

Executive Mayor Dan Plato

Council 26 August 2009

Speaker, I would like to welcome all Councillors, City Officials and members of the public back after the July recess.

Last month, we were shocked and saddened by the death of Leah Arends, a three-year-old girl who fell into an open sewerage pipe in Pelican Park. I once again express the City's condolences to her parents and family. In the light of this, I appeal to the public not to vandalise infrastructure to avoid a recurrence of such tragedies.

Furthermore, I would like, on behalf of Council, both officials and councillors, to express our outrage at the senseless murder of Sergeant Charles Komba over the weekend. Our condolences and deepest sympathies go to his family, friends and colleagues. I commend the South African Police Services for the prompt arrests and I trust that the perpetrators will be speedily brought to trial. I wish to also commend the City's Safety and Security Directorate for the assistance given to the Sergeant Komba's family.

Speaker, at the last Finance Portfolio Committee meeting, issues regarding the Integrated Rapid Transit system were tabled and discussed. Serious issues were discussed over the revised project costs, resulting in a R2.1 billion shortfall.

The escalation is a significant concern. However, the City is grateful for the major financial and technical support it is getting from the national and provincial departments of transport. The implementation of the IRT project is currently one of the biggest infrastructure development projects ever undertaken in the city and the country.

The report in front of us today, is not asking for more money. Council is requested today to approve a scaled-down version of Phase 1 (a) with a total value of R2,3 billion for which funds are available from both from the City and National treasury, with the City negotiating with national government for the additional funding to implement Phase 1(a).

Reasons identified for the budget escalation are:

1. The use of private land for depot facilities
2. Road material selection.
3. Quality and scope escalation
4. The city originally indicated that City-owned land in the Potsdam road area would preclude the need to purchase land for a depot in Table View. It was subsequently discovered that the City-owned land was not properly zoned for this usage. Land, therefore, had to be procured in that area.
5. The original budget report did not include the cost of the buses in the IRT project.
6. The industry transition costs were not included at the initial stage.

Cost overruns are not unusual on projects of this scope and magnitude. For example, the Gautrain had an original estimated budget of R7 billion. The approximate cost escalation is about R31 billion to date.

However, it is important that we fully understand this cost escalation. After careful consultation with the City Manager, the City has appointed an external, independent forensic team to investigate the costs of the IRT. The consultant will commence work immediately.

Cllr Fourie has asked a number of questions regarding the cost escalation of IRT. Answers to some of his questions appear on today's agenda.

Ek sal die ander vrae van raadslid Fourie nou beantwoord. Ek wil dit duidelik stel dat die nasionale tesourie 'n groot deel van die finansiering vir die IRT oor die volgende drie jaar – deur die Wet op Verdeling van Inkomste, 2009, toegeken het. Die bedryfstekort vir die IRT wat insluit sekuriteit, afvalbestuur, skoonmaak, terreinverfraaiing en instandhouding, word teen R115 m per jaar geraam. Finansieringsbronne vir die tekort sal na gesprekke met die nasionale tesourie bepaal word.

Ek het ons IRT-verpligtinge met adjunk-minister Jeremy Cronin bespreek, en dit is duidelik dat alle regeringsfere tot die sukses van hierdie stelsel verbind is. 'n Goeie openbarevervoernetwerk is noodsaaklik vir die stad se langtermyn- strategiese groei.

Ek aanvaar glad nie dat kaartjie- en advertensiekoste die bedryfskoste gaan dek nie, altans nie op hierdie stadium nie. Dit is moeilik om nou al die onderhoudskoste te bepaal.

Die raad het die projek in Maart 2008 goedgekeur na 'n aanbieding deur die nasionale departement van vervoer. Die berekeningsfout met die eskalering van die koste is sedert Desember 2008 bekend, soos die projek gevorder het.

I have had discussions with the City Manager about the establishment of a dedicated, full-time project team for IRT under the leadership of Mike Marsden, Executive Director for Service Delivery Integration. He is in overall charge of the City's 2010 Project Team.

The IRT project team will be structured and managed on project management principles just like the City's 2010 Project Team. There are direct links between these two projects.

Eddie Chinnappen, who headed up IRT until now, remains the Executive Director for Transport, Roads and Stormwater. He will continue to manage these line department functions.

There will obviously be a very close working relationship between the project team and Transport as well as all other directorates.

I have requested the City Manager to give immediate effect to this.

I want to pay tribute to Dr Lloyd Wright the consultant, contracted by the city to advise and guide us through the conception and implementation of the IRT system. Dr Wright is a well known expert in his field and I doubt whether we would be this far with implementation of the IRT without his contribution to the project. I thank him for this dedication and commitment in the quest for a good public transport network.

Speaker, the City of Cape Town has drafted a new by-law to stop the spread of graffiti within its area of jurisdiction.

Currently, City directorates and City Improvement Districts remove graffiti at their own cost. However, these efforts do not include enforcement action and therefore cannot effectively counter its spread.

Once approved, the new by-law will enable the City to more effectively combat the spread of graffiti. The bylaw will also provide for the removal of graffiti and the restoration of surfaces affected by it.

The Draft Graffiti By-Law is now available for Public Participation and such public comment is invited and welcomed. The public participation process started on 20 July and will run until 8 September.

Speaker, when the Multi Party Government came into power after the 2006 elections, we asked a lot of questions about the N2 Gateway Housing Development. At the same time we warned against improper processes in the project. We warned against the ANC's murky decision-making.

On 6 August 2009 the City, as well as the relevant Provincial and National Housing Department officials, were asked to appear before the Parliamentary Standing Committee on Public Accounts (SCOPA) to answer questions arising from the Report of the Auditor-General on the special audit of the N2 Gateway Project. The City's own internal investigation contributed to the compilation of the Auditor-General's report.

The Auditor-General's report highlighted a multitude of concerns around:

- lack of planning,
- questionable appointment of consultants and contractors,
- the roles of the three spheres of government in the project,
- as well as fruitless and wasteful expenditure.

In questioning the officials, SCOPA made it clear that they wanted detailed answers to their concerns as well as:

- information on what remedial actions had been taken to address shortcomings;
- what action had been taken against officials

- what steps had been taken to recover the fruitless and wasteful expenditure.

SCOPA also expressed concern at the quality and lack of defined responsibility in the Memorandum of Understanding as well as the fact that some contracts were signed late or at their termination.

Specific questions were asked of the City officials about the City's appointment of Cyberia Technologies, an IT company, as the N2 Project Manager. There are a number of concerns about this appointment which is cited as one of the key reasons for the problems and fruitless and wasteful expenditure which occurred on the project. The City Manager was requested to refer the concerns about the appointment of Cyberia Technologies to Council to decide on what actions need to be taken against individuals involved and how the monies lost in this fruitless and wasteful expenditure can be recovered. A report will serve before council on this matter.

There are a number of lessons which the City needs to learn from this project, specifically that fast tracking a project by taking short cuts and without proper planning will inevitably result in serious problems and wasteful and fruitless expenditure. Also, in such instances, the persons involved need to be held accountable.

Speaker, the City welcomes the acknowledgement by the National Minister for Human Settlements, Mr Tokyo Sexwale, that Government will not be able to provide houses for all those who have expressed a need. This acknowledgement provides a platform for local authorities to also focus more critically on the bigger problem of urbanisation. In acknowledging the housing challenge, the City is already seeking more active involvement with informal communities and settlements. Active engagement will be the cornerstone of our efforts to stabilise the housing crisis. We will

concentrate not only on the formal delivery of houses but also on the creation of sustainable, safe, healthy and secure suburbs.

Where we cannot supply formal housing we will, nevertheless, seek to provide some security of tenure and sense of permanency. To address the challenge of urbanisation, we will promote and foster strong and stable relationships with communities, community organizations and all other role players.

Cape Town is faced with a number of challenges to its sustainable growth and development – increasing residential density is an important strategic City response to many of these challenges. The City needs to maximise the use of very limited land – especially well-located land - available for building homes for those in need; our existing and proposed public transport system requires increased residential densities to ensure the viability of the system and the sustainability of this significant City investment; higher densities are also an important pre-requisite for enhanced local business opportunities and making our City more convenient to travel around for visitors and residents alike.

Speaker, as a result of a legal report tabled at the Planning and Environment Portfolio Committee this month, Council has initiated a forensic investigation into the development and landscaping of parts of the Gordon's Bay Cemetery. The forensic report is expected to be ready by the end of September. The investigation will include interviews with all relevant parties and will endeavour to assess whether appropriate procedures were followed with full and proper public participation. Speaker, we as the City want to settle this matter once and for all in a transparent and open manner.

The City has been carefully considering the possible options to develop the Phillipi farming area. A balance has to be reached between agricultural land

use and the provision of housing opportunities. Both are essential for poverty alleviation and the development of our city. Key City officials have been investigating the various viable options for the development of the area. They have met the Premier to discuss Province's role in the area and how cooperation between the two spheres of government can streamline the process.

In addition, the City intends signing a memorandum of understanding with the Passenger Rail Agency of South Africa which will facilitate housing development on land adjoining railway stations. The City is also investigating how to promote high density housing along the IRT's proposed routes. Both of these actions will create housing opportunities close to key transport routes and nodes.

Speaker, on the 6th of August I attended the official launch in Goodwood of the new Closed Circuit Television (CCTV) system for Gugulethu. The R3 million project consists of eight CCTV cameras which use a wireless and fibre optic combination to relay images to the surveillance centre in Goodwood. The use of CCTV cameras has proved to be effective in both preventing crime and prosecuting those involved in criminal activities. It has become a vital component of the City's safety and security strategy and will do much to assist crime prevention agencies in Gugulethu.

We are finalising a plan to develop a city-wide CCTV camera network, based on international best practice and what we have learned from our own pilot programmes in Woodstock and Observatory. The placement and distribution of these cameras will be based on and guided by crime figures in business areas, along the main transport routes and at transport interchanges. This system is an extension of the City's current public area CCTV network.

When the Klipfontein Corridor Project is complete there will be 271 cameras in operation across the city.

Speaker, the City has 223 informal settlements which need to be managed in a transparent and equitable manner. To accomplish this, they have been prioritised in terms of need by the City's Informal Settlements Master Plan.

Guided by its ranking methodology, services are provided to 30 settlements at a time every six months. Targeted servicing of these settlements to bring them up to the required service levels started in December 2007. Our City team is currently focusing on settlements ranked from 91 to 120. Work in these settlements will be completed by December this year and our team will then start targeted servicing of the next batch of 30 settlements.

The current programme should be completed by 2011/2012. Settlements are also continuously re-visited to investigate opportunities for additional services and improvements. While all settlements have services provided in varying degrees, due to physical and technical constraints, we have achieved the following service delivery levels in our informal settlements:

- Water services: 57 %;
- Sanitation services: 56%;
- Solid waste services: 100%;
- Public lighting: 42 %; and
- Electrification: 48%

Notwithstanding these achievements, the City continues to face challenges in the delivery of services to these settlements. These challenges manifest themselves in the form of:

1. Land-related concerns: Intense density; insufficient space within existing settlements to provide essential services; the need for

additional land for new developments and temporary relocation areas;
poor or no access to land.

2. Funding for relocation;
3. Lack of suitable land for service delivery and formal development;
4. Servicing of privately owned land;
5. Available budgets;
6. Threat of Land invasions
7. Theft and vandalism. Theft and vandalism continues to be a major problem as a recent analysis indicated that for every R3 spent on water and sanitation infrastructure, R2 is spent on operations and maintenance, primarily because of vandalism and theft.

Speaker, I encourage citizens to use the City's existing political structures such as Councillors, Subcouncils and Ward Forums to raise their concerns. It must be emphasised that violence and other forms of intimidation will not be tolerated.

The City of Cape Town Housing budget cannot address the housing needs of the informal settlement areas all at once. We just do not have the budget available. It is for that very reason that I have written a letter to the national Minister of Housing for a meeting to address the future housing plans of the informal settlement areas and people living in backyards.

The City of Cape Town is going to be leading by example and exploring how its housing delivery programme can maximise density in appropriate locations in a manner that is sustainable – financially, institutionally and socially. Furthermore, land is being identified for higher-density, affordable housing projects to be implemented in the City. There is just not enough

land in Cape Town to house those in need and we must make the most of what land there is and the opportunities this land offers.

Speaker, the Auditor-General's report regarding the state of the City's financial reporting appears on the agenda today. Cape Town is proud of its unqualified report. Strict financial control is a key to good administration. We have demonstrated that corruption will not be tolerated. I commend this council and the officials of Cape Town for the dedication displayed in upholding good governance in the City.

In conclusion, I would like to commend the good work of the Copperheads Unit which recently arrested 20 people in the Chris Nissen informal settlement for being in possession of stolen copper cables with a street value of R54 000-00. About 800m of copper cabling, which weighed almost two tons, and had an estimated replacement value of R1 million, was identified as being the property of the City. Thank you for a job well done.

Thank you.