and sanitation to our citizens. We targeted 3,310 households for basic water provision, and ended the year with 3,827 households having had access to water. The number of households with piped water inside dwellings increased by approximately 30% compared to the previous year, with almost 1.3 million dwellings having piped water.

The City now has 1,2 million households with flush toilets. This represents 90% of total households, while the remainder is serviced through chemical toilets (4.11%), VIP's (3.44%) and other services (1.05%). Only 9,234

households have no form of sanitation service, which represents 0.64% of the city's households. In compliance with both the South African National Standard (SANS) 241 and the Department of Water Affairs (DWA) Effluent Discharge Permits, drinking water quality was 99.8% on par against a target of 99%; and the overall final treated effluent quality was 91.5% against a target of 97%. To date, more than 91,000 meters have been installed, including prepaid and smart meters.

In addition, more than 2,000 households were electrified in the year, which was 7.6% above target. More than 7,000 public lights were installed across the City, translating as 31.6% more installations compared to the previous year. 2,277 Kilometres of gravel roads were graded or maintained during the year, a 186.6% increase compared to the target for the previous year. Further, 46,97 kilometres of stormwater infrastructure was maintained, translating to approximately 44 kilometres more than the previous year.

We continue to improve shelter for our people so that they can live meaningful and dignified lives in a free and liberated South Africa. During the year, we completed the Strategic Area Frameworks for the *Corridors of Freedom* for Empire, Perth, Louis Botha and Turffontein Corridors, and established the parameters for the development of the proactive zoning instrument. The existing spatial form of Johannesburg, partly the result of apartheid planning, means that the majority of City residents live in townships like Soweto and Eldorado Park, far from where they work. Part of our vision is to re-stitch and reclaim the city by acquiring land to implement social housing and mixed land use development projects, such as the *Corridors of Freedom*.

The long-term *Corridors of Freedom* development programme aims to address spatial, social and economic inequality in our City and to encourage residents to live and play closer to their places of work, without having to use private motorised transport. Safe, affordable and convenient public transport - and an environment that makes cycling and walking pleasant and inviting - will help to reduce the use of carbon-emitting private vehicles. The *Corridors of Freedom* programme will also help to bring about social cohesion, and to promote a non-racial society that is culturally diverse and free of apartheid ills.

To promote eco-mobility during the year, we made significant progress in encouraging walking, cycling and public transport as preferred modes of transport. Positive interventions included the roll-out of quality Rea Vaya Phase 1A services; as well as the launch and operationalization of phase 1B and the start of the implementation of phase 1C along Louis Botha Avenue from Sandton to Alexandra. Additional interventions included managing a bank-based smart card Automated Fare Collection (AFC) system; partnering with stakeholders and the community on issues of road safety (including education outreach); implementing 'complete streets' projects at Orlando, Kaalfontein and Zola; and commencing the implementation of the Metrobus turnaround business plan, which aims to improve efficiencies and quality public transport services.

A Strategic Integrated Transport Plan Framework (SITPF) was approved by the Mayoral Committee in August 2013. This SITPF sets out the strategies and interventions to improve and expand the provision of quality public transport; as well as promote the use of non-motorized transport; and manage congestion, travel demand and parking.

These interventions collectively indicate that the democratically elected ANC-led government remains committed to delivering services to all South Africans, especially those marginalised and discriminated against during apartheid.

However, despite our commitment to re-stitching the City and the country - and to delivering services to transform the lives of our people - many challenges remain. These include fraud, corruption and bribery. As the City of Johannesburg, we remain resolute in our commitment to bringing the scandalous perpetrators of these evils to book.

There are other difficulties as well. For example, the City tends to lose water, sometimes through illegal mining, sometimes through pipe bursts and sometimes through the sheer carelessness of our citizens. This is highly undesirable especially considering the scarcity of this natural resource. To reduce the rate of unaccounted for water (UFW) we have embarked on intensive programmes to resolve technical and commercial losses. These entail the replacement of 900 kilometres of old pipes in four years, starting with the current year of reporting in which 182 kilometres, against the planned target of 143 kilometres, have already been replaced (127.3% above target). The installation of pressure-reducing valves (PRVs) has also helped to

reduce pipe bursts and limit night flows. Community awareness and education campaigns have been identified as a critical component in combating UFW related problems and various campaigns were rolled out during the year.

The hijacking and illegal occupation of buildings remain one of the critical challenges facing the City of Johannesburg. The results of illegal occupation include crime, squalor and lawlessness. As the City we have intensified our efforts to address this problem. We have resumed the process of re-formalising the memorandum of understanding between the City, the South African Police Services (Hawk) and the National Prosecution Services (NPA). Furthermore, an advisory committee has been formalised to promote proactive joint decision-making and to foster a coherent approach to addressing bad buildings through different available instruments. This will include the classification of targeted buildings in line with the inner city priority precincts, as contained in the roadmap; as well as recommendations on the type of pertinent and collaborative interventions for different buildings; the required financial injection for the provision of emergency shelter; appropriate legal options; auditing and verification of occupants; partnerships with the private sector; appropriate enforcement options; required supporting infrastructure; protocols for dealing with emergency requests outside the priority precincts; and the management of emergency shelters.

In spite of these challenges, we remain committed to serving the citizens of Johannesburg, re-stitching our City, and working diligently to resolve the problems they face. I would like to take this opportunity to acknowledge the efforts of the City's leadership and its officials in advancing Johannesburg's strategic and transformative agenda during the reporting year and to thank them for their readiness and perseverance in implementing the GDS objectives.

**Clr Mpho Parks Tau**  
**Executive Mayor of the City of Johannesburg**

## Letter from the City Manager



### **City Manager of City Johannesburg Metropolitan Municipality**

**Trevor Fowler**

It is with great pleasure that I present the City of Johannesburg's 2013/14 Integrated Annual Report (Abridged Version) for the period 1 July 2013 to 30 June 2014. Through this report, we track our progress in terms of the goals we set in the City's Growth and Development Strategy (GDS), "*Joburg 2040*" and the City's approved 2012/16 IDP priorities, which in the long term, will foster a physical and socio-economic environment that is liveable, sustainable and resilient for all our citizens. This report also accentuates the connection between our strategic planning processes and our operational achievements by reflecting our commitment to increasingly accountable decision-making; and by enhancing transparency with respect to our budgetary, monitoring and oversight processes.

### **Addressing historical challenges**

The City has prioritised implementation plans that will eradicate the historical challenges associated with poverty, unemployment and inequality; and address resource scarcity with respect to water, energy and landfill space in an environmentally sustainable manner. The 2013/14 Integrated Annual Report carries the theme of "*Corridors of Freedom - Re-stitching our city to create a new future*". The theme was introduced during the year to denote a city that is constantly changing and rebuilding itself as people migrate into the area. The rate and intensity of people moving into the city from other regions, all representing different cultures, necessitates the tearing down of old communal areas and outdated structures to make way for renewal and development – both structurally and culturally. With different cultural groups separately building up parts of the city and living apart has resulted in a city divided; and has caused an increased demand for infrastructure and scarce resources. This has, in turn, increased the cost of living as well as the time it takes for residents to travel between home, work and recreational areas, ultimately having a negative impact on the overall quality of life for the citizens of Johannesburg. The "*Corridors of Freedom*" theme represents the City's intention to address these challenges methodically and creatively to bring people closer to the resources they need and, in so doing, to encourage greater social cohesion.

In 're-stitching' the city, we aim to build a more compact and efficient city, in which people live closer to where they work and where infrastructure costs can be reduced due to resulting economies of scale. This vision, in turn, will enable residents to save on travel time as well as money spent on food and other amenities (often far removed from where they live) given the growing cost of living. We also envisage the added social benefit of fostering a more cohesive, tolerant and non-racial society as people from different cultural backgrounds co-exist in the same neighbourhoods, independently and collectively working toward mutual wellbeing and spatial accountabilities.

"Re-stitching the city" ultimately denotes a vision of a city that is not divided on the basis of race and class. The future holds the potential of a resilient cosmopolitan city where citizens live close to where they work, and enjoy a respectable standard of living, with easy access to well-maintained recreational and social amenities, and access to world-standard art and entertainment, whilst living fair-mindedly amidst people of globally diverse cultures.

## Implementing Joburg 2040 GDS

During the year, the City reviewed its progress against various national developmental plans and strategies, including the *National Development Plan, Vision 2030*, the *Gauteng Vision 2055* and the *Joburg 2040* strategy. Accordingly, we developed prioritised implementation plans to be contained in the revised five-year Integrated Development Plan (IDP) and annual SDBIP. The Joburg 2040 GDS aims to develop a sustainable and resilient city by creating a sustainable environment, promoting the conservation of natural and scarce resources, and developing infrastructure to improve access to educational services, transport and employment. By using less energy and reducing waste, the City is moving towards a green economy, which will promote long-term environmental sustainability.

The City is working towards responsible financial management and securing the necessary resources to develop the City of Johannesburg. Currently, 95% of the city's people have access to the four basic services of water, electricity, sanitation, waste water and solid waste management.

## Ten priority programmes

### *Financial sustainability and resilience*

The City's financial performance has improved exponentially in the last few years. In 2010/11 the City struggled to pay debts and liquidity was poor. By addressing the key issues and creating the ten priority programmes for the City, it was possible to turn the financial situation positive. In 2013/14 the City enjoys a healthy financial position with approximately R5 billion in cash and cash equivalents in the bank on a monthly basis.

Through improved financial management and positive leadership, the City has improved its credit rating. We also issued a green bond, which was over-subscribed by 150%. Accordingly, the City has become more resilient and sustainable and can plan more efficiently whilst delivering on its service delivery assurances.

We increased our capital budget from R4,5 billion to R7,7 billion during the year and collected 95% of all billed revenue, thereby concluding the year with a strong financial position, with a net surplus of R4 billion. We continued the upward trend and increased the City's total assets to R66.6 billion ended the year with a cash and cash equivalents of R5,3 billion.

Our capital investment in the City continued to rise to R7,7 billion, an increase from R4,5 billion in the preceding year. This positive financial performance was further supported by the significant progress made towards eliminating billing issues, with the City now in an improved state of responsiveness to billing issues as a result of '*Open Days*' and the *Revenue Step Change Programme*, both of which have led to a marked improvement in the resolution of queries. The resulting R4 billion surplus enables the City to further increase the capital investment to R10,4 billion in the 2014/15 year.

### *Agriculture and food security*

Of the poor living in Joburg, 42% are 'food insecure'. To address this, the City has developed a programme to identify food insecurity areas so that the City can create a 'food bank' to provide people with food. Through its Food Security Index, areas experiencing various degrees of food insecurity have been defined, identified and ranked. Further, a Food Empowerment Zone was established in the south of Johannesburg for emerging farmers and land has been cultivated, fenced and irrigation systems installed to enable the commencement of farming. Emerging farmers have also received much-needed business management skills training.

In addition to Linear Markets, the City is also operating the largest fresh produce market on the African continent through a Municipal Entity arrangement. 'Joburg Market' has a vision to evolve into a "Market of the Future" (MotF) which will not only maintain its current position as one of the largest markets in the world but also attract and enable further growth. By year-end 1,245 tons of fresh produce had been sold by Joburg Market, producing a monetary sales value of R5, 637 billion; and up to 2,073 emerging farmers were providing

produce under the Market's transformation programme. Further, Joburg Market's CSI programme provided 20,366 donations to NGOs and indigent families.

During the year, the City also made positive progress in its creation of food gardens. Citizens and communities are encouraged to create food gardens to assist in the provision of food to people in need. During the year, 404 households started growing their own food and the City reached the annual target of a 20% reduction in food insecurity. Additionally, the *Food Production Programme* educated 30,012 learners during the year.

It is encouraging to note that by the end of 2016, the City would have provided active assistance to 75% of people living with food insecurity.

### ***Sustainable Human Settlements***

The *Sustainable Human Settlements Programme* is changing settlement patterns in South Africa and Johannesburg. Approximately 46% of the city's residents are not originally from Johannesburg and there is a fairly high rental population. Approximately 350,000 households live in the backyards of residences in the City. The programme aims to provide housing for the marginalised and the poor and to service the rental market by scaling up the City's work through JOSHCO.

In 2013/14, JOSHCO grew its housing portfolio to within 4% of the projected target for the year by increasing the portfolio to 7,034 units. Further, JOSHCO obtained completion certificates for 79.23% of the number of units projected for 2013/2014 (912 of the 1,151 units have been targeted). Whilst the year presented challenges for the company with regard to revenue collection, JOSHCO ended the year with a cumulative rental collection of 88%. This was 1% higher than the pre-determined objective contracted for in the company's approved business plan.

### ***SMME and Entrepreneurial Support***

The City of Johannesburg's economy is one where SMMEs and entrepreneurship are key drivers of economic growth. Consequently, entrepreneurship and the establishment of SMMEs are key priorities for the City, particularly with a view to enabling those currently on the margins of our economy to become meaningful economic participants. Our informal economy makes a significant contribution to employment, with around 11% of the city's employment sprouting from this sector. The City will continue to support the informal sector by creating an environment that is conducive to growing employment and generating income in this sector.

Our primary interventions in the current term of office are designed to provide SMMEs and entrepreneurs in Johannesburg with improved access to business support and development services, as well as improved access to income-generating opportunities. Through the City's *Enterprise Development Platform* we are now able to lead city-wide interventions to support and develop SMMEs and to streamline SMME activities by eliminating duplication and preserving resources through appropriate economies of scale.

During the year 6,774 SMMEs and 774 Cooperatives were supported through the City's targeted programmes and 3,252 jobs were created. Two SMME Hubs were established as well as four regional sector-based incubators. These activities resulted in 1,397 jobs being created by City-supported SMMEs. Additionally, four SMME outreach programmes were rolled out during the year.

We are gratified by the ever-evolving entrepreneurial spirit of our city and look forward to continuing our SMME and entrepreneurial support in the year ahead through improved access to resources, a renewed focus on innovation and enhanced competitiveness, and the facilitation of constructive sector partnerships.

### ***Engaged Active Citizenry Programme***

The City launched the Community-Based Planning and Budgeting (CBP) process during the year. Subsequently, we expanded on the programme for the community-based planning model, which enabled us to focus on ward plans. We engaged residents in the ward plans and addressed both local issues and community-level issues. The CBP was integrated into the City's IDP and budget for 2013/14.

Overall, the implementation and rollout of the Citizen Engagement Framework achieved a 70% implementation of the consolidated Programme of Action (POA<sup>1</sup>) in seven Regions in 2013/14.

### **Resource sustainability**

By linking programmes together, we are able to achieve greater overall benefits and economies of scale, which ultimately lead to improved financial sustainability as well as enhanced resource sustainability. This is particularly true in the context of our efforts to ensure environmental sustainability by reducing wastage – both water and electricity - and curtailing the loss of local resources.

The City continued to reduce the rate of unaccounted for water (UFW) by embarking on intensive programmes to resolve technical and commercial losses. These programmes entailed the replacement of old pipes and installing pressure reducing valves (PRVs) to reduce pipe bursts and limit night flows. Community awareness and education campaigns formed a critical component in combatting UFW during the year.

The City's *Waste Minimisation Programme* was designed to separate waste at source. During the year, five pilot projects were launched and at present there are 15 established waste management cooperatives in the city. 2,487 Tonnes of green waste was diverted through composting during they year, which was more than the targeted amount of 15,000 tonnes. The City further undertook various clean-up projects to improve water courses within Johannesburg and covered five water courses, namely: Diepkloofspruit, Diepsloot, Zandspruit/Kya Sands, Bruma Lake (Upper Jukskei) and Braamficsheville (Klip Catchment). A total of 859 tonnes of litter and debris was removed during the year and the projects recruited a total of 133 beneficiaries.

The City also submitted an application to proclaim the protection of the Kloofendal and Klipriviersberg areas through formal biodiversity protection status in terms of the Protected Areas Act (NEMPA). The two areas cover a total of 800 hectares of the City's 164,400 hectares, resulting in approximately 0.486% of the total metropolitan area to be formally protected.

Climate change remains a key environmental sustainability consideration for the City. By using the Global Protocol for Community-Scale Greenhouse Gas Emissions (GPC) calculation methodology, we recorded a 5% reduction of Green House Gas (GHG) emissions during the year. The data collection process, based on the GPC methodology, was finalised and the outcome of the report was presented at the C40 Summit in February 2014.

### **Smart City**

The City has the strategic intention of becoming a 'Smart City' through the roll-out of Broadband technology and capabilities; as well as by upgrading the City's ICT environment with best-in-class programme management methodologies and infrastructure to increase the number of departments connected to a common interoperable Smart City platform. This vision will be supported by world-class ICT Governance frameworks and tools.

A notable programme achievement has been the IOC, an intelligent operating centre that uses available data to predict trends in the City. For instance, the data analytic tool is able to pin-point areas where crime is occurring so that response teams may be deployed or actions implemented to prevent such crimes from occurring. Going forward, the tool will be particularly useful in helping the City to reduce the overall occurrences of certain crimes.

Further, the programme will help to increase access and connectivity in the City, with 27 public libraries being connected to internet systems during the year. Whilst the IOC is still under construction, it is currently at 25% completion of the IOC upgrade and operational plan.

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1PoA indicators are: Civic Empowerment, Community Engagements, Walkabouts, Pro-active Leadership Community Outreach and Re-enforcement Programme, Strategic Partnerships, CBP Community Conversations and Public Awareness

A critical component of the City's 'Smart City' strategy is the need to ensure the optimal use of the City's assets. During the year, we continued to leverage City-owned assets through the Inner City Property Scheme (ICPS); and by transferring properties in the Greater Soweto area, Greater Orange farm, Ivory Park and Alexandra as well as mixed development projects.

Additionally, the City invested in the maintenance and repair of its road infrastructure assets, which had experienced serious damage due to inclement weather during February and March 2014. Additional funding was requested from the City to restore all roads damaged during the heavy rain conditions. Repair work addressed potholes, patching, bridges and storm water infrastructure.

### ***Investment Attraction, Retention and Expansion***

During the year, Johannesburg was the most visited city on the continent. The *Buy Sell Invest and Visit* (BSIV) Joburg conference addressed strategic issues that would enhance service delivery in terms of socio-economic infrastructure and the attraction of investment into the city. The conference further promoted Joburg as a world class business destination of choice; emphasising the City's value-added goods and services; and ultimately promoting strategies for commercial and economic infrastructure funding models.

Through the City's initiatives to attract, retain and expand investment during the year, R2,6 billion was invested, which surpassed the target by 143%.

Further, through the support provided to SMMEs and Cooperatives, a total of 1,397 new jobs were created directly from those businesses supported by the City's programmes. Building on the success of the implementation of the Expanded Public Works Programme (EPWP) in 2012, the City created 55,082 EPWP work opportunities during the year, surpassing its target by 10.2%.

A critical component in attracting investment into the city, is our ability to reflect an administratively sustainable City, with strong financial controls and operational governance structures in place. The City has again achieved an unqualified audit opinion as was the case in the prior year. This is a firm indication of the continuous improvement of our financial management and that we continue to strive towards clean administration and the highest standards of corporate governance. We are also pleased to report that incidences of corruption and fraud reduced during the year and there was a marked increase in the recovery of funds.

### ***Green Economy***

During the year, we continued to work towards our vision of a 'green economy'. This vision aims to shift the City's economy towards one that grows and creates jobs as a result of economic opportunities created from more sustainable and 'green' production and manufacturing. These include the production of bioethanol, manufacturing of solar geysers, and the provision of safe and fuel efficient public transport. Key to the City's economic growth and resilience is the sustainable use of natural resources and the protection of the environment. The green economy achieves these objectives through projects that lead to investment, job creation and competitiveness.

The City has been working towards a low carbon infrastructure and has introduced numerous energy-saving programmes to residents. During 2013/14, 30,008 solar water heaters were installed in various areas, including Alexandra, Devland, Lehae, Pimville, Pennyville, Tshepisoong and Vlakfontein. Further, prepaid and smart meters were introduced to monitor and manage electricity usage more efficiently. To date, more than 91,000 meters have been installed. The City aims to install 150,000 smart meters in the year ahead.

In terms of transport developments, the City has converted two busses into 'green busses' with dual fuel capacity. Additionally, each year more commuters use our public transport system, with 32,865 passengers being commuted by Rea Vaya during the year, and 14,842,618 passengers by Metro Bus Service.



## Safer Cities

Through the enduring efforts of the Johannesburg Metropolitan Police Department (JMPD) and Emergency Management Services (EMS), we strive to build Johannesburg into a safe and secure city. During the year, the JMPD implemented enforcement activities across the city to address priority crimes, by-law enforcement and traffic compliance. Enforcement operations resulted in the JMPD achieving a 9% increase in arrests for possession of illegal drugs; a 20% increase in arrests for possession of illegal firearms; and a 17% increase in arrests for possession of stolen vehicles. There was also an improvement in joint operations for bylaw enforcement and patrols implemented to address priority by-laws.

Whilst the actual number of fires across the city increased, 84% of fires were attended to by our Emergency Management Services within 12 minutes of alert. Further, 800 Primary Based Emergency Response plans were implemented during the year, surpassing the target by 8.1%.

The Intelligent Operating Centre (IOC) is an important contribution to the City's safer Cities Programme. During the year there was a 34% reduction in corruption; as well as a reduction in crime as a direct result of the CCTV system.

The City's Mayor serves as the Deputy-Chairman of the UN Safer Cities Programme locally - and the continent's Safer Cities Programme abroad. Accordingly, the City is recognised on the global stage and is able to influence change due to its unique experiences and perspectives; as well as its strategic thinking and implementation plans. In this way, we are able to contribute to the development of local government at an international level.

## Organisational development

Our commitment to providing world-class services to all our residents is achieved through our greatest assets: our 12,558 employees working across various operational disciplines. The City aims to foster a high-performance ethos by attracts and retaining exceptionally skilled and qualified people. The vision of delivering professional, diverse and competent Human Capital for a World-class African City is achieved through our Human Resources Strategy, which is implemented across the City. The strategy focuses on the development of human resources in all aspects, with a specific focus on skills retention to preserve institutional knowledge.

During the year, we introduced numerous changes in terms of organisational development around the city. An employee satisfaction survey was performed during the period. The survey reflected an organisation that has stabilised and has subsequently improved its performance.

By year-end, we had successfully recruited 20 of the 22 Section 54A and Section 56 positions, and have filled the outstanding positions of Chief Executive Officers and Managing Directors (MDs) of 10 of the 11 Municipal Entities.

Overall, the City experienced a 4.71% staff turnover rate for the year (excluding seasonal terminations). We continue to address areas with higher-than-average turnover rates by implementing skills retention strategies, such as talent management, succession planning and delegations in terms of remuneration. Further, through the City's Human Resources Management (HRM) function, employees are inspired to develop their careers and skills through individual development analyses and plans; as well as through quality performance management and career management programmes.

## Appreciation

I would like to express my appreciation for the support received from the political leadership in Council, including the Executive Mayor, Councillor Mpho Parks Tau and the Mayoral Committee, Speaker of Council and Section 79 Committees; as well as the City's advisory committees which encompass the Group Audit Committee and Group Performance Management Committee and Group Risk Committee. Administratively I would like to thank the Chief Operations Officer, Gerald Dumas, Group Heads, Cluster Convenors, Executive Heads, Boards of Directors, Managing Directors and the entire staff of the City and its entities for their

continued support. Collectively we remain committed to efficient service delivery and the attainment of a liveable, sustainable and resilient Johannesburg.

**Trevor Fowler**

**City Manager: City of Johannesburg**

## Letter from the Chief Financial Officer

**Group Chief Financial Officer**  
**City of Johannesburg Metropolitan Municipality**  
**Reggie Boqo**

### Introduction

“We are a city at work to remake itself and shape its future, as a ‘sustainable, liveable and resilient city’ – a city that ‘cares’ for its people and their future.” These are the words of the Executive Mayor, Cllr Mpho Parks Tau as shared during his 2014 State of the City address. Johannesburg has truly been a City at work throughout the 2013/14 financial year. In light of this commitment – and the City’s positive performance during the year – it gives me great pleasure to present an abridged view of the Annual Financial Statements for the City of Johannesburg for the year ended 30 June 2014 on p. x of this report. The abridged financial report highlights the City’s financial position and financial performance for the year, which are discussed in more detail in the consolidated Annual Financial Statements of the Metropolitan Municipality contained in Book 2: Integrated Annual Financial Report (Consolidated Version).



### Overview of financial performance

The City’s financial strategy, as driven through its Financial Development Plan, continued to deliver positive results during the year. We achieved a surplus of R4 billion (2013: R3,4 billion), which was redeployed in the capital budget to accelerate service delivery.

Financial highlights for the year included:

- The City has maintained healthy levels of liquidity and successfully redeemed listed bonds and other liabilities amounting to R663 million that fell due during the year. We further raised R2,083 billion of new funding in loans and bonds. The City’s cash and cash equivalents at year end amounted to R5,3 billion (2013: R5,4 billion) despite the capital budget increasing by more than 70%.
- In order to accelerate capital investment the City increased its capital budget from R4,5 billion in 2012/13 financial year to R7,7 billion in the year under review. Capital investment is a key tool for improving service delivery and transformation of the urban environment.
- The City’s net assets position improved by 15% to R35, 6 billion. The increase in net assets was attributable to the surplus generated during the year under review of R4 billion.
- The Cluster improved its billing and revenue collection, recording 94% performance for the financial year. The City again achieved an unqualified audit opinion, as was the case in the prior year. This is a firm indication of the continuous improvement of our financial management and that we continue to strive towards clean administration and the highest standards of corporate governance.

The Annual Financial Statements presented in this report reflect the City’s strengthened financial position, with total assets increasing by 5% to R66,6 billion. This was due mainly to capital expenditure of R7,3 billion and a cash position of R5,3 billion. The City also evidenced improved capacity to spend its capital budget by spending 93% of its capital expenditure budget. This was despite the 71% increase in the capital budget to R7,7 billion in 2013/14. The current ratio and solvency ratio both exceeded the set targets.

Despite the challenging economic environment, the City continued to generate a healthy net surplus of R4,2 billion which is an 18% increase from the previous year’s R3,4 billion. The increase is largely due to measures put in place to ensure expenses are constrained while optimising revenues. The achievement of a surplus is in line with the City’s Financial Development Plan and again indicates that the City is performing well in its efforts to achieve financial sustainability and resilience.

Total income increased by 13% to R39,5 billion, driven largely by revenue generated from the distribution of water and electricity to the citizen of Johannesburg. Operational expenditure increased by 10% to R34,6 billion due to bulk purchases of both water and electricity as well as inflationary pressures on other expenditure.

The City's revenue composition remained relatively unchanged from the previous financial year, with service charges and property rates accounting for 73% of the total revenue generated. Government grants for the current year contribute 20% to total revenue, which is consistent with the prior year. The City again showed less reliance on grants during the year and significantly increased capital expenditure despite government grants remaining almost static.

The City maintained its respectable credit ratings with Fitch and Moody's at AA- (zapzaf), with a stable outlook; and A1.za with a negative outlook. The ratings with Moody's was subsequently revised down to A2.za, with the sovereign downgrade in November 2014. These credit ratings assist in containing the funding costs of the City and ensuring that the City's listed bonds remain an attractive proposition to investors.

The City continued to look for innovative funding mechanisms during the year. Accordingly, we issued a listed Green Bond COJG01 in June 2014, which was a first instrument of its nature in the local government sector and South Africa as a whole. The market welcomed this innovation and the 10-year Green Bond of R1,5 billion was oversubscribed to the tune of 150% at a competitive funding cost to the City.

We remain committed to prudent management of the City's finances. Our Financial Development Plan will ensure continued financial sustainability and effective financial planning through prudent borrowing, the generation of annual operating surplus, and the creation of cash reserves to increase the level of infrastructural spending.

Given the continuing challenging economic climate, the year ahead is expected to remain challenging given consumer debt levels, which significantly impact the collection of revenue by the City. The tariff increases which are not within the City's control continue to increase at levels above the consumer price index (CPI) and will continue to exert further pressure on the affordability of the services provided by the City going forward. The revenue collection rate may be negatively impacted if the economy does not improve. The City will continue to assess mechanisms for minimising the impact of tariff increases on our citizens by maintaining tariffs under its sole control below inflation. We have adopted a prudent financial sustainability strategy, which will protect the City's financial position during the economic turbulence.

## Appreciation

I wish to convey my sincere appreciation to the Executive Mayor, Councillors, Member of Mayoral Committee responsible for Finance, Mayoral Committee, the Group Audit Committee, Municipal Manager, Chief Operations Officer, Group Executive Directors, Boards of Directors, Managing Directors, Chief Financial Officers of Municipal Owned Entities and their teams for the support they have provided during the 2013/14 financial year.



A special word of gratitude goes to the entire staff of the City and MOEs, who have played a key role in making the financial year a success. The hard work, sacrifices and concerted efforts of everyone throughout the year have paid off and were much appreciated.



A further word of thanks to all who worked persistently to ensure the City's Annual Financial Statements are finalised within the prescribed period. Let us remain committed to strengthening the City's financial position as well as to achieving our long-term goals of a financially sustainable and resilient City.

**Reggie Boqo**  
**Group Chief Financial Officer**  
**City of Johannesburg Metropolitan Municipality**

## Performance highlights

Table 1: Performance highlights for all clusters

<b>Sustainable Services Cluster</b> 	The number of households in the city with piped water inside dwellings increased by 30% since 2012/13, with almost 1.3 million dwellings having piped water.
	Industrial water usage decreased by approximately 35% since 2012/13.
	Drinking water quality was 99.8% against a target of 99%; the overall final treated effluent quality was 91.5% against a target of 97%.
	1,750 Households received access to sanitation services against the annual target of 2,860 households. More than 91% households received flush toilets (or LoS 3).
	32,865 Passengers were commuted by Rea Vaya, with 108,801 seats available for all journeys.
	14,842,618 Passengers were carried by the Metro Bus Service, with seats available for all journeys amounting to 24,125,807.
	13,428 Roads were tarred and 623 kilometres of existing roads were resurfaced (over 700% increase compared to the previous financial year).
	30,008 Solar water heaters (geyser) were installed in various areas including Alexandra, Devland, Lehae, Pimville, Pennyville, Tshepiso and Vlakfontein.
	7,027 Public lights were installed.
	2,151 Households were electrified during the year. These are households that previously had no electricity.
	1,070 Direct job opportunities were created through the City's waste recycling initiative, of which 550 jobs were created through EPWP projects and Recycling Industry/ Buyback centres; 520 jobs were created through PIKITUP co-operatives working on separating waste at source.
	2,487 Tonnes of green waste was diverted through composting in 2013/14, which was more than the targeted amount of 15,000 tonnes (16.7% greater than the stated target).
	JOSHCO grew its housing portfolio to within 4% of the projected target for the year by increasing the portfolio to 7,034 units.
The City recorded a reduction of 5% in Green House Gas (GHG) emissions; and GHG emissions were reduced at the landfill gas-to-energy project at two landfill sites, namely Marie Louis and Robinson Deep.	
<b>Human and Social Development Cluster</b> 	Approximately 2,000 people were registered for social, employment and income-generating assistance programme.
	The City surpassed its target for senior citizen support by 259.1% above its target of 2,800 for the year.
	The Johannesburg had 474,854 visitors to the Zoo during the year; 2,040 Animal species were cared for.
	The Masibambisane programme reached 23,930 learners (59.6% more than the stated target).
	More than 2,000 parks were managed and maintained by the City as well as 3 nurseries; 119,84 hectares of bird sanctuaries were maintained, as well as 2,132,64 hectares of river trails.
	11 new Community Oriented Primary Care sites became fully functional during the year; and awareness programmes relating to teenage pregnancy, drug and substance abuse, and HIV and AIDS were rolled out at 66 primary and high schools.
	5,139 ECD (Early Childhood Development) practitioners were trained; 1,800 more than the target.
	6,160 Child-headed households as well as 10,054 senior citizens were assisted through regional day care centres.
	Overall, 800 Primary Based Emergency Response plans were implemented, surpassing the target by 8.1%.
	The JMPD effected a 9% increase in arrests for possession of illegal drugs; an increase of 20% in


	arrests for possession of illegal firearms; and an increase of 17% in arrests for possession of stolen vehicles.
<b>Economic Growth Cluster</b> 	R2.6 billion value of investment was facilitated against the annual target of R1.07 billion (143% above the stated target).
	The City surpassed its target of creating 50,000 EPWP work opportunities during the year by 5,082 work opportunities (10.2%), achieving a total of 55,082 work opportunities.
	Two SMME Hubs were established as well as four regional sector-based incubators; four SMME outreach programmes were rolled out.
	6,774 SMMEs and 774 Cooperatives were supported through the City's targeted programmes and 3,252 jobs were created.
	Up to 2,073 emerging farmers are providing produce under Joburg Market's transformation programme.
	Joburg Market sold 1,245 tons of fresh produce, producing a monetary sales value of R5, 637 billion; the company's CSI programme provided 20,366 donations to NGOs and indigent families.
<b>Good Governance Cluster</b> 	The Cluster effectively managed R27 billion in cash for the year.
	The Community-Based Planning Programme rollout commenced within the seven regions.
	The Cluster improved its billing and revenue collection, recording 93% performance.

## Governance and assurance

### Introduction to governance

The reporting of the annual performance of the City falls within the mid-term of the 5-year term. As such in the year under review, there were no changes pertaining to the governance structure and services delivery model. However, changes were made to the by-laws during this period. The services delivery model remained the same. The City's governance model has two separate functions – the executive and the legislative.

**Table 2: Summary of the City of Johannesburg's Governance Model**

<b>Executive</b>	
Function	Executive and strategic oversight, planning and coordination. The Executive is the policy and programme implementation arm of Council.
Oversight and coordination	The executive work of Council is co-ordinated by the Executive Mayor, who is elected by the Council to provide strategic direction for the Municipality. The position of Executive Mayor is held by Councillor Mpho Parks Tau.
Mayoral support	<ul style="list-style-type: none"> <li>The Mayor is assisted by the Mayoral Committee, made up of ten councillors and led by the Executive Mayor. The mayoral committee is responsible for individual portfolios and reports directly to the Mayor.</li> <li>Section 79 Portfolio Committees are chaired by non-executive councillors from the majority party and assist Council in executing its responsibilities. Section 79 Portfolio Committees perform an oversight role by monitoring the delivery and outputs of the Executive. These committees do not have any delegated decision-making powers. The current Chair of Chairpersons is Cllr. Solomon Mogase.</li> <li>Mayoral sub-committees assist the Mayoral Committee to fulfil its executive functions and address city-wide cross-cutting programmes. These sub-committees are complemented by a system of political oversight of key service delivery interventions in the Regions to enable better coordinated service delivery.</li> </ul>
Functional execution	<ul style="list-style-type: none"> <li>A municipal administration, headed by the City Manager, Mr Trevor Fowler, and supported by an executive management team, ensures that the vision and mission of Council becomes reality - they deliver the services envisioned by the politicians.</li> <li>The City Manager is responsible for employing staff and coordinating their efforts to implement all the programmes approved by Council. The Mayor and his executive oversee the work of the City Manager and department heads.</li> </ul>
	<p><b>Refer: Integrated Annual Report (Consolidated Version)</b></p> <ul style="list-style-type: none"> <li>Please see p. 28 for an outline of the City's Mayoral Committee</li> <li>Please see p. 28 for an outline of the composition and functions of Mayoral sub-committees.</li> <li>Please see p. 27 for a list of Chairpersons of Section 79 committees.</li> <li>Please see p. 27 Councils Oversight and Scrutiny.</li> <li>Please see p.369 for a full list and breakdown of Councillors, including committee allocations.</li> </ul>
<b>Legislative</b>	
Function	Political administration
Composition	Councillors: elected and proportional representatives chosen every five years during the Local Government elections
Oversight and coordination	<ul style="list-style-type: none"> <li>Council Speaker: the incumbent is Cllr. Constance Bapela. The Speaker is responsible for coordinating and managing the functioning and development of section 79 committees and Councillor Affairs.</li> <li>The Speaker further fulfils the role of building democracy; and managing community participation in local government, particularly through the ward committees, by ensuring they function effectively. The Speaker has to ensure public consultation, involvement and participation in the affairs of the Municipality.</li> </ul>
Functional support	The Speaker is supported by the Chief Whip of Council whose responsibility it is build




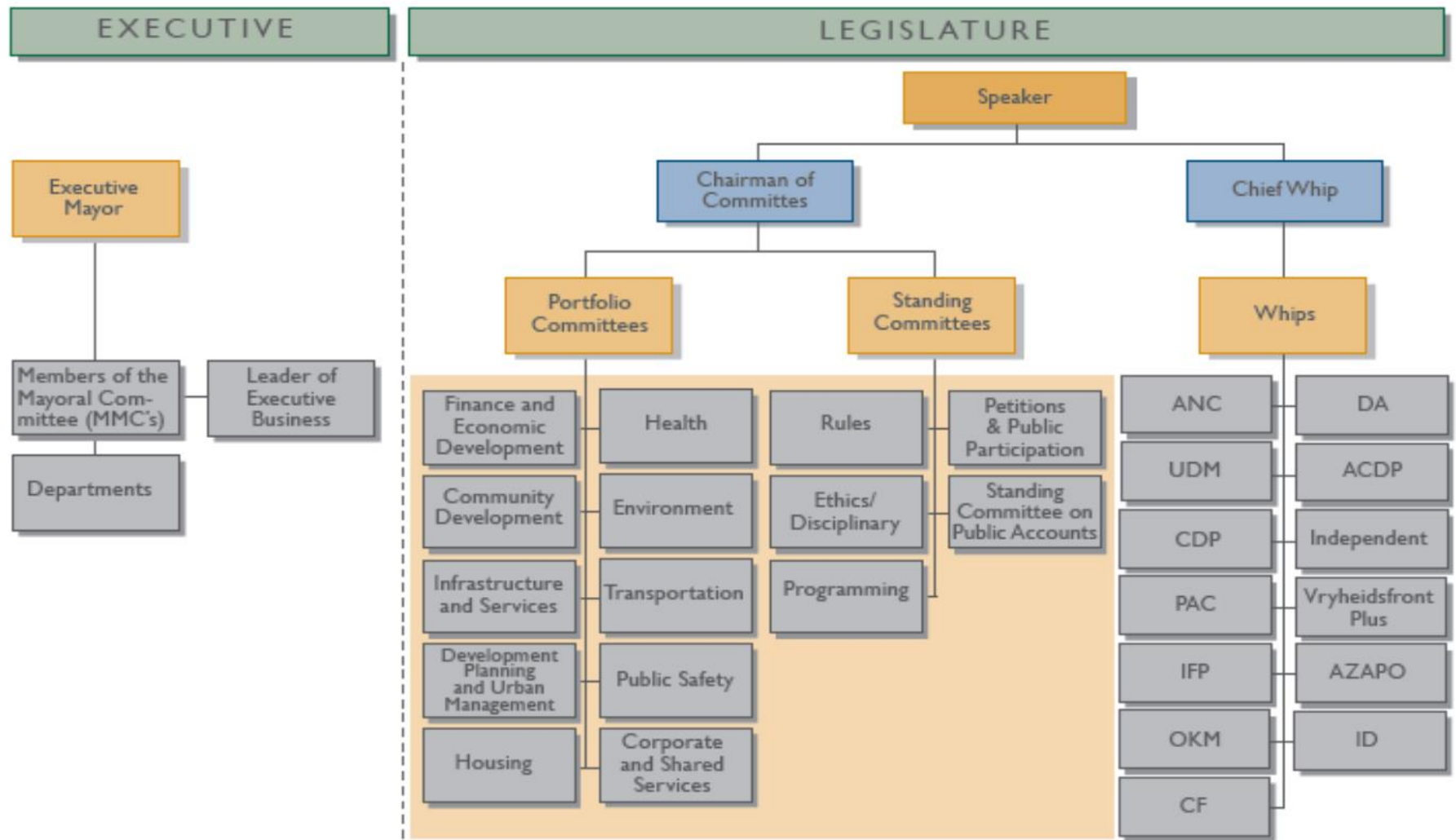
	relationships among the various political parties and to ensure a well-oiled governing party. The incumbent is Cllr. Prema Naidoo.
Meeting frequency	Monthly
Core functions	The Council is the body that formulates policy and oversees its implementation. Its key role in its current structure is to focus on legislative, participatory and oversight roles. Council also ensures that debate and discussion takes place between the different political parties.
Core considerations	How best to achieve the City's vision of a World Class African City of the Future, as expressed through the maxim: "a vibrant, equitable African city, strengthened through its diversity; a city that provides real quality of life; a city that provides sustainability for all its citizens; a resilient and adaptive society".
<b>Regional political oversight</b>	
Function	Regional integration of strategy and programmes
Oversight and coordination	Regional MMCs
Functional execution	<ul style="list-style-type: none"> <li>Overseeing the resolution of regional service delivery issues that arise from time to time (e.g. petitions referred by the Chairperson of the Petitions Committee, citizen complaints through JO-SERVE or service delivery protests).</li> <li>Overseeing and advising sub-committees and/or the Executive Mayor on the implementation of Regional Urban Management Plans.</li> <li>Identifying and escalating key service delivery issues per Region to relevant MMCs (e.g. by-law infringements).</li> <li>Coordinating quarterly service delivery forums (with ward councillors, communities, operational depots within the Region).</li> </ul>
<b>Administrative governance</b>	
Oversight and coordination	Trevor Fowler is the City Manager of the City of Johannesburg Metropolitan Municipality. The City Manager's role is a legislated position. The City Manager is the accounting officer of the Municipality and provides guidance on compliance to political structures, political office bearers, officials of the Municipality and entities under the sole or shared control of the Municipality. The City Manager is head of the City's administration and is Chairperson of the Executive Management Team. He manages day-to-day management and administration of the Municipality.
<b>Service delivery</b>	
Functional execution	The City established wholly owned municipal entities under the Companies' Act of 2008. Such entities exist purely as service delivery agents for the City, who in this case, is the principal or shareholder. The entities are governed through a Service Delivery Agreement signed between the shareholder (City) and the company. Although the entities have an individual corporate identity, they remain fully controlled by the Metropolitan Council.
Oversight and coordination	The City is guided by the King III Corporate governance recommendations and has established independent oversight committees and Boards for its Municipal Entities.
	<p><b>Refer: Integrated Annual Report (Consolidated Version)</b></p> <ul style="list-style-type: none"> <li>Please see p. 29 for a diagrammatical outline of the Office of the City Manager, Group functions and relevant political portfolios.</li> <li>Please see p. 29 for a list of the Executive Management Team members.</li> <li>Please see p. p.30 for a list of Municipal Entities.</li> </ul>

Figure 4: Johannesburg Institutional Structures



## Governance summary

The City of Johannesburg has comprehensive governance structures, systems, policies and procedures – underpinned by a sound set of values and ethics to support the strategy outlined above. Johannesburg’s governance arrangements allow for a clear separation of policy making, regulation and implementation. Core administration is responsible for service delivery, policy making and regulation. MEs are an implementation arm of the City, creating focused, specialised and non-bureaucratic processes. There are also regional structures that monitor service delivery and citizen care, which monitor service delivery on the ground. They provide a link between the City, its citizens and other stakeholders.

The separation of functions between legislative and executive arms of Council is a governance innovation implemented to enhance oversight and public participation in Council programmes. This is achieved through the delegation of legislative and executive functions of Council to the legislative and executive arms respectively. Service delivery implementation and policy issues such as Integrated Development Planning, tariffs, and so forth are delegated to the Executive (led by the Executive Mayor). Legislative functions are delegated to Council and its committees and these include oversight and public participation. The latter is fundamental to successful delivery of services, accountability and public consultation by local government.

The City’s governance and institutional arrangements are critical to achieving its vision of a world class African city. Over the years, the City has developed and refined its existing models, thereby ensuring significant progress in the area of governance. Currently, the City implements a model similar to that of provincial and national Parliament, emphasising the separation of executive and legislative functions to promote oversight, accountability and public participation.

A long-term growth and development strategy (GDS), also termed ‘Joburg 2040’ guides the direction of the City’s work and outlines the City’s goals and objectives. Each year, Council passes a budget and decides on development plans that fit into the Joburg 2040 strategy. The Municipal Manager is the Municipality’s chief accounting officer. He is supported by executive directors who are responsible for the individual City departments for the delivery of key public services to residents. In the year under review the City made critical impactful appointments of executives, including the GCFO, Economic Development and Chief of Police. The City’s service delivery structure is outlined in more detail in the section that follows.

## State of internal controls

The City has formalised and approved a Group Internal Control Framework which is aligned to best practices such as the 2013 COSO Framework. The Group Risk & Assurance Department is tasked to oversee the citywide implementation of the internal control framework. This is one of the major initiatives of the City to improve the risk and control environment and therefore enhance accountability.

The Group Internal Audit Unit together with other assurance functions has implemented the combined and integrated assurance approach which seeks to enhance value-adding assurance services. The Unit derives its mandate from the approved internal audit charter and the Municipal Finance Management Act. During this financial year, a new head of the Group Internal Audit Unit was appointed and the Unit focused on performing risk based internal audits with particular emphasis on significant risk exposures.

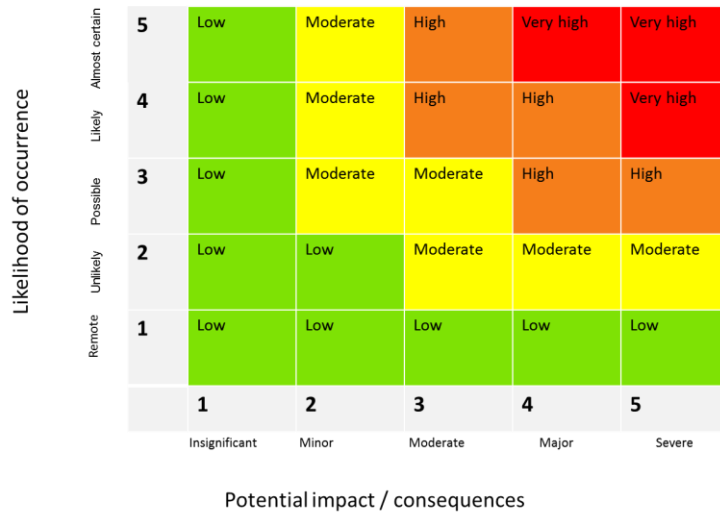
## Risk and assurance

The embedding of risk management processes in the City has improved in recent years. Strategic and operational risk assessments are conducted at least once a year, while the treatment of risk response and treatment actions are monitored at least quarterly. Group Risk and Assurance Services reports to the City’s independent Group Risk Governance Committee on key risk movements that may impact on the City’s priorities.

An emerging risk area that impacts on both financial sustainability and the ability of the City to meet community expectations, is around theft of electricity as well as the increased theft of electricity cables. The City is focussing on addressing this exposure and is implementing demand-side management plans.

The City’s ‘regulatory compliance universe’ and associated compliance risks are also monitored by the Department, and management is advised on an ongoing basis of the residual compliance risk profiles.

**Figure 5: Residual risk ‘heat map’**








The table below reflects the City’s integrated approach to enterprise risk management (ERM) by linking the top five identified risks to the City’s strategic outcomes and Mayoral priorities. It ranks each risk according to the relative priority settings within the overall hierarchy of risks.

The residual risk ‘heat map’ is a guide to the priority levels for each of the risks outlined in the table below.

Kindly consult the section on Risk Management on page 33 of the City’s Integrated Annual Report 2013/14 (Book 2) for a detailed description of potential sources of risks and a view of established controls and on-going mitigation activities.

City of Johannesburg Enterprise Risk Management 2013/14

Risk ranking	Clusters impacted	Strategic perspective		Risk Landscape	
		Risk description	Strategic outcomes	Associated material issues	Mayoral Priority Programmes
1		<b>ICT Governance Risk:</b> Inadequate IT governance and IT delivery (ICT Risks)	A leading metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive GCR	<ul style="list-style-type: none"> <li>Promote a responsive and accountable, efficient and productive metropolitan government</li> <li>Promote an active and effective citizen-focused GCR</li> <li>Strategic investments in ICT infrastructure and software</li> <li>Establishment of ICT Governance Steering Committee</li> </ul>	<ul style="list-style-type: none"> <li>Smart City</li> <li>Green Economy</li> <li>Financial Sustainability</li> </ul>
2		<b>Stakeholder Management Risk:</b> Inability to meet community expectations and demands	Improved quality of life and development driven resilience for all.	<ul style="list-style-type: none"> <li>Ensure guaranteed customer / citizen care and service</li> <li>Ensure active citizen participation and empowerment</li> </ul>	<ul style="list-style-type: none"> <li>All priority programmes</li> </ul>
3		<b>Fiscal Governance and discipline:</b> ensuring the financial sustainability of the City; revenue completeness and expenditure management	A leading metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive GCR	<ul style="list-style-type: none"> <li>Ensure financial stability</li> <li>Promote a financially and administratively sustainable resilient city</li> <li>Improved Financial controls</li> </ul>	<ul style="list-style-type: none"> <li>Financial Sustainability and Resilience</li> </ul>
4		<b>Theft Fraud and Corruption</b>	Improved quality of life and development driven resilience for all	<ul style="list-style-type: none"> <li>Ensure financial stability</li> <li>Promote a financially and administratively sustainable resilient city</li> <li>Improved Financial and internal controls</li> <li>Enhanced Accountability measures</li> </ul>	<ul style="list-style-type: none"> <li>Financial Sustainability and resilience</li> <li>Investment attraction, retention and expansion</li> <li>Active Engaged Citizenry</li> </ul>

5		<p><b>Rapid Urbanisation:</b> Social, economic and infrastructural challenges creating a resistance to spatial transformation.</p> <p>Sustainability of responses to immigration trends.</p>	<p>A leading metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive GCR</p> <p>Provide a resilient, liveable, sustainable urban environment - underpinned by infrastructure supportive of a low-carbon economy</p>	<ul style="list-style-type: none"> <li>• Promote sustainable human settlements</li> <li>• Promote eco-mobility</li> <li>• Ensure active citizen participation and empowerment</li> <li>• Development of Jozi @ Work strategies to improve economic participation</li> </ul>	<ul style="list-style-type: none"> <li>• Sustainable Human Settlements</li> <li>• Green Economy</li> <li>• Active Engaged Citizenry</li> <li>• Financial Sustainability</li> <li>• Smart City</li> </ul>
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## Prevention of fraud and corruption

The risk of fraud and corruption is one of the City's top strategic risk areas. The City implemented its anti-corruption strategies, which include city-wide anti-corruption and anti-fraud interventions; as well as a centralized whistle-blowing mechanism (a 24-hour fraud hotline service); and fraud awareness workshops.

The improved cooperation evidenced by the increased number of incidents reported by community and officials has resulted in a high number of investigations being undertaken. Management accountability includes ensuring the outcomes of investigations are actioned.

## IT Governance

The City's Information Communication and Technology Strategy is premised on the objectives expressed in the GDS 2040 and associated programmes, as articulated in the IDP 2012/16. The City has approved its ICT strategy and has the strategic intention to become a 'Smart City' through the roll-out of Broadband technology and capabilities; as well as by upgrading the City's SAP system using best-in-class programme management methodologies; upgrading its ICT infrastructure assets to increase the number of departments connected to a common interoperable Smart City platform; and adopting world-class ICT Governance frameworks and tools. The outdated ICT infrastructure is being upgraded through an implementation of best-in-class data centre technologies to ensure efficiencies.

Projects and IDP deliverables that are in the process of being implemented include the City's PAIL initiative (Public Access to Internet in Libraries) and the Broadband Network Core Infrastructure. PAIL implementation is planned to continue into 2014/15. The ICT objectives for the City include using ICT to:

- Improve productivity;
- Improve efficiencies through the deployment of appropriate ICT systems and solutions;
- Ensure implementation of an ICT Governance Framework and supporting structures; and
- Eliminate the 'digital divide' between customers and citizens of the City, among others.

The City's ICT governance framework establishes a formal compliance framework to govern the City's information technology (IT) function and establishes a platform from which to develop further processes and procedures.

## Code of conduct

The City's Code of Conduct (the Code) has been developed using the Basic Conditions of Employment and enables a culture of entrenched values and norms that guide the behaviour of employees. Certain aspects of the Code are included in employee contracts. The Code aims to instil the City's shared value system, which includes the broad values of accountability; customer service delivery; continuous improvement and innovation; stakeholder engagement, employee engagement and development; fairness and consistency; open and effective communication; and zero harm to self, others and the environment. The Code is reviewed by the Human Resources Department every five years (or if the need presents).

In addition to the Code, the City has a formal customer services charter that firstly, binds the City to meeting particular service standards; and secondly, binds employees to particular job-related ethical behaviour. The City also publishes its Declarations Register for all councillors, Executive Mayor and Members of the Mayoral Committee.

Further, the City's procurement process encompasses a service level agreement (SLA) for all suppliers to sign and stipulates the expected service and ethical levels to be followed by all service providers. All procurement contracts must meet Service Level Standards. The service-related SLA is reviewed by the Supply Chain Management Department within Group Finance every five years (or if the need presents).



All policies relating to the City's Supply Chain Management policy and the General conditions of contracts governing tenders and quotations are available online at [www.joburg.org.za](http://www.joburg.org.za).





## Material issues

The City defines ‘materiality’ for its reporting in terms of ‘issues’ that substantively impact the organisation’s ability to create and sustain value over the short, medium and long term. Table 3 outlines material economic, administrative, social and environmental sustainability issues and provides insight into their importance for the City. The table further outlines key aspects of the City’s approach to managing these material issues.

We have used a combination of internal and external criteria to determine whether an aspect is material, including factors such as the City’s overall vision, mission and strategy, concerns expressed directly by stakeholders, broader social expectations, and the City’s influence on upstream entities (such as supply chain) and downstream entities (such as residents and service beneficiaries). Our assessments of materiality also consider the basic expectations expressed in the developmental priorities of National and Provincial Governments, which the City is expected to promote and deliver on.

## Prioritising material issues

**Table 3: Material issues and the approach to managing them**

GDS Principle	Material issue	Key aspects of our management approach
	<b>Economic sustainability</b>	
Build and grow an inclusive economy	Ensure optimal use of the City’s assets to create a ‘Smart City’	<ul style="list-style-type: none"> <li>• Leverage optimum value from city-owned assets.</li> <li>• Transform the Inner City through the Inner City Property Scheme, transfer properties in the Greater Soweto, Area, Greater Orange Farm, Ivory Park and Alexandra; and promote mixed development projects.</li> <li>• Resuscitate declining and decaying economic nodes within the city.</li> </ul>
	Ensure support for entrepreneurs and SMMEs	<ul style="list-style-type: none"> <li>• Promote sector diversification, productivity and competitiveness support.</li> <li>• Develop a dynamic entrepreneurial spirit and innovation to promote increased investment through SMME support.</li> </ul>
	Reduce unemployment through job-intensive economic growth	<ul style="list-style-type: none"> <li>• Promote multi-level skills development programmes.</li> </ul>
	Ensure financial stability	<ul style="list-style-type: none"> <li>• Promote area-based economic initiatives.</li> </ul>
	<b>Administrative sustainability</b>	
Promote good governance	Ensure active citizen participation and empowerment	<ul style="list-style-type: none"> <li>• Promote citizen participation and empowerment.</li> <li>• Enable ‘Smart City’ initiatives.</li> </ul>
	Promote a responsive and accountable, efficient and productive metropolitan government	<ul style="list-style-type: none"> <li>• Promote human capital development and management.</li> <li>• GCR institutionalisation.</li> <li>• Ensure integrated planning.</li> </ul>

		<ul style="list-style-type: none"> <li>Promote innovation and knowledge sharing.</li> <li>Institutionalise strong governance, risk management and compliance.</li> </ul>
	Promote a financially and administratively sustainable resilient city	<ul style="list-style-type: none"> <li>Ensure financial sustainability.</li> <li>Maintain strong administrative governance.</li> </ul>
	Ensure guaranteed customer / citizen care and service	<ul style="list-style-type: none"> <li>Enable 'Smart City' Initiatives.</li> </ul>
	Promote an active and effective citizen-focused GCR	<ul style="list-style-type: none"> <li>Promote strategic communications and marketing.</li> <li>Ensure positive strategic relations.</li> </ul>
<b>Social sustainability</b>		
Eradicate poverty	Address poverty and dependency	<ul style="list-style-type: none"> <li>Implement the 'Older Persons' package: food security, advocacy and social networking.</li> <li>Support orphans and vulnerable children through social grants, food support, education and recreation.</li> </ul>
	Ensure food security whilst promoting a 'green economy'	<ul style="list-style-type: none"> <li>Implement the Mayoral Flagship Project "A City where none go hungry".</li> <li>'Green' pools through solar geysers and facilities.</li> <li>Support small emerging farmers who were engaged in backyard and homestead gardening.</li> </ul>
Achieve social inclusion through support and enablement	Build a safe and secure city	<ul style="list-style-type: none"> <li>Promote behavioural change to reduce years of life lost.</li> <li>Capacitate Community Emergency Response Teams (CERT) in all seven Regions.</li> </ul>
	Promote health, literacy, skills and cultural diversity	<ul style="list-style-type: none"> <li>Promote social cohesion through access to common social spaces and common cultural opportunities.</li> <li>Promote social cohesion through dialogue, engagement and outreach.</li> <li>Empower and support learners.</li> </ul>
<b>Environmental sustainability</b>		
Build sustainable human settlements	Promote sustainable human settlements	<ul style="list-style-type: none"> <li>Promote sustainable human settlements.</li> <li>Ensure effective land management and acquisition.</li> <li>Promote priority area planning and implementation.</li> </ul>
	Promote eco-mobility	<ul style="list-style-type: none"> <li>Promote greenways and mobility.</li> <li>Promote Transit Oriented Development.</li> <li>Facilitate a shift to low carbon economy.</li> </ul>
Ensure resource security and environmental sustainability	Ensure the sustainable and integrated delivery of water, sanitation, energy and waste.	<ul style="list-style-type: none"> <li>Ensure efficient urban water management (reduce water demand, curb water losses, and reduce UFW - secure water supply).</li> <li>Promote integrated waste management.</li> </ul>
	Address climate change and ensure environmental protection	<ul style="list-style-type: none"> <li>Promote integrated planning, policy development and standard setting in terms of environmental considerations.</li> <li>Prioritise area planning and implementation.</li> </ul>



Figure 6 depicts a matrix of material economic, social and environmental sustainability issues in terms of their operational significance to the City and their relevance in terms of the City's short, medium and long-term vision.

Figure 6: Matrix of material economic, social and environmental sustainability issues

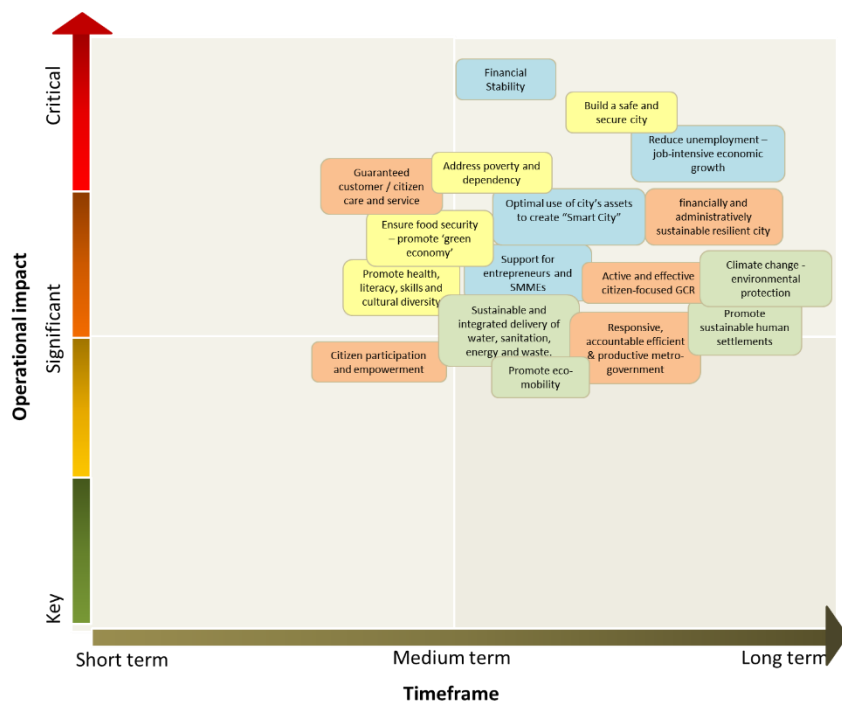
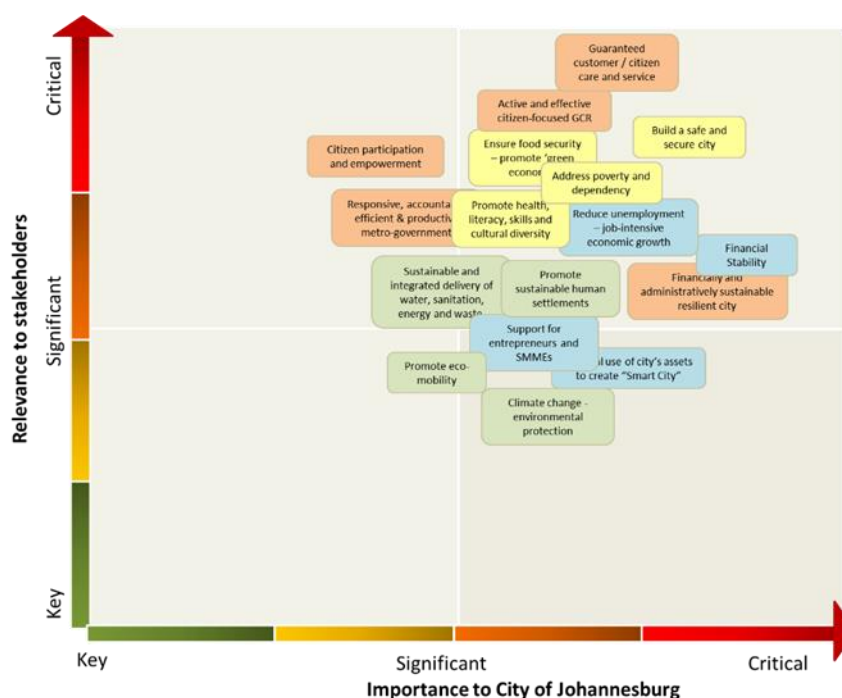


Figure 7 depicts a matrix of material issues in terms of their prioritisation from both the City and its stakeholders' perspectives. The City's Stakeholder Responsiveness Framework is available online at [www.joburg.org.za](http://www.joburg.org.za). The Framework matches stakeholders to material issues and provides insight into the City's responses to stakeholder concerns during the year.

Figure 7: Stakeholder prioritisation of material issues



## Stakeholder engagement

Our Materiality Assessment and Stakeholder Engagement processes keep the City focused on the relevant means to provide the greatest benefit to our broad range of stakeholders. The City actively initiates dialogue with various key stakeholder groups by harnessing a wide range of channels as a way to promote participative and integrated decision-making.

Stakeholder groups include residents and rate-payers, designated target groups, vulnerable communities, NGOs and academics, the media, business communities (including SMMEs and Entrepreneurs), Provincial Government, neighbouring municipalities, municipal employees and Municipal Entities and Investors.

Stakeholder engagement vehicles include quarterly road-shows, targeted awareness programmes and campaigns, 'open days'. We share our plans and information on material issues such as health, safety and security, service delivery, infrastructure development, business support and community participation (to name a few) to promote transparency and knowledge sharing; and to generate innovative solutions in collaboration with our stakeholders in a spirit of 'positive stakeholder participation'.

Table 4 provides an outline of the City's various stakeholders, their priority interests, our engagement approach and the frequency with which the City engages each stakeholder group.



Our Stakeholder Responsiveness Framework is intended to expand on the Stakeholder Engagement overview contained in Table 4 and is available online at [www.joburg.org.za](http://www.joburg.org.za). The framework outlines the City's various stakeholder groups, their main areas of interest and the City's response to stakeholder interests.

**Table 4: The City’s approach to Stakeholder engagement**

Stakeholder group	Engagement approach	Frequency of engagement	Main areas of interest
Residents and rate-payers	CBP Cluster Community Conversation	Twice annually	<ul style="list-style-type: none"> <li>• Service delivery and addressing service backlogs.</li> <li>• Strengthening of law and order.</li> <li>• Safety and security.</li> <li>• Recreational facilities and facility management.</li> <li>• Quality of infrastructure development.</li> <li>• Access to education (including adult education and health and environmental education) and educational facilities.</li> <li>• Health and social Development: healthcare and child-care, particularly early childhood development (ECD).</li> <li>• Assisting vulnerable and displaced communities.</li> <li>• On-going engagements with Councillors.</li> <li>• Tarring of roads and fixing of potholes in arterial roads as well as open space beautification</li> </ul>
	IDP and Budget Outreach	Annually	
Designated target groups (women, the elderly, disabled residents and the youth)	IDP and Budget Outreach	Annually	<ul style="list-style-type: none"> <li>• Completion of housing projects</li> <li>• Strengthening of law and order</li> <li>• Safety and security</li> <li>• Quality of infrastructure development.</li> <li>• Access to education (including adult education and health and environmental education) and educational facilities.</li> <li>• Employment of women and women empowerment.</li> <li>• Health and social Development: healthcare and child-care, particularly early childhood development (ECD).</li> <li>• Food security.</li> <li>• Care of the aged.</li> <li>• Assisting vulnerable and displaced communities.</li> <li>• On-going engagements with Councillors.</li> </ul>
NGOs and academics	Building and Harnessing on Partnership	Annually	<ul style="list-style-type: none"> <li>• Access to education (including adult education and health and environmental education) and educational facilities.</li> <li>• Health and social Development: healthcare and child-care, particularly early childhood development (ECD).</li> <li>• Food security.</li> <li>• Care of the aged.</li> <li>• Assisting vulnerable and displaced communities.</li> <li>• On-going engagements with Councillors.</li> </ul>
Provincial	IGR Indaba	Annually	<ul style="list-style-type: none"> <li>• Service delivery and addressing service backlogs.</li> </ul>

Stakeholder group	Engagement approach	Frequency of engagement	Main areas of interest
Government			<ul style="list-style-type: none"> <li>• Safety and security.</li> <li>• Completion of housing projects.</li> <li>• Health and social Development: healthcare and child-care, particularly early childhood development (ECD).</li> <li>• Assisting vulnerable and displaced communities.</li> </ul>
Neighbouring municipalities	Alignment and inter collaboration	Twice annually	<ul style="list-style-type: none"> <li>• Service delivery and addressing service backlogs.</li> <li>• Safety and security.</li> <li>• Completion of housing projects.</li> <li>• Health and social Development: healthcare and child-care, particularly early childhood development (ECD).</li> <li>• Assisting vulnerable and displaced communities.</li> </ul>
Vulnerable communities	CBP and Ward Councillor Meeting	Quarterly	<ul style="list-style-type: none"> <li>• Safety and security.</li> <li>• Health and social Development: healthcare and child-care, particularly early childhood development (ECD).</li> <li>• Assisting vulnerable and displaced communities.</li> </ul>
Municipal employees		Ongoing	<ul style="list-style-type: none"> <li>• Service delivery and addressing service backlogs.</li> <li>• Quality of work and related remuneration and reward.</li> <li>• Skills development.</li> <li>• Job security.</li> </ul>
Municipal entities	Technical Working Group	Monthly	<ul style="list-style-type: none"> <li>• Service delivery and addressing service backlogs.</li> <li>• Quality of infrastructure development.</li> </ul>
Business community	Partnerships and Collaboration	Annually	<ul style="list-style-type: none"> <li>• Quality of infrastructure development.</li> <li>• Service delivery and addressing service backlogs.</li> </ul>
Media	Partnerships and Collaboration	Quarterly	<ul style="list-style-type: none"> <li>• Safety and security.</li> <li>• Service delivery and addressing service backlogs.</li> <li>• Quality of infrastructure development.</li> <li>• Health and social Development: healthcare and child-care, particularly early childhood development (ECD).</li> <li>• On-going engagements with Councillors.</li> </ul>
Investors	Investor Roadshows	Annually	<ul style="list-style-type: none"> <li>• Safety and security.</li> <li>• Quality of infrastructure development.</li> </ul>

## Strategic review

### The City of Johannesburg's Growth and Development Strategy (GDS)

#### Joburg 2040 Strategy - our plan for the future

The City of Johannesburg is committed to being a great city – a city that inspires everyone to achieve more than is immediately possible. These aspirations are expressed in Johannesburg's long-term strategy 'Joburg 2040' GDS as follows:

"Johannesburg – a World Class African City of the Future – a vibrant, equitable African city, strengthened through its diversity; a city that provides real quality of life; a city that provides sustainability for all its citizens; a resilient and adaptive society. My City – Our Future"

The GDS strategy is our long-term response to emerging realities, a lens through which the City views, conceptualises and enhances its strategic approach to development issues. It is the foundation of a city that inspires. It represents a commitment to the citizens of Johannesburg that we, as the City, will not treat them as passive recipients of government services, but rather as active agents in shaping their own future. It is the City's duty as developmental local government to create spaces for conversation, as we collectively seek to address the significant challenges and opportunities that represent our future. Our GDS not only provides a vision of the future, but importantly, it defines clear outcomes against which to measure progress. Our City is a pioneering City.

Our six GDS principles are based on attaining resilience, sustainability and liveability. These qualities are expressed as follows:

**Resilience:** the quality of resilience relates to the City's commitment to working together and supporting each other in times of need. It also relates to our ability to adapt to difficult situations by recognising our strengths and assets and having the capacity to mobilise these in times of need to deliver on our promises.

**Sustainability:** the quality of sustainability relates to our commitment to eradicating inequality and poverty, as well as the creation of a better life for all. It is about striving for a healthy and good quality lifestyle. It also necessitates acknowledging that the city will continue beyond its present state; therefore we must harness natural resources that can be sustained into the future.


**Liveability:** the quality of liveability relates to the creation of an environment that promotes civic engagement and a sense of place through access to safe, sustainable choices of socio-economic opportunities. It further relates to having access to an adequate, affordable, environmentally sustainable and coordinated transportation system, as well as housing and economic opportunities. These concepts illustrate the City's approach to development.

#### GDS Principles

Table 5: GDS Principles

GDS Principle	City Commitment
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<p><b>Eradicate Poverty</b></p> 	<ul style="list-style-type: none"> <li>• Enable the poor to access basic livelihoods.</li> <li>• Ensure the affordability of municipal services, public transport and social facilities.</li> <li>• Ensure that citizens can find and retain decent lowest-cost rental housing opportunities, ensuring they are not relegated to the margins of the city, but can instead find residency in mixed-income residential spaces.</li> <li>• Empower the poor politically through meaningful participatory governance.</li> <li>• Make allowances for the poor in terms of the regulation and management of the built environment and the use of public space.</li> </ul>
<p><b>Achieving social inclusion through support and enablement</b></p> 	<ul style="list-style-type: none"> <li>• Ensure the promotion of social inclusion at all levels of society, through addressing key obstacles, including those that relate to access to service infrastructure and social safety nets.</li> <li>• Build an enabling environment, through which citizens can support themselves and each other, creating change and greater inclusivity through the direct actions of individuals, communities, organisations, alongside the City. Building bridges across diverse communities is an important element in driving inclusivity, and ensuring the restoration of trust within and between communities.</li> <li>• Continue to work with marginalised groups such as women, children, people with disabilities, migrants and refugees, while also establishing further partnerships through which to drive social inclusion across civil society and business.</li> <li>• Work closely with communities to minimise urban conflict arising from intolerance, prejudice and discrimination</li> </ul>
<p><b>Build and grow an inclusive economy</b></p> 	<ul style="list-style-type: none"> <li>• Support economic growth that is both competitive and job-intensive – thereby ensuring the sharing of economic opportunities.</li> </ul>
<p><b>Build sustainable human settlements</b></p> 	<ul style="list-style-type: none"> <li>• Commit to building sustainable human settlements – with this commitment aligning with national imperatives.</li> <li>• Consider how sustainable human settlements can best be established in a city still divided across race and class lines. In building sustainable human environments, the City must therefore address a triple challenge: breaking through the Apartheid City; creating more liveable environments; and confronting the post-Apartheid reality of urban exclusion.</li> </ul>
<p><b>Ensure resource security and environmental sustainability</b></p> 	<ul style="list-style-type: none"> <li>• Commit to transitioning to a low-carbon economy in pursuit of a healthy urban environment and environmental sustainability as part of ensuring the well-being of all Johannesburg's residents, and those who work and play in the city.</li> <li>• Commit to addressing energy poverty by building an urban form that is energy-efficient, and by ensuring that the urban poor are energy-secure.</li> </ul>
<p><b>Promoting good governance</b></p> 	<ul style="list-style-type: none"> <li>• Commit to good governance as being central to all of the principles outlined above – serving as the foundation upon which all other principles can be realised.</li> <li>• Commit to ensuring financial sustainability – and deepening participation. Financial sustainability is critical if the City is to meet the long-term demands for capital infrastructure.</li> </ul>

## Structure and implementation

### *Joburg 2040 Implementation*

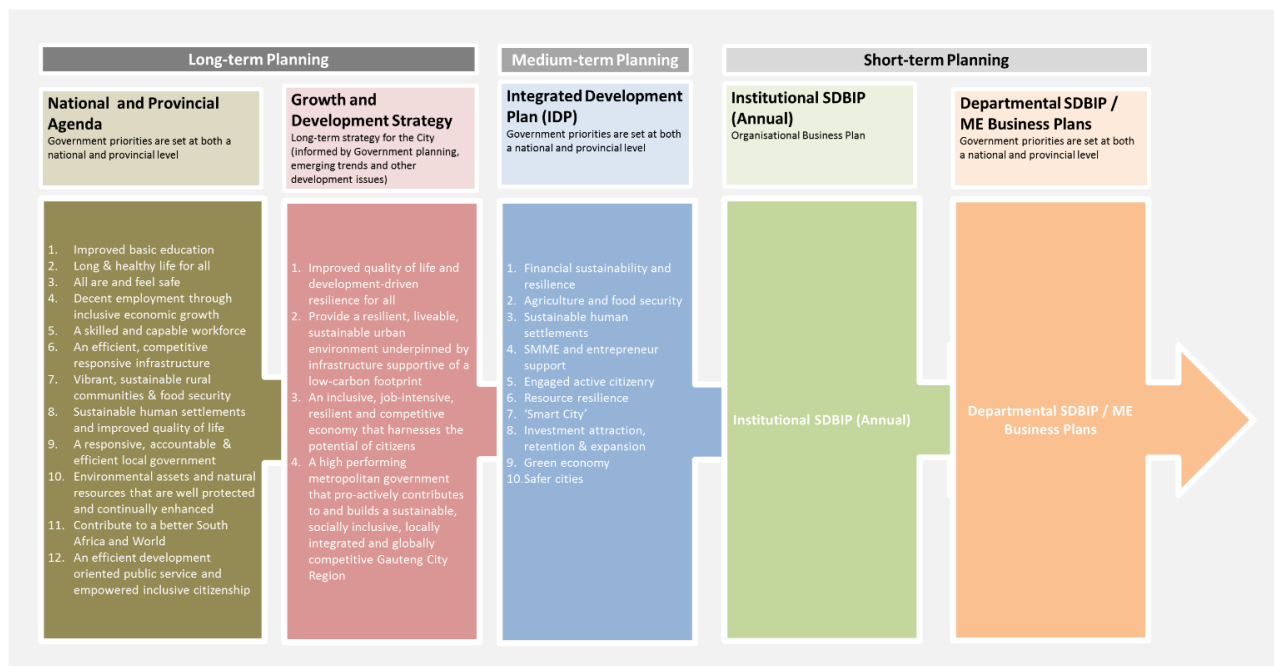
Through the GDS, we have identified a set of long-term outcomes and outputs to realise the City's long-term vision. Our City strategy is based on a paradigm of development based on four key outcomes namely:

1. Improved quality of life and development-driven resilience for all.
2. A sustainable city which protects its resources for future generations and a city that is built to last and offers a healthy, clean and safe environment.
3. An inclusive, job-intensive, resilient and competitive economy that harnesses the potential of citizens
4. A high-performing metropolitan government that proactively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region (GCR). This requires good governance and an efficient administration, but also respect for the rule of law, accountability, accessibility, transparency, predictability, inclusivity, equity and participation.

The City's five-year IDP translates these long-term outcomes into implementable programmes for a specific term of office. Business planning is a short-term planning tool that deals with annual operational planning. It is the basis for budget allocations that allow for the implementation of five-year IDP sub-programmes and projects. The City has sought to capture the complex multiple processes of planning through:

- Long-term planning: the Joburg 2040 Strategy
- Medium-term planning: the revised 2012/16 IDP
- Short-term planning: the core departments and municipal entities' annual business plans and Service Delivery and Budget Implementation Plan (SDBIP).

**Figure 8: The process of planning - long-term, medium-term and short-term planning**



In 2012/13, the City embarked on a process to unpack the outcomes of the Joburg 2040 Strategy into clear and specific outcomes by decade. This process aimed to clarify and foster agreement on the envisaged outcomes for 'decade 3' (per outcome and output) and for 'decade 1' (per outcome and output), and to identify and foster agreement on key deliverables for the remainder of the current term of office (2012 – 2016).

'Decade 1' (2011-2020) focuses on scaling up service delivery, initiating smart practices, preparing for new growth, accommodating urbanisation and the safeguarding of Johannesburg and its people. 'Decade 2' (2020-2030) will concentrate on accelerating implementation and the scaling up of smart practices as it ties in to the goals and expectations of the NDP Vision 2030. In 'decade 3' (2030-2040) the City will realise its goal of being a smart, world-class African city that is resilient, sustainable and liveable.

One of the outcomes of the GDS Roadmap process was the identification of ten priorities. In addition, the priorities ensure integration across clusters. Priority setting as a process has to be done in stages to give consideration to the 'building blocks' that will be used as long-term implementation is realised.

While the priorities span across a range of City activities, they provide a sense of focus and urgency. The priority areas give a focus for direction of effort in the early years of implementation, but do not preclude planning and investment in other areas; it will continue, provided it is in keeping with the Growth and Development Strategy. They were identified through a rigorous process of assignment and allotment of resources, taking into account the previous attempts at developing a Roadmap. Emphasis has now been placed on refining the direction for all priorities, in the context of the current financial year, and the remaining periods leading to the end of the term of office.

The Priorities are as follows –

- Priority 1: Financial sustainability and resilience
- Priority 2: Agriculture and food security
- Priority 3: Sustainable Human Settlements
- Priorities 4, 8 and 9: Economic Growth – as constituted of:
  - Priority 4: SMME and entrepreneurial support
  - Priority 8: Investment attraction, retention and expansion
  - Priority 9: The green economy
- Priority 5: Engaged and active citizenry
- Priority 6: Resource sustainability
- Priority 7: Smart City
- Priority 10: Safer City

## Priority Programmes for 2013/14

Through our Joburg 2040 strategy, we seek to achieve a sustainable City by reducing poverty and inequality through urban re-engineering. This includes integrating urban design and, as far as possible, preventing new suburban developments from being established at the periphery of the City (compact design, mass transit systems). Our programmes further promote the following key objectives:

1. Continuity and change by capitalising on economies of scale and reducing the cost of delivering services;
2. Promoting investment;
3. Retaining existing business;
4. Promoting competitiveness; and
5. Redeveloping areas that are in decline.

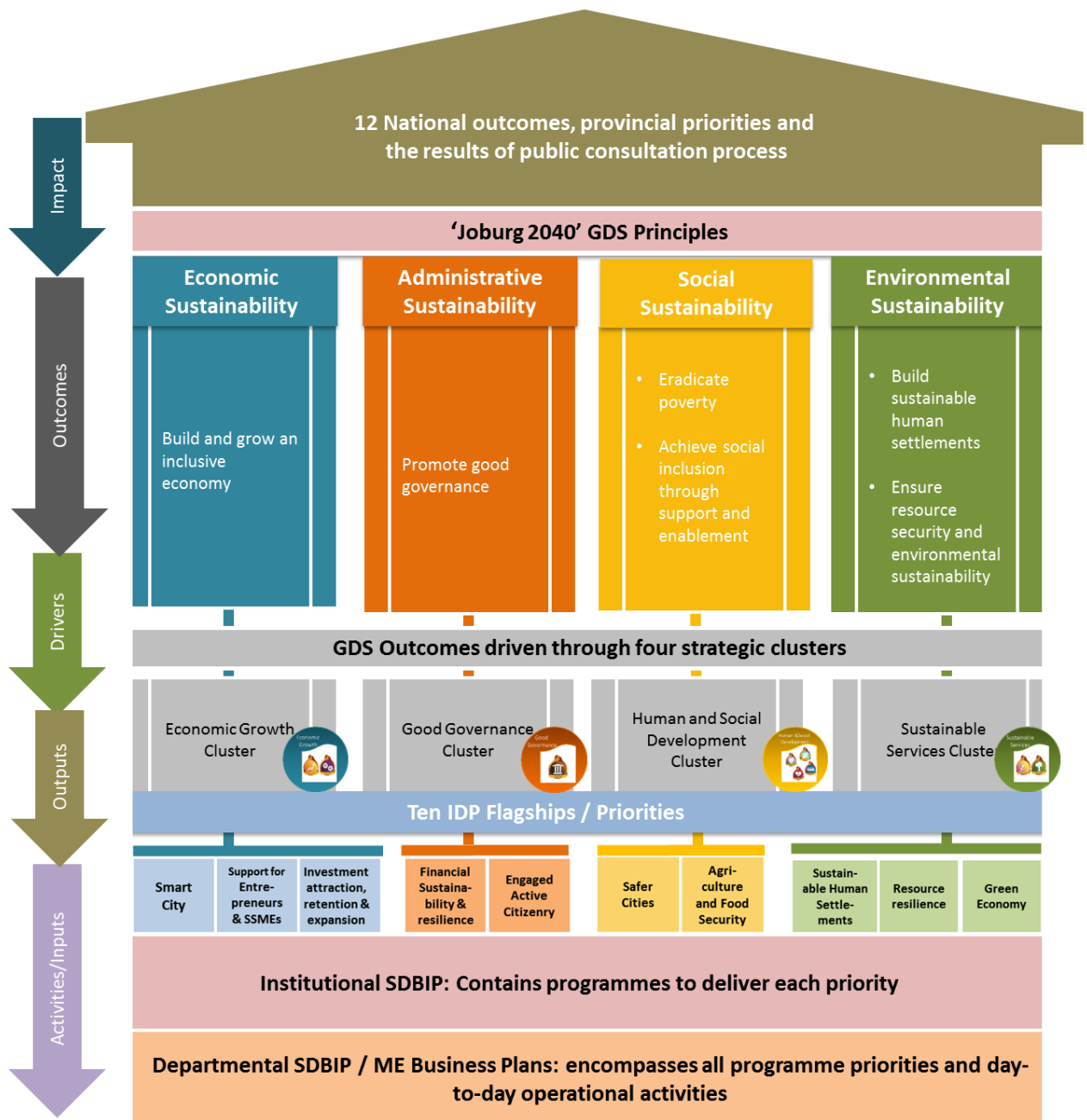
These programmes are supported by good governance and sound financial management, which emphasises citizen engagement in decision-making; financial sustainability; and accountability and transparency. To deliver on our strategy, numerous priority projects were identified in 2012/13 to launch the implementation process and to form the basis of the approved 2013/16 IDP and annual operational plans. The latter include annual service delivery implementation plans (SDBIPs) and business plans.

These priority projects are not simply a ‘means to an end’ but address the following objectives:

- Immediate term: create continuity and address basic service delivery.
- Immediate term: foster enabling conditions and introduce catalytic interventions.
- Medium term: enhance the process of deep transformation.
- Long term: encourage citizens to lead interventions as self-sustaining communities where appropriate.

Figure 9 provides a consolidated view of the various strategic components impacting the City’s GDS, such as the South African Government’s 12 National Outcomes, provincial priorities and the results of the public consultation process. It further shows the integration between the outcomes of the GDS - as driven through four strategic clusters - and the ten IDP priorities; and reflects the ultimate delivery of strategic outcomes through the City’s Institutional SDBIP, Departmental SDBIP and Municipal Business Plan.

**Figure 9: Integrated approach to long-term value creation**



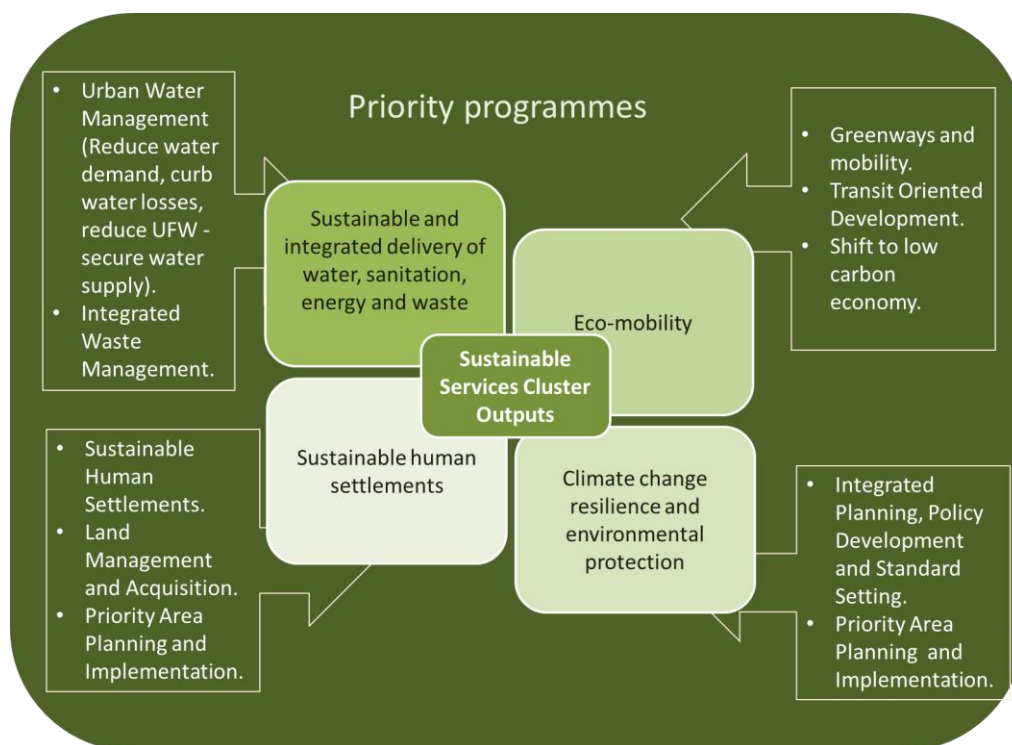
## Performance review

### Sustainable Services Cluster

*Provide a resilient, liveable, sustainable urban environment underpinned by infrastructure supportive of a low-carbon footprint*



Figure 10: Sustainable Services Cluster - material issues and enabling programmes



### Introduction to the Sustainable Services Cluster

The work of the Sustainable Services Cluster contributes directly to the physical adaptation and transformation of the City, with the prime objective of creating a progressive metropolitan environment that is resilient, liveable and sustainable both for Johannesburg and the greater city-region of which it is a part. The outputs for the Sustainable Service Cluster are:

- Sustainable and integrated delivery of water, sanitation, energy and waste
- Eco-mobility
- Sustainable human settlements
- Climate change resilience and environmental protection

The focus of the cluster for the 2012/16 term of office is to institute programmes that are transformative (changing course), whilst addressing the core business of municipal infrastructure provision and maintenance (continuity), with a view to optimising the City's revenue.


## Basic services

Basic services include:

- Water
- Waste water (sanitation)
- Electricity
- Waste management
- Housing services
- A collection of free basic services.

## Performance commentary



 Please refer to p.50 in Book 2: Integrated Annual Report (Consolidated Version) for a more detailed discussion on performance for the Sustainable Services Cluster.

**Table 6: Sustainable Services Cluster – performance commentary**

Sustainable Services Cluster performance commentary	
Performance	Commentary
Water and Sanitation Services	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li>• Ensure the sustainable and integrated delivery of water, sanitation, energy and waste.</li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>• The City continued to focus on three strategic areas with regard to water management, namely: water supply, water demand and water quality. Water scarcity and the increasing cost of water present an on-going challenge for the City.</li> <li>• The City had targeted 3,310 households to be provided with basic water. By the end of the year 3,827 households had been given access to water. To build on these gains, the City aimed to provide basic water services to a total of 3,362 households, of which a total of 5,985 (78% more than targeted) had access to basic water (LoS1 - stand-pipe within 200 meter radius) by year-end. The number of households in the city with piped water inside dwellings increased by approximately 30% since 2012/13, with almost 1.3 million dwellings having piped water.</li> <li>• The City continued to reduce the rate of unaccounted for water (UFW) by embarking on intensive programmes to resolve technical and commercial losses. The programmes entail replacement of 900 kilometres of old pipes in four years, starting with the current year of</li> </ul>

	<p>reporting of which 182 kilometres has been replaced against the planned target of 143 kilometres (127.3% above target). The installation of pressure reducing valves (PRVs) also helped to reduce pipe bursts and minimum night flows. Community awareness and education campaigns have been identified as a critical component in combatting UFW, with various community campaigns having been rolled out in 2013/14.</p> <ul style="list-style-type: none"> <li>• In compliance with both the South African National Standard (SANS) 241 and the Department of Water Affairs (DWA) Effluent Discharge Permits, the drinking water quality was 99.8% against a target of 99%, and the overall final treated effluent quality was 91.5% against a target of 97%.</li> <li>• By the end of 2013/14 all three major upgrade projects for bulk waste-water treatment works (Olifantsvlei, Driefontein, and Bushkoppies) were at 90% completion, which will provide an additional 125 MI/day treating capacity. Upon completion, the equivalent of an additional 125,000 households will be connected.</li> <li>• In 2013/14, the City had 1,2 million households serviced with flush toilets, which represents 90% of total households, while the remainder is serviced through chemical toilets (4.11%), VIP's (3.44%) and other services (1.05%). 9,234 Households have no form of sanitation service, which represents 0.64% of the total City households.</li> <li>• By the end of June 2012/13, there was a total sanitation (LoS1) backlog of 85,077 households. In 2013/14 a total of 1,750 households were serviced through improved ventilation pit latrines (VIPs) representing a 2% reduction, which subsequently resulted in an overall backlog reduction of 83,327 households by the end of June 2014.</li> </ul>
Financial performance	<ul style="list-style-type: none"> <li>• The financial performance of Water and Sanitation services resulted in 7.2% savings relative to the total operational revenue for 2013/14. The biggest saving for the period was in the net operational expenditure, with a saving of 8.1% on the targeted expenditure. The biggest overspend in services related to repairs and maintenance, with a 36% higher spend than the targeted budget. However, as the replacement projects mentioned earlier near completion, repairs and maintenance costs are expected to reduce due to new infrastructure being in place.</li> <li>• The capital expenditure for Water Services was higher than expected, with a 23% variance from the original target of R546,496 million. Note however that as indicated above, in the long term these upgrades and replacements will allow for a reduction in running costs once they are completed due to the fact that new infrastructure is now in place</li> <li>• The Capital expenditure for Sanitation Services 2013/14 was lower than expected, with a saving of 15%. The actual capital expenditure budget for the period amounted to R270,583 million against the planned budget of R386,059 million.</li> <li>• A total of R444 million had been allocated for Water Services capital projects in the 2013/14 financial year. A significant portion was allocated for the Soweto Infrastructure Upgrade and Renewal project that aims to reduce un-accounted for water by retrofitting and replacing old water mains. By the end of the financial year, a total of R307 million had been spent and 106 kilometres of mains replaced, while 31,228 pre-paid meters were installed.</li> </ul>
Electricity Services	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li>• <b>Ensure the sustainable and integrated delivery of water, sanitation, energy and waste.</b></li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>• More than 2,000 households were electrified (7.6% greater than targeted for).</li> <li>• There was an improvement in the revenue collection for 2013/14 with an unaudited collection rate of 100% for the period</li> <li>• More than 7,000 public lights were installed across the City (31.6% greater than the installations that were made in the previous financial year).</li> </ul>

	<ul style="list-style-type: none"> <li>To date, more than 91,000 meters have been installed including prepaid and smart meters.</li> <li>In excess of 41,000 smart meters have been installed in various domestic areas. It must be noted that the meter total is not finalised yet, and is expected to increase.</li> <li>The EPWP initiative created 3,507 work opportunities for the financial year.</li> <li>Payment levels exceed the target of 96%.</li> <li>HV outage performance stands at 57 NPR outages and is well below the limit of 78 for the 2013/14 financial year (27% below expected limit).</li> </ul>
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>The budget was spent on projects such as metering, the conversion of LV-bare conductors to ABC, emergency projects and various upgrades of electrical infrastructure projects. The expenditure for the year amounted to R872 million, which is R196 million above the budget of R676 million. The overspending will be accommodated by the R200 million additional allocations.</li> <li>Year-end expenditure for public lighting amounted to R102 million, compared to the year-end budget of R115 million. This reflects an underspending of R12 million. The Department of Energy (DoE) had made the money available for the Building Retrofit project; however, this project could not start as the procurement process had not been finalised. The funds were subsequently deferred. The City has engaged the DoE for the deferment of the funds. The expenditure addresses projects such as the Sebenza Transformer programme, and the upgrade of the Kelvin-Cyda substations. The expenditure for the year amounted to R103 million compared to the revised budget of R102,3 million, which is R985,000 over spent. Bulk infrastructure projects underway total R177 million.</li> </ul>
<b>Waste management</b>	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li><b>Ensure the sustainable and integrated delivery of water, sanitation, energy and waste</b></li> <li><b>Ensure food security whilst promoting a 'green economy'</b></li> </ul>
<b>Operational performance</b>	<ul style="list-style-type: none"> <li>The services rendered to areas in the City has improved with around 967,000 households serviced by PIKITUP at least once a week. This number is expected to grow annually and reach around 1,010,000 households in Year 3 (2016/17).</li> <li>The implementation of the Separation at Source project has resulted in the creation of 568 jobs as well as the establishment of 15 cooperatives. Other programmes such as Food for Waste incorporated 142 individuals. 304 Youth members participated in bin cleaning and 137 community members were employed to assist with the cleaning of informal settlements in Avalon.</li> <li>In terms of the domestic waste collection service, PIKITUP provided Round Collected Refuse (RCR) services to 9,658 business customers; bulk services to 1,666 customers; as well as daily services to 752 customers, 522 institutions, and several compost customers.</li> <li>Developments and improvements across the city in waste management include the following: <ul style="list-style-type: none"> <li>Two sorting buyback centres are under construction in Orange Farm and Diepsloot for 2013/14.</li> <li>There was a 17% participation rate in the city for separation of waste at source; this is slightly lower than the annual target of 20% but, it is on par with the previous year's participation level.</li> <li>2,487 Tonnes of green waste was diverted through composting in 2013/14, which was more than the target amount of 15,000 tonnes (16.7% greater than the stated target).</li> <li>City-wide the cleanliness levels have increased and are currently levels 2 and 3, which is an improvement from 2013/13 level 4 status.</li> <li>The 'Food for Waste' initiative had 142 participants in 2013/14, while the number of participants in the bin cleaning initiative increased from 202 people in 2012/13 to 304 people in 2013/14.</li> <li>A further 569 jobs were created in the recycling industry and 15 cooperatives were established.</li> </ul> </li> </ul>



Financial performance	<ul style="list-style-type: none"> <li>PIKITUP has reported a deficit for several years. Through the implementation of a financial plan and the management of internal controls, PIKITUP reported a surplus for the year, evidencing that the new measures have yielded positive results. Revenue collected was still below budget. During the year, PIKITUP addressed issues pertaining to revenue collection with the Revenue Department through a service level agreement (SLA). Increased revenue and improved management of the debtors will also contribute to the financial turnaround of the organisation.</li> <li>The budget for solid waste management for 2013/14 was R528,469 million. The actual budget for the period amounted to R562,233 million.</li> </ul>
Housing	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li><b>Promote sustainable human settlements</b></li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>JOSHCO obtained completion certificates for 79.23% of the number of units projected in the approved business plan (translating as 912 of the 1,151 units targeted). This negative variance came from a 169-unit shortfall on new Greenfield construction, and a 158-unit shortfall on inner city unit completions. These shortfalls were however mitigated by an 88-unit positive variance on conversions from hostels to family homes. The total shortfall in the number of completion certificates in hand on 30 June amounts to 239 units. These 239 units are at an advanced stage of construction and will all be completed in the first quarter of 2014/15. An explanation for the project programme change has been provided in the variance report which is contained in the Fourth Quarter Report.</li> <li>JOSHCO grew its housing portfolio to within 4% of the projected target for the year by increasing the portfolio to 7,034 units against a target of 7,298 units. The company ended the year at 96.4% of this target. Therefore, the 4% shortfall did not have a strong negative impact. This is due mainly to the Orlando, City Deep and Selby projects having completed units which are habitable.</li> <li>2013/14 presented challenges for JOSHCO with regard to revenue collection. The company ended the year with a cumulative collection of rentals of 88%. This was 1% higher than the pre-determined objective contracted for in the approved business plan. The achievement of this result did require significant effort.</li> </ul>
Financial performance	<ul style="list-style-type: none"> <li>Total revenue for the Housing Services Department amounted to R1,013,003. There was a variance of 13% between the Department's overall budget and actual expenditure. The Department remained within the allocated budget for all of the expenditure line items. The total operational expenditure for the year amounted to R802,507 million.</li> <li>JOSHCO's revenue for the year amounted to R108,445,415. Operational expenditure amounted to R105,438,776.</li> <li>The company's capital budget performance mirrored its capital project performance in that it depicts a variance of 5%. The underperformance is due mainly to the procurement delays on the smaller civil projects as reported on in the third quarterly report. On the positive side, and viewed against the sudden and substantial growth of JOSHCO's capital budget, while an expenditure of 95% is short of what management committed to, it is a broadly positive result when measured against the increased budget of the organisation. 81% of JOSCHO projects spent within their allocated budgets.</li> </ul>
Transport facilities and services	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li><b>Promote eco-mobility</b></li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>During the year, significant progress was made to promote walking, cycling and public transport as preferred modes of transport. The interventions included, amongst others, rolling out quality Rea Vaya Phase 1A services; launching and operationalizing phase 1B; commencing the implementation of phase 1C along Louis Botha avenue from Sandton to Alexandra; managing a bank-based smart card Automated Fare Collection (AFC) system; partnering with stakeholders and the community on issues of road safety (including education</li> </ul>

outreach); implementing 'complete streets' projects at Orlando (through external funding), Kaalfontein and Zola; and commencing the implementation of the Metrobus turnaround business plan which aims to improve efficiencies and quality public transport services to residents.

- The following was achieved in terms of 'complete streets'. Complete Streets' are constructed or retrofitted to accommodate all road users (pedestrians, cyclists, public transport and motorists):
  - Construction of 5 kilometres of cycle lanes in Orlando with external funding from Kfw in Germany;
  - Construction of 2 kilometres of sidewalks in Kaalfontein;
  - Construction of 2 kilometres of sidewalks in Zola;
  - Completion of design along UJ/Wits with the contractor appointed and commencing with work in the new financial year; and
  - Completion of designs at Ivory Park and Orange Farm
- Nine 'open streets' activities were implemented or supported during the year, including through partnerships with other Departments, such as Health and Community Development. The areas covered included Meadowlands, Turffontein, Braamfisherville and along the route from the Mandela house in Vilakazi Street to Nelson Mandela Bridge in Braamfontein, which attracted approximately 5,000 cyclists.
- A Strategic Integrated Transport Plan Framework (SITPF) was approved by the Mayoral Committee in August 2013. This SITPF sets out the strategies and interventions in respect of the following nine strategic thrusts:
  - Restructure and integrate the city.
  - Improve and expand the provision of quality public transport and the use of non-motorised transport.
  - Maintain, improve, extend and integrate transport infrastructure.
  - Support economic growth by improving freight mobility.
  - Manage congestion, travel demand and parking.
  - Improve transport safety through active, engaged citizenry.
  - Transform the transport sector and encourage new, efficient and profitable transport enterprises as well as green jobs.
  - Plan and regulate the transport system.
  - Resource and finance the transport plan.
- 32,865 Passengers were commuted by Rea Vaya during the year, with 108,801 seats available for all journeys; whilst 14,842,618 Passengers were carried by the Metro Bus, with seats available for all journeys amounting to 24,125,807.

#### Financial performance

- Transport Services for the Rea Vaya Bus Service remained within the allocated budget for all projects during the year at R842,982 million overall capital expenditure against an original budget of R965,639 million. The under-expenditure was due mainly to unforeseen factors including the need to amend Rea Vaya Phase 1C designs following the stakeholder engagements process; heavy rains in the third quarter; defaulting of the contractor appointed for the Katherine street roadways; the inability to acquire a site for the Phase 1B depot resulting in earthworks for this construction not being initiated; challenges in appointing local labour leading to slower-than-anticipated construction along the Phase 1A and 1B routes.
- Operational revenue for Metro Bus Service amounted to R426,068 million for the year, with total operational expenditure amounting to R464,698 million.
- Total capital expenditure for Metro Bus Service during the year amounted to R9,973 million, resulting in a variance from budget of R3,473 million.

Roads and road safety	<b>Material issues:</b> <ul style="list-style-type: none"> <li>Promote eco-mobility</li> <li>Build a safe and secure city</li> </ul>
Operational performance	<p>Road infrastructure:</p> <ul style="list-style-type: none"> <li>The Johannesburg Road Agency (JRA) continued to support the City during the year, by promoting key growth areas through road infrastructure development; completing its CAPEX projects; and by prioritising service delivery matters through the Service Delivery Improvement Plan. The company continued to implement the 'JRA Strategy 2017' and also continued to improve its financial performance.</li> <li>The company continued its operational activities, with these being aligned with the JRA Key Delivery Pillars as follows: <ul style="list-style-type: none"> <li>Road infrastructure</li> <li>Storm water infrastructure</li> <li>Traffic regulatory infrastructure</li> </ul> </li> <li>The City reported 13,428 tarred roads, and 623 kilometres of existing roads were resurfaced (over 700% increase compared to the previous financial year). 2,277 Kilometres of gravel roads have been graded or maintained during this financial year. This is a significant increase compared to previous years (186.6% increase on the target for the previous year).</li> <li>The inclement weather experienced during February and March 2014 caused serious damage to road infrastructure. Additional funding was requested from the City to restore all roads damaged during the heavy rain conditions. All severely affected roads were assessed and remedial repairs identified. Repair work was implemented to address potholes, patching, bridges and storm water infrastructure.</li> </ul> <p>Storm water infrastructure:</p> <ul style="list-style-type: none"> <li>During the year, 46,97 Kilometres of stormwater infrastructure was maintained, translating as approximately 44 kilometres more than the previous year.</li> </ul> <p>Traffic regulatory infrastructure:</p> <ul style="list-style-type: none"> <li>The Department engaged various stakeholders to mobilise resources for the development of nodal plans at identified precincts. The areas covered included: Naledi, Jabulani, New Canada, Rosebank and Sandton. Key milestones achieved during the year included planning for a cycle route between Rosebank and Sandton, as well as agreement on a new approach to public transport accommodation in Sandton and the approval of the Jabulani precinct urban development framework.</li> <li>70 Road safety education and values outreach programmes were implemented through partnerships with the community and other stakeholders, including the JMPD with respect to enforcement. These interventions aim to change social behaviour and enhance safety for all road users.</li> </ul>
Financial performance	<ul style="list-style-type: none"> <li>Operational revenue for roads and storm water services amounted to R821,398 million for the year against a budget of R736,044 million.</li> <li>Total capital expenditure for roads and storm water services amounted to R454,059 million for the year, against the target budget of R626,500 million.</li> </ul>
Planning and development	<b>Material issues:</b> <ul style="list-style-type: none"> <li>Promote sustainable human settlements</li> <li>Promote a responsive and accountable, efficient and productive metropolitan government</li> </ul>

<b>Operational performance</b>	<ul style="list-style-type: none"> <li>• During the year, the Department of Development Planning completed the Strategic Area Frameworks for the Corridors of Freedom for Empire, Perth, Louis Botha and Turffontein Corridors and established the parameters for the development of the proactive zoning instrument.</li> <li>• The Department’s service delivery focus for 2013/14 continued to be on the processing of town planning and building applications, as well as the legal enforcement of approved applications. In the previous reporting period (2012/13), the Department completed the process design for a re-engineered law enforcement system. In this financial year, the department progressed in this regard by training of building inspectors as peace officers to enable them to prepare prosecutable cases.</li> <li>• 854 Re-zoning applications were received this financial year compared to 651 in the previous financial year, a 31.2% increase in the number of re-zoning applications.</li> </ul>
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>• Total operating revenue for the year amounted to R105,100 million, against an adjusted target budget of R128,717 million. Total operating expenditure amounted to R225,847 million, against an adjusted budget of R299,105 million.</li> <li>• All of the line items that fall under the capital expenditure for the Planning Services Department reported spending exactly or slightly less than their allotted budget. Total capital expenditure for the year amounted to R134 286 million compared to an adjusted target budget of R412,325 million.</li> </ul>
<b>Environmental protection</b>	<p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>• <b>Ensure the sustainable and integrated delivery of water, sanitation, energy and waste.</b></li> <li>• <b>Address climate change and ensure environmental protection</b></li> </ul>
<b>Operational performance</b>	<ul style="list-style-type: none"> <li>• Under the City’s Urban Water Management Programme, six hotspot areas were identified for specific pollution control interventions to enhance and improve the state of water courses within the City. The monitoring of E.coli is undertaken at these hotspots and a cumulative 13% reduction of E.coli was achieved during the year.</li> <li>• The City undertook various clean-up projects during the year to improve water courses within Johannesburg and covered the following five water courses during the year: Diepkloofspruit, Diepsloot, Zandspruit/Kya Sands, Bruma Lake (Upper Jukskei) and Braamfischerville (Klip Catchment). A total of 859 tonnes of litter and debris was removed during the year and the projects recruited a total of 133 beneficiaries.</li> <li>• During the year, the City submitted an application to proclaim the protection of two areas, namely Kloofendal and Klipriviersberg. This will be achieved through formal biodiversity protection status in terms of the Protected Areas Act (NEMPA). The City covers an area of 164,400 hectares and the two areas cover a total of 800 hectares (Kloofendal is 156 hectares and Klipriviersberg 644 hectares), resulting in approximately 0.486% of the total metropolitan area to be formally protected.</li> <li>• The City’s waste recycling initiative registered approximately 1,070 direct job opportunities during the year, of which 550 jobs were created through EPWP projects and Recycling Industry/ Buyback centres. The remaining 520 jobs were created through PIKITUP co-operatives working on separating waste at source. During the year, the ‘Waste Reclaimers Empowerment Project’ was officially launched by the Member of the Mayoral Committee (MMC), Councillor Matshidiso Mfikoe. A total of 224 registered Waste Reclaimers received trolleys and Personal Protective Equipment (PPEs).</li> <li>• The City achieved a 5% reduction of Green House Gas (GHG) emissions during the year by using the Global Protocol for Community-Scale Greenhouse Gas Emissions (GPC) calculation methodology. The data collection process, based on the GPC methodology, was finalised and the outcome of the report was presented at the C40 Summit in February 2014.</li> <li>• Further, GHG emissions were reduced at the landfill gas-to-energy project at two landfill sites, namely Marie Louis and Robinson Deep. The</li> </ul>

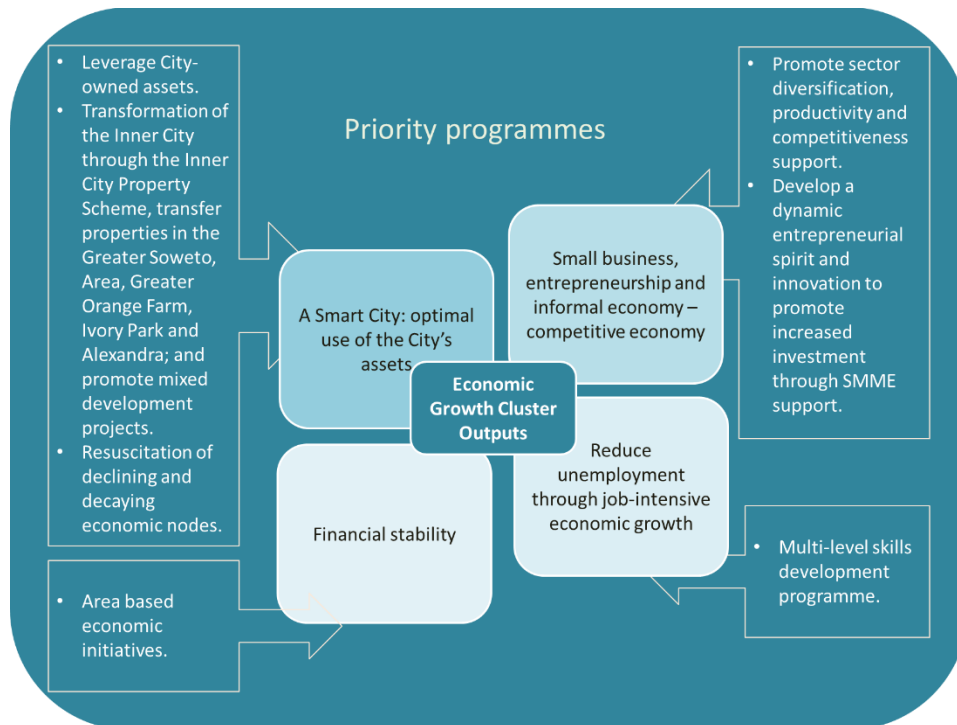
	<p>reductions can be claimed as “carbon credits” from the United Nations Framework Convention on Climate Change (UNFCCC) as certified emission reductions.</p>
<p><b>Financial performance</b></p>	<ul style="list-style-type: none"> <li>• Total operating expenditure for the Environment and Infrastructure Services Department amounted to R124,370 million against an adjusted budget of R65,842 million. Total operating expenditure for the year amounted to R229,884 million against an adjusted target budget of R139,850 million.</li> <li>• Total capital expenditure for the Department for the year amounted to R25,000 million in line with the original budgeted amount.</li> </ul>

# Economic Growth Cluster



*An inclusive, job-intensive, resilient and competitive economy that harnesses the potential of citizens*

**Figure 11: Economic Growth Cluster - material issues and enabling programmes**



## Introduction to the Economic Growth Cluster

The Economic Growth Cluster consists of three departments, namely: Economic Development, Development Planning and Transportation. The Transportation Department is the implementing department of the BRT system, while Development Planning is custodian of the City's spatial plans, and includes Capital Investment. Economic Development is primarily tasked with facilitating an environment that is conducive to the emergence and growth of small businesses and to attract investment from large companies and multinationals. Economic Development is also the 'parent' department of the JPC. JPC's land strategy of acquiring and packaging land parcels is critical to the effective implementation of the City's 'corridors of freedom'. The work of the Cluster, therefore, directly addresses the theme of 'stitching our city to create a new future'.

### *Johannesburg development agency (JDA)*

JDA was established by the City of Johannesburg in 2001. Its mandate is to initiate, stimulate and support development projects and to rejuvenate economic activity throughout the Johannesburg metropolitan area. In its first phase of operation, JDA's aim was to create an environment that would attract new investment, increase occupancy levels, and enhance the City's cultural and tourism potential within defined areas. This was done by co-ordinating private and public sector interventions as well as managing capital and investments in area-based economic development initiatives throughout Johannesburg. JDA's interventions were directed at the urban and economic regeneration of large-scale, multi-faceted areas. The agency avoided small-scale or

'piecemeal' interventions in favour of bold and integrated development. JDA also drew on the history of Johannesburg to create new symbols for the City, such as the Nelson Mandela Bridge, Walter Sisulu Square of Dedication and Constitution Hill, which are significant to all residents.

In its second phase of operation (2006–2011) JDA continued to focus on developing strategic areas across the City. These included the establishment of integrated sport precincts in Nasrec and Ellis Park; the implementation of dedicated bus-ways and bus stations for the new Rea Vaya Bus Rapid Transit System; and the development of historically marginalised areas such as Orlando West, Orange Farm and Diepsloot.

In the current mayoral term (2011–2016) the role of JDA has been extended to include the management and facilitation of area-based developments in efficient and innovative ways to build an equitable, sustainable and resilient City. JDA will achieve this by restructuring the City by developing defined, strategic geographic areas around the City and the movement corridors that link them. It will promote economic growth by creating efficient and competitive business environments that cluster industries and functions in these areas.

### *Joburg market*

In addition to Linear Markets, the City is also operating the largest fresh produce market on the African continent through a Municipal Entity arrangement. JM has a vision to evolve into a "Market of the Future" (MotF) which will not only maintain its current position as one of the largest markets in the world but also attract and enable further growth.

## Performance commentary



Please refer to p.105 in Book 2: Integrated Annual Report (Consolidated Version) for a more detailed discussion on performance for the Economic Growth Cluster.

**Table 7: Economic Growth Cluster – performance commentary**

Economic Growth Cluster performance commentary	
Performance	Commentary
Local economic development	<p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>• Ensure financial stability</li> <li>• Ensure optimal use of the City's assets to create a 'Smart City'</li> <li>• Reduce unemployment through job-intensive economic growth</li> <li>• Ensure support for entrepreneurs and SMMEs</li> </ul>
Operational performance	<p><b>Investment attraction:</b></p> <ul style="list-style-type: none"> <li>• The City facilitated R2.6 billion value of investment against the annual target of R1.07 billion (143% above the stated target).</li> <li>• The City collected 94% of all billed revenue and concluded the year with a strong financial position, with a net surplus of R3,4 billion.</li> <li>• The City continued the upward trend of increasing its total assets up from R60,191,121 billion in 2012/13.</li> <li>• In 2013/14, Buy Sell Invest and Visit (BSIV) Joburg conference addressed strategic issues that enhance service delivery in terms of socio-economic infrastructure; recruit investment into the city; promote Joburg as a world class business destination of choice; promote the City's value-added goods and services; and ultimately promote strategies for commercial and economic infrastructure funding models.</li> </ul> <p><b>Optimal use of the City's assets:</b></p> <ul style="list-style-type: none"> <li>• In 2013/14 JDA implemented capital projects to the value of R665.7 million. This is more than double the value of projects implemented in 2012/13 (R326.1 million), and brings its capital expenditure over 13 years to R7 billion.</li> <li>• The City continued to leverage City-owned assets, which consisted of the following projects:             <ul style="list-style-type: none"> <li>○ Transforming the Inner City through the Inner City Property Scheme (ICPS); and</li> <li>○ Transferring of properties in the Greater Soweto area, Greater Orange farm, Ivory Park and Alexandra as well as mixed development projects.</li> </ul> </li> </ul> <p><b>Sector diversification and competitiveness:</b></p> <ul style="list-style-type: none"> <li>• The EPWP initiative aims to reduce unemployment and alleviate poverty by creating on-the-job training. The City planned to create a total of 50,000 EPWP work opportunities during the year, and surpassed this target by 5,082 work opportunities (10.2%) achieving a total of</li> </ul>



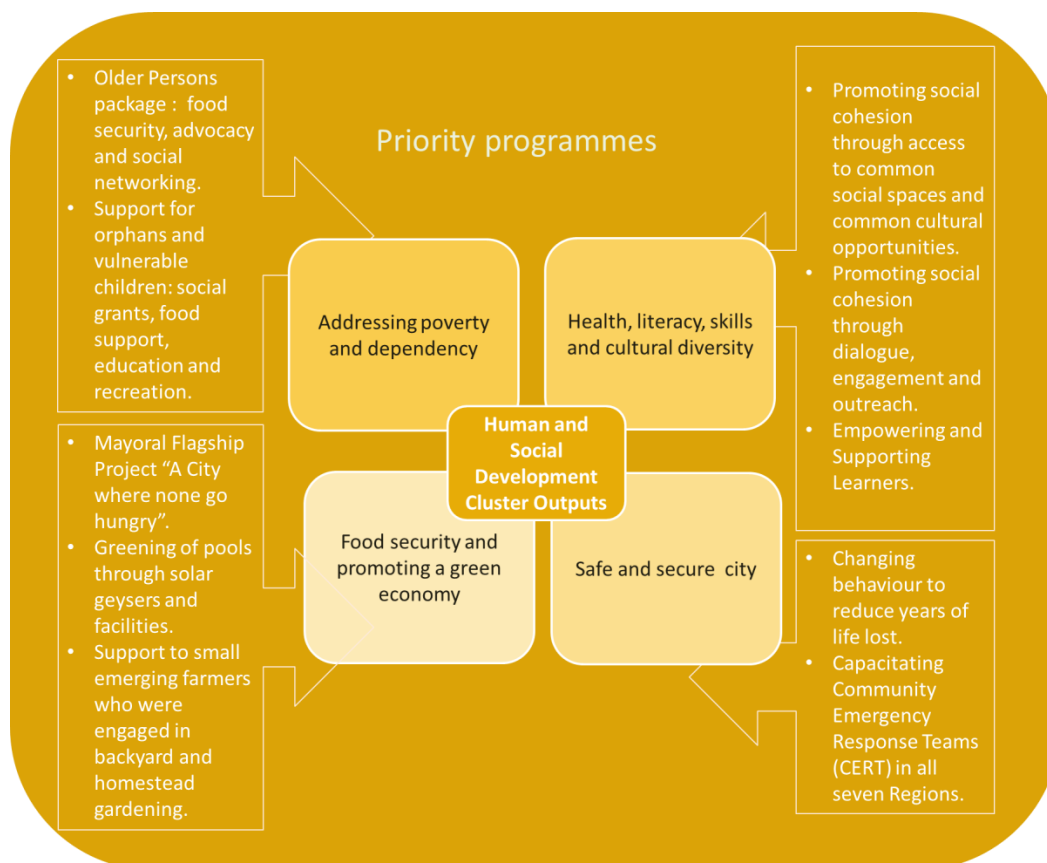
	<p>55,082 work opportunities. In the current Mayoral term, a total of 124,415 work opportunities have been created through EPWP projects (of which 44.3% was created during the review period).</p> <ul style="list-style-type: none"> <li>• 6,774 SMMEs and 774 Cooperatives were supported through the City’s targeted programmes and 3,252 jobs were created. Two SMME Hubs were established as well as four regional sector-based incubators. These activities resulted in 1,397 jobs being created by City-supported SMMEs.</li> <li>• Four SMME outreach programmes were rolled out during the year</li> </ul> <p><b>Reduce unemployment:</b></p> <ul style="list-style-type: none"> <li>• The City concluded the Joburg Skills Audit Report. To address the skills shortage, the City established the LMID website-based system to assist jobseekers with placement from different sectors. Initially, the planned annual target for facilitating job placement was 2,000 youth placements. However, the City surpassed this target by facilitating 2,300 youth job placements (15% greater than the stated target).</li> <li>• The City institutionalised the Investment Fast-Tracking Committee to fast-track investments into the City during the year.</li> <li>• During the year, Joburg Market sold 1,245 tons of fresh produce, producing a monetary sales value of R5, 637 billion.</li> <li>• Up to 2,073 emerging farmers are now providing produce under the company’s transformation programme.</li> <li>• JM conducted a CSI programme through its food bank system and provided 20,366 donations to NGOs and indigent families.</li> <li>• The company is upgrading and redeveloping its market system known as the “Market of the Future”; this will provide a further 40% growth of trading floor space as well as internationally compliant food safety, and associated trading practises. The project cost is set at R624 million.</li> </ul>
<p><b>Financial performance</b></p>	<ul style="list-style-type: none"> <li>• Total operational revenue for local economic development services for the year amounted to R66,298 million, compared to R85,852 million in the previous year.</li> <li>• Total operational expenditure amounted to R61,104 million, compared to R77,847 million in the previous year.</li> <li>• Capital expenditure for local economic development services amounted to R11,357 million, compared to a budget of R72,014 million.</li> <li>• Joburg Market’s revenue growth improved by 16.8% compared to the previous year, producing R281,88 million income. The company also continued the trend of reducing interest charges and achieved a R6.1 million saving in interest charges.</li> <li>• Following the above-mentioned efficiencies and improved trading, Joburg Market recorded an amount of R91,912 million (before tax) as surplus.</li> </ul>

## Human and Social Development Cluster



*Improved quality of life and development-driven resilience for all*

**Figure 12: Human and Social Development Cluster - material issues and enabling programmes**



### Introduction to the Human and Social Development Cluster

The Human and Social Development Cluster integrates the work of several city departments and entities that take strategic and practical lead on the City's constitutional mandate of promoting social development and upliftment of its residents. The mandate of the cluster is to:

- Transform the poorest communities, reducing inequalities by addressing imbalances in access to income and economic opportunity, as well as access to social infrastructure and services.
- Provide a robust and sustainable system of care that seeks to uplift the working age and able-bodied persons to embrace self-sufficiency, while enabling a basic level of care for the vulnerable.
- Raise the level of social cohesion across the City decade on decade.
- Improve the total health profile of the City.
- Improve the total public safety profile of the City.

#### *Community development and cultural diversity*

The Department of Community Development is predominantly responsible for providing services and programmes to support its sporting, recreation, libraries, information services, arts, culture and heritage

disciplines. The Department also provides access to various community-based facilities ranging from multi-purpose centres, sporting grounds, museums and other public space enhancements such as public art and monuments. Community Development services are targeted at various groupings in the City's regions ranging from children, the youth and older persons, women, orphans and vulnerable children.

### ***Open spaces including the Zoo management***

Public open spaces and the Johannesburg Zoo are managed by the Municipal-Owned Entity, (MOE) Johannesburg City Parks and Zoo. The latter was first merged in January 2013. Its mandate is to provide, maintain and preserve open spaces and biodiversity; and to ensure environmental conservation services (as relating to the zoo, parks and cemeteries) through education, research, direct conservation and recreation.

### ***Healthcare***

The Health Department is mandated to develop a high quality, efficient, equitable health system that is accessible to all of Johannesburg's residents. The Department is responsible for the provision of primary health care services in the City of Johannesburg through its network of 82 clinics.

Environmental health programmes encompass those aspects of human health that are determined by physical, chemical, biological, social and psycho-social factors in the environment. Environmental Health (Municipal Health Services) is therefore mandated to protect the environment and to safeguard the public from contracting communicable diseases from food, water and other environmental impacts. This service is an obligatory service to be rendered by the municipalities and is defined in the National Health Act, 2003 as "Municipal Health Services".

### ***Child care, aged care and social programmes***

The Department of Social Development is well positioned to empower the poor as a crucial component of ensuring a sustainable solution to poverty and hunger in the long term. The Department's targeted interventions focus on poverty reduction, food security and developmental initiatives that enable self-sustainability and social inclusivity. These interventions further respond to the conditions of both individual and household poverty by providing a broad variety of programmes and support services.

### ***Security and safety***

The security and safety component includes police, fire, disaster management and vehicle licensing. The Department comprises the Johannesburg Metropolitan Police Department (JMPD) and Emergency Management Services (EMS). The Johannesburg Metropolitan Police Department has as its mandate the provision of road traffic policing, by-law enforcement and crime prevention. Other services rendered include, the provision of driver and vehicle testing and licensing, prosecutorial services against traffic offenders and administrative support services to the municipal courts.

## Performance commentary



Please refer to p. 114 in Book 2: Integrated Annual Report (Consolidated Version) for a more detailed discussion on performance for the Human and Social Development Cluster.

**Table 8: Human and Social Development Cluster – performance commentary**

Human and Social Development Cluster performance commentary	
Performance	Commentary
Addressing poverty and dependency	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li>Address poverty and dependency</li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>The City provided additional support for OVCs during the year and trained 5,139 ECD practitioners; 1,800 more than the target. As a result, the City provided crucial support for numerous ECD centres and the families that benefit from them.</li> <li>Approximately 2,000 people were registered for social, employment and income-generating assistance programmes during the year as part of the City’s goal to alleviate poverty.</li> </ul>
Community development, cultural diversity	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li>Promote health, literacy, skills and cultural diversity</li> </ul>
Operational performance	<p><b>Libraries:</b></p> <ul style="list-style-type: none"> <li>The City undertook the expansion and maintenance of 80% of its Library collections, thereby ensuring that current resources are not only maintained but are also expanded to provide its citizens with a knowledge base that is easily accessible and also will also be sustainable in the long term.</li> <li>During the year, the City continued to provide books and other resources (e.g. information resources for library facilities and reading development support programmes); eLearning programmes (e.g. eWorld, remote access to Symphony, techno literacy skills, and WiFi access for communities in libraries); and information services at the City’s public libraries.</li> </ul> <p><b>Cemeteries and crematoriums:</b></p> <ul style="list-style-type: none"> <li>During the year, the City performed primary stakeholder analysis to support the zoning strategy for burials and a 400-hectare site at Olifantsvlei farm, South-East of Soweto, is currently being developed to provide burial space for the next 50 years. A provisional element for cremation has also been factored into the strategy as well as the life expectancy rate.</li> <li>The year-on-year number of burials has decreased from 14,207 in 2012/13 to 13,744 in 2013/14. With respect to cremations, these</li> </ul>

	<p>numbers have shown an increase from 1,909 in 2012/13 to 2,265 in 2013/14 (18.7% increase in the number of cremations). The number of indigent burials has decreased drastically from 427 to 219 (48% fall between the two financial years) while the number of pauper burials has increased substantially from 201 to 251 (24.9% increase) over this period.</p> <p><b>Open spaces and Zoo management:</b></p> <ul style="list-style-type: none"> <li>• During the year, the Zoo was further transformed, with the development of the Temple of the Ancients including the restoration of the area around the precinct. Environmental planning ensured that the movement of people would not negatively impact the natural and built landscape around the precinct.</li> <li>• The Johannesburg had 474,854 visitors to the Zoo during the year.</li> <li>• 2,040 Animal species were cared for at the zoo.</li> <li>• More than 2,000 parks are managed and maintained by the City.</li> <li>• The City managed three nurseries.</li> <li>• 119,84 Hectares of bird sanctuaries were maintained.</li> <li>• 2,132,64 Hectares of river trails were maintained</li> <li>• The Masibambisane programme had a target of 15,000 learners for the year but reached an actual number of 23,930 learners (59.6% more than the stated target), which is a 42.4% increase on the previous year's achievement.</li> <li>• The City surpassed the planned number of trees to be planted by 33.3%, having planted 13,333 trees during the year.</li> <li>• Alien vegetation clearing was well above the targeted number at 2,097 hectares compared to the target of 1,402 hectares (49.6% higher than targeted).</li> <li>• The provision of walks was substantially above target, with the City providing 32 walks in a safe friendly environment (the target was 24; 33.4% above the stated target).</li> </ul>
Healthcare	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li>• <b>Promote health, literacy, skills and cultural diversity</b></li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>• Overall, 11 new Community Oriented Primary Care sites became fully functional during the year, with staff trained according to the National Health Department guidelines (team leaders and community health workers).</li> <li>• Seven awareness programmes related to childhood injuries and accidents were successfully implemented in the intended regions, while teenage pregnancy, drug and substance abuse, and HIV and AIDS awareness programmes were rolled out at 66 primary and high schools. The latter resulted in a 57% increase in the number of schools participating in the HIV and AIDS awareness programme across the city compared to the previous year.</li> <li>• 14 Community Oriented Primary Care (COPC) pilot sites were established (integrated ward based approach as per NHI guidelines) during the year compared to 20 sites in the previous year.</li> </ul>
Child care and care of the aged	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li>• <b>Address poverty and dependency</b></li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>• The City trained 5,139 ECD practitioners, which translates into 1,739 more than the target (51.2% above the stated target).</li> <li>• The City assisted 6,160 child-headed households during the year as well as 10,054 senior citizens through its regional day care centres.</li> </ul>

	<ul style="list-style-type: none"> <li>• The City surpassed its target for senior citizen support by 259.1% above its target of 2,800 for the year.</li> <li>• 10 (2 new) Old age homes and day care centres were supported with chronic medication, health promotion and EHS, compared to 8 in the previous year.</li> </ul>
<b>Financial performance</b>	<ul style="list-style-type: none"> <li>• Total capital expenditure for child care and care of the aged amounted to R572 million, compared to R1,025 million in the previous year.</li> <li>• The largest two capital projects were: <ul style="list-style-type: none"> <li>• Shelter for street children; and</li> <li>• Construction of an ECD Renewal Community Centre, of which an amount of R 1, 596 million (or 98,09%) was spent over the last two financial years, from a budgeted amount of R 1,627 million.</li> </ul> </li> <li>• Two additional capital projects were: <ul style="list-style-type: none"> <li>• The construction of the Golden Harvest Drug and Rehabilitation Centre; and</li> <li>• Establishment of the Agricultural Resource Centre and associated packaging houses.</li> </ul> </li> </ul>
<b>Security and safety</b>	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li>• <b>Build a safe and secure city</b></li> </ul>
<b>Operational performance</b>	<p><b>Policing:</b></p> <ul style="list-style-type: none"> <li>• The JMPD implemented enforcement activities across the City to address the priority crimes, by-law enforcement and traffic compliance, including the implementation of 368 roadblocks, 5,110 roadside checkpoints and 84 joint / multi-disciplinary operations with law enforcement agencies across the city.</li> <li>• The enforcement operations implemented resulted in 94 arrests for possession of illegal drugs, 96 arrests for possession of stolen vehicles, and 30 arrests for possession of illegal firearms.</li> <li>• The JMPD effected a 9% increase in arrests for possession of illegal drugs, (2013: 86 to 2014: 94); an increase of 20% in arrests for possession of illegal firearms (2013: 25 to 2014: 30); and an increase of 17% in arrests for possession of stolen vehicles, from (2013: 82 to 2014: 96).</li> <li>• A total of 1,530 assaults and 517 robberies were recorded. When compared to 2012/13, the JMPD responded to 634 (-29%) less assaults, from 2,164 to 1,530; and 17 (3%) more robberies, from 500 to 517.</li> <li>• In relation to traffic enforcement, 22,959 fines were issued to drivers driving without proper driver documentation (driver's license and professional driving permit), 177,758 fines issued for moving violations, 43,575 fines issued for vehicle defects, and 3,233,428 fines issued for speeding. In terms of combined fines, the JMPD issued 591,241 (20%) more fines during the year compared to 2013/14, with 2,886,479 in the previous year to 3,477,720 in the current year.</li> <li>• There was an improvement in joint operations for bylaw enforcement and patrols implemented to deal with the priority by-laws. As a result, 4,248 citations were issued for illegal street trading, 2,136 citations were issued for illegal electricity connections, 630 citations were issued for illegal water connections, and 377 citations were issued for illegal dumping and littering.</li> </ul> <p><b>Vehicle licensing:</b></p> <ul style="list-style-type: none"> <li>• Licensing transactions increased for Learners License applications and Vehicle Licensing, while Driver's License applications and PDP Applications decreased since 2012/13.</li> </ul>

	<p><b>Fire management:</b></p> <ul style="list-style-type: none"> <li>• The actual number of fires attended to amounted to 9,547; this was much higher than the estimated number of 7,276 (31.3% higher than estimated).</li> <li>• Of these fires, 84% were attended to within 12 minutes of the fire alert. This quick response rate was due mainly to the increased number of Fire Fighters being employed (1,600) as well as the lowest number of vehicles/appliances off the road during response times (2013: 13 and 2014: 10).</li> </ul> <p><b>Disaster management:</b></p> <ul style="list-style-type: none"> <li>• Overall, 800 Primary Based Emergency Response plans were implemented, surpassing its target by 8.1%.</li> <li>• 30 School Emergency Response teams were put in place during the year.</li> <li>• 15 Disaster preparedness and evacuation programmes were rolled out to ensure that in times of crises, citizens are prepared and informed.</li> <li>• The Emergency Compliance and Disaster Preparedness and Evacuation programmes surpassed their targets by 100% and 50% respectively.</li> </ul>
Financial performance	<ul style="list-style-type: none"> <li>• Total operational revenue for the Johannesburg Metropolitan Police Department (JMPD) for the year was R181,723 million, compared to R319,894 million in the previous year.</li> <li>• Total operating expenditure for JMPD for the year amounted to R1,547,703 million compared to R1,738,647, million in the previous year.</li> <li>• Capital expenditure for the year amounted to R3,689 million, compared to an adjusted budget of R4,093 million. Total approved project value amounted to R3,689 million.</li> <li>• Total operational revenue for the Johannesburg Licensing Department for the year amounted to R220,571 million, compared to R234,819 million in the previous year.</li> <li>• Operating expenditure for the Licensing Department amounted to R120,081 million, compared to R134,896 million in the previous year.</li> <li>• Capital expenditure for the Licensing Department amounted to R14,036 million compared to an adjusted budget of R15,928 million. Total approved project value for the year was R14,036 million.</li> </ul>
Food security	<p><b>Material issue:</b></p> <ul style="list-style-type: none"> <li>• <b>Ensure food security whilst promoting a 'green economy'</b></li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>• The Department of Social Development mobilised communities to be actively involved in agricultural activities and to improve their confidence in their ability to grow and produce food. The production level across the city improved substantially and, as such, it has become possible to educate emerging farmers in the local food market's supply and demand cycles.</li> <li>• The Department developed the Food Security Index during the year, using the 2011 Census and the COJ Deprivation Map. For the first time, areas experiencing various degrees of food insecurity have been defined, identified and ranked (using 5 quintiles from least insecure to highly insecure).</li> <li>• The implementation of the 'Healthy Lifestyle Programme' took a positive turn during the year, with all regions within the city having an opportunity to host the event. A present challenges is that the programme is still activity-based and does not take place on a continual basis. Involvement from the private sector improved during the year, with more restaurants and companies buying into the City's vision of collaborating towards a fit and healthy city.</li> </ul>



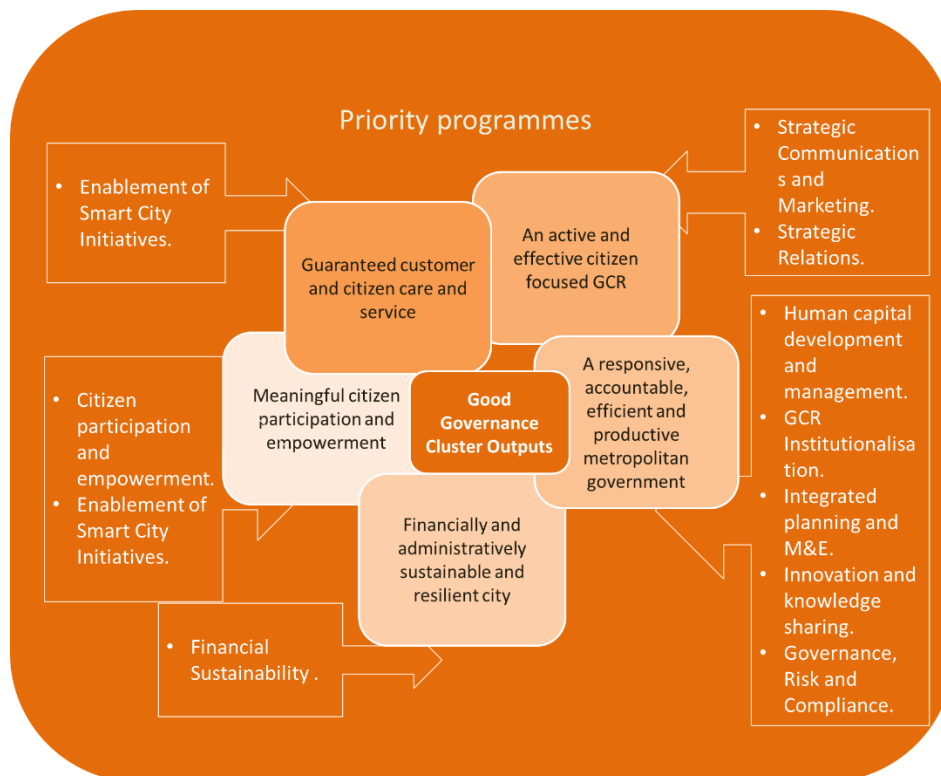


## Good Governance Cluster



*A high performing metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City*

**Figure 13: Good Governance Cluster - material issues and enabling programmes**



### Introduction to the Good Governance Cluster

The Joburg 2040 Strategy recognises the importance of sound governance practices that will support the City in the attainment of its long-term objectives and goals. The Governance Cluster supports Outcome 4 of the long-term strategy namely, “A high performing metropolitan government that pro-actively contributes to and builds a sustainable, socially inclusive, locally integrated and globally competitive Gauteng City Region.”

This outcome is further supported by the following five outputs:


- An active and effective citizen focused GCR
- A responsive, accountable, efficient and productive metropolitan government
- Financially and administratively sustainable and resilient city
- Meaningful citizen participation and empowerment
- Guaranteed customer and citizen care and service

The Governance Cluster envisages a future where the City will encourage and support a caring, responsive, efficient and progressive service delivery and developmental approach within its metropolitan space and the wider GCR. This will enable both to reach their full potential as integrated and vibrant spaces.

Whilst the Governance Cluster does not implement annual projects, it facilitates term projects. Each term project is subdivided into smaller goals for the financial year. The long-term sustainability of each programme is supported by ensuring the availability of sufficient financial resources. The Cluster ensures that there are available balances of more than R4 billion in any given month, thereby safe-guarding sufficient reserves if needed. The City of Johannesburg is the first ever city to have Green Bonds.

## Performance commentary



 Please refer to p. 141 in Book 2: Integrated Annual Report (Consolidated Version) for a more detailed discussion on performance for the Good Governance Cluster.

**Table 9: Good Governance Cluster – performance commentary**

Good Governance Cluster performance commentary	
Service area	Performance commentary
A responsive, accountable, efficient and productive metropolitan government	<p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>• Promote a responsive and accountable, efficient and productive metropolitan government</li> <li>• Promote a financially and administratively sustainable resilient city</li> <li>• Promote an active and effective citizen-focused GCR</li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>• The City has approved its ICT strategy and has the strategic intention to become a ‘Smart City’ through the roll-out of Broadband technology and capabilities; as well as by upgrading the City’s SAP system using best-in-class programme management methodologies; upgrading its ICT infrastructure assets to increase the number of departments connected to a common interoperable Smart City platform; and adopting world-class ICT Governance frameworks and tools. The outdated ICT infrastructure is being upgraded through an implementation of best-in-class data centre technologies to ensure efficiencies.</li> <li>• The SAP system maintained an average availability (uptime) of more than 95% during the year, whilst the networks maintained an uptime of more than 91%. With regard to outsourced ICT operations, service levels were closely managed during the year; and where service levels were breached, the relevant service provider was engaged to remedy the situation.</li> <li>• During the year, the Governance Cluster embarked on the Smart City programme to increase access to internet and to include Wi-Fi hotspots on transport. Whilst the Programme has not yet kicked off, development is underway. The Intelligent Operating Centre</li> </ul>

	(IOC) is in the process of being built; however, legal issues relating to Broadband provision has caused a delay. The Programme is expected to start in the next financial year.
Financially and administratively sustainable and resilient city	<p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>• Promote a responsive and accountable, efficient and productive metropolitan government</li> <li>• Promote a financially and administratively sustainable resilient city</li> <li>• Ensure active citizen participation and empowerment</li> <li>• Promote an active and effective citizen-focused GCR</li> <li>• Ensure guaranteed customer / citizen care and service</li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>• The Cluster improved its billing and revenue collection, recording 93% performance for the financial year.</li> <li>• The Cluster experienced a general improvement in terms of its internal control processes, thereby enabling it to effectively manage R27 billion in cash.</li> <li>• Overall financial performance for the City was positive for the year, with available cash reserves on hand. This has been due mainly to the City increasing revenue collection in recent years and not engaging in arbitrary expenditure (the City spent 91% of its capital expenditure during the year).</li> <li>• During the year, overall productivity within the Cluster improved as staff performance improved, especially customer-facing staff such as call-centre employees and meter readers.</li> </ul>
Meaningful citizen participation and empowerment	<p><b>Material issues:</b></p> <ul style="list-style-type: none"> <li>• Ensure active citizen participation and empowerment</li> <li>• Promote an active and effective citizen-focused GCR</li> <li>• Ensure guaranteed customer / citizen care and service</li> </ul>
Operational performance	<ul style="list-style-type: none"> <li>• The Community-Based Planning Programme rollout commenced within the seven regions. The Programme facilitates relationships between the City and citizens to develop the city collaboratively. By engaging citizens in the City's plans, they help the City to determine communities' overarching needs.</li> </ul>

## Organisational development performance: human capital

The City's commitment to providing world-class services to all its residents is achieved through the City's greatest assets: its employees. The City aims to foster a high-performance ethos by attracts and retaining exceptionally skilled and qualified people. The vision of delivering professional, diverse and competent Human Capital for a World-class African City is achieved through the Human Resources Strategy that is implemented across the City. The strategy focuses on the development of human resources in all aspects, with a specific focus on skills retention to preserve institutional knowledge.

The City is committed to recruiting form within its communities so as to further support community development and to enhance participation of communities in the local economy, particularly where skills are lacking.

Through the City's Human Resources Management (HRM) function, employees are inspired to develop their careers and skills through individual development analyses and plans; as well as through quality performance management and career management programmes.

The City has 12,558 employees across the various sections, with 3,214 vacancies at present.

### Employee positioning, vacancies and turnover

The City successfully recruited 20 of the 22 Section 54A and Section 56 positions as well as Chief Executive Officers (CEOs) and/or Managing Directors (MDs) of 10 of the 11 Municipal Entities by 2013/14. The two outstanding positions under recruitment are the Group Chief Financial Officer (CFO) and the Executive Director (ED) Public Safety.

The City experienced a 4.71% staff turnover rate in 2013/14 (excluding seasonal terminations) and continues to prioritise turn-over hotspots where turnover is higher than the average through skills retention strategies, such as talent management, succession planning and delegations in terms of remuneration.

Table 10 outlines staff posts and vacancies within the City as at 30 June 2014.

**Table 10: 2013/14 Employee positioning for the City of Johannesburg as at 30 June 2014**

Employees: City of Johannesburg					
Description	Year -1 (2012/13)	Year 0 (2013/14)			
	Employees no.	Approved posts no.	Employees no.	Vacancies no.	Vacancies (%)
2010	1				
Group Strategy , Policy, Coordination and Relations	27	43	35	8	18.6%
Com Dev	1730	1816	1613	203	11.2%
Communication and Tourism	?	79	63	16	20.3%
CRUM	?	680	445	235	34.6%
Development Planning	390	587	385	202	34.4%
Economic Development	103	131	80	51	38.9%
Emergency Management Services	1,634				
Environment	68				
Group Finance	378	2697	1841	856	31.7%
Group Governance		42	35	7	16.7%

Employees: City of Johannesburg					
Description	Year -1 (2012/13)	Year 0 (2013/14)			
	Employees no.	Approved posts no.	Employees no.	Vacancies no.	Vacancies (%)
GC&SS	392	476	418	58	12.2%
FMM	527	526	487	39	7.4%
Health	1,739	1,886	1,516	370	19.6%
Housing	565	564	525	39	6.9%
EISD	37	204	91	113	55.4%
JMPD	3,810	3,932	3,811	121	3.1%
Group Risk and Assurance Services	106	273	98	175	64.1%
Legal	40	42	34	8	19.0%
Legislature (Office of the Speaker)	187	195	184	11	5.6%
MIIGR	7				
Office of City Manager	482	31	26	5	16.1%
Office of the Executive Mayor	15	18	18		0.0%
Public Liaison	60				
Rev & CRM	1,582				
Social Development		920	267	653	71.0%
Transport	472	630	586	44	7.0%
Totals	14,352	17,520	12,558	3,214	18.3%

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

## Workforce expenditure

Workforce expenditure increased steadily since 2011/12 to 2013/14. In 2013/14, there was an expenditure of over R25,000,000. This is approximately 5% more than the previous financial year and more than 10% higher than 2011/12.

## Workforce absenteeism

The number of sick leave days for 2013/14 was 128,535 across all salary bands, with the total cost of these days amounting to R137,148,000 for the year. The salary band with the highest number of sick leave days and average sick leave per employee was 'Highly skilled production level 6-8', with almost six days per employee. The salary band with the lowest number of sick days per employee was 'Other non-permanent' with only 0.11 days per employee.

Table 11 outlines the number of days and cost of employee sick leave for 2013/14 (excluding injuries on duty).

**Table 11: Number of days and cost of sick leave**

Number of days and cost of sick leave (excluding injuries on duty)						
Salary band	Total days of sick leave	Proportion of sick leave without medical certification	No. of employees using sick leave	Total No. of employees in post*	*Average days of sick leave per employees	Estimated cost (R' 000)

		(%)				
Other (non-permanent)	1,617	31.97%	1,056	228	0.11	982
Lower skilled (levels 1-2)	10,570	10.78%	3,577	1,593	0.75	6,230
Skilled (levels 3-5)	24,402	16.70%	9,374	2,640	1.72	18,172
Highly skilled production (levels 6-8)	83,020	15.86%	33,598	8,458	5.86	88,540
Highly skilled supervision (levels 9-12)	6,608	19.90%	2,545	846	0.47	15,425
Senior management (levels 13-15)	2,174	18.61%	865	379	0.15	7,539
MM and S57	144	7.64%	37	32	0.01	260
<b>Total</b>	<b>128,535</b>	<b>16.05%</b>	<b>51,052</b>	<b>14,176</b>	<b>9.07</b>	<b>273,315</b>
* - Number of employees in post at the beginning of the year						
*Average is calculated by taking sick leave in column 2 divided by total employees in column 5						

## Performance rewards

During the year, 2,491 employees received performance rewards. The total cumulative cost of performance rewards was R17,265,925. The highest proportion of employee beneficiaries emanated from within female Senior Management (31%), followed by Female Professional and Mid- Management (27%) and Female Skilled and Junior Management (25%). The lowest proportion of beneficiaries emanated from within the male Top Management (5%). Table 12 outlines performance rewards by gender for 2013/14.

**Table 12: Performance rewards within the City for 2013/14 by gender**

Performance rewards by gender					
Designations	Beneficiary profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards Year 1 (2014/15) (R' 000)	Proportion of beneficiaries within group (%)
Top management	Female	9	1	64,965	11%
	Male	19	1	4,828	5%
Senior management	Female	150	46	688,817	31%
	Male	247	31	691,249	13%
Professional and middle management	Female	393	105	1,080,245	27%
	Male	500	99	1,235,469	20%
Skilled and junior management	Female	4,058	1,005	7,253,708	25%
	Male	4,654	471	4,230,253	10%
Semi-skilled	Female	1,436	336	1,130,172	23%
	Male	1,099	204	579,790	19%
Unskilled	Female	619	139	229,327	22%
	Male	811	53	77,102	7%
Non-Permanent (STC, Learners, Interns, Special	Female	643	-	-	-
	Male	396	-	-	-

Projects, JMPD Recruits)					
<b>Total</b>		5,034	2,491	17 265 925	17%

In 2013/14 six disciplinary actions were instituted for cases of financial misconduct. Three of the actions were for fraud, two for corruption and one for bribery. Two of the cases ended in termination, one in resignation, one in demotion and two in suspension and written warnings. Five of the six cases were instituted against Metro Police officers.

**Table 13: Disciplinary action instituted in terms of cases of financial misconduct**

Disciplinary action taken on cases of financial misconduct			
Position	Nature of alleged misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date finalised
Driver	Fraud	Suspension and final written warning	21.08.2013
Metro Police Officer	Fraud	Employee resigned	22.09.2013
Metro Police Officer	Fraud	Termination	23.10.2013
Metro Police Officer	Bribery	Demotion	08.07.2013
Sergeant	Corruption	Termination	21.08.2013
Metro Police Officer	Corruption	Written warning	28.08.2013

The financial performance for ICT Services for 2013/14 reflected a total operational revenue of R579,000,000. The net operational expenditure for 2013/14 was R253,247,000, which is significantly less than the R22,428,000 net operational expenditure in the previous year.

Table 14 outlines comparative financial performance for ICT services for 2013/14.

**Table 14: 2013/14 Financial performance - ICT Services**

Financial performance Year 0 : ICT services R'000					
Details	Year -1 (2012/13)	Year 0 (2013/14)			
	Actual	Original budget	Adjustment budget	Actual	Variance from budget
<b>Total operational revenue</b>	<b>194</b>			<b>579</b>	
Expenditure:					
Employees	15,793	20,193	20,193	16,331	3,862
Repairs and maintenance	106	702	704	85	619
Other	276,732	2,97,351	296,509	237,410	59,099
<b>Total operational expenditure</b>	<b>292,622</b>	<b>318,246</b>	<b>317,406</b>	<b>253,826</b>	<b>63,580</b>
Net operational expenditure	292,428	318,246	317,406	253,247	64,159

# Financial performance

## Introduction



This abridged account of the City of Johannesburg's financial performance highlights the City's financial position and financial performance for the year under review. More detail on the City's financial performance is provided on p. 188 in Book 2: Integrated Annual Report (Consolidated Version) in the consolidated Annual Financial Statements of the Metropolitan Municipality. The Annual Financial Statements incorporate the financial results and operations of the Core Administration as well as the Municipal Owned Entities (MOE's).

The City's consolidated Annual Financial Statements were prepared in compliance with the provisions of the Generally Recognized Accounting Practice (GRAP), and South African Generally Accepted Accounting Practice (SA GAAP), which is consistent with the prior year.

The economic climate remained fragile throughout the financial year, which made the City's positive financial performance even more commendable.

## Financial overview

The City's financial strategy, as driven through its Financial Development Plan, continues to deliver positive results. During the year, the City achieved a surplus of R4 billion (2013: R3,4 billion) which has been redeployed in the capital budget to accelerate service delivery. We accomplished what we set out to achieve during the year, with the following noteworthy achievements:

- Over the past 3 years we have worked towards building up cash reserves through more stringent cash management. The City has maintained healthy levels of liquidity and successfully redeemed listed bonds and other liabilities (amounting to R663 million) that fell due during the year under review. We further raised R2,083 billion of new funding in loans and bonds during the year.
- The City's cash and cash equivalents at year end amounted to R5,3 billion (2013: R5,4 billion) despite the capital budget increasing by more than 70%.
- To accelerate capital investment, the City increased its capital budget from R4,5 billion in 2012/13 to R7,7 billion in the review period. Capital investment is a key tool for improving service delivery and transformation of the urban environment.
- The Cluster improved its billing and revenue collection, recording 94% performance for the financial year.
- The City has again achieved an unqualified audit opinion as was the case in the prior year. This is a firm indication of the continuous improvement of our financial management and that we continue to strive towards clean administration and the highest standards of corporate governance.

The Annual Financial Statements presented reflect the strengthening financial position of the City, with total assets increasing by 5% to R66,6 billion, driven mainly by capital expenditure of R7,3 billion and a cash position of R5,3 billion. The City further indicated improved capacity to spend its capital budget by spending 93% of its capital expenditure budget. This was despite the 71% increase in the capital budget to R7,7 billion. The current ratio and solvency ratio both exceeded the set targets.

Total income increased by 13% to R39,5 billion, driven largely by revenue generated from the distribution of water and electricity to the citizens of Johannesburg. Operational expenditure increased by 10% to R34,6 billion due to bulk purchases of both water and electricity, as well as inflationary pressures on other expenditure.

The City maintained its respectable credit ratings with Fitch and Moody's at AA- (zapzaf) with a stable outlook; and A1.za with a negative outlook. The ratings with Moody's was subsequently revised down to A2.za, with the sovereign downgrade in November 2014. These credit ratings assist in containing the City's funding costs and ensuring that the City's listed bonds remain an attractive proposition to the investors.



The City continued to assess innovative funding mechanisms during the year, and in this regard, issued a listed Green Bond COJG01 in June 2014. This was a first-in-kind instrument of its nature in the local government sector and in South Africa as a whole. The market welcomed this innovation and the 10-year Green Bond of R1,5 billion was oversubscribed to the tune of 150% at a competitive funding cost to the City.

The City remains committed to prudent financial management. Our Financial Development Plan will ensure continued financial sustainability and effective financial planning through prudent borrowing, the generation of annual operating surplus, and the creation of cash reserves to increase the level of our infrastructural spending.

## Analysis of the annual financial statements for the financial year 2013/14

### Statement of Financial Performance

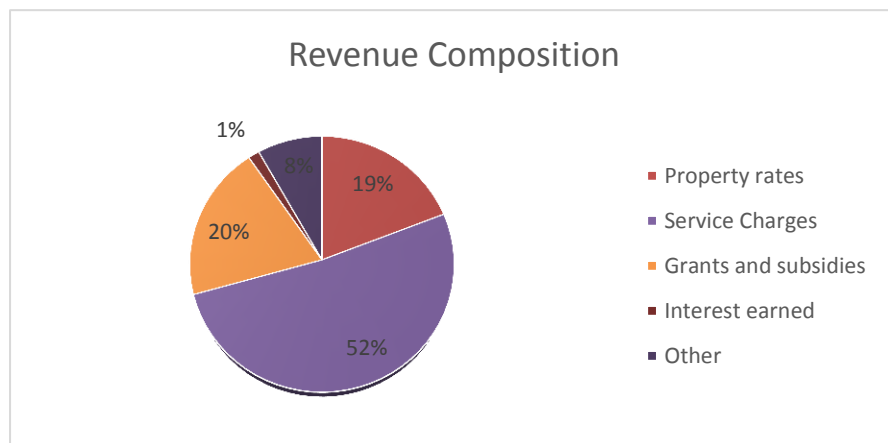
Table 15: Statement of Financial Performance

	2014	2013		% of Total	% of Total
	Actual	Actual	Growth %	2014	2013
<b>Income</b>					
Property rates	7 549 458	5 976 351	26%	19%	17%
Service Charges	20 360 213	19 313 900	5%	52%	55%
Government Grants	7 786 520	6 808 732	14%	20%	19%
Interest received	561 816	583 919	-4%	1%	2%
Other	3 238 443	2 234 142	45%	8%	6%
	<b>39 496 450</b>	<b>34 917 044</b>	13%	<b>100%</b>	<b>100%</b>
<b>Expenditure</b>					
Employee related costs	7 994 084	7 558 755	6%	23%	24%
Allowance for impairments of current receivables	3 169 414	2 879 653	10%	9%	9%
Depreciation and amortisation	2 061 832	2 052 004	0%	6%	7%
Finance Costs	1 413 858	1 459 552	-3%	4%	5%
Bulk Purchases	11 792 735	11 131 302	6%	34%	35%
Contracted services	2 050 135	1 816 857	13%	6%	6%
Other	6 090 727	4 661 873	31%	18%	15%
	<b>34 572 785</b>	<b>31 559 996</b>	10%	<b>100%</b>	<b>100%</b>
Fair value adjustments	157 076	162 584			
Loss on non-current assets held for sale or disposal	(528 032)	(3 711)			
Income from equity accounted investments	11 032	6 137			
Gain on biological assets and agricultural produce	2 922				
Taxation	(387 924)	(70 419)			
Discontinued operations	30 525	36 116			
<b>Net surplus / (deficit) for the year</b>	<b>4 209 264</b>	<b>3 483 843</b>	21%		

## Revenue

### Revenue composition

Graph 1: Revenue % composition



Graph 1 above shows the City's main revenue streams. The revenue composition remained relatively unchanged from the previous financial year, with service charges and property rates accounting for 73% of the total revenue generated. Government grants for the current year contributed 20% to total revenue, which is consistent with the prior year. The City has again shown less reliance on grants in the current year and significantly increased capital expenditure despite government grants remaining almost static.

Graph 2: Revenue Trend Analysis

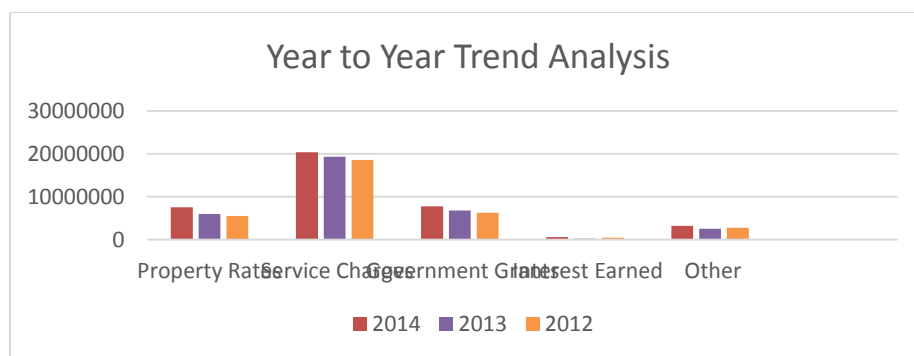


Table 16: Breakdown of Property Rates

	2014		2013	
	Actual R'000	%	Actual R'000	%
<b>Property Rates Comprise</b>				
Residential	2 491 080	33%	2 259 207	38%
Commercial	4 887 885	65%	3 646 309	61%
State	170 493	2%	52 624	1%
Municipal	-		18 211	
<b>Total</b>	<b>7 549 458</b>	<b>100%</b>	<b>5 976 351</b>	<b>100%</b>

The composition of property rates revenue has remained relatively unchanged, with Commercial Customers being the main contributors at 65% (2013: 61%). The 26% (See Table 16) increase in total property rates revenue is attributable to valuation increases based on the implementation of the latest valuation roll as well as the 5.3% increase in tariffs.

### Breakdown of service charges

Service charges increased by 5% (See Table 17). The revenue increase is mainly attributable to the tariff increases on service charges: electricity (7%), water (9.8%) and refuse removal (10% and 9% domestic and business respectively).

**Table 17: Breakdown of service charges**

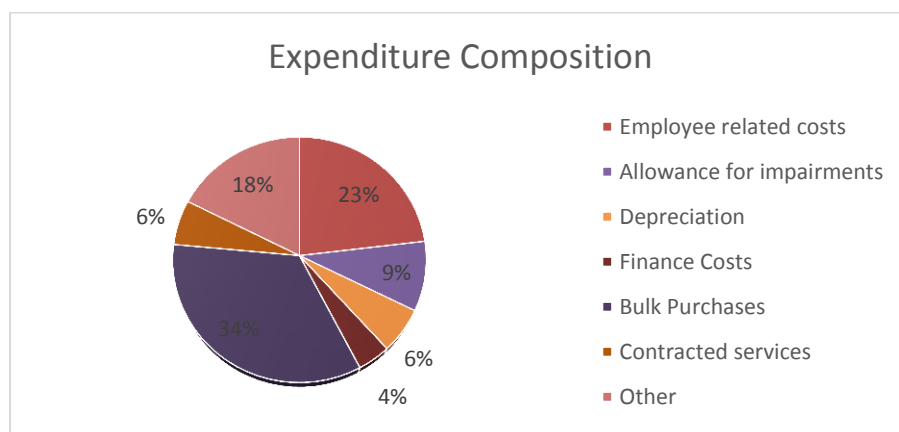
	2014		2013	
	Actual R'000	%	Actual R'000	%
<b>Service Charges comprise</b>				
Sale of electricity	12 397 510	61%	12 262 284	63%
Sale of water	4 129 926	20%	3 960 971	21%
Surcharges: Electricity	116 919	1%	6 835	0%
Surcharges: Water	35 162	0%	25 847	0%
Surcharges: refuse	3 620	0%	2 787	0%
Refuse removal	1 131 479	6%	974 894	5%
Sewerage and sanitation charges	2 292 731	11%	1 893 020	10%
Other services	252 866	1%	187 262	1%
	<b>20 360 213</b>	<b>100%</b>	<b>19 313 900</b>	<b>100%</b>

The main contributor for service charges is electricity at 61%, as it was in the previous financial year, with water being the second highest contributor at 20%.

## Expenditure

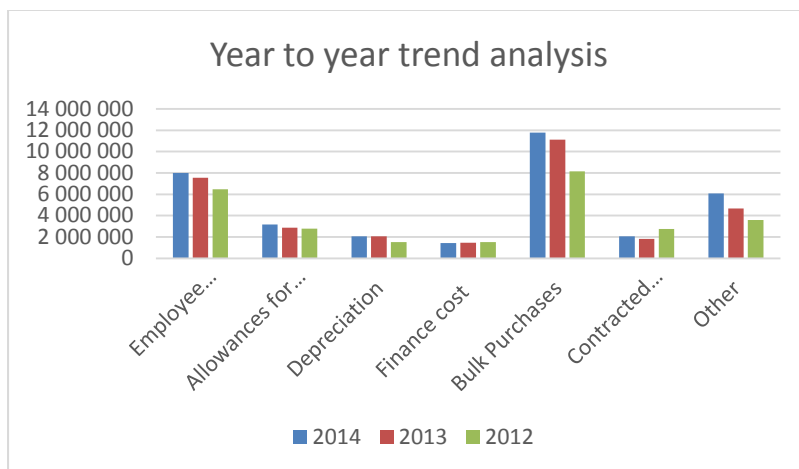
### Expenditure % composition

**Graph 3: Expenditure % composition**



## Expenditure trend analysis

Graph 4: Expenditure trend analysis



During the year, the City's high-value cost drivers included bulk purchases, as well as employee-related costs and other expenditure and allowances for impairment of receivables. It must be noted that bulk purchases are throughput costs for the City, which are recovered through the revenue generated from water and electricity.

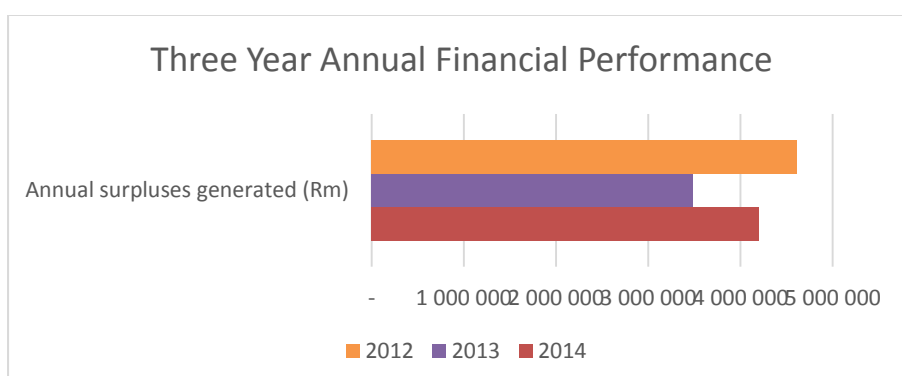
Employee related costs increased by 6%. The increase was mainly due to general annual increases of salaries. This is an area that is closely monitored as part of the Financial Development Plan, with new appointments being restricted to those that can be motivated for as being strategic in nature. The City continues to strive towards improving its staff productivity levels.

The increase in contracted services is mainly due to the various projects that the City has committed to in order to improve service delivery.

The allowance for impairments increased compared to 2012/13 with the City taking a prudent approach in its impairment assessment model.

## Annual surplus generated

Graph 5: Annual surplus generated



Despite the challenging economic environment, the City generated a healthy net surplus of R4,2 billion, which is an 18% increase from the previous year's R3,4 billion. The increase is largely due to measures implemented to ensure expenses are constrained while revenues are optimised. The achievement of a surplus is in line with

the City's Financial Development Plan and again indicates that the City is doing well in its efforts to achieve financial sustainability and resilience.

A surplus is of importance to the City as the internally-generated reserves will assist in funding the City's R100 billion capital expenditure programme. The City commits its own funds generated through surpluses alongside the borrowings from investors and government grants to realise the City's accelerated capital expenditure programme.

### Statement of Financial Position

Table 18: Statement of Financial Position

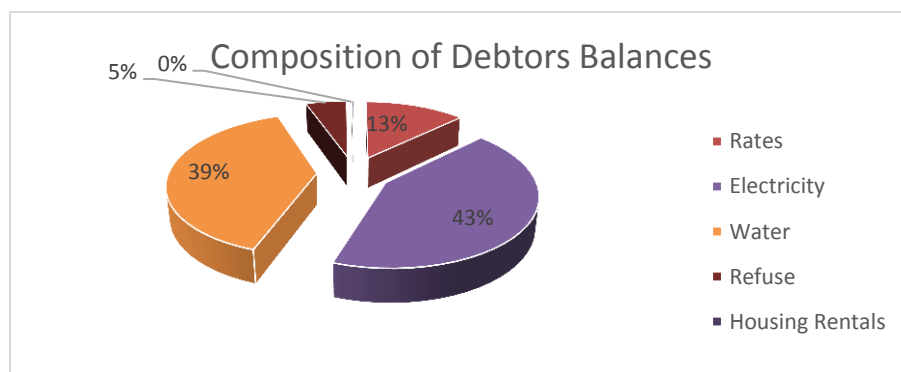
	2014 Actual	2013 Actual	Growth %	%Of Total 2014	2013
<b>Net Assets and Liabilities</b>					
Net Assets	35 638 989	30 971 662	15%	53%	51%
Non-current liabilities	17 765 585	16 455 549	8%	26%	27%
Current liabilities	13 717 618	13 704 515	0%	20%	22%
	<b>67 122 192</b>	<b>61 131 726</b>	10%	<b>100%</b>	<b>100%</b>
<b>Assets</b>					
Non-current assets	52 266 833	47 404 063	10%	78%	78%
Current assets	14 855 359	13 727 663	8%	22%	22%
	<b>67 122 192</b>	<b>61 131 726</b>	10%	<b>100%</b>	<b>100%</b>

The City's net assets position has improved by 15% to R35, 6 billion. The increase in net assets is attributable to the surplus of R4 billion generated during the year.

The 8% increase in non-current liabilities is attributable to the proceeds from net borrowings of R2 billion explained in the financial overview section earlier on. Total assets increased by 10%, which is mainly due to the acquisition of property, plant and equipment and the increased trade receivables.

### Trade and other receivables

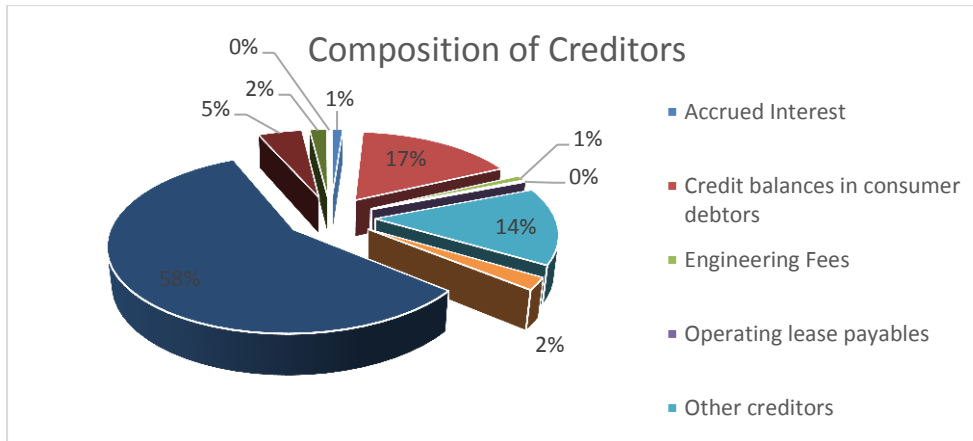
Graph 6: Trade and other receivables



Electricity and water debtors account for 82% of the total consumers debtors balance. This is in line with the revenue generated from these services.

### Trade and other payables

Graph 7: Trade and other payables



The main contributors to the creditors are the trade payables, credit balances and other creditors. The level of accruals at year end significantly impact the amount reflected in trade payables.

### Capital expenditure

Capital expenditure amounted to R7,3 billion (95% of approved capital budget) in the current year, emphasising the City's ability to spend its capital budget as well as its commitment towards service delivery and a better life for its citizens.

### Financial ratios

Table 19: Financial ratios

Financial ratios	30-Jun-14	30-Jun-13	Target
Current ratio	1.08	1	> 1.00
Solvency ratio	2.13	2.03	>2.00
Debt: Revenue	38%	39%	< 45%
Remuneration	35%	37%	At least 30%
Repairs and Maintenance as a % of Property, Plants and Equipment and Investment Property	2%	2%	8%
Interest: Expenditure	6%	7%	<7%
Net Operating Expenditure	13.51%	12.11%	At least 15%

	82.48 days	88.08 days	>45 days
<b>Cost coverage ratio</b>			

The current ratio remained robust and marginally higher than in the previous financial year, mainly due to healthy liquidity levels maintained by the City.

The solvency ratio is marginally below the target, but well within the acceptable norm of 2:1.

The ‘debt to revenue’ ratio for the year is 38%, which is a decrease from the previous year’s 39%. This ratio is below the self-imposed target limit of 45%; however with the City rolling out of its planned capital expenditure programme of over R100 billion in 10 years, borrowings are expected to increase in future to fund the capital programme.

Repairs and maintenance of municipal assets is required to ensure the continued provision of services. The ratio may reflect as low; however it must be noted that the repairs and maintenance expense on the face of the financials does not reflect other indirect repairs and maintenance expenditure incurred by entities such as JRA, City Power and Joburg Water, where a significant portion of their day-to-day activities are related to maintenance of the City’s infrastructure.

The ‘interest to expenditure to remuneration’ ratio is impacted by the delayed drawdown of approved capex loan facilities.

### **Audit opinion**



The City’s efforts and dedication towards achieving a clean administration continue to bear fruits, with the achievement of an Unqualified Audit Opinion once more. The audit opinion was issued with other matters as outlined in the report of the Auditor General of South Africa included on p. x of Book 2: Integrated Annual Report (Consolidated Version).

The City is proud of this achievement and its leadership is encouraged and committed to working proactively towards achieving a clean administration. Corrective measures and action plans have been implemented to ensure that the matters reported on by the Auditor General are remedied going forward.

### **Looking ahead**

Given the on-going subdued economic climate, the coming financial year is expected to remain challenging considering that consumer debt levels significantly impact the City’s ability to collect revenue. The tariff increases which are not within the City’s control continue to increase at levels above the consumer price index (CPI) and continue to exert further pressure on the affordability of the services provided by the City. The revenue collection rate may be negatively impacted if the economy does not improve. The City continues to investigate mechanisms to minimise the impact of the tariff increases on Johannesburg’s citizens by maintaining tariffs under its sole control below inflation. The City has adopted a prudent financial sustainability strategy, which will protect its financial position during the economic turbulence.

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**Reggie Boqo**  
**Group Chief Financial Officer**  
**City of Johannesburg Metropolitan Municipality**



## Outlook

The City of Johannesburg's Joburg 2040 Growth and Development Strategy (GDS) encompasses a vision of being a leading global city that cares for all its citizens by providing a liveable, sustainable and resilient city for all. Through measured and purposeful infrastructure investment we are transforming the urban spatial form of Johannesburg and reclaiming certain areas to realise this vision. The latter entails providing communal spaces where people can live and play closer to work and have access to affordable, safe and reliable public transport. We envisage that these transport nodes will become the centre for living activities in our city.

Our Joburg 2040 strategy envisages an 'improved quality of life and development-driven resilience for all'. This vision necessitates that we eradicate the prevailing causes of poverty; address the endemic social impulses that still promote inequality in all its forms; ensure a society that is safe and secure; and promote opportunities for people to earn and prosper both socially and economically.

Our vision further encompasses a renewed sensitivity to our collective impact on the city's environmental health and carbon footprint. Our newly envisaged 'green' public transport system will ultimately reduce congestion on our streets, and decrease our carbon footprint through state-of-the-art transport technology. Further, our efforts to reduce carbon emissions and to convert waste to energy will support our spatial conservation activities.

Our vision can, ultimately, not mature to fruition without ensuring a financially and administratively sustainable metropolitan government that engages and empowers its citizens through guaranteed service delivery and citizen care; and the promotion of job-intensive economic growth to reduce unemployment.

Johannesburg has a clear roadmap for delivery on this vision – in the immediate, medium, and long term. Using the material issues addressed throughout this report, Table 15 provides a consolidated view of our aspirations for the year ahead.

**Table 20: Looking ahead to 2014/15**

GDS Principle	Material issue	Future outlook
<b>Economic sustainability</b>		
Build and grow an inclusive economy	Ensure optimal use of the City's assets to create a 'Smart City'	<ul style="list-style-type: none"> <li>From the three-year budget estimates, it is clear that JDA faces a substantial increase in the scope of its work for 2014/15 and 2015/16. This will require capacity increases and operating efficiency gains to achieve the increased implementation targets.</li> <li>In the year ahead, Smart City initiatives aligned with the IDP will include a migration to broadband services (R2,000 million) and enablement (R5,000 million).</li> </ul>
	Ensure support for entrepreneurs and SMMEs	<ul style="list-style-type: none"> <li>During the year, the City introduced a programme to support SMMEs and entrepreneurs. The programme will be launched in 2014/15 with the aim of assisting local communities and citizens to become involved in the provision of service delivery.</li> </ul>
	Reduce unemployment through job-intensive economic growth	<ul style="list-style-type: none"> <li>The number of community<sup>2</sup> workers employed on part time basis to clean informal settlements in Avalon depot area is set to increase from 137 in the current year to 400 in the year ahead.</li> </ul>
	Ensure financial stability	<ul style="list-style-type: none"> <li>The 2013/14 financial year preliminary budget shows a surplus of R8,6 million. The actual capital expenditure is 34% and the overall assigned budget is 70% as at 30 June 2014. This is lower than the target and various processes were implemented to ensure that specifications were completed on time for the 2014/15 capital projects. This will assist in fast-tracking the procurement processes and will ensure timely implementation of the capital budget in 2014/15.</li> </ul>
<b>Administrative sustainability</b>		
Promote good governance	Ensure active citizen participation and empowerment	<ul style="list-style-type: none"> <li>R100 million (OPEX and CAPEX) budget has been set aside for 2014/15 to implement prioritised Community-Based Planning (CBP) projects.</li> <li>The 2014/15 business planning and outreach process will provide the City with an opportunity to communicate its draft plans and budget to a larger audience and enabled communities at a local level to express their needs in the year ahead.</li> </ul>
	Promote a financially and administratively sustainable resilient city	<ul style="list-style-type: none"> <li>The City will incorporate its revenue collection strategy and action plan into the 2014/15 SDBIP to address revenue collection challenges.</li> </ul>
	Promote an active and	<ul style="list-style-type: none"> <li>Projects and IDP deliverables that are in the process of being implemented include the City's PAIL initiative (Public</li> </ul>

<sup>2</sup>Register of community workers to be submitted as evidence.

	effective citizen-focused GCR	Access to Internet in Libraries) and the Broadband Network Core Infrastructure. PAIL implementation is planned to continue into 2014/15. The ICT objectives for the City for the year ahead include using ICT to improve productivity; improve efficiencies through the deployment of appropriate ICT systems and solutions; ensure implementation of an ICT Governance Framework and supporting structures; and to eliminate the 'digital divide' between customers and citizens of the City, among others.
<b>Social sustainability</b>		
Eradicate poverty	Address poverty and dependency	<ul style="list-style-type: none"> <li>• The City will continue to assist untrained ECD practitioners to access accredited training, with the aim of training 3,400 ECD practitioners (2013/14: 919)</li> <li>• The City will increase the number of ECD centres empowered through educational and skills development support to meet the requirements of the 'Enforcement Standard Framework' from 493 in the current year to 1,350 in the year ahead.</li> </ul>
	<b>Environmental sustainability</b>	<ul style="list-style-type: none"> <li>•</li> </ul>
Build sustainable human settlements	Promote sustainable human settlements	<ul style="list-style-type: none"> <li>• JOSHCO will complete certificates for 239 'short fall' units (169 units in the new Greenfield construction, and a 158-unit shortfall on inner city) in 2014/15 to reach its overall target of 1,151 units of its approved business plan.</li> <li>• The Department of Development Planning secured prosecutors who are dedicated to preparing and prosecuting building infringements during the year. In 2014/15, the Department will start prosecuting infringements in the Magistrates Courts, thus ensuring faster and cheaper compliance with building regulations.</li> <li>• The City will complete its analysis of design and social infrastructure service implications for Sustainable Human Settlements in 2014/15. The City is currently assessing the use of a Non-Governmental Organisation to assist in completing the required work.</li> <li>• In terms of providing affordable rental stock in the Inner City - 588 affordable rental stock and temporary/emergency shelter units will be provided in 2014/15.</li> </ul>
	Promote eco-mobility	<ul style="list-style-type: none"> <li>• The City plans to increase Rea Vaya bus journeys from 32,864 in the current year to 60,000 in 2014/15.</li> </ul>
Ensure resource security and environmental sustainability	Ensure the sustainable and integrated delivery of water, sanitation, energy and waste.	<ul style="list-style-type: none"> <li>• Clustered households in informal settlements continue to hinder initiatives aimed at increasing sanitation coverage in these areas. The City has planned to re-block some of the settlements and to formalise them in the coming financial year (2014/15). This will help to un-lock the space for the provision of basic sanitation services. Further, the viability of creating communal block toilets is currently under review, and will be investigated in the year ahead.</li> <li>• The revised operating model for PIKITUP, which will include small enterprises to participate in cleaning and maintenance at the Panorama Composting Plant, will be implemented in 2014/15.</li> <li>• PIKITUP plans to increase the number of households serviced to 982,000 in the year ahead.</li> <li>• The City plans to increase the tonnage of dry waste diverted through its S@S project from 20,000 tonnes in the</li> </ul>

		<p>year, to 50,000 tonnes in the year ahead; and to increase the tonnage of green waste diverted through composting from 20,873 tonnes in the current year to 120,000 tonnes in 2014/15.</p> <ul style="list-style-type: none"> <li>• The City plans to extend its 'separation at source' reach to target 50% of area participation (2013/14: 20%).</li> <li>• To improve water networks efficiency in reducing unaccounted for water losses - focus will be placed on pipeline renewal and increasing the coverage and penetration of smart metering including prepayment in the 2014/15 financial year. In this regard, extensive plans have been drawn for implementation with the billing department to ensure that under and non-payment is reduced.</li> <li>• The City will implement illegal its dumping strategy 2014/15. This encompasses: garden sites capacitation to accept small quantities of builders' rubble from households and an increase in the mobile crusher plant capacity.</li> <li>• The City intends to provide access to water to an additional 3,187 households in the year ahead, while 3,022 will be provided with access in 2015/16.</li> <li>• The City aims to install 150,000 smart meters in the year ahead (2013/14: 91,228)</li> </ul>
	Address climate change and ensure environmental protection	<ul style="list-style-type: none"> <li>• To address air quality in the year ahead, repairs of all stations will be completed by September 2015. This will add to the reduction in particulate matter (dust particles).</li> </ul>

## Appendices

### Materiality Index

Table 21: Materiality Index

GDS Principle	Material issue	Page reference in the Integrated Annual Report (Abridged Version)	Page reference in the Integrated Annual Report (Consolidated Version)
	<b>Economic sustainability</b>		
Build and grow an inclusive economy	Ensure optimal use of the City's assets to create a 'Smart City'		
	Ensure support for entrepreneurs and SMMEs		
	Reduce unemployment through job-intensive economic growth		
	Ensure financial stability		
	<b>Administrative sustainability</b>		
Promote good governance	Ensure active citizen participation and empowerment		
	Promote a responsive and accountable, efficient and productive metropolitan government		
	Promote a financially and administratively sustainable resilient city		
	Ensure guaranteed customer / citizen care and service		
	Promote an active and effective citizen-focused GCR		
	<b>Social sustainability</b>		
Eradicate poverty	Address poverty and dependency		
	Ensure food security whilst promoting a 'green economy'		
Achieve social inclusion through support and enablement	Build a safe and secure city		
	Promote health, literacy, skills and cultural diversity		
	<b>Environmental sustainability</b>		
Build sustainable human settlements	Promote sustainable human settlements		
	Promote eco-mobility		
Ensure resource security and environmental sustainability	Ensure the sustainable and integrated delivery of water, sanitation, energy and waste.		
	Address climate change and ensure environmental protection		

## List of abbreviations and acronyms

ACDP	African Christian Democratic Party
AFC	Automated Fare Collection
AFS	Annual Financial Statements
AMD	Acid Mine drainage
ANC	African National Congress
APC	African Peoples' Convention
ARP	Alexandra Renewal Project
AZAPO	Azanian Peoples' Organisation
BEPP	Built Environment Performance Plan
CAII	Customer Average Interruption Index
CBD	Central business district
CBP	Community Based Planning
CCTV	Closed circuit television
CERT	Emergency Response Teams
CIMs	Capital Investment Management Systems
CIP	Consolidated infrastructure plan
CLOs,	Community Liason Officers
Clr	Counsellor
COJ	City of Johannesburg
COPC	Community orientated primary care
COPE	Congress of the People
CRM	Customer Relationship Management
CRUM	Citizen Relations and Urban Management
DA	Democratic Alliance
DEA	Department of Environmental Affairs
DoE	Department of Energy
DWA	Department of Water Affairs
ECD	Early Childhood Development
EE	Employee equity
EHS	Environmental health system
EIAs	Environmental Impact Assessments
EISD	Environmental Management Department and the Infrastructure and Services Department (collective description)
EME	Exempted Micro Enterprises
EMS	Emergency Management Services
EMT	Executive Management Team
EPWP	Expanded Public Works Programme
ESP	Expanded Social Package
F/Y	Financial year
FT	Full time
FTE	Full time employees
GCR	Gauteng City Region
GDS	Growth Development Strategy
GHG	Green House Gas
GPG	Gauteng Provincial Government
HH	Households
HRM	Human Resources Management
ICPS	Inner City Property Scheme
ICT	Information Communications Technology
IDP	Integrated Development Plan
IFP	Inkatha Freedom Party
IGR	Intergovernmental Relations

IIIP	Integrated Infrastructure Investment Plan
IIRC	International Integrated Reporting Council
IR	Integrated Reporting
ITP	Integrated Transport Plan
JBF	Johannesburg Business Forum
JBN	Joburg Broadband Network
JCL	Johannesburg City Library
JCP	Johannesburg City Parks
JCPZ	Johannesburg City Parks Zoning
JDA	Johannesburg Development Agency
JFPM	Johannesburg Market
JIMI	Jazz and Indigenous Music Incubator
JMAC	Johannesburg Migration Advisory council
JMAP	Johannesburg Migration Advisory Panel
JMPD	Johannesburg Metropolitan Police Department
Joshco	Johannesburg Social Housing Company
JPC	Johannesburg Property Company
JRA	Johannesburg Roads Agency
JSE	Johannesburg Securities Exchange
JSH	Jozi Skills Hub
JTC	Johannesburg Tourism Company
JW	Johannesburg Water ( JW )
KK	Kliprivier / Klipspruit
KPI	Key performance indicator
LED	Light-emitting diode
LIS	Land Information System
MARs	Mine Residue Areas
MEs	Municipal Entities
Metrobus	Metropolitan Bus Service
MFMA	Municipal Finance Management Act
MOEs	Municipal Owned Entities
MotF	Market of the future
MOU	Memorandum of Understanding
MSA	Municipal Systems Act
MTC	Metro Trading Company
NEMA	National Environmental Management Act
NERSA	National Energy Regulator of South Africa
NFP	National Freedom Party
NGO	Non-governmental organisation
NHI	National Health Insurance
OCIO	Office of Chief Information Officer
OHS	Occupational Health and Safety
OKM	Operation Khanyisa Movement
OVC	Orphans and Vulnerable Children
PAC	Pan Africanist Congress
PAIL	Public Access to Internet in Libraries
PFMA	Public Finance Management Act
PIE	Prevention of Illegal Eviction Act
PM	Particulate Matter
PMO	Project Management Office
PMTCT	Prevention of Mother to Child Transmission
PPP	Public Private Partnership
PRASA	Passenger Rail Agency of South Africa
PT	Part time
PWD	People with disabilities
QSE	Qualifying Small Enterprises
RCR	Round Collected Refuse

RFP	Request for proposal
SAIDI	System Average Interruption Duration Index
SCM	Supply chain management
SDA	Service Delivery Agreement
SDF	Spatial Development Framework
SDBIP	Service Delivery and Budget Implementation Plan
SDIP	Service Delivery Improvement Plan
SDS	Service delivery standards
SEMAs	Specific Environmental Management Acts
SEMT	Strategic Executive Management Team
SEZ	Soweto Empowerment Zone
SHS	Shareholder Services
SHSUP	Sustainable Human Settlements and Urban Planning
SITPF	Integrated Transport Plan Framework
SLA	Service Level Agreement
SMME	Small, medium enterprises
SOCA	State of the City Address
SPTN	Strategic Public Transport Network
SS	Sustainable Services
SUDS	Sustainable Urban Drainage System
TBP	The Business Place
TDM	Travel Demand Management
TOD	Transit Oriented Development
TIR	Transport Information Register
UDM	United Democratic Movement
UDZ	Urban Development Zone Scheme
UFW	Unaccounted for water
UNFCCC	United Nations Framework Convention on Climate Change
UPS	Uninterrupted Power Supply
USDG	Urban Settlement Development Grant
VERs	Verifiable Emission Reductions
WDM	Water demand management
WWTW	Waste Water Treatment works
YTD	Year to date