



# URBAN INVESTMENT PARTNERSHIP CONFERENCE 27 - 28 AUGUST 2015

*THE STORY OF A SMART, GLOBALLY CONNECTED AFRICAN CITY*



**national treasury**

Department:  
National Treasury  
REPUBLIC OF SOUTH AFRICA



**cooperative governance**

Department:  
Cooperative Governance  
REPUBLIC OF SOUTH AFRICA





# COMPETITIVE ADVANTAGES

- Gateway to Southern Africa, through Africa's premier port and an award winning city
- Experienced management team
- Strong financial management
- Focused approach to service delivery and infrastructure development
- Well developed integrated sustainable development programmes





# THE GATEWAY INTO SOUTHERN AFRICA

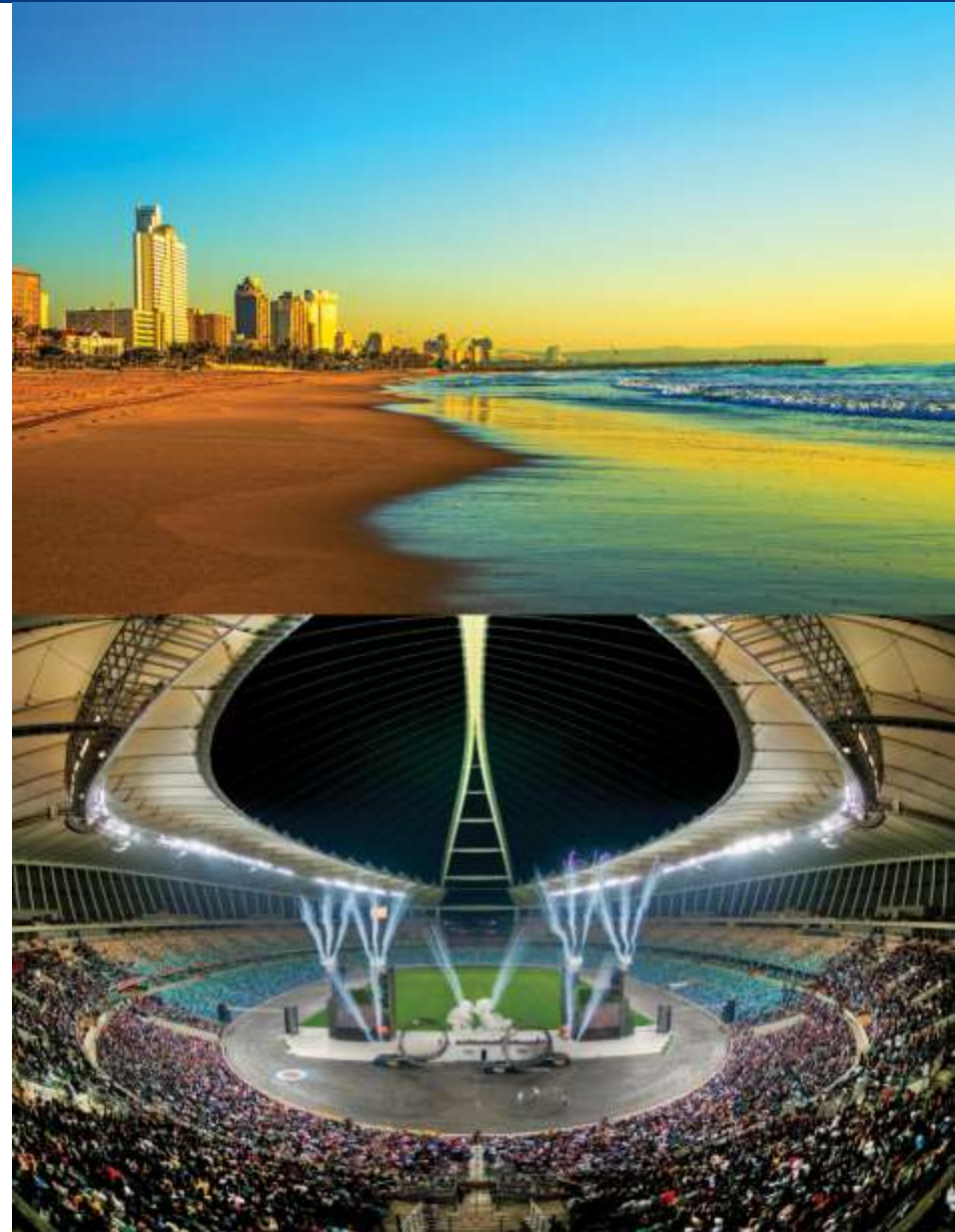
- Durban is **Africa's Premier Port**
- Dube Trade Port IDZ & Aerotropolis
- Durban is the **gateway** to Gauteng which is the country's most **strategic corridor** – SIP2 (Strategic Infrastructure Project)
- Promotes regional integration along N3 & N2 corridors
- **Lower logistics costs** than other cities in SA for export production
- Economic strategy pinned on **strengthening** gateway status to enhance manufacturing; trade, tourism and ocean economy **industries**





# AWARD WINNING CITY

- New “**7 Wonders City of the World**” – 2014
- SA’s “**Top performing City for growth in millionaires since 2000**” New World Wealth Report, 2015
- Rated **Number 1** City in Africa for “**Quality Of Living**” by Mercer Consulting in 2015
- Rated by the **New York Times** as **number 7** of their Top 52 **Places to Go** in 2015
- **National Geographic** rated **Top 10 Coastal Metro Port Cities Globally** 2014-15
- Voted by **CNN** as one of the world’s “**Top 10 most underrated cities**”; the **Umhlanga Pier** as the **best globally**, & the “**Coollest City in SA**”
- **Master Card** Global Destination City Index predicted Durban will be this year’s fastest growing city in Africa & would be second **fastest growing tourism city** worldwide.
- Finalist for hosting 2022 **Commonwealth Games**





# EXPERIENCED CITY MANAGEMENT TEAM

*An experienced executive management team (comprising 40 people) which has:*

- A **demonstrated track record** in infrastructure and service delivery
- Achieved **fiscal discipline**
- A good track record in **corporate governance**
- And over **500 years** combined **experience** in the public and private sectors

## OUR PRIORITY

**Building Economic Leadership**



**Investing in  
Infrastructure  
for Economic  
Growth**

**Facilitating  
Private Sector  
Partnerships &  
Investment**



# STRONG FINANCIAL MANAGEMENT

- **Unqualified Auditor General report** since inception (2000)
- **Best collection rate** in country – 104.84% (2013/2014 FYE)
- Cash on hand: R5.5 billion – equating to 109 days operating costs
- **Under-gearred balance sheet** due to controlled borrowings and careful management of expenditure
- **Credit rating – best in municipal sector** (AA- in long-term with positive watch and A1+ in short-term)
- **Net debt to total income at 19%** reduced from 40% and represents 4% of EThekweni GDP

**Richard Hoffman, GCR Primary Analyst** “The Municipality reports a **strong stand-alone financial profile**, characterised by **diverse earnings and highly cash generative operations**. Particularly high growth in terms of rates and electricity income has seen eThekweni Municipality report **high revenue growth and robust surpluses** over the review period. The metro reports **robust solvency and a lowly geared balance sheet**, which together with the aforementioned liquidity results in a **very strong credit risk profile.**”





## INVESTMENT IN SERVICE DELIVERY AND SUPPORTING INFRASTRUCTURE CONTINUES TO GROW

- **Full (100%) expenditure** of 2014/15 **capital budget** of about R6bn
- 2015/16 **capital budget** of >R6bn **funded** principally from **internal revenue and grants**
- Between 1994 – 2014 we **delivered** more than **183 589 subsidised housing** units (highest among Metros) and **500 000** new residential **electricity connections**
- Approximately **20% of total budget** is spent on **capital projects** for the last 10 years.
- 53% of capital expenditure on new assets and 47% on asset renewal
- 11% of total operating budget on maintenance (benchmark is 10%)
- **Capital expenditure** for revenue generating projects is **increasing in real terms**

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*“eThekweni has made tremendous progress over the past two decades in terms of addressing the service delivery backlog and transforming the municipality into an efficiently run, highly-corporatised entity” Global Credit Rating Co. p8. (2015)*

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## THE MANAGEMENT TEAM IS RECOGNISED FOR ITS COMPETENCE

- **UTILITY:** 2015 African Utility Week Industry Awards **Municipality of the Year**
- **WATER & SANITATION:** 2014 Winner of Stockholm Industry Water Award. *“most progressive water utility in Africa and a forerunner in the world of utility-run service”* – Stockholm International Water institute
- **HOUSING:** 2014 & 2015 Winner of Govan Mbeki Award for Housing Delivery – *“unparalleled record of housing delivery”* – judging panel and 2014 – SALGA awards for water quality & best housing delivery



- **ROADS:** 2015 CAPSA Conference— EM was regarded as the leading road authority in Africa alongside SANRAL and no 1 in terms of internal capacity.
- **ENVIRONMENT:** 2012 Winner SA’s greenest city award; 2013; 2014 Arbor City Award and 100 Resilient Cities
- **SOLID WASTE:** 2014 - PMR Awards, Durban Solid Waste Unit won the Golden Arrow Award
- **INFRASTRUCTURE PROJECTS:** Numerous international project specific awards (e.g. landfill gas to electricity, Use-It waste recovery)





# EMPHASIS ON INNOVATION AND TECHNOLOGY

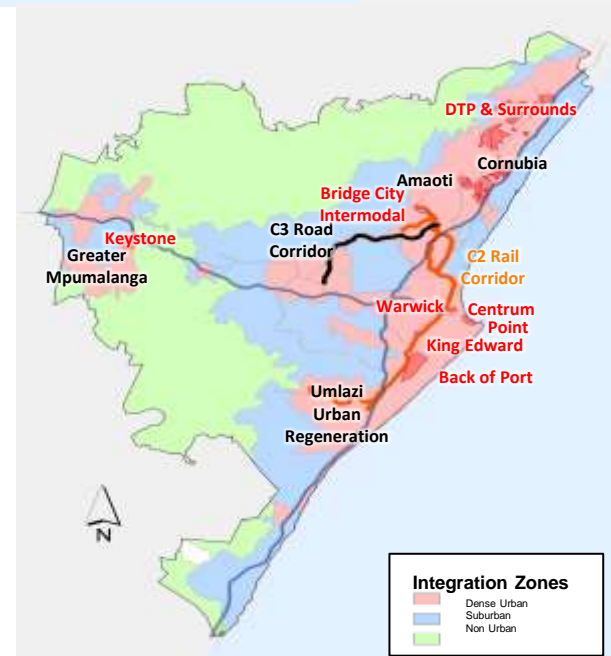
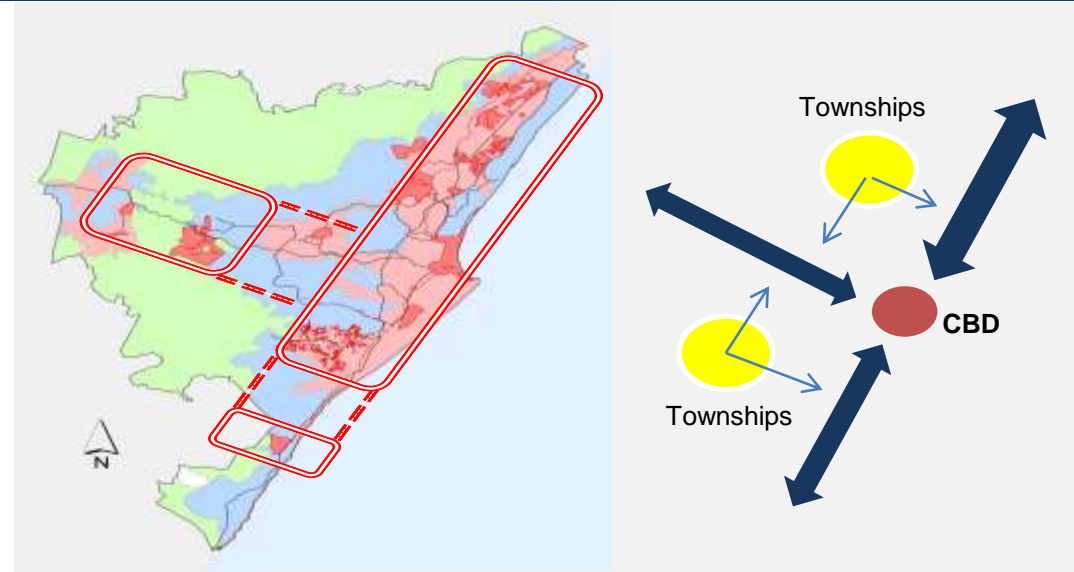
- **Broadband connectivity:** City has laid **2 000 kms** of broadband fibre, significantly more than other Metros
- **Innovate Durban** is a **partnership** between government, **private sector** & tertiary education to promote innovation
- SmartXchange ICT Incubator
- **Commitment to Green Technology**
  - Landfill gas energy
  - Use-IT & Waste Recovery
  - Green Corridor
  - Energy Office
  - Private IPPs
  - Hydro power from bulk water





# INTEGRATED SUSTAINABLE DEVELOPMENT

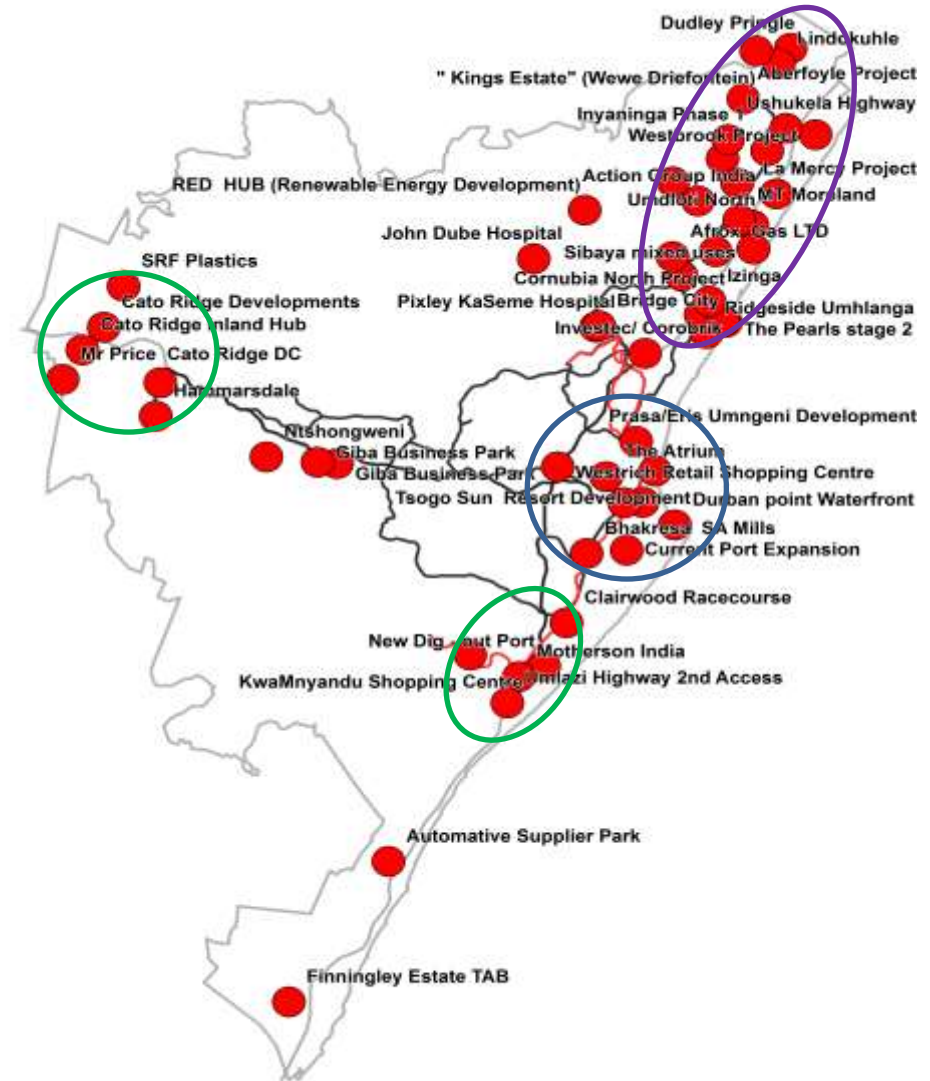
- Infrastructure & transport logistics **corridors** lays basis for growth (**T structure**), leading to:
  - **Integration zone** follows the infrastructure corridors and is basis for growth
  - **Densification** along public transport corridors
  - **Greenfield** opportunities for large-scale **mixed-use projects**
  - **Brownfields redevelopment** in existing commercial and industrial nodes & corridors
- Through the **alignment** of development plans , budgets and implementation across all spheres of government, resulting in
- **Catalytic projects** signaling **enhanced Investor confidence**



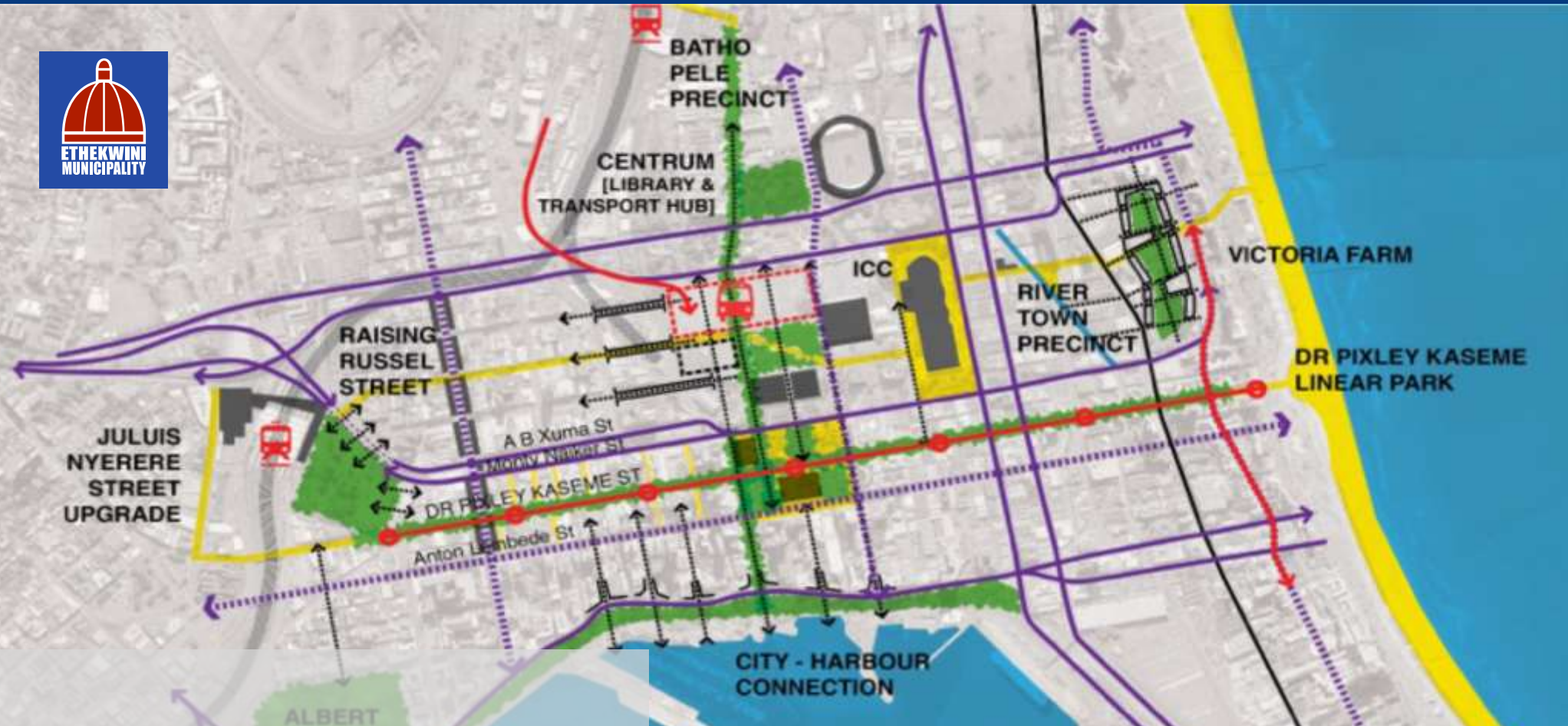


# DEVELOPMENT STRATEGY IS ALIGNED TO DEMONSTRATED DEMAND

- Our Durban Investment **Dashboard** is **tracking big investments**, its informed us where to prioritise bulk infrastructure
- We're **unlocking industrial land** to help deal with high market demand
- We're **actively working with investors/** developers to ensure our vision is realised
- We're **directing investments** into efficient **growth corridors**



R120bn in or near implementation



# EXAMPLES OF CATALYTIC PROJECTS IN OR NEAR IMPLEMENTATION



# IMPLEMENTING THE STRATEGY

## INNER CITY: POINT WATERFRONT

### DEVELOPMENT RESULTS

- 750,000 m<sup>2</sup> Commercial Floor Space
- New Hotels
- New Luxury Apartments
- New Cruise Terminal (BOT)
- Foreign Direct Investment
- Public transport hub
- Permanent Employment: 6750
- Rates: R200m p.a

### STATUS

- Planning approval & EIA (end 2015)

### INVESTMENT

- R25bn Private Investment by UEM Sunrise
- R3bn Public (City)
- R28bn Total

### IMPLEMENTATION

- Next phase commences in 2016





# IMPLEMENTING THE STRATEGY

## INNER CITY: CENTRUM DEVELOPMENT

### DEVELOPMENT RESULTS

- Public transport hub
- Commercial/ Retail
- Prime Office
- Municipal complex
- Expanded International Convention Centre
- Residential
- Hotels
- Permanent employment: 14,000
- Rates: R230m p.a

### INVESTMENT

- R9.3bn
- Site Area: 545 845m<sup>2</sup>
- Bulk Potential: 574 329m<sup>2</sup>
- Open Space: 110 954m<sup>2</sup>

### STATUS

Planning & approvals, investment attraction

**IMPLEMENTATION:**  
starting in 2017





# IMPLEMENTING THE STRATEGY

## CORNUBIA

### DEVELOPMENT RESULTS

- 1,300ha
- 25,000 residential units
- 15,000 of which are subsidised
- 1,4million m<sup>2</sup> of commercial bulk
- Permanent employment: 48,000
- Rates: R300m p.a

### INVESTMENT

- R26bn
- R15.6bn private & R10.4bn public

### STATUS

- 486 subsidised houses built
- 70ha industrial estate under construction and mostly sold
- 12ha business hub under construction and fully sold
- 27 ha commercial hub EIA stage

### IMPLEMENTATION

Phase 1 commenced in 2014





# PUBLIC PRIVATE PARTNERSHIPS ARE KEY TO OUR DEVELOPMENT STRATEGY

- KZN Growth Coalition
- "PPP" Industrial Clusters
- Professional Body Partnerships - SAPOA, IOD(SA), SEIFSA, Manufacturing Circle, SAICA,
- City Planning Commission - Business, Academia, Labour, Civil Society partnering to align, refine & direct
- Durban Chamber of Commerce
- Universities (MILE)
- EDGE is an economic intelligence & business engagement platform
- Projects based partnership: Riverhorse Valley; Bridge City; Point; Mpumalanga Town Centre







# WHERE TO NEXT

We have **demonstrated** that we are a **well run metro** with a **strong management team** and a **balance sheet** that is capable of **funding growth**.

Like all Metros we recognise that we face **issues around urbanisation** but hopefully I have demonstrated that through a **well thought out integrated sustainable development programme**, with several **projects underway**, we can deal with these issues

All of this **requires funding**, which we would like to talk to you about going forward.





# Invest in this Smart, Globally Connected African City

City Manager- Sibusiso Sithole :  
[sbu.sithole@durban.gov.za](mailto:sbu.sithole@durban.gov.za)

Acting Deputy City Manager- Musa Mbhele:  
[musa.mbhele@durban.gov.za](mailto:musa.mbhele@durban.gov.za)  
0737369185

Durban Investment Promotion-Russell  
Curtis: [russell.curtis@durban.gov.za](mailto:russell.curtis@durban.gov.za)  
0833250115

