

# **URBAN INVESTMENT PARTNERSHIP**

**27-28 AUGUST 2015**

**S Mazibuko**

**City Manager**

# Executive Management Team

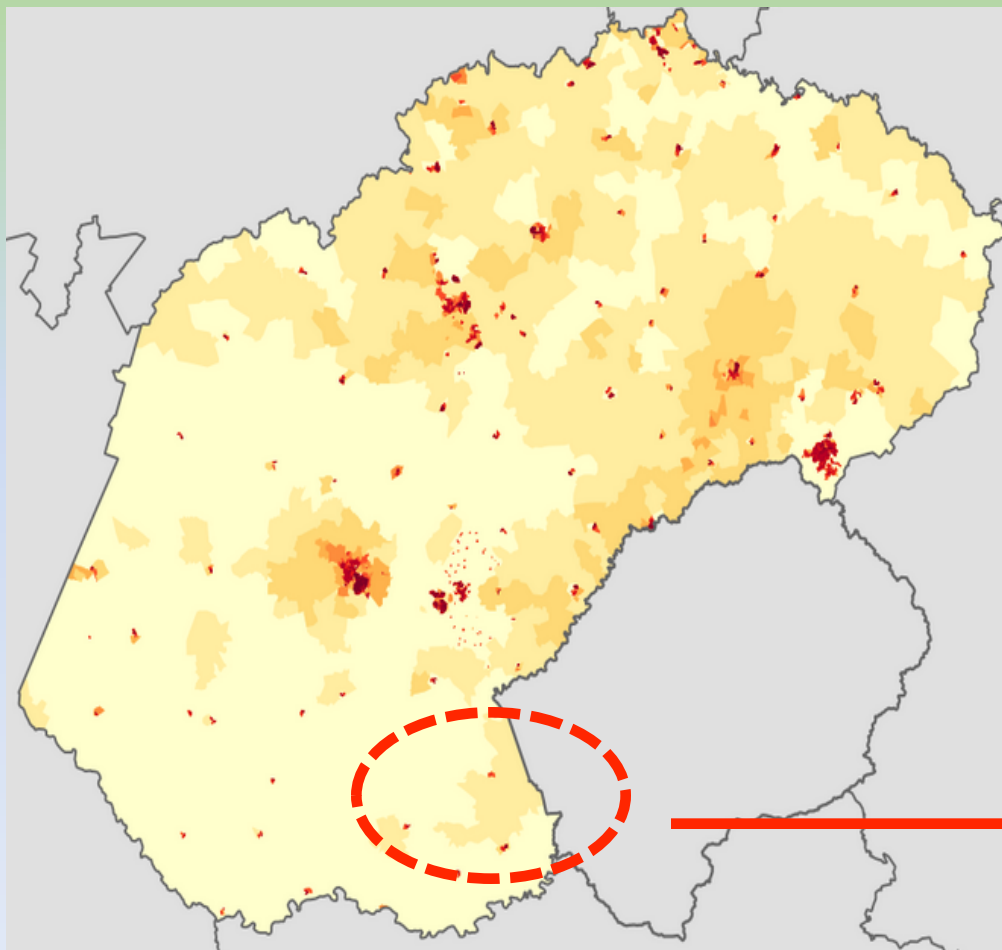
**Mangaung's new administration team has achieved a significant improvement in the Metros financial management and service delivery in less than 4 years:**

- The team of seven (7) senior executive managers possess a combined experience of over 60 years at the senior level in local government.
- In addition, they have a combined experience of over 45 years in provincial and national government departments and certain of the team members have worked in the private sector.
- They possess professional qualifications which underpin their management experience

# **GEOGRAPHIC BOUNDRIES AND DEMOGRAPHICS OF MANGAUNG**

***“Mangaung ....The cradle of  
Democracy”***

# Demographics



Consists of 3 urban centres:

Bloemfontein  
Thaba Nchu  
Botshabelo

Total population about  
800 000 people





# COMPETITIVE ADVANTAGES

## Our Competitive Advantages

- Municipal owned land available for new PPP based developments which is at the heart of Mangaung's Integrated City Development Programmes
- Mangaung's Electricity Utility (Centlec) is recognized as the leading supplier to the commercial sector in South Africa (Source: World Bank : June 2015)
- Continued political stability as a result of close cooperation between elected councillors (oversight) and the administration
- 60% of CAPEX has been spent on bulk infrastructure to support Integrated City Development Programmes – (Water 20%; Sanitation 19%; Electricity 21%)
- Reduced irregular expenditure from over R108,4 m(2011) to less than R 9 m(2014) as per audited results, thus providing comfort and accountability on the use of funds.
- Strong balance sheet and prudent fiscal management

# Financial Position and Performance

*“Substantial improvement in the liquidity position and the maintenance of low debt levels on the back of the increasing infrastructure development supports the investment grade rating”* **Moody’s 2015**

## Financial Overview

- First Unqualified audit report since 2006
- Net surplus increased by over 300% between 2011(R238m) and 2014(R938m)
- Obtained Investment grade rating from Moody's in April 2015
- Total revenue increased from R3,7b (2012) to R5,7b (2015)
- Water loss reduced from 39.3% (2011) to 29% (2014) which is in line with the overall Metros' average
- Capital expenditure increased by 119% between 2012 and 2015
- Debt to Revenue is the lowest of all the Metros at 2% (2014); thus, there is sufficient borrowing capacity.
- Gearing ratio and Debt to Equity equal to 18% and 22% respectively

# Moody's Credit Rating : April 2015



	Rating	Outlook
Long Term	A3	Stable
Short Term	P-2	Stable

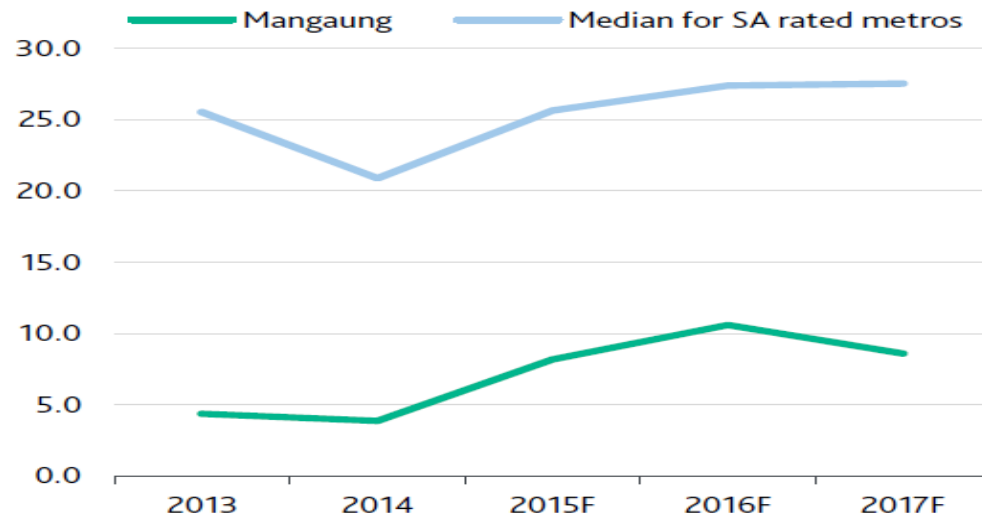
- “ reflects the City’s strong operating balance improving cash flows supported by low debt levels relative to other Metros....the stable outlook reflects expectations that the Metro will continue to post solid financial results”

Moodys, April, 2015

EXHIBIT 4

## Net direct and Indirect debt/Operating revenue (%)

Very low debt levels, relative to other rated metros



Source: Moody's based on Issuer Official Budget Figures

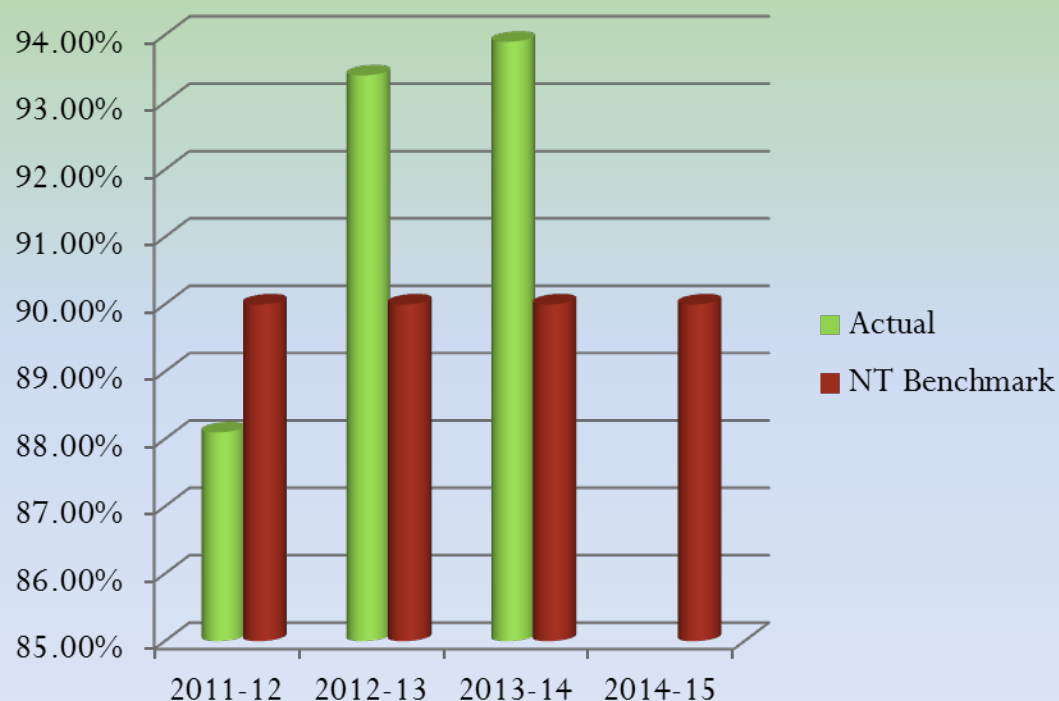
# Debt Collection



Financial Year	Collection Rate
2011-12	88.1%
2012-13	93.4%
2013-14	93.9%

## How was this achieved?

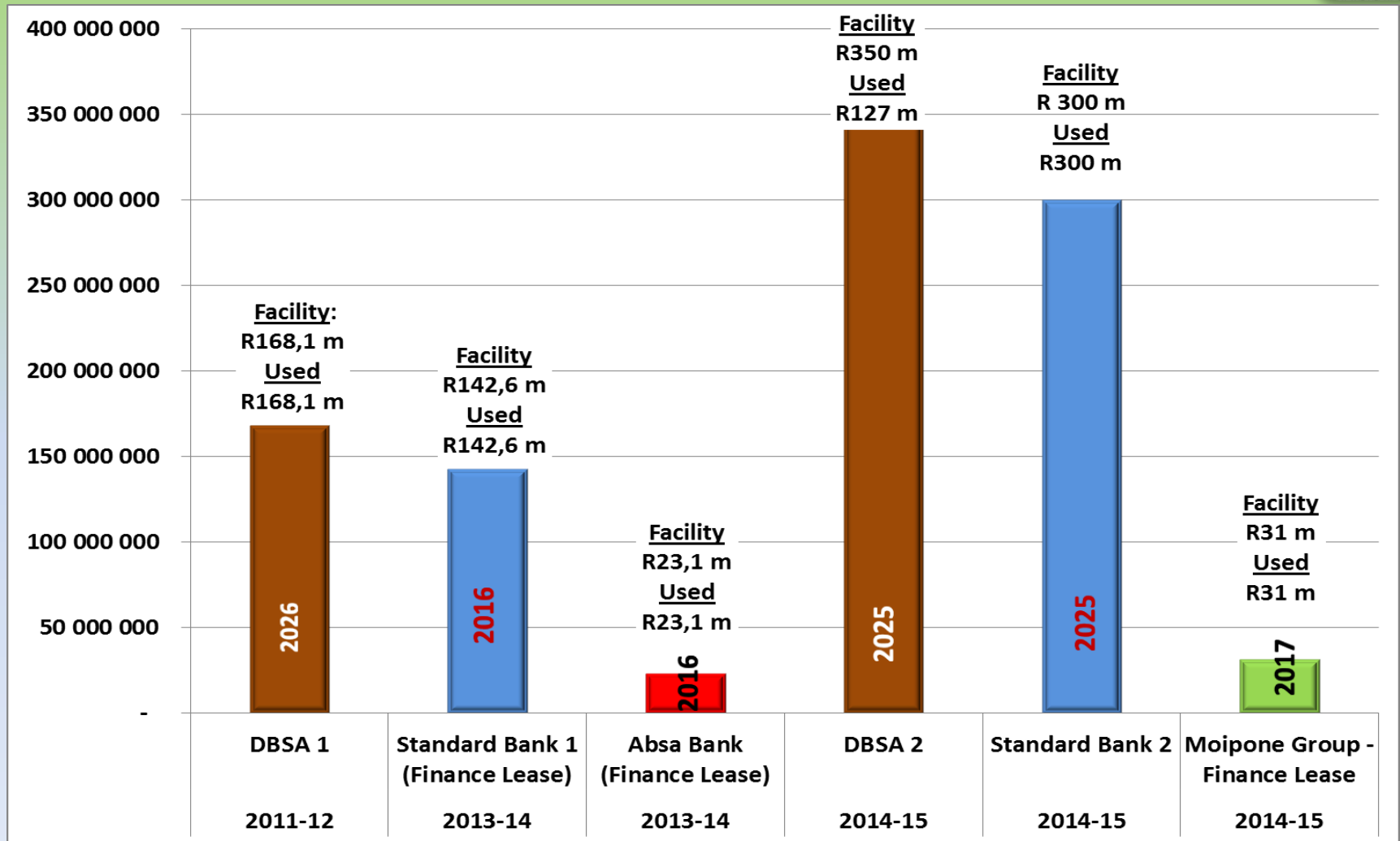
- Collection services outsourced (litigation of non-payers) resulting in the Increase in the collection of outstanding debts
- Implemented a sustainable property valuation in line with the Municipal Property Rates Act
- Improved record keeping and disputed debt resolution
- Emolument orders enforced for Public Servants
- Improved customer relations
- Regular update of the indigent register



# LONG TERM BORROWING AND CAPITAL INFRASTRUCTURE SPENDING

*“The lowest debt to revenue ratio of all Metros”*

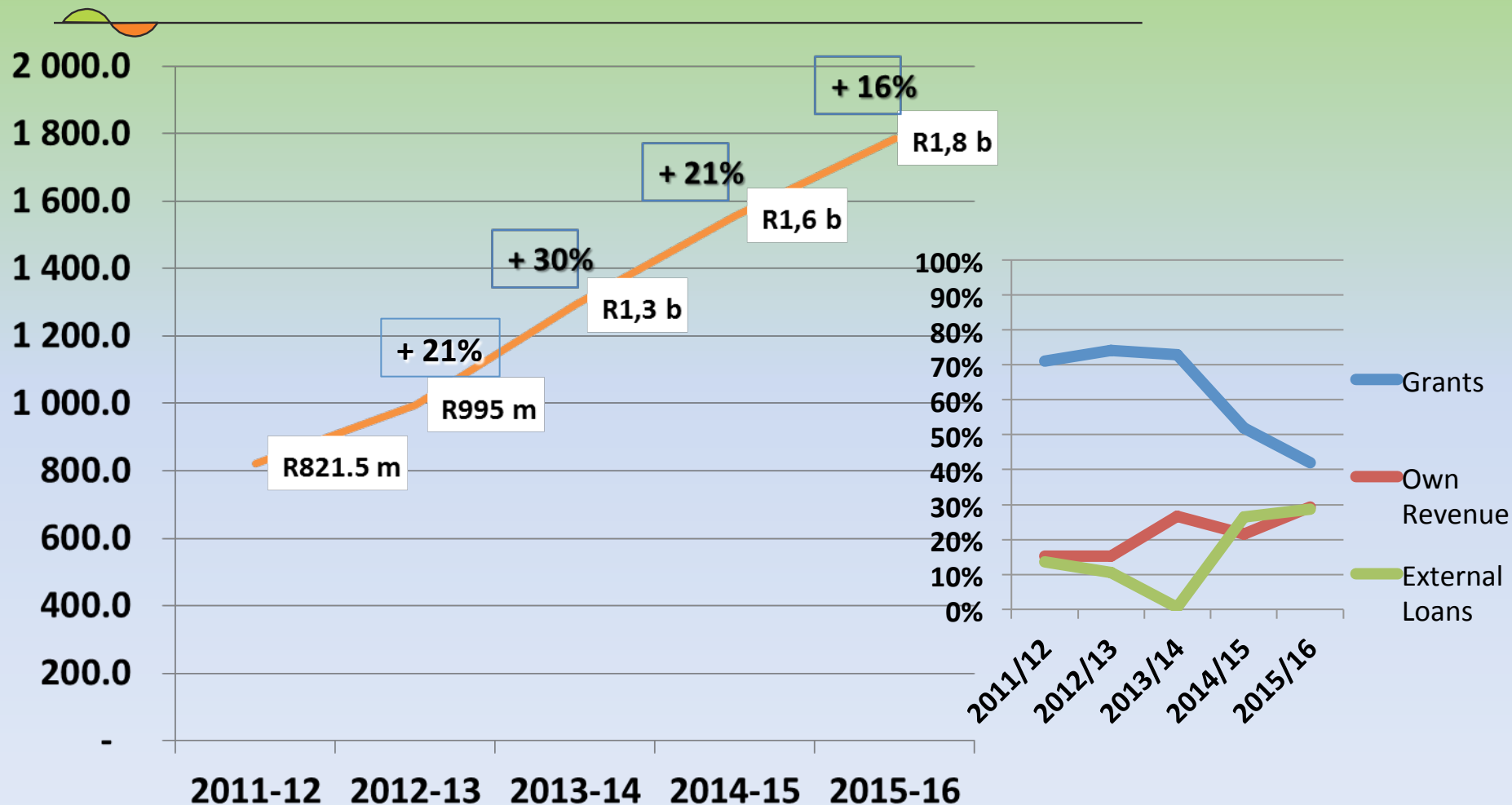
# LONG TERM BORROWING



- Total Outstanding debt as at June 2015 equals **R592,1 million**.
- Loans were used for Capital infrastructure projects.
- Finance lease utilized to acquire service delivery plant and machinery



# Capital Expenditure Trends & Funding Mix



# Waste Water Treatment Works under construction



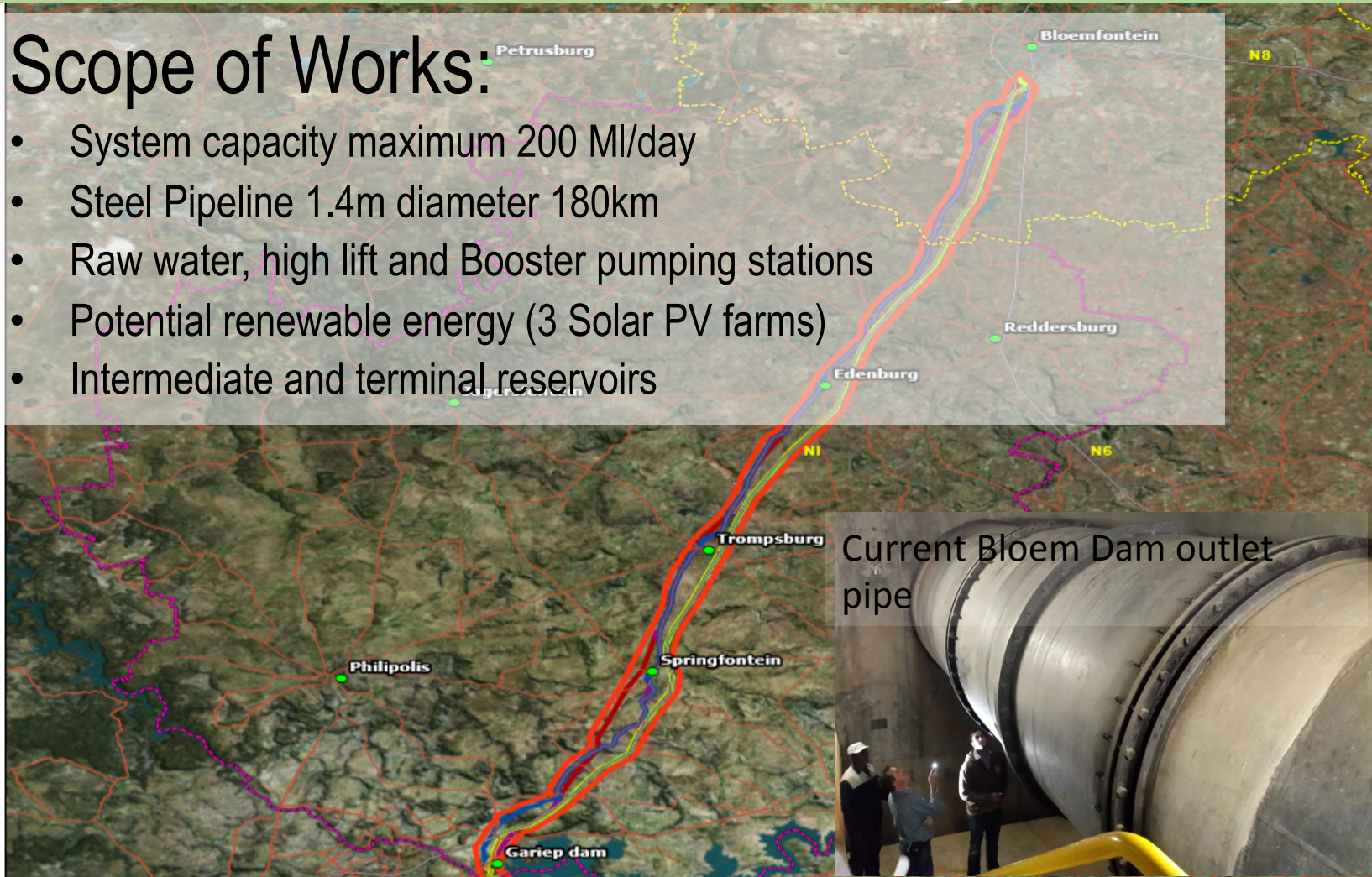


# Gariep Dam to Bloemfontein



## Scope of Works:

- System capacity maximum 200 Ml/day
- Steel Pipeline 1.4m diameter 180km
- Raw water, high lift and Booster pumping stations
- Potential renewable energy (3 Solar PV farms)
- Intermediate and terminal reservoirs





# Pumpstation Refurbishment



Old High lift pumps removed



Old pumps and pipework removed



New pumps



New variable speed drives







# Short Term Debt Capital Market Plans

## *Mangaung enters the DCM for the first time*

# THE PROPOSED OFFER



Issuer	Mangaung Metro Municipality
Documentation	Domestic Medium Term Note Programme
Issuer Rating (Moody's)	A3.za
Rating Outlook	Stable
Offered Securities	Senior unsecured notes
Proposed Amount (DMTN)	R 5 billion
Debut Issue Amount	Up to R 1 billion
Tenor (Maturity)	Up to 10 years or Such longer period as may be determined
Coupon (Dates)	Payable semi-annually in arrears
Issue Date	05 November 2015 ( subject to Council approval)
Deadline for stakeholder comments (sec 46 FMA)	28 August 2015
The use of funds	Approved capital projects

# Issuance Milestones



## Legal/ regulatory processes



## Marketing/ investors processes



# INTEGRATED CITY DEVELOPMENT PROGRAMME

## **The strategy**

*Is to use Metro owned land to initiate PPP's providing for the integration of commercial, industrial and residential developments and to precipitate revitalization of the City Centre*

## **Intended Outcome**

*Successful commercial based projects that provides for economic development and community benefits; and the redevelopment of the City centre*



# FLAGSHIP PROJECTS



## WAAIHOEK REDEVELOPMENT

### INVESTMENT

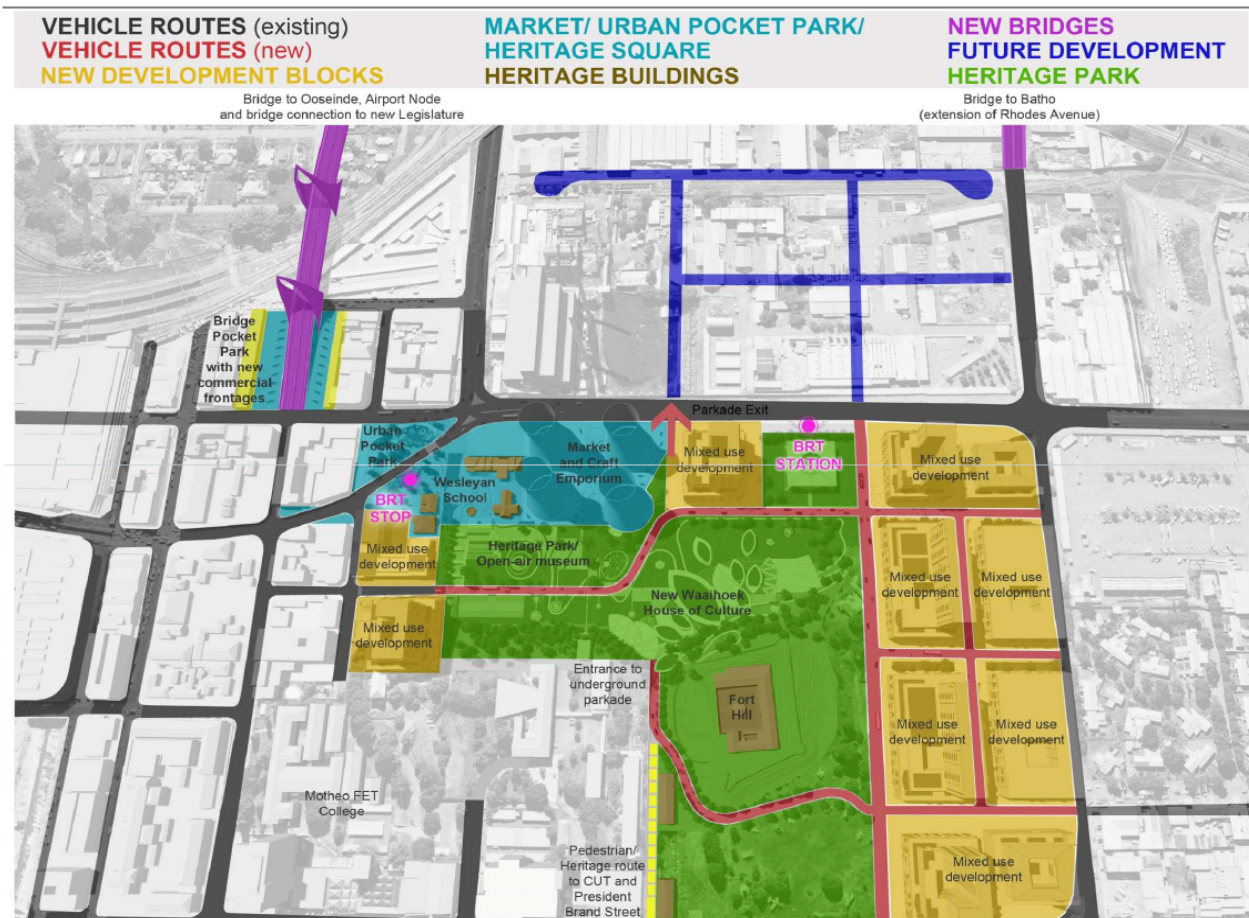
- Total Estimated Cost R3,7 billion
- R20 million to be spent on planning, designs of phase 1 (S'T Georges Bridge) in the 2015/16 and Estimated R320 million on construction from 2016/17

### PROJECT INFORMATION

- ±4ha of land, in the CBD
- Integrated mixed use development

### READINESS

- Design completed for Phase 1, Final Precinct Plan completed and will be presented to Treasury on the 7<sup>th</sup> Sept 2015 for final approval



# WAAIHOEK REDEVELOPMENT





# FLAGSHIP PROJECTS



## AIRPORT DEVELOPMENT NODE

### INVESTMENT

- Total Estimated Cost R2,6 billion
- R287 million to be spent on planning, designs and infrastructure in 2015/16
- DMTN proceeds will be used to provide internal services

### PROJECT INFORMATION

- 700 ha of vacant land, near Bram Fischer International Airport
- Mixed land use

### READINESS

- 98% completion of township establishment process and related services reports





# AIRPORT DEVELOPMENT NODE: Land release 1 – 2013/2014



**business node**

**shopping mall**

**ICC precinct**



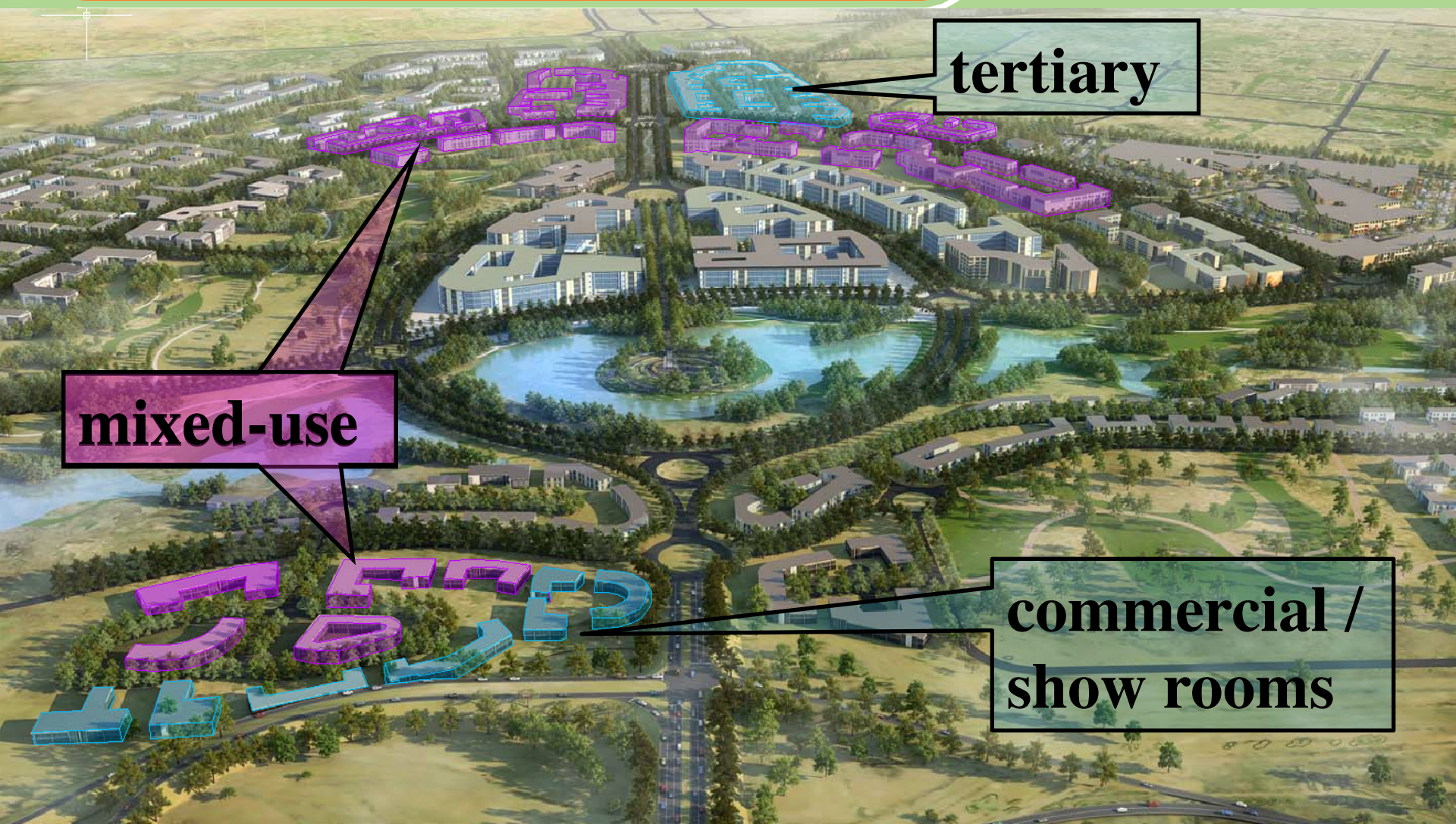
# AIRPORT DEVELOPMENT NODE: Civic Precinct



**residential and  
mixed-use**



# AIRPORT DEVELOPMENT NODE: Land release 2: 2015/2016





# FLAGSHIP PROJECTS



## CECELIA PARK

### INVESTMENT

- Total Cost R309,9 million (Phase 1)
- R60 million to be spent on planning and designs in 2015/16
- DMTN proceeds will be used to provide internal services

### PROJECT INFORMATION

- 166ha of vacant land, near Langenhoven Park
- Project to deliver 643 stands
- Mixed land use (Residential, Recreational and retail facilities)
- 30% of GLA will comprise social housing

### READINESS

- Township establishment (85% progress)
- Proposed zoning and use completed
- Spatial development concept plan completed
- EIA to submitted by 30 September 2015



# CECELIA PARK: URBAN DESIGN Building footprint



2





# FLAGSHIP PROJECTS



## BRANDKOP

### INVESTMENT

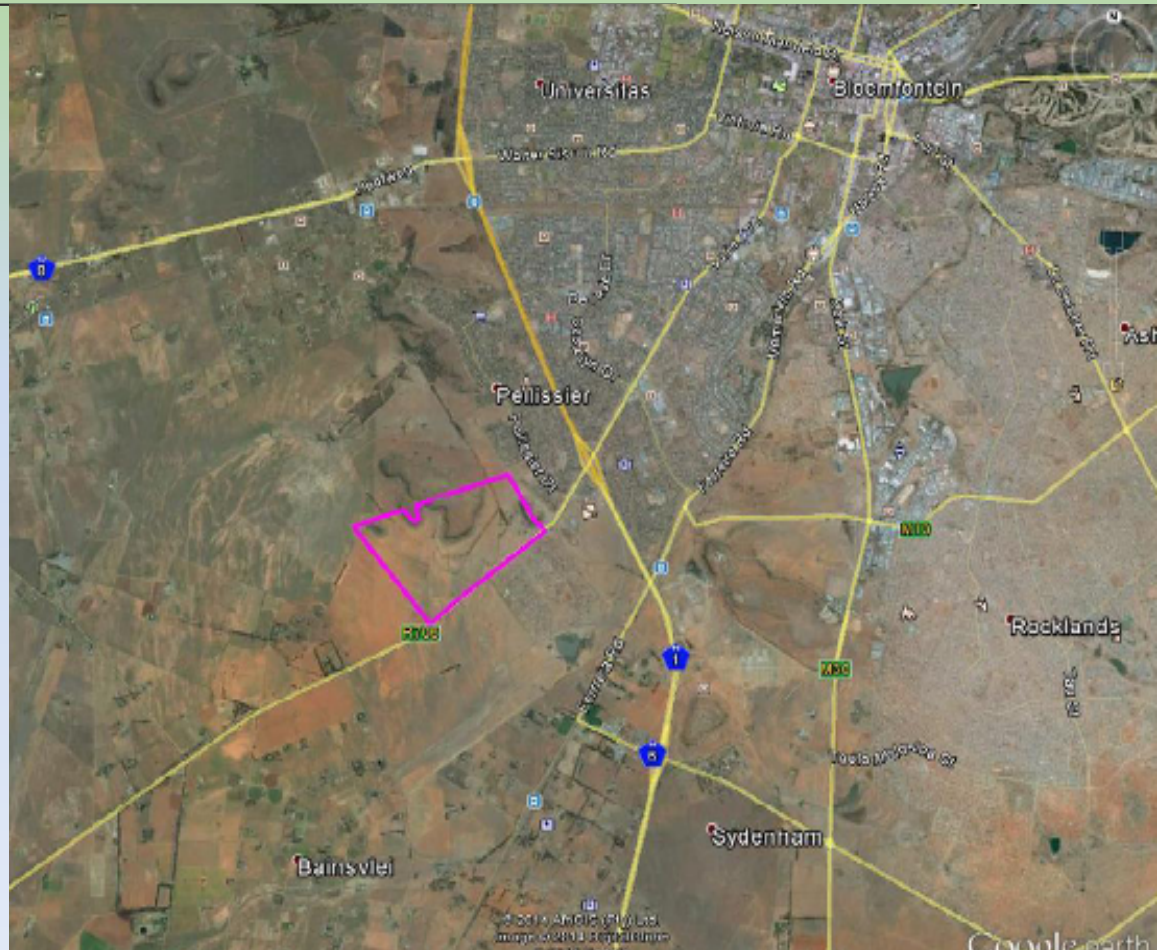
- Total Cost R1,3 billion
- R50 million to be spent on planning and designs in 2015/16
- DMTN proceeds will be used to provide internal services

### PROJECT INFORMATION

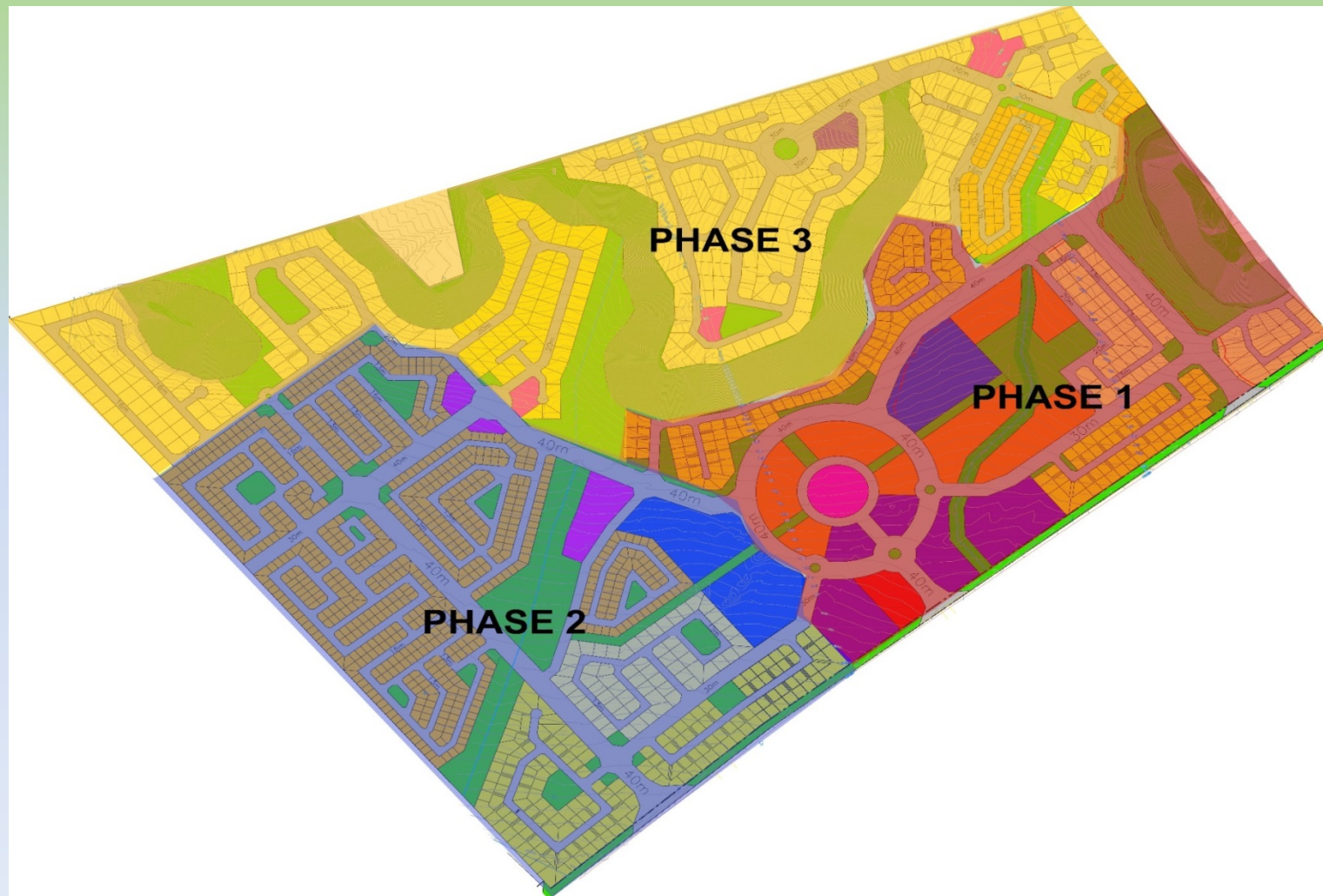
- 286ha of vacant land known as Brandkop 702
- Provision of external engineering services (Water, Sanitation, Roads, Electricity), up to registration of sites
- Project to deliver 2187 new stands
- Mix land use development( Commercial, Educational, Social housing, GAP housing, Mid and Upper level housing)

### STATUS

- Urban layout plans completed
- 98% completion of township establishment process and related services reports



# BRANDKOP LAYOUT PLAN





# BRANDKOP CONCEPT DRAWINGS



# Concluding Remarks





Bloemfontein city map 1907

Bethanie, Waihoek 1900

Mapikela family

Mapikela House 1926

Mapikela House 2009

Rev. John L. Dube,  
first President of the ANC