

## 1A.1

City of Johannesburg Council 2021-05-25/27

COJ : MAYORAL COMMITTEE 2021-05-20

### GROUP FINANCE

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#### **1A 2021/22 – 2023/24 MEDIUM-TERM OPERATING BUDGET FOR THE CITY OF JOHANNESBURG**

##### **1 STRATEGIC THRUST**

Well Governed and Managed City

##### **2 OBJECTIVE**

To present the medium-term operating budget for the 2021/22 to 2023/24 financial years in compliance with Section 16 (2) of the Municipal Finance Management Act 56 of 2003 (MFMA, the Act).

##### **3 SUMMARY**

###### **(1) BUDGET PROCESS OVERVIEW**

In terms of Section 24 of the MFMA, the annual budget must be approved before the start of the budget year. The MFMA aims to put in place a sound financial framework and sets out timelines for budget preparations and approval.

The budget process for 2021/22 commenced in November 2020 when an EMT Lekgotla was held on 9 -10 November 2020. Departments and municipal entities (MEs) were requested to prepare budget proposals and these budget proposals were then presented to the Budget Steering Committee held on 20 - 22 and 25 January 2021. On 6 March 2021, a Mayoral Lekgotla was held where final budget allocations were issued. Departments and entities were requested to allocate resources towards service delivery with a focus on GLU priorities and initiatives.

The Minister of Finance's budget speech was held on 24 February 2021 and the budget does take in to account the latest national allocations as reflected in the Gazette. The provincial allocation will be available later and the allocation will be included in the final budget that will be submitted to Council during the month of May 2021.

###### **Consultation Process**

The draft medium-term budget for 2021/22 – 2023/24 was tabled at Council on 24 May 2021 for consultation both externally and internally. Subsequent to tabling of the budget, the draft budget and proposed tariffs were publicised for stakeholder and public comments.

A report on the outcome of the consultation process on the budget and tariffs will be submitted separately in the agenda for Council to consider.

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#### (2) MEDIUM-TERM OPERATING BUDGET

##### Medium-Term Budget Direction

The 2021/22 medium-term budget will focus on the following key political strategic priorities:

- Good governance;
- Financial sustainability;
- Integrated human settlements;
- Sustainable service delivery;
- Job opportunity and creation;
- Safer city;
- Active and engage citizenry;
- Economic development;
- Sustainable development;
- Smart city;
- Minimizing the impact of COVID (and future pandemics); and
- Eradicating Gender Based Violence and violence against children.

In aligning the imperatives of changing the City's course, the following key IDP / GLU priority programmes will be implemented within the City:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services;
- Improve and strengthen financial position;
- Impact the housing market including the integration, development and maintenance hostels and flats;
- A safer City by reintroducing ward-based policing (Joburg 10+) and effective by-law enforcement;
- Job opportunities and creation;
- Development and support of SMME;
- Community Based Planning and enhanced community engagement, including Mayoral imbizos;
- Manage displaced communities and homelessness;
- Combat drug and substance abuse;
- Combat corruption, fraud and maladministration;
- Combat illegal land invasion and promote regulated land use; and
- Formalisation of informal settlements and accelerated rapid land release.

##### Overview of the 2021/22 Medium-Term Budget

The proposed operating revenue budget is approximately R65.9 billion and the operating expenditure budget is totalling R65.1 billion for the 2021/22 financial year. Revenue is increasing by 8.1% and expenditure by 7.1% over the 2020/21 financial year.

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The table below set out the Medium-Term Revenue and Expenditure Budget for the 2021/22 - 2023/24 financial years.

	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	%	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Revenue	60 905 717	65 846 786	8.1%	69 986 901	73 773 527
Internal revenue	8 444 237	8 975 784	6.3%	9 425 470	9 839 157
Expenditure	69 349 954	74 822 570	7.9%	79 412 371	83 612 684
Internal expenditure	60 801 510	65 137 354	7.1%	68 943 497	72 765 390
	8 444 237	8 975 784	6.3%	9 425 470	9 839 157
	69 245 746	74 113 138	7.0%	78 368 967	82 604 547
Surplus (Deficit)	104 208	709 432		1 043 405	1 008 137
Taxation	72 256	225 944	212.7%	497 533	568 913
Surplus (Deficit) for the year	31 952	483 488		545 872	439 224
Capital grants and contributions	3 027 503	2 525 478		3 121 165	3 259 148
Surplus (Deficit) for the year including capital grants and contributions	3 059 455	3 008 966		3 667 037	3 698 372

The City is budgeting for a surplus (before taxation and capital grants) of R709.4 million for 2021/22. The surplus will be applied towards the City's working capital and funding of capital investment.

#### Revenue Analysis

In 2020/21, the direct revenues were budgeted at R61 billion with revenue estimated to be R65.9 billion in 2021/22.

Revenue	Adjusted Budget 2020/21 R million	Budget 2021/22 R million	%	Estimate 2022/23 R million	Estimate 2023/24 R million
Property rates	13 215	13 479	2.0%	14 072	14 706
Service charges - electricity	17 178	20 164	17.4%	22 688	24 641
Service charges - water	8 342	8 909	6.8%	9 301	9 719
Service charges - sanitation	5 192	5 545	6.8%	5 789	6 049
Service charges - refuse	2 129	2 242	5.3%	2 340	2 446
Rental of facilities and equipment	461	487	5.7%	508	531
Interest - external investments	317	331	4.3%	345	361
Interest - outstanding debtors	413	429	4.0%	447	466
Fines, penalties and forfeits	1 102	1 118	1.5%	1 167	1 220
Licences and permits	8	9	4.3%	9	10
Agency services	336	350	4.3%	365	382
Transfers and subsidies received	10 241	10 724	4.7%	10 822	11 017
Other revenue	1 940	2 027	4.5%	2 099	2 193
Gains	33	33		33	33
Total revenue	60 906	65 847	8.1%	69 987	73 774

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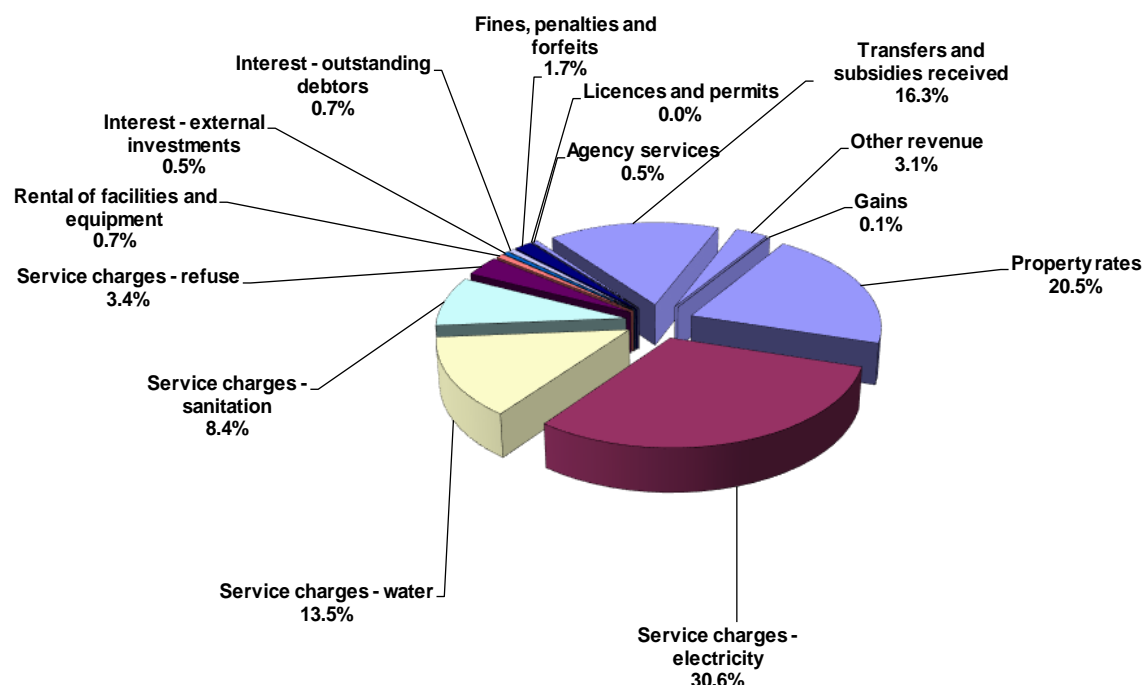
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The increase of 8.1% in total revenue is made up of the 2% increase in property rates, 17.4% in electricity revenue, 6.8% increase in water revenue, 6.8% increase in sanitation revenue, 5.3% increase in refuse, 5.7% increase in rental of facilities, 4.3% increase in interest external investments, 4% increase in interest outstanding debtors, 1.5% increase in fines, 4.3% increase in licences and permits, 4.3% increase in agency services, 4.7% increase in transfers received and 4.5% increase in other revenue.

The graph below reflects the percentages per revenue category of the total revenue of the City.



The 2021/22 revenue budget for property rates, electricity, water, sewerage and refuse amounts to R50.3 billion and it represents approximately 76.4% of the total revenue budget of R65.9 billion.

The table below set out the average tariff increases for 2021/22 - 2023/24 financial years.

Service	Base Year 2020/21	Budget Year 2021/22	Budget Year +1 2022/23	Budget Year +2 2023/24
Property rates	4.00%	2.00%	4.40%	4.50%
Electricity	6.23%	14.59%	10.00%	10.00%
Water	6.60%	6.80%	4.40%	4.50%
Sanitation	6.60%	6.80%	4.40%	4.50%
Refuse	5.20%	4.30%	4.40%	4.50%

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The proposed tariff increases in the table above are averages, i.e. some customers may pay more and others less than the average.

Property rates: Projected property rates revenue is estimated at R13.5 billion, approximately 2% increase from the 2020/21 financial year. The increase is based on an average property rates tariff increase of 2%. The increase includes improvements made to properties, subdivisions, consolidations and new properties.

Service charges - electricity: The projected electricity revenue of R20.2 billion is a 17.4% increase from the 2020/21 financial year. The increase is based on a proposed average tariff increase for electricity of 14.6%, the strategic drive to reduce total electricity losses to a level of 24% in the 2021/22 financial year and turnaround strategy programmes to enhance revenue and profitability of the company. The average bulk purchase price increase from City Power's main suppliers (Eskom, Kelvin, Ekurhuleni and Mogale Municipalities) is assumed at 14.6%.

Service charges - water and sewerage: The projected water and sewerage revenue is estimated at R14.5 billion, approximately 6.8% increase from the 2020/21 financial year. The increase is based on an average tariff increase of 6.8%, based on a proposed Rand Water tariff increase of 5.8% and an estimated population growth increase of 1%.

Service charges - refuse: The projected refuse revenue of R2.2 billion is a 5.3% increase from the 2020/21 financial year. The increase is based on a proposed average tariff increase of 4.3%, the year-to-date performance and a proposed stepped tariff to ensure affordability for lower priced properties.

Rental of facilities are increasing by approximately 5.7% and is mainly due to the increase in rental housing units and the increase in revenues on leases.

Interest earned increased by R30 million in line with payment and liquidity levels of the City.

Income from fines, penalties and forfeits increased with an amount of R16.1 million or 1.5% from the 2020/21 financial year.

Operating grants are increasing by R483.5 million or 4.7% from the 2020/21 financial year.

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The table below reflects the transfers and subsidies received for 2021/22 - 2023/24 financial years.

Transfers and subsidies received	Adjusted Budget 2020/21 R million	Budget 2021/22 R million	%	Estimate 2022/23 R million	Estimate 2023/24 R million
Equitable share	5 904	5 468	-7.4%	5 933	6 080
Levy Replacement	3 683	3 921	6.5%	4 105	4 123
Finance Management	1	1	0.0%	1	1
Public Transport Network Grant: Opex	409	1 009	146.6%	452	479
EPWP	20	9	-57.0%		
Energy Efficiency and Demand Side Management Grant	9	10	11.1%	10	
Infrastructure Skills Development	7	8	7.1%	8	8
Recap of Comm Libraries Cond Grant	11	12	16.5%	12	13
Libraries Plan	10	9	-5.3%	10	10
Primary Health	144	154	6.6%	160	167
HIV AIDS	27	28	2.0%	29	31
United Nations Environment Programme	15	16	4.2%	16	17
Other	1	81		86	89
Total revenue	10 241	10 724	4.7%	10 822	11 017

Other revenue reflects an increase of R87.6 million or 4.5%.

The tariffs for minor services will mainly increase in line with estimated inflation of 4.3%.

### Expenditure Analysis

The City adopted the 2020/21 Adjusted Operating Budget of R60.9 billion. 2021/22 presents a budget of R65.1 billion, an increase of 7.1% from the 2020/21 adjusted budget.

Expenditure	Adjusted Budget 2020/21 R million	Budget 2021/22 R million	%	Estimate 2022/23 R million	Estimate 2023/24 R million
Employee related costs	16 211	17 118	5.6%	17 875	18 679
Remuneration of councillors	177	187	5.8%	195	204
Debt impairment	5 047	5 183	2.7%	5 432	5 704
Depreciation and asset impairment	4 147	4 333	4.5%	4 583	4 788
Finance charges	3 050	3 178	4.2%	3 318	3 467
Bulk purchases	18 707	13 700	-26.8%	15 002	16 402
Other materials	762	7 696	909.5%	8 033	8 395
Contracted services	6 232	6 500	4.3%	7 024	7 307
Transfers and subsidies paid	53	512	862.1%	535	559
Other expenditure	6 414	6 729	4.9%	6 946	7 260
Losses			-9.7%		
Total expenditure	60 802	65 137	7.1%	68 943	72 765

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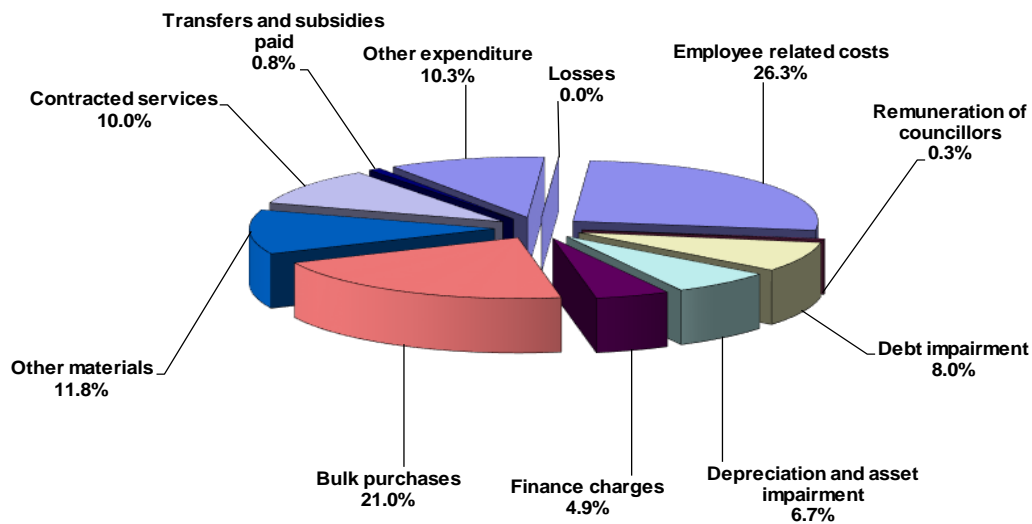
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The increase of 7.1% in expenditure is a result of the increase in employee related cost 5.6%, remuneration of councillors 5.8%, debt impairment 2.7%, depreciation 4.5%, finance charges 4.2%, bulk purchases -26.8% (Eskom/Kelvin Power Station), other materials 909.5%, contracted services 4.3%, grants and subsidies paid increased by R459 million mainly in line with the PTNG grant revenue increase (PTNG) and other expenditure increased by 4.9%.

Rand Water purchases were previously reflected under bulk purchases and is now reflected under other materials (inventory consumed) in terms of mSCOA classifications. In line with the remuneration of the Public Office Bearers Act, there is no expected increase for councillors in the 2021/22 FY. The 5,8% increase is as a result of transfer of other councillors from the Office of City Manager to Legislature.

Increases on expenditure are explained later in the report under each cluster per department or entity.

The graph below reflects the percentages per expenditure category of the total expenditure of the City.



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#### Financial Position

The table below reflects the summary of the proposed financial position.

Financial position	Adjusted Budget 2020/21 R million	Budget 2021/22 R million	Estimate 2022/23 R million	Estimate 2023/24 R million
Total current assets	18 231	17 735	17 744	16 959
Total non current assets	85 673	89 278	92 245	96 663
Total current liabilities	14 593	17 208	16 617	15 591
Total non current liabilities	29 056	27 966	27 866	28 827
Community wealth/equity	60 255	61 839	65 506	69 204

The projected current ratio over the medium term is projected to be above 1:1. Cash reserves are used to fund capital investment, hence no material improvement in the current ratio.

#### Cash Flow

The table below reflects the summary of the proposed cash flow.

Cash flow	Adjusted Budget 2020/21 R million	Budget 2021/22 R million	Estimate 2022/23 R million	Estimate 2023/24 R million
Net cash from (used) operating	5 702	6 262	7 965	7 446
Net cash from (used) investing	(7 414)	(8 121)	(6 976)	(7 158)
Net cash from (used) financing	1 162	1 721	(930)	(291)
Cash/cash equivalents at the year begin:	5 491	4 840	4 701	4 760
Cash/cash equivalents at the year end	4 941	4 701	4 760	4 756

The cash of the City is projected to be approximately R4.7 billion at the end of the 2021/22 financial year. It will be approximately R4.8 billion in the outer year. Cash reserves are applied towards capital infrastructure spending.

The following Budget Assumptions were made:

CPI is estimated at 4.3% for 2021/22 and 4.4% for 2022/23 and 4.5% for 2023/24 financial years.

Estimated salary increases:

- 4.3% - 2021/22 (natural attrition of 0.5% are included in the budget).
- 4.4% - 2022/23.
- 4.5% - 2023/24.

Loans interest rates are estimated at 9.75% for 2021/22, 10.45% for 2022/23 and 11.62% for 2023/24.



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Bulk purchases - City Power has assumed an average tariff increase of 14.6% from Eskom and the cost of water purchases from Rand Water is expected to increase by average 5.8%. Rand Water purchases were previously reflected under bulk purchases and is now reflected under other materials (inventory consumed) in terms of mSCOA classifications.

Finance charges and depreciation are increasing by 4.3% over the 2020/21 financial year and contracted services and other expenditure combined are increasing by 4.6%.

Reasons for the increase or decrease are explained later in the report under each department or entity's section.

- ... Annexure A reflects the operating budget of the City including internal transfers.
- ... Annexure B reflects the operating budget of the Core Administration.
- ... Annexure C reflects the operating budget of the Municipal Entities.
- ... Annexure D reflects the operating budget per vote (per department and municipal entity).

#### (3) MEDIUM-TERM EXPENDITURE AND REVENUE PER CLUSTER:

For purposes of this report the expenditure growth percentage of the various departments within the Core Administration is based on direct expenditure (excluding internal transfers) and for the MEs it is based on total expenditure (including taxation) or subsidies received.

#### SUSTAINABLE CLUSTER

Sustainable Cluster Revenue	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Environment And Infrastructure	85 500	67 510	49 840	40 193
Housing	88 752	92 659	96 828	101 185
City Power	17 271 099	20 259 990	22 787 113	24 733 872
Johannesburg Water	13 727 896	14 647 259	15 292 700	15 980 872
Pikitup	3 062 533	3 409 192	3 660 499	3 825 215
Johannesburg Social Housing Company	249 369	257 576	268 915	281 016
Total Revenue	34 485 149	38 734 186	42 155 895	44 962 353

The Sustainable Cluster's revenue budget increases by 12.3% from the 2020/21 financial year.

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Sustainable Cluster Expenditure	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Environment And Infrastructure	148 881	154 904	161 718	168 994
Housing	1 021 502	1 046 581	1 093 045	1 141 550
City Power	17 739 496	19 857 147	21 693 736	23 465 318
Johannesburg Water	12 822 976	13 407 802	14 005 214	14 635 449
Pikitup	3 062 533	3 409 192	3 660 499	3 825 215
Johannesburg Social Housing Company	249 369	257 576	268 915	281 016
Total Expenditure	35 044 757	38 133 202	40 883 126	43 517 542

The Sustainable Cluster's expenditure budget increases by 8.8% from the 2020/21 financial year. Below follow details of the expenditure budget per department and municipal entity within the sustainable cluster:

**Environment and Infrastructure**

The revenue budget decreases by 21% to R67.5 million mainly as a result of a decrease in concession fees from Kelvin Power Station due to the twenty-year contract coming to an end in October 2021. The expenditure budget increases by 4% to R154.9 million in line with the consumer price index. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Waste Management / Environmental Protection - Recycling programme;
  - Water Resource Management;
  - Biodiversity Management;
  - Open Space Planning;
  - Air Quality; and
  - Climate Change.

**Housing**

The revenue budget increases by R3.9 million (4.4%) to R92.7 million in line with the consumer price index. The expenditure budget increases by R25.1 million (2.5%) to R1.1 billion in line with the consumer price index. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Infrastructure Repair and Preventative Maintenance - Water Leaks and Sewer Repairs;

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- Infrastructure Repair and Preventative Maintenance - Facility Repairs e.g. Hostels;
  - Infrastructure Repair and Preventative Maintenance - Preventative maintenance; and
  - Waste Management / Environmental Protection - Grass-cutting programme.
- Impact the housing market including the integration, development and maintenance hostels and flats:
  - Shelter and Accommodation Programme - Management of Growing Informal settlements within Hostels; and
  - Shelter and Accommodation Programme - Title deed programme.
- Job opportunities and creation:
  - Job Creation – EPWP.
- Manage displaced communities and homelessness:
  - Shelter and Accommodation Programme - Provision of low-cost houses Programme for short-term (e.g. TRA's).
- Formalization of informal settlements and accelerated rapid land release:
  - Shelter and Accommodation Programme - Informal Settlement Management implement formalization programme – UISP.

#### City Power

The expected surplus after taxation (excluding capital grants and contributions) amounts to R402.8 million. Service charges - electricity: The projected electricity revenue of R20.2 billion is a 17.4% increase from the 2020/21 financial year. The increase is based on a proposed average tariff increase for electricity of 14.6%, the strategic drive to reduce total electricity losses to a level of 24% in the 2021/22 financial year and turnaround strategy programmes to enhance revenue and profitability of the company. The average bulk purchase price increase from City Power's main suppliers (Eskom, Kelvin, Ekurhuleni and Mogale Municipalities) is assumed at 14.6%.

The expenditure budget increases by 11.9% to R19.7 billion due to an increase in employee related costs to cater for strategic insourcing of staff and the establishment of PMO Office to manage the transfer of Eskom Areas of supply (Soweto and Sandton) to City Power; and the 14.6% average tariff increase for

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bulk purchases from City Power's main suppliers (Eskom, Kelvin, Ekurhuleni and Mogale Municipalities). Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Infrastructure Repair and Preventative Maintenance - Street Light Repair and Installation;
  - Infrastructure Repair and Preventative Maintenance - Electricity Failures;
  - Infrastructure Repair and Preventative Maintenance - Facility Repairs; and
  - Infrastructure Repair and Preventative Maintenance - Preventative maintenance.
- Improve and strengthen financial position:
  - Revenue Enhancement Initiatives;
  - Integrated, seamless, efficient systems and processes; and
  - Business continuity support programs and plans.
- A safer City by reintroducing ward-based policing (Joburg 10+) and effective by-law enforcement:
  - (By)Law Enforcement Programme - Vandalism Reduction.
- Job opportunities and creation:
  - Job Creation - Co-Production (Work Packages).
- Development and support of SMME:
  - Job Creation - SMME empowerment.
- Community Based Planning and enhanced community engagement, including Mayoral izimbizo:
  - Communication / Stakeholder Engagement - Communication strategy to change service delivery perceptions;
  - Communication / Stakeholder Engagement - Service Delivery Outreach Programme; and
  - Communication / Stakeholder Engagement - Improved approach on complaints / query management system.

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- Minimising the impact of the COVID-19 pandemic:
  - COVID-19 Response - Municipal Services.

### Johannesburg Water

The expected surplus (excluding capital grants and contributions) amounts to R1.2 billion. Service charges - water and sewerage: The projected water and sewerage revenue is estimated at R14.5 billion, approximately 6.8% increase from the 2020/21 financial year. The increase is based on an average tariff increase of 6.8%, based on a proposed Rand Water tariff increase of 5.8% and an estimated population growth increase of 1%.

The expenditure budget increases by 4.6% to R13.4 billion mainly to cater for an increase of 5.8% for the water purchase price from Rand Water. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Water and Sewer Pipe replacement;
  - Upgrades and storage infrastructure;
  - WWTW programme;
  - Transit-Oriented Development; and
  - Repairs and maintenance (water and sewer networks).
- Improve and strengthen financial position:
  - Metering and revenue focus;
  - Embracing technology;
  - Improving customer experience and support;
  - Reviewing of Supply Chain Process;
  - Enhancement of payment levels; and
  - Reducing Non-revenue Water.
- Job opportunities and creation:
  - Job creation programme (EPWP); and
  - SMME support through co-production.
- Community Based Planning and enhanced community engagement, including Mayoral izimbizo:
  - Stakeholder and Customer Satisfaction;
  - Stakeholder Engagement;
  - Public Education;

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- Corporate and Social Responsibility; and
  - Media Relations and External Communications.
- Formalisation of informal settlements and accelerated rapid land release:
  - Provision of basic services – water;
  - Provision of basic services – sanitation; and
  - Nominal water and sanitation services.
- COVID-19 Response - Municipal Services:
  - Continued provision of water and sanitation services;
  - Staggered working hours;
  - Sewer blockage teams operating from home;
  - Medical surveillance and testing;
  - Company-wide workplace plans; and
  - Company-wide protocols developed and implemented.

### Pikitup

The revenue budget increases by 11.3% to R3.4 billion. Service charges - refuse: The projected refuse revenue of R2.2 billion is a 5.3% increase from the 2020/21 financial year. The increase is based on a proposed average tariff increase of 4.3%, the year-to-date performance and a proposed stepped tariff to ensure affordability for lower priced properties.

The expenditure budget increases by 11.3% to R3.4 billion mainly due to an increase in employee related costs to correct an error as security staff salaries were budgeted under internal transfers, and an increase in fleet costs. The subsidy allocation to Pikitup increases by 26.5% to R1.1 billion. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Cleaning of informal settlements;
  - Weekly collection of waste from formal households;
  - Continue to rollout separation at source throughout the City;
  - Improve waste diversion targets (all waste streams) to optimize the landfill airspace;
  - Maintain street cleaning;
  - Cleaning and clearing of illegal;
  - Provide sufficient 240L bins and bin liners to ensure cleanliness levels; and
  - Construction of transfer station and material recovery facilities (MRF) at Marie-Louise and Linbro Park landfill sites.

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- Improve and strengthen financial position:
  - Improve revenue collection levels to above 90%;
  - Improve revenue generation from commercial services by increasing the customer base;
  - Implement revenue enhancement audit to determine if there are any commercial and / or domestic customers that are not billed for services; and
  - Determine the feasibility to implement a recycling or separation at sources levy.
- Impact and maintenance of vehicles and facilities:
  - De-fleeting and re-fleeting (Scrapping of old fleet and procurement of new fleet) will reduce the uneconomical maintenance cost on vehicles and assist with uninterrupted service delivery;
  - Continuous renovation of garden sites / drop off centres (converting of facilities into integrated waste management facilities); and
  - Replace dilapidated facilities to ensure the safety of staff and maintain facilities to increase the lifespan of assets.
- Job opportunities and creation:
  - Appointment of co-operatives to implement our EPWP programmes to create job opportunities.
- Development and support of SMME:
  - Establishment of enterprise development unit;
  - Create a Co-production model by appointing co-operatives to assist with community mobilization (education and awareness) and service delivery (informal settlement collection and cleaning); and
  - Enforcing and implementing the mandatory 30% sub-contracting on all applicable procurements.
- Community Based Planning and enhanced community engagement, including Mayoral izimbizo:
  - Maintain weekly Kleena Joburg campaigns to create education and awareness regarding waste management and cleanliness.
- Combat corruption, fraud and maladministration:

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- Resolve 85% of internal and external audit findings by management and all assurance providers; and
- Implement operations clean audit (OPCA).

Johannesburg Social Housing Company (JOSHCO)

The revenue budget increases by R8.2 million (3.3%) to R257.6 million. The expenditure budget increases by R8.2 million (3.3%) to R257.6 million. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Infrastructure Repair and Preventative Maintenance - Facility Repairs (e.g. Hostels);
  - Inner city regeneration including key economic nodes; and
  - Developing pro-active maintenance and service teams.
- Improve and strengthen financial position:
  - Improving revenue collection.
- Job opportunities and creation:
  - Job Creation – EPWP.

### HUMAN AND SOCIAL DEVELOPMENT CLUSTER

Human and Social Development Cluster Revenue	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Community Development	50 451	53 015	54 762	57 203
Health	172 763	182 864	190 618	199 088
Social Development	689	719	751	785
Public Safety	1 493 854	1 526 807	1 593 984	1 665 711
Johannesburg City Parks And Zoo	1 173 278	1 207 251	1 260 516	1 317 228
Joburg City Theatres	221 504	217 839	227 426	237 662
Total Revenue	3 112 539	3 188 495	3 328 057	3 477 677

The revenue budget of the Human and Social Development Cluster increases by 2.4% from the 2020/21 financial year.



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Human and Social Development Cluster Expenditure	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Community Development	1 313 339	1 396 403	1 457 409	1 522 967
Health	1 312 786	1 361 399	1 421 289	1 485 234
Social Development	482 622	361 579	375 289	389 926
Public Safety	5 821 579	6 055 919	6 322 386	6 606 886
Johannesburg City Parks And Zoo	1 173 278	1 207 251	1 260 516	1 317 228
Joburg City Theatres	221 504	217 839	227 426	237 662
<b>Total Expenditure</b>	<b>10 325 108</b>	<b>10 600 390</b>	<b>11 064 315</b>	<b>11 559 903</b>

The expenditure budget of the Human and Social Development Cluster increase by 2.7% from the 2020/21 financial year. Below follows the budget per department and municipal entity within the human and social development cluster.

**Community Development**

Community Development's revenue budget increases by 5.1% to R53 million. The expenditure budget increases by 6.3 % to R1.4 billion as a result of funding required for the operationalizing of new facilities. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery – Infrastructure repair and preventative maintenance of facilities;
- Improve and strengthen financial position – Introduce revenue generating mechanisms at facilities;
- A safer City by reintroducing ward-based policing and effective by law enforcement;
- Job opportunities and creation – Create Expanded Public Works Programme job opportunities through identified programmes and projects;
- Development and support of SMME - Support to SMMEs through infrastructure development and repairs and maintenance of facilities;
- Community Based Planning and enhanced community engagement, including Mayoral izimbizo - Ensure representation to Community Based Planning engagements and effective feedback to communities;
- Manage displaced communities and homelessness - Availability of facilities as temporary shelters in the event of natural disasters or pandemic;
- Combat drug and substance abuse - Facilitate awareness programmes on drugs and substance abuse; and
- Combat corruption, fraud and maladministration - Ensure compliance with relevant regulations, policies, Acts such as Supply Chain Management Policy, Municipal Finance Management Act and Municipal Systems Act.

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### Health

The revenue budget increases by 5.8% to R182.9 million mainly due to an increase in the Provincial Primary Health grant allocation. The expenditure budget increases by 3.7% to R1.4 billion in line with the consumer price index. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - The expansion of extended hour libraries and clinics within the City;
  - Implementation of the City's Substance Abuse Strategy;
  - Rollout of Mobile Clinics to increase access to primary health care;
  - Maternal Health Care/Children Health Care/HIV and AIDS/Communicable Disease;
  - Food security that is both improved and safeguarded / Pest Control / Air Pollution;
  - TB / HIV and AIDS;
  - Management Support / E-Health / Clean Audit; and
  - Jozi Ihlomile Program.

### Social Development

The revenue budget increases by 4.4% to R719 thousand mainly as a result of tariff increases for the hiring of halls. The expenditure budget decreases by 25.1% to R361.6 million mainly due to moderation of Covid-19 food parcel programme. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Food Packs – Indigent Relief;
  - Skill development;
  - Urban Farming;
  - Food Bank;
  - Food Gardens;
  - Support for Indigent Households;
  - People with Disability support; and
  - Infrastructure Repair and Preventative Maintenance - Repairs of Social Development facilities in various regions.
- A safer City by reintroducing ward-based policing (Joburg 10 +) and effective by-law enforcement:
  - Gender Based Violence Interventions;

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- Gender Based Violence Shelter; and
  - ECD compliance and day care centers.
- Job opportunities and creation:
  - EPWP Intake;
  - SMME/ Co-operative support;
  - Skills Development/training; and
  - Youth Development.
- Community Based Planning and enhanced community engagement, including Mayoral izimbizo:
  - Imbizos; and
  - Service delivery stakeholder engagement sessions.
- Manage displaced communities and homelessness:
  - Support programs and initiatives for people living and working on the streets.
- Combat drug and substance abuse:
  - Implementation of Substance Abuse Strategy; and
  - Management of Substance Abuse Treatment Centres.
- Combat corruption, fraud and maladministration:
  - Financially and administratively sustainable and resilient City.
- Integrated Human Settlements:
  - Programs implemented in Hostels (ESP, GBV, Substance Abuse, Children services, and food security).

### **Public Safety**

The revenue budget increases by R33 million (2.2%) which is translated to R1.5 billion. The increase is mainly as a result of fines revenue to be generated from traffic infringements registered by the speed control cameras deployed across the City and manual citations generated by traffic officers. The expenditure budget increases by R234.3 million (4%). The increase is mainly as a result of stores and material to procure PPE for staff, fleet, standby, postage for fines and the VIP protection services. Below is a highlight of programmes that are within the budget:

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- A safer City by reintroducing ward-based policing (Joburg 10+) and effective law enforcement:
  - By-Law Enforcement Programme - Joburg 10+;
  - By-Law Enforcement Programme - Land invasion and enforcement;
  - By-Law Enforcement Programme - Security at council buildings;
  - By-Law Enforcement Programme - Operationalization of Municipal Courts; and
  - Ensure effective medical emergency and fire response.
- Job opportunities and creation:
  - Ensure number of individuals benefit through learnership/ internship.
- Day to day Programme:
  - Ensure ethics and discipline.
- Improve and strengthen financial position:
  - Revenue generated (Pound, Fines, Licensing and Events).
- Community Based Planning and enhanced community engagement:
  - Capacitation of communities on emergency response (CERT, SERT, TERT) (Safety); and
  - Communication / Stakeholder Engagement - Service Delivery Outreach Programme.

### **Johannesburg City Parks and Zoo**

The revenue budget increases by 2.9% to R1.2 billion in line with the consumer price index. The expenditure budget increases by 2.9% to R1.2 billion in line with the consumer price index. The subsidy allocation to City Parks and Zoo increases by 3.8% to R1 billion to cater for the implementation of horticultural programs. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Infrastructure Repair and Preventative Maintenance - Facility Repairs to Buildings, Operational Assets, Park Facilities and Zoo Infrastructure; and
  - Open Space Maintenance including grass cutting and tree maintenance.

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- A safer City by reintroducing ward-based policing (Joburg 10+) and effective by-law enforcement:
  - (By)Law Enforcement Programme - Visible policing in public spaces.
- Job opportunities and creation:
  - Cooperatives development and support.

#### Joburg City Theatres

The revenue of Joburg City Theatres decreases by 1.7% to R217.8 million. The expenditure budget decreases by 1.7% to R217.8 million in line with revenue. The Joburg City Theatre's subsidy increases by 1.7% to R166.2 million. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery – Host, develop and stage productions that tell a story and promote pride/social cohesion;
- Job opportunities and creation – Expanded public works programmes opportunities;
- SMME Development and support- Cultivate local entrepreneurs/suppliers; and
- Combat drug and substance abuse – Community based programmes addressing social ills and Themed Educational Theatre Productions.

#### ECONOMIC GROWTH CLUSTER

Economic Growth Cluster Revenue	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Economic Development	19 819	8 529		
Transport	529 060	1 151 401	600 727	634 534
Development Planning	83 282	86 854	90 678	94 759
Joburg Market	530 822	553 649	578 008	604 019
Johannesburg Property Company	986 452	1 014 692	1 059 824	1 107 515
Johannesburg Development Agency	120 980	123 391	128 880	134 680
Johannesburg Roads Agency	1 534 876	1 576 064	1 645 736	1 719 667
Metrobus	744 250	767 489	801 340	837 400
Joburg Tourism		45 000	46 979	49 093
Total Revenue	4 549 541	5 327 069	4 952 172	5 181 667

The revenue budget of the Economic Growth Cluster increases by 17.1%.

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**GROUP FINANCE**

Economic Growth Cluster Expenditure	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Economic Development	188 518	195 492	204 094	213 279
Transport	1 395 248	2 030 124	2 119 448	2 214 824
Development Planning	410 918	425 836	444 571	464 575
Joburg Market	435 799	444 892	465 143	486 075
Johannesburg Property Company	986 452	1 014 692	1 059 824	1 107 515
Johannesburg Development Agency	120 980	123 391	128 880	134 680
Johannesburg Roads Agency	1 534 876	1 576 064	1 645 736	1 719 667
Metrobus	744 250	767 489	801 340	837 400
Joburg Tourism		45 000	46 979	49 093
<b>Total Expenditure</b>	<b>5 817 041</b>	<b>6 622 980</b>	<b>6 916 015</b>	<b>7 227 108</b>

The expenditure budget of the Economic Growth Cluster increases by 13.9% from the 2020/21 financial year. Below follows the budget per department and municipal entity within the economic development cluster.

**Economic Development**

The revenue budget decreases by R11.3 million (-57%) to R8.5 million. The decrease is mainly as a result of the reduced Expanded Public Works Program incentive grant. The expenditure budget increases by R7 million (3.7%) to R195.5 million mainly as a result of the increase in line with the Consumer Price Index. Below is a highlight of programmes that are within the budget:

- Job opportunities and creation:
  - Revitalization of Industrial and Priority Economic Zones;
  - Skills Intensive Economic Recovery in Regions: Youth Skills Training (LED Interventions in Regions);
  - Business forums engagement; and
  - Adopt-a-street programme (Pilot for Regions A, D & E) – EPWP project.
- Manage displaced communities and homelessness:
  - Implementation of the Inner City Economic Development and Investment Roadmap.
- Development and support of SMME:
  - Regularize and formalize Informal trading in all CoJ regions; and
  - Establishment of Opportunity Centres in Orange Farm and Ivory Park.

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### Transport Department

The revenue budget increases by R622.3 million (117.6%) to R1.2 billion. The increase is mainly as a result of the Public Transport Network Grant (PTNG) funding for the second installment compensation of the effected Rea Vaya Phase 1Ca taxi operators; and PTNG funding for the Rea Vaya Phase 1Ca system cost in line with the Division of Revenue Act (DORA) conditions.

The operational expenditure budget increases by R634.9 million (45.5%) to R2. billion mainly as a result of the second installment compensation payable to the effected Rea Vaya Phase 1Ca taxi operators provided for under the transfers and subsidies paid.

Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Safe, fast and reliable Rea Vaya BRT services and an average of 50 036 passenger trips per working day by 2021 and 57 069 by 2022;
  - Operationalization of Rea Vaya BRT between Alexandra, Sandton and Inner City;
  - Integrated transport systems through the development of transport master plans and integrated public transport network plans;
  - Corridor management plans;
  - Cycle promotion and non-motorized transport;
  - Construction and operationalization of Small and large public transport facilities that are upgraded, well maintained, safe and attractive.
- Improve and strengthen financial position:
  - Increase of Rea Vaya passenger numbers towards increased revenue; and
  - Operationalization of JITI (Johannesburg International Transport Interchange) and collection of revenue.
- A safer City by reintroducing ward-based policing (Joburg 10+) and effective by-law enforcement:
  - Implementation of covid-19 risk register action plans towards minimizing the impact of Covid-19;
  - Road user safety and behavioral change including working with JMPD (Johannesburg Metropolitan Police Department) at ward level in line with Joburg 10+ approach;

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- Working with the JMPD to address / minimize encroachment on Rea Vaya dedicated bus lanes;
  - Working with the JMPD to address / minimize encroachment on dedicated cycle lanes; and
  - Working with the JMPD in normalizing public transport operations particularly minibus taxis on city roads.
- Job opportunities and creation:
  - Bus Operating Company (BOC) formation / establishment;
  - Capacitation and training of previously disadvantaged public transport operators (i.e Bus Operating Companies) including to run successful businesses and conflict resolution and management;
  - Job opportunities and creation through allocated capex budget; and
  - Rollout of Intelligent Transport Systems (ITS) including AFC (Automated Fare Collection), ICT (Information and Communications Technology) and BMCM (Bus Monitoring and Contract Management) towards quality transport services to Johannesburg commuters.
- Development and support of SMME:
  - Bus Operating Company (BOC) formation / establishment and support; and
  - Capacitation and training of previously disadvantaged public transport operators (i.e Bus Operating Companies) including to run successful businesses and conflict resolution and management.
- Community Based Planning and enhanced community engagement, including Mayoral izimbizo:
  - October Transport Month; and
  - Transport promotions partnership, building and information sharing.
- Combat corruption, fraud and maladministration:
  - Fraud and corruption awareness programmes; and
  - Improved internal controls and compliance with legislative prescripts.



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### Development Planning

Development Planning's revenue budget increases by 4.3% to R86.8 million. The expenditure budget increases by 3.6% to R425.8 million. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery – creating community facilities in the transit oriented development corridors and more focused and efficient customer service operations;
- Inner City regeneration , including economic nodes – innovative scenario planning model to support private and public sector investment in the City;
- Priority area planning and implementation of inclusionary housing; and
- Enhanced law enforcement for town planning, building control and outdoor advertising.

### Joburg Market

The revenue budget increases by R22.8 million (4.3%) to R553.7 million. The increase is mainly as results of the increase in rental facilities income and an increase in the sweeping account as well as an increase in the interest on external investment (bank). Commission revenue remains constant from the adjusted budget. A growth of 3.0% is anticipated on the outer years on commission revenue. The expenditure budget increases by R9.1 million (2.1%) to R444.9 million. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduction of co-production in the delivery of basic services:
  - Extension of trading space for a more effective, food safety compliant and user-friendly environment; and
  - Construction
  - EPWP and Cleaning Campaign; and
  - Co-production
  - Appoint small entrepreneurs rendering services like Catering, provision of stationery, consumables such as detergents, etc.; and
  - Promote
  - of Pack house for targeted beneficiaries.
- Job opportunities and creation initiatives:
  - activities.

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- Development and support of SMME's:
  - the contractual imperative on contractors to utilize local small entrepreneurs as sub-contractors.

### **Johannesburg Property Company (JPC)**

The revenue budget increases by R28.2 million (2.9%) to R1 billion. The expenditure budget increases by R28.2 million (2.9%) to R1 billion. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Infrastructure Repair and Preventative Maintenance - Facility Repairs (e.g. Hostels);
  - Developing pro-active maintenance and service teams;
  - COVID-19 Response - Municipal Services; and
  - Instilling best service standards by City employees.
- Improve and strengthen financial position:
  - Improving revenue collection;
  - Good Corporate Governance and Clean Audits; and
  - Cutting wasteful expenditure on non-core functions.
- Job opportunities and creation:
  - Job Creation - SMME empowerment.

### **Johannesburg Development Agency**

The revenue of Johannesburg Development Agency increases by 2% to R123.4 million. Expenditure increases in line with revenue by 2% to R123.4 million. The subsidy increases by 0.4% to R40.8 million. Below is a highlight of programmes that are within the budget:

- Job opportunity and creation – through the implementation of job creating infrastructure projects; and
- Development and support of SMME's – the Agency policy sets aside a percentage of the value of all construction contracts for local SMME's.

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### Johannesburg Roads Agency

The revenue budget increases by R41.2 million (2.7%) to R1.6 billion in line with inflation. The expenditure budget increases by R41.2 million (2.7%) to R1.6 billion in line with the Consumer Price Index. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Infrastructure Repair and Preventative Maintenance - War on Potholes;
  - Infrastructure Repair and Maintenance: Traffic Signal Improvement Plan; and
  - Improved Road Safety and Reduced Congestion.

### Metrobus

The revenue budget increases by R23.2 million (3.1%) to R767.5 million mainly as a result of increased fare revenue as the entity expects to operate at full capacity in the year 2021/22. The revenue budget for 2020/21 was adjusted downwards during the 2020/21 adjustment budget as it was affected by COVID19 lockdown regulations and social distancing rules.

The expenditure budget increases by R23.2 million (3.1%) to R767.5 million mainly as a result of increased operating expenditure as the entity expects to operate at full capacity in the year 2021/22. The operating expenditure budget for 2020/21 was adjusted downwards during the 2020/21 adjustment budget as it was affected by COVID19 lockdown regulations and social distancing rules resulting in reduced passengers travelling during the period. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery and reintroduce co-production in the delivery of basic services:
  - Procurement of cashless ticketing system - Improve customer/community satisfaction, Reduce cash loses, Improved revenue collection;
  - Infrastructure Repair and Preventative Maintenance - Facility Repairs (Renovation of bus shelters customer centre at Ghandi Square); and
  - Bus refurbishment programme - Increased bus economic life, Bus availability and reliability; Revenue increase; Reduction of unemployment.

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- Improve and strengthen financial position:
  - Repurposing of Metrobus facilities (Head Office and 2 depots – Milpark and Village Main) - Alternative revenue streams; Student accommodation; Affordable housing (Advertising in the buses);
  - Automated Bus Scheduling Bus Scheduling System - Flexibility to accommodate rapid changes in risk adjusted strategy reliability of service;
  - Security systems (Link to IIOC) - Real time monitoring of depots, reduction of losses (diesel, spare parts);
  - Lease fuel management software and hardware - Reduction in diesel losses;
  - Lease fleet management software and hardware - Reduction in diesel losses; and
  - Implementation of Intelligent Transport Systems - Digital Route Tracking system procurement is in progress, Automated scheduling system procurement is in progress, Fuel Management system revamping in progress.
- A safer City by reintroducing ward-based policing (Joburg 10 + ) and effective by-law enforcement:
  - Use of internal and external inspectors;
  - “Eye on the Bus”: Automated Route Tracking - Improved customer experience retention of students and future working group - Partnership with Smart City Unit; and
  - Dial a bus program – Introducing transport on demand.
- Smart City
  - Asset Condition Monitoring System - Reduction in bus breakdowns Improved reliability of bus service; and
  - Customer Data Analytics - Route efficiency and optimization.
- Job opportunities and creation:
  - Cleaning and washing of buses at all 3 depots by co-operatives and / or SMMES – 3 co-operatives every year;
  - Internship Programme - Funding for new interns has been approved by Transport Education and Training Authority (TETA) for a 12-month period; and
  - Centre of Excellence for Artisans (Ransburg Depot) - Assisting other City entities and departments with Technical expertise (Training 14 Joburg Water artisans, provided quality assurance services to BRT on repairs and maintenance) - Annual intake of 20 Apprentices.

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- Development and support of SMME:
  - Cleaning and washing of buses at all 3 depots by co-operatives and / or SMMES.

**Johannesburg Tourism Company**

The revenue and expenditure budget of R45 million is allocated for the re-establishment of the Johannesburg Tourism Company municipal entity.

**GOOD GOVERNANCE CLUSTER**

Good Governance Cluster Revenue	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Group Forensic Investigation Services				
Office Of The Ombudsman				
City Manager		80 361	84 969	88 714
Group Information And Communication Technology				
Group Finance	23 672 493	23 776 261	25 059 648	25 900 062
Group Corporate And Shared Services	13 000	13 758	14 033	14 327
Metropolitan Trading Company	518 392	556 548	561 690	586 963
Speaker: Legislative Arm Of Council				
Municipal Entities Accounts	203 643	210 981	218 813	227 174
<b>Total Revenue</b>	<b>24 407 528</b>	<b>24 637 909</b>	<b>25 939 153</b>	<b>26 817 240</b>

The revenue budget of the Good Governance Cluster increases by 0.9%.

Good Governance Cluster Expenditure	Adjusted Budget 2020/21 R 000	Budget 2021/22 R 000	Estimate 2022/23 R 000	Estimate 2023/24 R 000
Group Forensic Investigation Services	107 999	111 633	116 544	121 788
Office Of The Ombudsman	33 718	34 848	36 380	38 017
City Manager	1 615 073	1 686 798	1 759 472	1 838 562
Group Information And Communication Technology	836 019	863 201	901 182	941 735
Group Finance	6 015 123	6 220 584	6 614 282	6 888 205
Group Corporate And Shared Services	463 061	495 353	517 149	540 422
Metropolitan Trading Company	518 392	556 548	561 690	586 963
Speaker: Legislative Arm Of Council	468 508	487 936	509 405	532 329
Municipal Entities Accounts	1 670 188	1 729 408	1 805 500	1 886 747
<b>Total Expenditure</b>	<b>11 728 080</b>	<b>12 186 309</b>	<b>12 821 604</b>	<b>13 374 768</b>

The expenditure budget of the Good Governance Cluster increases by 3.9%.

Below follow the key focus areas for the budget per department within the good governance cluster.

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### Group Forensic Investigation Services

Group Forensic and Investigation Service's expenditure budget increases by 3.4% to R111.6 million. Below is a highlight of programmes that are within the budget:

- Combat corruption; fraud and maladministration:
  - Citizens of the City are encouraged to report cases of fraud and corruption, theft of CoJ assets, maladministration, unauthorised, irregular, fruitless and wasteful expenditure, cyber-crime and hijacked properties by using the Anti-fraud and corruption hotline (0800 002 587) and email [whistle@joburg.org.za](mailto:whistle@joburg.org.za);
  - Outreach programmes will continue to target various Departments and Entities as well as communities to educate them about the do's and don'ts with respect to fraud and corruption including services rendered by GFIS;
  - Roll of Minimum Information Security Standard Programme throughout the City;
  - GFIS will continue with the prevention, detection, investigation and resolution of all matters relating to Fraud & Corruption, Theft of City's Assets, Maladministration (including UIFW), Breach of Security, Cyber Crime and Hijacked Properties;
  - Joint operations will continue in conjunction with key stakeholders; and
  - Monitoring of the implementation of the recommendations emanating from all the completed investigations.

### Ombudsman

Ombudsman's expenditure increases by 3.4% to R34.8 million. Below is a highlight of programmes that are within the budget:

- Accelerate visible Service delivery and re-introduction of co-service:
  - Implementation of an automated case management system to engage with communities smarter;
  - Registration complaints and assessed within 21 working days from date of receipt;
  - Proactive investigations by ensuring that services delivery failures complaints, human rights violations and maladministration are attended;
  - Resolving grievances and disputes for the citizens of Johannesburg in an amicable manner;
  - Recruitment of EPWP (Ombudsman Ambassadors) for creating Regional footprint for the Office; and

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- Acknowledging all complaints received from members of public relating to alleged acts of maladministration by the City's administration and its employees.
- Community Based Planning and enhanced community engagement, including mayoral izimbizo:
  - Community outreach programmes educating the citizens about their human rights and responsibilities.

### **City Manager**

The City Manager's expenditure increases by 4.4% to R1.7 billion. Below is a highlight of programmes that are within the budget:

- Accelerate visible Service delivery and re-introduction of co-service:
  - Integrated Service Delivery Co-ordination through daily urban inspections and facilitation of interventions such as the multi-disciplinary operations;
  - Augmented Service Delivery to supplement the activities undertaken by entities;
  - Stakeholder Engagement to promote the concept of engaged active citizenry through IPD and CBP consultations;
  - Area Based Management to attract investment in the CBDs and other commercial nodes;
  - Planning, Profiling and Data Management to develop digitized ward profiles which may provide accurate data capital investment purposes;
  - Cutting wasteful expenditure on non-core functions by monitoring resolution of audit queries raised in the AGSA management letter;
  - Driving the "service to be Seen, Heard and Felt." Campaign; and
  - Youth Development Programme.
- Community Based Planning and enhanced community engagement, including mayoral izimbizo:
  - Facilitation of IDP, CBP and Mayoral Imbizo in collaboration with the Office of the Speaker and Group Communication; and
  - Conduct "You said, We did" Service Delivery campaigns.
- Combat corruption; fraud and maladministration:
  - Ensure successful prosecutions on by-law related infringements;
  - Ensure legally sound contracts that protect the interests of the CoJ and promote service delivery;

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- Provide independent and objective reasonable assurance on whether tender processes were complied with and conducted following a system which is fair, equitable, transparent, competitive and cost-effective as set out in Section 217 of the South African constitution;
  - Ensure that the city's compliance universe is adhered to and that would help in the reduction of UIFWs;
  - Conduct employee declaration of interest;
  - Speedy resolution of disciplinary cases to avoid long and costly suspensions; and
  - Reducing petty crimes and enforcing by-laws.
- Smart City:
  - Implementation of the Joburg TV/Radio.
- Good Governance:
  - Provide and coordinate support to ME boards, management of the business of the executive and its committees with respect to the service delivery mandate of the ME; and
  - To train and develop prospective chartered accountants with the aim of increasing supply of scarce financial skill in the public sector through the Academy of Chartered Accountants Programme.

### **Group Information and Communication Technology:**

Group Information Communication Technology's expenditure budget increases by 3.3% to R863.2 million due to an allocation for IT related services. Below is a highlight of programmes that are within the budget:

- Accelerated and visible service delivery – Smart city (ease of doing business with the city), Wi-Fi roll out phase two and smart tools of trade for new normal;
- Improve and strengthen financial position – Implementation of SAP; transformation programme which will give a view of the City's financial position;
- Development and support of SMME's - Implementation and rollout of SMME portal Citywide that will give opportunities to SMMEs; and
- Combat corruption, fraud and maladministration – Asset tracking and management as the number of employees with mobile/laptops increases due to the COVID 19 pandemic.



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## **GROUP FINANCE**

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### Group Finance

Group Finance's revenue budget increases by 0.4% to R23.8 billion. The expenditure increases by 3.4% to R6.2 billion. Below is a highlight of programmes that are within the budget:

- Accelerate visible Service delivery and re-introduction of co-service by:
  - Improving on Customer Service; and
  - Increasing Responsiveness to Billing Problems.
- Development and support of SMME:
  - Supply Chain Management turnaround strategy and deployment of Procurement Policy to support SME's and Economic Growth; and
  - Payment of invoices within 30 days of receiving invoices.
- Improve and strengthen financial position:
  - Improve governance and attainment of clean audit;
  - Approved Funding Plan, Investor Roadshows, Profitability and Liquidity Ratio, Long term domestic credit rating; and
  - Implementation of Revenue Strategy.
- Community Based Planning and enhanced community engagement, including mayoral izimbizo:
  - Communication/Stakeholder Engagement - Service Delivery Outreach Programme and public participation processes in activities such as Property Rates Policy reviews.

### Group Corporate and Shared Services

Group Corporate Shared Service's revenue budget increases by 5.8% to R13.8 million. The expenditure budget increases by 7% to R495.4 million due to the Department receiving additional funding to capacitate the Safety Health and Environment Directorate. Below is a highlight of programmes that are within the budget:

- Job opportunities and creation – Study bursaries for under-privileged individuals; and
- Covid 19 future preparedness – employee assistance programmes, determination of work from home principles and occupational health and safety services.

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## GROUP FINANCE

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### Metropolitan Trading Company

Revenue of the entity increases by 7.4% to R556.5 million due to implementation of Enhanced Business Model (EBM). The expenditure budget increases by 7.4% to R556.5 million. Below is a highlight of programmes that are within the budget:

- Through Smart City to reduce digital divide:
  - Improve access throughout the City to enable economic growth by rolling out free Wi-Fi services to the City's residents;
  - WIFI Access point roll out 400 access point; and
  - Enhanced, quality services and sustainable environmental practices by ensuring 99% of the network, Wi-Fi and CCTVs are consistently available and running for end users, creating jobs through SMMEs and maintaining fibre networks.

### Speaker: Legislative Arm of Council

Speaker's Office expenditure budget increases by 4.1% to R 487.9 million. In line with the remuneration of the Public Office Bearers Act, there is no expected increase for councillors in the 2021/22 FY. The 5,8% increase is as a result of transfer of other councilors from the Office of City Manager to Legislature. Below is a highlight of programmes that are within the budget:

- Accelerate visible Service delivery and re-introduction of co-service:
  - Providing support to strengthen Sec 79 Committees and Chairpersons in order to enhance oversight and scrutiny over the executive; and
  - Training of Councillors and Ward Committees.
- Community Based Planning and enhanced community engagement, including mayoral izimbizo:
  - Efficient By-Law making review process in consultation with communities to enable development and revision of City Policies;
  - Increase public participation and stakeholder engagement through timely publication of the IDP and Budget Review Process;
  - Conduct education sessions for the public on IDP and Elections; and
  - Creating a platform for communities to raise issues for redress by the City.

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## GROUP FINANCE

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### Municipal Entities Accounts

The revenue for the municipal entities accounts increases by 3.6% to R211 million. The expenditure for the municipal entities accounts increases by 3.5% to R1.7 billion. The increase in expenditure relates to the increased provision for depreciation and asset impairment, other general expenditure (utility charges), and internal charges.

## 4 POLICY IMPLICATIONS

None.

## 5 LEGAL AND CONSTITUTIONAL IMPLICATIONS

This report follows the provisions of The Municipal Finance Management Act (Act 56 of 2003).

## 6 FINANCIAL IMPLICATIONS

<u>Consolidated Operating Budget</u> <u>(including internal transfers)</u>	2021/22 R 000	2022/23 R 000	2023/24 R 000
Direct revenue	65 846 786	69 986 901	73 773 527
Direct expenditure	65 137 354	68 943 497	72 765 390
Taxation	225 944	497 533	568 913
Capital grants and contributions	2 525 478	3 121 165	3 259 148
Surplus (Deficit) for the year	3 008 966	3 667 037	3 698 372

## 7 COMMUNICATION IMPLICATIONS

In terms of Section 24 of the MFMA, the Accounting Officer must inter alia, submit the approved budget to National Treasury and Provincial Treasury immediately after the approval of the budget.

The approved budget will also be communicated to the community and various stakeholders in the manner prescribed by law.

## 8 OTHER BODIES/DEPARTMENTS CONSULTED

Group Legal and Contracts, all Core Departments and Municipal Entities.

## 9 KEY PERFORMANCE INDICATOR

Management of the budget process in compliance with the Municipal Finance Management Act Chapter 4.

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## GROUP FINANCE

### IT IS RECOMMENDED

- 1 That the consolidated operating revenue of R65.9 billion, operating expenditure of R65.1 billion, taxation of R225.9 million and capital grants and contributions of R2.5 billion for the City of Johannesburg for the financial year 2021/22, and the indicatives for the projected medium-term period 2022/23 to 2023/24 be approved as set out in the following attachments:**

- (1) The consolidated operating budget for the City, Core Administration and Municipal Entities as reflected in Annexure A, B and C.**
- (2) The operating revenue and expenditure budget by vote for the City as reflected in Annexure D.**

- 2 That the subsidies payable by Core Administration to the following Municipal Entities be approved: –**

Municipal Entity	Adjusted Budget 2020/21	Budget 2021/22	Estimate 2022/23	Estimate 2023/24
Pikitup	R 000 872 786	R 000 1 104 298	R 000 1 254 197	R 000 1 310 619
Johannesburg Roads Agency	1 293 374	1 324 279	1 382 973	1 445 581
Metrobus	669 859	670 484	700 067	731 569
Johannesburg City Parks and Zoo	963 865	1 000 552	1 044 095	1 091 073
Johannesburg Development Agency	40 627	40 795	41 349	43 210
Johannesburg Property Company	646 229	654 635	681 924	712 607
Metropolitan Trading Company	251 893	268 325	261 371	273 127
Johannesburg Social and Housing Company	19 900	14 355	14 970	15 641
Joburg City Theatres	163 454	166 152	173 464	181 268
Joburg Tourism	-	45 000	46 979	49 093
Total subsidies to ME's	4 921 987	5 288 875	5 601 389	5 853 788

- 3 That the supporting information contained in the 2021/22 – 2023/24 Medium-Term Revenue and Expenditure Budget document as required in terms of Section 17(3) of the Municipal Finance Management Act (Act 56 of 2003) be approved in conjunction with this report.**

(GROUP FINANCE)

(Ntuthuzelo April)

(Tel. (011) 358-3290)

(sl)

THE NEXT ITEM FOLLOWS THE ANNEXURES TO THIS ITEM