City of Johannesburg Economic Development Policy and Strategy Framework

Reference Document

17th November 2008
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### Glossary of terms

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<tr>
<th>Abbreviation</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>BBBEE</td>
<td>Broad Based Black Economic Empowerment</td>
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<td>BPO</td>
<td>Businesses Process Outsourcing</td>
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<td>CBD</td>
<td>Central Business District</td>
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<td>CIF</td>
<td>Capital Investment Framework</td>
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<td>DED</td>
<td>Department of Economic Development</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GDS</td>
<td>Growth and Development Strategy</td>
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<td>GGDS</td>
<td>Gauteng Growth and Development Strategy</td>
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<td>GGP</td>
<td>Gross Geographic Product</td>
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<td>GRDP</td>
<td>Gross Regional Domestic Product</td>
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<td>GVA</td>
<td>Gross Value Added</td>
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<td>HDI</td>
<td>Historically Disadvantaged Individual</td>
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<td>IDP</td>
<td>Integrated Development Plan</td>
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<td>ITC</td>
<td>Information and Community Technology</td>
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<td>JHB</td>
<td>Johannesburg</td>
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<td>JIPSA</td>
<td>Joint Initiative for Skills Acquisition</td>
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<td>JTC</td>
<td>Johannesburg Tourism Company</td>
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<td>NEPAD</td>
<td>New Partnership for Africa's Development</td>
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<td>NIPF</td>
<td>National Industrial Policy Framework</td>
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<td>NSDP</td>
<td>National Spatial Development Plan</td>
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<td>MRS</td>
<td>Microeconomic Reform Strategy</td>
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<tr>
<td>MOE</td>
<td>Municipal Owned Entity</td>
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<td>NGO</td>
<td>Non-Government Organisation</td>
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<td>RCA</td>
<td>Revealed Comparative Analysis</td>
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<td>RIDS</td>
<td>Regional Industrial Development Strategy</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>SDF</td>
<td>Spatial Development Framework</td>
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<td>SMME's</td>
<td>Small Medium and Micro Enterprises</td>
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1. Synopsis of National, Provincial and City Policies

1.1 National Policy and Strategy Framework

Key national policy and strategy frameworks briefly reviewed include Accelerated and Shared Initiative for South Africa ("AsgiSA"); the Presidential Apex Priorities; the National Spatial Development Framework ("NPDP"); the National Industrial Policy Framework ("NIPF"); the National Skills Development Strategy ("NSDS"); the Joint Initiative for Priority Skills Acquisition ("JIPSA"); Economic, Investment and Employment Cluster; Regional Industrial Development Strategy ("RIDS"); Microeconomic Reform Strategy ("MRS"); Broad Based Black Economic Empowerment ("BBBEE").

AsgiSA

This leading National Government strategy has the following key objectives:

- To halve poverty and unemployment by 2014.
- To achieve an average growth rate of 5% between 2004 and 2014; with a target of 4.5 during 2004 to 2009 and 6% from 2010 to 2014.
- This to be coupled with improvements to the environment and improved opportunities for labour intensive economic activities.
- Benefits from increased growth need to be shared equitably in order to eliminate inequalities.

Economic growth constraints highlighted by AsgiSA are the following constraints and initiatives:

- Volatility and level of the currency
- The cost, efficiency and capacity of the national logistics system
- Shortage of suitably skilled labour amplified by the impact of apartheid spatial patterns on the cost of labour
- Barriers to entry, limits to competition and limited new investment opportunities
- Regulatory environment and the burden
- Macro-economic issues
- Infrastructure programmes
- Skills and education initiatives
- Sector investment (or industrial) strategies
- Second Economy interventions
on small and medium businesses

- Deficiencies in state organisation, capacity and leadership
- Public Administration issues

AsgiSA has also identified three main priority sectors for special priority attention:

- Business Process Outsourcing ("BPO");
- Tourism; and
- Biofuels

**Presidential Apex Priorities**

The main theme of President Mbeki’s speech with his state of the Nation Address on 8 February 2008, centred on the imperative Business Unusual in the work of government. The President announced a number of Apex Priorities, to be incorporated within the government Programme of Action. The projects that have direct economic implications include the following:

- Project 1: Industrial Action Plan
- Project 2: Set up an investment call centre
- Project 3: Speed up ICT intervention to provide cheap platforms
- Project 4: Implement intensive campaign on energy security
- Project 5: Resolve organisational issues on skills development
- Project 9: Self-/employment interventions in the Second Economy
- Project 13: Assistance to SMEs including procurement activities by government
- Project 18: Implement special crime combating & security initiatives
- Project 20: Partnership and communication on fighting crime
- Project 23: Intensify economic diplomacy and communication

**National Spatial Development Plan ("NSDP")**

The NSDP establishes normative principles to guide all government infrastructure investment and development spending in order to meet the national objectives of economic growth, employment creation, sustainable service delivery, poverty alleviation and correction of historical inequalities. The normative principles should be used as a guide by all spheres of government when making decisions on infrastructure investment and development spending. The NSDP highlights the following normative principles:

- Economic growth is a prerequisite for the achievement of other policy objectives.
- Government spending on fixed investment should be focused on places of economic growth and potential. This will play a role in attracting private-sector investment, stimulating sustainable economic activities, and creating employment opportunities.
- Focus on people, not places in order to address past and current social inequalities. Places of high levels of poverty and development potential should receive fixed capital investment. In areas of low development potential and high levels of poverty, the development focus should be on providing social transfers, human resource development and labour market intelligence in order to capacitate people to access economic opportunities.
• Future settlement and economic development opportunities should be channelled into activity corridors and nodes adjoining or linked to main growth centres. This will play a role in overcoming spatial distortions of apartheid.

The NSDP identifies five broad areas / sectors of development, innovation and experimentation, production and high value differentiated goods, public service and administration, retail and services, and tourism.

**National Industrial Policy Framework (NIF)**

The objectives of the National Industrial Policy Framework includes, amongst others:

• Achieving the AsgiSA goals of accelerating GDP growth to over 6% by 2010; halving unemployment and poverty by 2014 and further intensification of industrialisation towards a knowledge economy beyond 2014.
• It focuses on principles, processes and a set of strategic processes through which structural change will be achieved.
• Conceptualisation of industrialisation is not restricted to the manufacturing sector, but also emphasis on growing non-traditional tradable goods and services due to their relative intensity in low-medium-skilled labour and potential for value-addition. These sectors include manufacturing products outside of mineral processing, services that can compete in export markets as well as against imports.
• It favours identifying and acting upon critical constraints and opportunities at both the crosscutting levels of the industrial economy.

The NIPF vision for the economy is:

• Facilitation diversification beyond the current reliance on traditional commodities and non-tradable services. This requires promotion of increased value addition per capita characterised by movement into non-traditional tradable goods and services that compete in export markets as well as against imports.
• The long-term intensification of SA’s industrialisation process and movement towards a knowledge economy.
• Promotion of a more labour-absorbing industrialisation path with particular emphasis on tradable labour-absorbing goods and services and economic linkages that catalyse employment creation.
• Broader based industrialisation path characterised by greater levels of participation of historically disadvantaged people and marginalised regions in the mainstream of the industrial economy.
• Contributing towards industrial development on the African continent with a strong emphasis on building its productive capabilities.

The NIPF identifies the following thirteen strategic programmes:

• Sector strategies
• Industrial Financing
• Trade Policy
• Skills and Education for Industrialisation.
• Competition Policy and Regulation
• Leveraging Public Expenditure
• Industrial Upgrading
• Innovation and Technology
• Spatial and Industrial Infrastructure
• Finance and Services to Small Enterprises
• Leveraging Empowerment for Growth and Employment

The NIPF emphasise the need for a short term focus on building upon and developing capabilities for entry into new activities that are not heavily dependant on either very low costs or high levels of technology. The NIPF identifies number principles for industrial and sector strategies:

• Diversification towards non-traditional tradable goods and services and beyond a mineral and agricultural base.
• Identification of growth and employment constraints operating at the microeconomic, sectoral, spatial and firm level, rather than a ‘one-size-fits-all’ policy.
• The identification of cross-cutting and sector-specific constraints and opportunities, through ‘self-discovery’ processes of intensive engagements with industry with focus on developmental policy objectives rather than narrow private interests.
• Stronger systems for incentive design, implementation, performance monitoring, enforcement of compliance, regular reporting, periodic review and adaptation, and impact assessment.

The NIPF’s approach to sector development is based on developing principles and processes of ‘self-discovery’ that will result in high impact sector strategies that are well designed and implemented to place the economy on a higher growth and more developmental industrialisation path. Five broad sectors are identified with high levels of sector diversification, namely

• Natural resource based sectors
• Medium technology sectors (including downstream mineral beneficiation)
• Advanced manufacturing sectors
• Labour intensive sectors
• Tradable service sectors

The NIPF identifies the following principles for the development and implementation of sector strategies:

• Evidence based and realistic economic analysis of the sector i.e. its size, growth prospects, impact on employment, value addition, BBBEE, key obstacles to growth, etc.
• A robust ‘self-discovery’ process, including identification of constraints and opportunities that require government intervention.
• Sustainability and viability of the sector in the medium to long term.
• Economic cost-benefit analysis of alternative policy responses to constraints and opportunities
• Assessment of institutional considerations
• Identification of intra-government coordination mechanisms required to implement the strategy
• Inclusion of a Key Action Plan (“KAP”); KPIs and regular monitoring and evaluation cycle.

National Skills Development Strategy (“NSDS”)

The National Skills Development Strategy covers the period from 2005 to 2010. It defines the priority areas to which the projected R21.9 billion income from the skills development levy will be allocated over the period of five years. The NSDS proposes five objectives for skills development, namely prioritising and communicating critical skills for sustainable growth, development and equity; promoting and accelerating quality training for all in the workplace; promoting employability and sustainable livelihoods through skills development; assisting designated groups, including new entrants to participate in accredited, integrated learning and work-based programmes to acquire critical skills to enter the labour market and self-employment; and improving the quality and relevance of service provision.

Joint Initiative for Priority Skills Acquisition (“JIPSA”)

The Joint initiative for Priority Skills Acquisition is led by a committee of the Deputy President and has membership from key ministers, business leaders, trade unionists and education and training providers and experts. The main focus of JIPSA is to identify urgent skills needs and develop quick and effective responses to these needs. Scarce skills have been identified within the area of engineering and planning skills for jobs in transport, communications and energy; engineering projects for cities and towns needed by municipalities; management and planning skills in education, health and municipalities; teacher training for mathematics, science, information and communications technology and language skills. Some of the solutions considered by JIPSA include specialised skills programmes, utilising retirees, luring back South Africans from overseas and bring in new immigrants when and where needed.


The objectives of this cluster include the need to create the conditions for the economy to grow at an accelerated rate whilst systematically transforming its structure. The Programme of Action adopted by the Economic Cluster and to be implemented over three years includes:

• Increasing economic efficiency: This includes bringing down the cost of Information and Communication Technology (“ITC”); roll out of digital broadcasting infrastructure by Sentech; implementation of the public transport action plan; improving energy efficiency through energy savings; skill training (including priority artisan trades); developing a framework for economic regulators (including changes to the anti-competitive law)
• Promoting dynamic sectors: Implementation of the National Industrial Policy Framework (2007) measures in the four identified lead sectors:
  o Capital/Transport Equipment (including Competitive Supplier Development Programme)
  o Automotive assembly and components
  o Chemicals, plastics fabrication and pharmaceuticals
  o Forestry, pulp and paper and furniture sector
Implementing key measures in the AsgiSA priority sectors, namely:
  - Business Process Outsourcing
  - Tourism and biofuels
  - Clothing and textile sector (supporting stabilising this sector)
  - Finalising and implementing key action plans within the following sectors
    - Agriculture and agro-processing
    - Mining and minerals beneficiation
    - Construction
    - Retail
    - Marine aquaculture
    - Creative industries
    - Consumer durables

Integrated support for small and micro-enterprises: This includes strengthening integrated state financial and business support for small enterprises through strengthening institutional mechanisms and more effective co-ordination. Specific projects identified include consideration of improved financial support to small enterprises and leveraging procurement to increase demand for goods and services through aligning the B-BBEE codes and PPPFA; rolling out the 10 products for government procurement from small enterprises; setting up the small enterprise procurement call centre and strengthening the Tourism Enterprise Programme.

Increasing institutional capacity to undertake these interventions.

Regional Industrial Development Strategy (“RIDS”)

The objectives of the RIDS is to:

- Build local productive systems, networks and partnerships
- Encourage regionally based process of self discovery through local growth coalitions
- Build industrial clustering of industries and firms with common goals in close proximity.
- Encourage firms to cooperate meaningfully across the value chain, and for opportunities to work together to penetrate international markets (while competing fiercely at home).
- “Space” or regions increasingly becoming a factor of production and Growth in industrial poles not trickling down
- Create partnerships to promote regionally-based economic development strategies in the systematic and formalised manner
- Create convergence in investment programming and development planning between different local actors

Key levers for Building Regional Competitiveness include:

- Build trade and productive capabilities through accelerated productive infrastructure that enhances industrial agglomerations.
- Arrest economic decline through direct support to district municipalities experiencing industrial migration and capital light.
- Creating a predictable regional investment and business climate to attract, retain and expand private sector investment and strengthen institutional coordination and partnerships
• Mitigate financial risk and enhance financial returns for private capital investments into projects with greater Social Returns on Investment.

**Microeconomic Reform Strategy (“MRS”)**

The Microeconomic Reform Strategy (“MRS”) initiated by the Department of Trade and Industry (“DTI”) emphasises a number of key imperatives for economic sector growth and development. These imperatives include investment in human resources, research and development, innovation and the adoption of new technologies. Export sectors must be supported through product design and innovation, supply chain optimisation and improvement and further development of partnerships within key sectors. Emphasis is also placed on improved government coordination of sector strategies and the incorporation of BBBEE and SMME programmes and objectives into sector strategies.

**Broad Based Black Economic Empowerment (“BBBEE”)**

This initiative is aimed at addressing the inequalities within the South African society and increase black participation in the mainstream economy. This is a national programme and charters exist for all of the sectors in the economy. Key elements of BB-BEE as set out in “principles and definitions of broad based BEE” make up the generic elements on which all the charters are based. Measurement indicators and targets relate to ownership; control; enterprise development; procurement; skills development; employment equity; corporate social investment and regulatory issues.

1.2 **Gauteng Economic and Spatial Development Objectives**

Main policy and strategy frameworks reviewed include the Gauteng Growth and Development Strategy; Gauteng Government’s Five Year Strategic Programme and the Gauteng Spatial Development Framework.

**Gauteng Growth and Development Strategy (“GDS”)**

The strategic focus of the Gauteng Growth and Development Strategy is to build on the smart province concept, through improving the finance and business service sector, including business tourism, enhancing the employment generation potential of all growth sectors, transformation of the economic sector, and appropriate provision of economic and social infrastructure and building of sustainable communities. The vision of the GDS is to ultimately create a better life for all citizens through long-term, sustainable growth of our provincial economy, meeting the socio-economic development needs of our people; creating jobs, and addressing unemployment and poverty.

The Gauteng GDS Strategic Objectives are:

• Provision of social and economic infrastructure and services that will built sustainable communities
• Accelerated, labour absorbing economic growth that increase per annum and that will create long-term sustainable jobs and contribute to halving unemployment
• Sustainable development
• Enhanced government efficiency and cooperative governance
• Deepening participatory democracy, provincial and national unity and citizenship.
• Contributing to successful achievement of New Partnerships for Africa’s Development (“NEPAD”) goals and objectives.

Gauteng GDS intervention mechanisms identified include:

• SMME support
• Skills Development
• BBBEE
• Growing and transforming the economy
• Ensuring a shared economy
• Poverty Alleviation
• Efficient government
• Institutional arrangements
• E-Governance
• Strengthening of inter-governmental relations
• Building an integrated globally competitive region
• Transversal issues
• Women, youth and people with disabilities.

Growth sectors and clusters identified using criteria such as investment growth (nominal and real), value added growth, employment growth and productivity (value added/employee) include:

• Smart industries (including ICT, Pharmaceuticals)
• Trade and Services (including Finance and Film)
• Tourism
• Agriculture (agri-processing and bio-tech)
• Manufacturing (steel related industries, automotive parts and components, beer and malt)
• Infrastructure expansion and investment.

Strategic levers identified through the GDS includes the Gautrain; housing; public safety and urban information systems; 2010 Football World Cup; Public Health Services; Human Resource Development; SMME Support; BBBEE; Social Development; Expanded Public Works Programme; Government Institutional Efficiency and NEPAD.

Gauteng Government’s Five-Year Strategic Programme

The strategic Priorities of this programme include:

• Enabling faster economic growth and job creation
• Fighting poverty and building safe, secure and sustainable communities
• Developing healthy, skilled and productive people
• Deepening democracy and nation building
• Building an effective and caring government.
Gauteng Spatial Development Framework ("GSDF")

The key challenges identified by the GSDP include supporting economic activity and accelerating growth; sharing growth and ensuring sustainability. The Gauteng SDF identifies a number of strategic trusts and these include:

- Re-alignment of manufacturing towards high value added production activities
- Development of the province as a smart centre
- Development of finance and business service sector.
- Consolidation of townships; future growth areas; improved access and mobility; etc

1.3 City Economic and Spatial Development objectives

The City has development a wide range of policies and strategies that should inform the formulation of an economic policy and strategy framework and these include (amongst others); the Johannesburg Growth and Development Strategy; the 2006-2011 Integrated Development Plan; the Johannesburg Spatial Development Framework, Johannesburg Growth Management Strategy and the Joburg 2030.

Johannesburg Growth and Development Strategy ("JGDS")

The Johannesburg GDS presents the City’s understanding of the longer term strategic direction it should take, and future efforts undertaken jointly with social partners, needed to accelerate economic growth and enhance development in a way that both benefits all residents of Johannesburg and contributes to the further transformation of South Africa as a whole. The role of this Strategy is to:

- Properly understand the trends and dynamics likely to shape the city’s future;
- Outline a robust argument for how to think about and plan for the most appropriate future development path;
- Outline a future “idea of the city”; and
- Shape the life-cycle development of the city by making and sticking to a clear set of long-term strategic choices

The JGDS consist of a package of four inter-related components:

- A long-term strategic perspective.
- A development paradigm
- A Vision
- A clear set of strategic choices.

The Johannesburg GDS provides a long-term growth and development trajectory for the City, with a dual trajectory of growth and development as well as transformation that ensures accelerated and shared growth; reduce spatial inequalities and bridge the divide between the first and second economy. The City’s six development principles set out in the JGDS include:

- Pro-active absorption of the poor
- Balanced and shared growth
• Facilitated social mobility
• Settlement restructuring
• Sustainability and environmental justice
• Innovative governance solutions

In terms of the long-term economic development goals, the economic vision for the City will be pursuing five long-term economic goals:

• Diversification of the local economy so that it rests on a broad base of economic sectors, rapidly forming emerging industries and continuously regenerating older industries;

• A local economy with strong links to the national, regional and global economy;

• A robust and growing domestic market for locally produced goods and services, and sustainable expansion of household demand;

• Equitable sharing of the value gains from economic growth and geographic spread of economic activities; and

• For increased competitiveness of City firms, continuous improvement in the general business environment.

The City has identified long term strategic interventions; 5 year objectives and key programmes for each of these long term goals through the Johannesburg GDS and 5 Year Plan.

LONG-TERM STRATEGIC INTERVENTIONS

Each of these five economic development goals will be achieved by leading a number of strategic interventions over the long term.

Long-term goal 1

The diversification of the local economy so that it rests on a broad base of economic sectors, rapidly forming emerging industries and continuously regenerating older industries.

Long-term strategic interventions:

• Expand the base of Johannesburg economy through support to targeted sectors and industries with greatest potential for growth and labour absorption;
• Assist existing established sectors to add value backwards and forwards along the value chain, and promote opportunities for smaller firms by facilitating beneficiation;
• Support emerging industries by helping them to negotiate start-up costs;
• Facilitate restructuring of manufacturing and other sunset industries; and

1 DED. GDS Presentation to DED 9 % Growth Summit 2008
• Provide an ideal environment for innovation and entrepreneurship by enhancing research and development within the city.

5-year objectives
• Improvement in score on Global Insight economic diversification measure
• Increase in the rate of formation of new businesses
• Reduced rate of closure of firms in the city
• Across City and Municipal Owned Entities increased spend on new products and services that can be commercialized

Key Programme Components

Sector Support Programme
• Support to cultural/creative industries
• Support the emergence and growth of the BPO industry
• Support the massive expansion of the small construction industry, etc

Emerging industries support programme
• Facilitate development of current contractors into sustainable small-businesses in construction

Industry restructuring support programme
• Facilitate and support the restructuring of older and declining industrial areas

R&D support programme
• In partnership with existing national and provincial support agencies, sponsor or facilitate R&D funding for new industry segments.
  Long-term goal 2:
  
A local economy with strong links to the national, regional and global economy.

Long-term strategic interventions:
• Facilitate the connection of the local economy with the national and international economies by promoting inward investment and export penetration where possible; and
• Within a diversified economy, harness Johannesburg’s comparative and competitive advantage as a premier centre of finance, business services and trade.

5-year Objectives
• Expand the total volume and value of exports of goods and services in real terms
• Improve the profile of JHB both on the continent and internationally as a core centre of finance, business and trade
Key programme components

Economic connectivity programme

- Strategic projects (legacy projects) that enhance image & position of Johannesburg as a finance, business services and trading hub (e.g., cross-border trade hub)
- Promote business tourism through information provision, the conference bureau, etc.
- Facilitate large inward-investments through targeted walk-through support

International positioning programme

- Work with business partners to consolidate, protect and enhance Johannesburg’s position as an internationally recognised finance and business centre.

Long-term goal 3:

*A robust and growing domestic market for locally produced goods and services, and sustainable expansion of household demand.*

Long-term strategic interventions:

- Where possible, help promote the quality and marketability of locally produced goods and services;
- Promote savings and household security through, for example, retail bonds;
- Reduce unnecessary costs borne by households, especially poorer households, in areas such as housing, health and transport; and
- Facilitate social mobility through, for example, youth development, skills development, and enabling an active township residential property market through which residents can realise economic value of their housing assets.

5-year objective

- Greater proportion of goods and service inputs required by city firms sourced within the South African economy
- Increased savings rate of households in the City as assessed through various surveys
- Successful issue of a retail bond

Key programme components

- Make and buy local programme
  - Develop and roll-out the Proudly Johannesburg concept.
  - Identify a list of ten key products that the City will only procure from firms within the South African economy in the future.

- Household and community savings programme
  - Develop and issue a retail bond.
Support the formation of savings and investment co-operatives, and facilitate their access to an expanded range of banking products.

Long-term goal 4:
Equitable sharing of the value gains from economic growth and geographic spread of economic activities.

Long-term strategic interventions:
- Encourage wider opportunities for ‘empowerment firms’ of all sizes previously excluded from economic activity;
- Support informal and community sector ventures to stabilise and grow businesses, and to access market opportunities;
- Address economic inequality by enabling people previously denied opportunities because of skills gaps to participate in economic activity and/or start and grow their businesses; and
- Reduce spatial economic disparity across the city and enhance the social and economic integration of previously disadvantaged areas into the wider city region.

5-year objective
- Increase in HDI spend to 70% of services procurement expenditure after five years
- Increased role of co-operatives in the city economy
- Increased number of beneficiaries reached by City-facilitated skills development initiatives

Key programme components
- **BEE support programme**
  - Expand and widely market the current BEE database.
  - Maximise the opportunity for BEE firms through creative use of the City’s property portfolio (Property Boom Share).
- **Informal and community sector support programme**
  - Work with established banks in the city to kick-start a community banking system, etc.
- **Skills development programme**
  - Incentivise and encourage city business to absorb 20 000 learners and interns.

Long-term goal 5:
For increased competitiveness of city firms, continuous improvement in the general business environment.

Long-term strategic interventions:
- Reduce the costs of doing business in the city by addressing unnecessary regulatory burdens, and providing appropriate economic infrastructure and service inputs at a competitive standard and price;
• Reduce crime and mitigate community conflict to ensure that there are no significant real or perceived risks to investment; and
• Ensure that the city has an appropriate mix of high-skilled, semi-skilled and low-skilled labour that can flexibly meet the changing skills needs of the city.

5-year objective

• Reduced costs of doing business in the city on an index of micro-economic constraints (as measured by a two yearly city-specific micro-economic constraints survey)
• Reduction in the proportion of city firms indicating that crime and conflict is a constraint on investment
• Reduction in the proportion of city firms indicating skills gaps as a constraint on investment

Key programme components

• Conducive environment programme
• City safety programme
• Labour market programme
• Widely accessible labour market database
• Recognition of prior learning

The 2006-2011 Integrated Development Plan

Consolidated five-year plan for the City, providing alignment between the Mayoral Priorities, City Strategy, City’s Scorecard and the Business Plans of departments and municipal owned entities. Key IDP interventions for the 2008/09 financial year:

• Rea Vaya Bus Rapid Transit project and Gautrain
• International Transit and Shopping Centre
• Formalisation of informal settlements
• Implementation of Growth Management Strategy
• Developmental approach to Property Rates and Tariffs
• City Power Risk Assessment
• Housing delivery and secondary property market
• Increased spending on maintenance of infrastructure, roads and public facilities
• City wide 200 000 Tree Programme
• Community Bank and SMME Fund
• Upscaling of Soweto Empowerment Zone
• Implementation of Inner City Regeneration Charter
• 2010 Soccer World Cup
• Environmental Demand Side Management (Energy, Water and Refuse)
• Upscaling of targeted crime prevention initiatives
• Implementation of Social Package
• Upscaling of basic infrastructure to meet national targets
Johannesburg Spatial Development Framework (SDF) and Growth Management Strategy

The Johannesburg SDF aims to guide the spatial and physical development of the City. The SDF informs and is aligned with the City’s Growth Management Strategy. The SDF focuses on seven key strategies:

- Efficient movement systems in the city;
- Strong and viable development nodes;
- Sustainable environmental management;
- Corridor development;
- Managing urban growth and delineating an urban development boundary;
- Densification in strategic locations; and
- Facilitating sustainable housing environments.

The SDF is supported by the Capital Investment Framework (CIF), the implementation component of the IDP and SDF in realising the goals and objectives of the City. The CIF indicates where Council should invest the capital budget for capital projects within a short to medium timeframe. The City has prepared detailed Regional Spatial Development Frameworks for each of the seven regions.

Joburg 2030

The Joburg 2030 was formulated before 2001 and has become outdated. There are however a number of findings included in this comprehensive study that have some relevance today:

- The service sector will dominate the economic landscape rather than productive activities.
- The City will be concentrated around a key north-south and east-west axis, delineated by the Gautrain route and other key economic infrastructure and sectoral clustering will inform economic activity locations.
- The report proposes that the City focus its limited resources and limited basket of interventions to a few sectors only and that it do so in an explicit manner, with general support to all sectors.
- City intervention should aim to compliment national government policy with the following being possible industrial policy tools available to Council:
  - A vision of the City’s economic future
  - Benchmark model
  - Information and linkages to other spheres of government for key sectors
  - Co-ordination for Council services to key sectors
  - Sectoral bureaux for key sectors
  - Data, information and market access to key sectors
  - Removal of specific bottlenecks faces by key sectors
  - Provision of catalytic investments in key sectors

The Joburg 2030 report identifies the following preferred sectors in terms their attractiveness to the City’s broad economic vision and their individual competitiveness:

- Financial and business services
• Transport and communication
• Trade (retail and wholesale)
• Electricity, water and gas (utilities)
• Accommodation and catering
• Manufacturing – other chemical products
• Manufacturing – professional equipment
• Manufacturing – food and beverages

The Joburg 2030 report argues that although sectors such as manufacturing have low levels of competitiveness, it employs large numbers of workers.
2. City's Socio- Economic Profile

2.1 City Profile: The People

2.1.1 Demography

Johannesburg’s population was estimated at 3,2 million people\(^2\) during 2004 (or 7.2% of the total population of South Africa). By 2007 this was estimated to have grown to around 4 million. While there has been an increase in the absolute numbers of people living in the City of Johannesburg, the growth per annum has been declining; from 2.0% in 2002, to 1.6% in 2006.

Figure 2.1: Population Increase and Growth Rate (2002-2006)

![Population Increase and Growth Rate (2002-2006)](chart)

Source: Global Insight Data

The general distribution of the population across the regions is shown in the Table below.

---

\(^{2}\) Stats SA. 2001
Table 2.1: General distribution of population across the 7 regions

<table>
<thead>
<tr>
<th>Region</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>376,601</td>
</tr>
<tr>
<td>B</td>
<td>370,132</td>
</tr>
<tr>
<td>C</td>
<td>467,955</td>
</tr>
<tr>
<td>D</td>
<td>1,128,202</td>
</tr>
<tr>
<td>E</td>
<td>495,926</td>
</tr>
<tr>
<td>F</td>
<td>495,454</td>
</tr>
<tr>
<td>G</td>
<td>617,354</td>
</tr>
<tr>
<td></td>
<td>3,951,624</td>
</tr>
</tbody>
</table>

Source: Market Decisions, 2007

The age profile of the Province for 2007 is shown below. It indicates a young population with a strong representation in the working years of 20 to 34.

Figure 2.2: Age composition of the Provincial population (2007)

Table: Mid-year population estimates by gender and age group. 2007, Gauteng. (Numbers)

Source: StatsSA

The age profile of inhabitants of the City of Johannesburg is likely to reflect a similar profile to that for Gauteng with a preponderance of people in the ages of 20 to 44. This is likely due to the strong pull it exerts to job seekers as well as school going population looking for better educational opportunities in the City. Figure 2.3 compares the age composition of Johannesburg with other metropolitan areas in the country, illustrating a comparable profile to the major urban centres of Cape Town, Ekurhuleni and eThekweni.
The number of households has increased from 1 million households in 2002 to 1.1 million while household size decreased from 3.1 to 3 over the same period.

**2.1.2 Level of Education**

The legacy of apartheid still characterises levels of education across the racial groups with the Black population still showing lower levels of education particularly in the matric and tertiary education categories.
Table 2.2: Levels of education for the population 15+ by race (2006)

<table>
<thead>
<tr>
<th></th>
<th>Black</th>
<th>White</th>
<th>Coloured</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Schooling</td>
<td>5.94</td>
<td>1.70</td>
<td>2.66</td>
<td>1.32</td>
</tr>
<tr>
<td>Grade 0-2</td>
<td>0.97</td>
<td>0.13</td>
<td>0.31</td>
<td>1.21</td>
</tr>
<tr>
<td>Grade 3-6</td>
<td>8.71</td>
<td>1.43</td>
<td>3.96</td>
<td>5.05</td>
</tr>
<tr>
<td>Grade 7-9</td>
<td>22.94</td>
<td>6.80</td>
<td>22.19</td>
<td>14.04</td>
</tr>
<tr>
<td>Grade 10-11</td>
<td>24.88</td>
<td>12.13</td>
<td>28.18</td>
<td>9.55</td>
</tr>
<tr>
<td>Less than matric &amp; certif/dip</td>
<td>0.61</td>
<td>1.50</td>
<td>0.58</td>
<td>13.12</td>
</tr>
<tr>
<td>Matric only</td>
<td>28.96</td>
<td>36.60</td>
<td>35.46</td>
<td>34.15</td>
</tr>
<tr>
<td>Matric &amp; certificate / diploma</td>
<td>4.88</td>
<td>18.45</td>
<td>4.71</td>
<td>12.97</td>
</tr>
<tr>
<td>Matric &amp; Bachelors degree</td>
<td>1.55</td>
<td>12.56</td>
<td>1.39</td>
<td>6.78</td>
</tr>
<tr>
<td>Matric &amp; Postgrad degree</td>
<td>0.58</td>
<td>8.68</td>
<td>0.56</td>
<td>1.82</td>
</tr>
<tr>
<td>Population 15+</td>
<td>1,883,124</td>
<td>465,230</td>
<td>151,319</td>
<td>121,802</td>
</tr>
</tbody>
</table>

Source: Market Decisions, 2006

2.1.3 Income and Unemployment

In nominal terms, average household incomes in Johannesburg have consistently been higher than both the South African, and Gauteng equivalents (Figure 2.5). The gap has widened over the past decade and this is likely to be partially driving migration patterns to the province. Average household incomes were some R177 000 in 2005, which is more than double the national average, a third higher than Cape Town and 46% more than the average for eThekwini. Johannesburg’s average household income translates into average personal disposable income per head of population of some R51 000 in 2005.

Figure 2.5: Average nominal household income

![Average Nominal Household Income](source: www.Johannesburg.org.za)
Average household income in 2006 by category shows that just over 18% of households have an income falling into the R0 to R2,500 group (Figure 2.6). This is followed by the group of households earning between R12 000- R24 000 (17%).

Figure 2.6: Household income by category in 2006

Source: Market Decisions, 2006

Table 2.3 compares the Gini Coefficient\(^3\) for South Africa with the main cities in South Africa. Comparative figures for Johannesburg and the trend in decline of inequality are shown below.

Table 2.3: Comparative Gini Coefficient figures for South Africa and selected Cities

<table>
<thead>
<tr>
<th>City</th>
<th>Gini Coefficient</th>
<th>2005</th>
<th>2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td></td>
<td>0.64</td>
<td>0.64</td>
</tr>
<tr>
<td>Cape Town</td>
<td></td>
<td>0.55</td>
<td>0.54</td>
</tr>
<tr>
<td>Johannesburg</td>
<td></td>
<td>0.57</td>
<td>0.56</td>
</tr>
<tr>
<td>eThekweni (Durban)</td>
<td></td>
<td>0.60</td>
<td>0.60</td>
</tr>
</tbody>
</table>

Source: Global Insight, 2006

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\(^3\) Gini Coefficient: Measure of statistical dispersion to measure inequality and defined as a ratio with values between 0 and 1. A low GINI Coefficient indicates a more equal income or wealth distribution and a value closer to 1 indicates high level of inequality.
The comparison of Gini Coefficient estimates for South Africa and other metropolitan areas and the trend line above suggests that Johannesburg is slowly developing a more equal distribution of income over time. Despite this however, there are still stark socio-economic inequalities in the City. Some 25%\(^4\) of Johannesburg residents live in abject poverty (largely in the southern part of the City), and in informal settlements that lack proper roads or electricity or any kind of direct municipal services. Another 40% live in inadequate housing, with insufficient municipal services. The poor are largely black (72%), earning less than R25 000 per annum.

In terms of employment, Johannesburg provided the largest share of national employment at 10.32% in 2004 (Quanteec) and 11.79% in 2005 (Labour Force Survey). In relation to the major contributors to GVA, it is not surprising that the financial sector employed the majority of the formal workforce in Johannesburg (25%) followed by trade (23%), community services (17%) and manufacturing (13%).

\(^4\) Source GHS. 2006
The majority of informal employment has taken place in the trading sector (52%). Informal sector in the construction and transport sector has grown. Employment in manufacturing and finance has been relatively stagnant (Figure 2.9).

**Figure 2.8: Formal employment in Johannesburg (1997-2005)**

**Figure 2.9: Number of people employed by industry in the informal sector (2002-2006)**


Source: Global Insight, 2006
According to a 2007 Community Survey conducted by Statistics South Africa, the province's unemployment rate declined from 30.8% in 2003 to 22.6% in 2007. This trend is underlined by the downward movement in unemployment rates (using the expanded definition) from 2003 (Figure 2.10).

**Figure 2.10: Expanded unemployment rates**

![Expanded Unemployment Rates](source: www.Johannesburg.org.za)

Based on the above, in-migration to Johannesburg can be (partly) attributed to the City’s higher than national average economic performance, employment and household income levels.

**2.1.4 Poverty, HD Index and Impact of HIV Aids**

Johannesburg is the 3rd best performing City in terms of the HDI (Figure 2.11). The human development index varies across the nine provinces, with Gauteng at 0.712 and Limpopo Province the lowest at 0.531.

---

5 The human development index (HDI) is a composite index of economic and social wellbeing based on life expectancy, educational attainment and a decent standard of living. The index is measured on a scale of 0 to 1, with 0 being the lowest level of development and 1 the highest level. An HDI value 1-0.8: high level of human development; 0.79 - 0.5 medium level of human development, 0.499 -0 low level of human development.
While progress has been made, the figures below illustrate the extent of the challenge that still remains in terms of overcoming poverty and improving the human development index:

- 16% of households lack municipal sanitation
- 15% do not receive municipal electricity
- 3.6% do not have water supplies
- Some 116,827 families live in informal settlements (Figure 2.12)
- Some 108,000 families live in illegal backyard dwellings
- There are some 4,500 homeless or "street people"
HIV/AIDS

Challenging social and economic stresses have been compounded by the HIV/AIDS epidemic in South Africa. An estimated 22.8% of the population is infected, with a bias towards women and the poor. The impact on poor households is particularly devastating, with growing numbers of child-headed households and about 1 million children under 15 years of age orphaned by AIDS. The Government has adopted the national strategic action plan for HIV/AIDS (2000-2005), which seeks to tackle HIV/AIDS in a multidisciplinary manner and to use community mobilization as a key to prevention and care for those afflicted (www.undp.org/execbrd/word/safccf2.doc).

HIV/AIDS affects all provinces in South Africa but those that are worst affected include KwaZulu-Natal, Free State, Gauteng, Mpumalanga and Free State. The HSRC survey of HIV prevalence shows that labour migration is associated with higher prevalence levels. At some mines in South Africa, for example, the HIV rate reaches 50%, significantly higher than the rate among the population as a whole.
2.2 City Profile: Economy

This section provides an overview of the City of Johannesburg’s economy. The purpose of this review is to identify possible constraints and opportunities for intervention.

2.2.1 The GGP and GVA

The change in the composition of industry contribution to GDP across the country is mirrored in Gauteng and the City. Figure 2.14 below demonstrates the increasing dominance of the tertiary sector over time.
In 1997 the GGP\(^6\) for Johannesburg was R93 billion and by 2005 it increased to R228 billion, an increase of R135 billion (145.7\%) and 11.9\% average annual growth. With large projects such as the Gautrain currently underway, growth is expected to continue.

**Figure 2.15** illustrates the change in sub-sectoral composition to GDPR from 1995 to 2006 across the province. The growing importance of the tertiary sector is again illustrated.

---

\(^6\) The gross geographic product (“GGP”) of a particular area amounts to the total income or payment received by the production factors (land, labour, capital, and entrepreneurship) for their participation in the production within that area.
In terms of Gross Value Added (“GVA”) growth rates between 2001 and 2004, this varied between 4,5% (Tshwane) and 5,3% (Johannesburg). Johannesburg’s nominal GVA was estimated at R229 billion in 2005⁷.

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⁷ City of Johannesburg. Department of Economic Development
Figure 2.16: Annual Average GVA growth 2001-2004

3. Key Niche Sector Analysis

3.1 Niche Sector Interviews

Niche sector interviews were conducted to obtain information on the state of the niche sectors. These interviews were conducted with representatives from industry associations, academic institutions as well as firm level respondents. The specific areas of investigation included:

- Who the key firms and role players in the sector were;
- Factors that contribute to competitive advantage;
- Inputs to sector processes and outputs realized as well as specific areas of value addition;
- Key customers for firms in the sectors;
- Growth potential within the sector;
- Barriers to entry for new firms;
- Constraints to doing business and growing firms;
- Level of export activity of sector outputs;
- Current programmes and initiatives to increase the competitiveness of the sector as well as transformation therein;
- The role that the City should play in supporting the growth and development of the sector;

The findings from these interviews are integrated in the following sections that discuss the sectors and provide an important part the basis upon which the policy and strategy framework was developed.
3.2 Economic Sector Policies, Strategies, Project and Programmes

This sub-section provides a synthesis of the policies; strategies, programmes and projects identified as well as the potential key drivers and associated sources of funding and finance. Some of these are already being implemented by the various DED directorates and the status of these is therefore also indicated. Detailed policies and strategies will need to be prepared for the identified niche and priority sectors and sub-sectors\(^8\). The following initiatives have been identified and should be further pursued.

3.2.1 Finance and Business Services

Strategy Informants

- The sector is a globally competitive sector and must be supported through the provision of an investor friendly climate to maintain this position.
- This sector requires skilled and semi-skilled workers, preferably in close proximity to the specific places of employment.
- The provision of road, transport and other municipal utility infrastructure and related services are also important.
- The presence of business support services such as printing services, IT/telecommunications networks, and courier facilities also supports the growth and expansion of financial and business services in specific locations.
- The challenge is to create favourable conditions for more of these activities to be established in the southern regions, but also to increase their competitiveness in the more established areas.

3.2.2 Information and Communication Technology* 

Strategy Informants

- Favourable pre-conditions for growth include access to competitively priced broadband width; close proximity to highly skilled labour; good road access, amenities, safety and areas that provide a cross-income spectrum of housing.
- It also has requirements for good access and availability to business and software support services, preferably in close proximity to firms.
- Industrial clustering of ICT activities also holds potential.

3.2.3 Business Process Outsourcing* 

Strategy Informants

- Requirements for growth include appropriate skills, software support (especially for smaller BPO operators), access to training institutions, competitive telecommunications infrastructure etc - the availability and accessibility of these supportive services are therefore important preconditions for successful operation.

\(^8\) * indicates niche sectors identified by CoJ
Physical environments with significant infrastructure, technology, transport and good quality housing do increase their ability to attract also skilled staff.
The diversity of skills required and the potential to train new entrants offer the opportunity to entice firms to also locate within the southern regions if these pre-conditions can be created there.

3.2.4 Manufacturing*

Strategy Informants
- Traditional manufacturing activities require access to low cost land, bulk infrastructure and road/rail network as well as low and semi–skilled labour.
- Growth in manufacturing activities has declined significantly as is evident from the many vacant sites in areas such as Region G in the south.
- In contrast, the more recent industrial areas, such as those in the north, tend to cater for more advanced manufacturing mixed with business service and also commercial activities.
- Modern manufacturing activities require access to more advanced infrastructure and related business services, skilled labour and higher levels of transport, freight and logistic support infrastructure.

3.2.5 Trade

Strategy Informants
- Is a significant sector that contributes to the City being a shopping hub for the continent and also provides significant employment within the formal and informal sectors
- Traditionally higher order retail and commercial activities tend to locate within CBD’s and along road based public transport routes, integrated with linear development.
- However, this has changed by a trend to locate large shopping malls, close to freeway interchanges reachable mainly by middle and high-income areas, and away from other commercial activities.
- More recently, shopping malls have been constructed within townships areas -key locational requirements for wholesale include access to markets and logistic networks, while access to rail is an advantage.
- Potential clients are discerning with regard to the quality of retail centres. New retail centres need to be of a high quality to ensure viability and success.
- Creating and maintaining a clean and safe environment is important to the growth of the sector

3.2.6 Tourism*

Strategy Informants
- Labour intensive nature of the sector makes it an important one to grow
- Current strength of the City within the business tourism business segment must be leveraged to grow leisure component
- Currently business related tourism opportunities favour locations within the Sandton, Midrand and CBD areas.
• Opportunities exist within the south which has less traffic congestion and more affordable land for developing extensive conference facilities.
• However, as both Lanseria and Grand Central airports are located within the north, this reduces the future potential of the southern areas to attract national and international conference related business.
• Centres of cultural and struggle tourism, in particular in townships, do however offer opportunities for further expansion and growth.
• Support to SMME’s to assist them through training to achieve required levels of product and service standards, integration into the intermediary network i.e. travel agents, tour operators etc and the marketing of business to achieve awareness in the minds of target customers

3.2.7 Creative Industries*

Strategy Informants

• Requires good communication and technology support networks and sector participant collaboration.
• Adaptation to digital media and the exploiting of opportunities therein is a critical factor to continued growth.
• Product differentiation based on the unique cultural and historical heritage of the country and City is an important element of success and contributes toward the attraction and entertainment parts of the tourism sector.
• These activities tend to cluster in well-frequented entertainment areas; areas with related education and training institutions, areas where theatres are located as well as areas where business related activities occur (recording studios; media companies, etc).
• These activities also thrive in multi-cultural areas with relatively high population densities having disposable incomes and importance attached to heritage / cultural, historical educational and entertainment value.

3.2.8 Freight and logistics*

Strategy Informants

• New transport and communication interventions provide the opportunity for these to be created e.g. at the Lanseria and Central airports as well as modal interchange opportunities that will be created through interventions such as the Gautrain.
• Improvements to City’s transport network to reflect the needs of this sector to provide a seamless service to clients.
• Improvements to rail network through for example the Transnet – Spoornet turnaround programme is an important component to the success of the sector.
• Further growth opportunities at City Deep to be explored.
• Success of the sector can serve to consolidate the City’s position as a freight and logistics hub for the continent.
3.2.9 Mining and Beneficiation*

Strategy Informants

- While mining is a mature industry it continues to be an important employer and through its backward and forward linkages, an important contributor to national GDP as well as the greater City economy.
- As a primarily export industry it generates valuable foreign currency.
- The future of the industry will be determined by:
  - The extent to which new existing and new deposits can be mined cost effectively.
  - A legal / regulatory and physical infrastructure especially rail and ports that enables strong international competitiveness of the industry.
- Beneficiation activities prefer locations with good transport, financial services, telecommunications and close proximity to areas with high skill levels.
- Linkages to the creative, arts and crafts, engineering, computer related industries are also important in striving for the beneficiation of mined minerals.

3.2.10 Agriculture and Agri-processing*

Strategy Informants

- Key requirements identified for expanding agricultural and agri-processing activities for Region G e.g. support from government; availability and affordability of water (e.g. alternate water sources such as bore holes for irrigation) and an increase in value adding activities.
- The large market associated with the high number of city / urban populations of Johannesburg provides the greatest opportunity for the agricultural industry and food security within the City.

Detailed policies and strategies will need to be prepared for the identified niche and priority sectors and sub-sectors. Table 3.1 captures initiatives have been identified and should be further pursued.

---

* indicates niche sectors identified by CoJ
<table>
<thead>
<tr>
<th>Niche Sector</th>
<th>Programmes and Projects</th>
<th>Key Driver(s); Sources of Funding and Finance</th>
</tr>
</thead>
</table>
| Information and Communication Technology* | • Linkage with national government e-skills institute/academy  
• CMMI Programme  
• Higher skill level training within private sector (e.g. Wits JCSE Programme)  
• Joburg Broadband Network  
• 2010 Legacy Project (including telecommunications infrastructure)  
• ICT Community Hubs  
• Industrial Clustering | Presidency; CoJHB and dti; Private sector; Wits University; industry role players and dti |
| Business Process Outsourcing*     | • Joburg BPO Skills Hub  
• Monyetla Work Readiness Programme  
• Call Centre Training  
• SETA Services Learnership  
• BPO Support Programme  
• BPO Strategic Marketing - place marketing as prime national and international BPO and off shoreing investment destination.  
• Customised incentives; Support for BPO Precinct Project (24/7 zone); securing transport for workers; Support creation of BPO incubator programme; | CoJHB; industry role players; National Government GEDA; DOL; SETA; Private Sector; ContactInGauteng; Business Trust and dti |
| Manufacturing*                   | • Chemicals and related products  
− Providing an enabling environment e.g., efficient and cost effective municipal service delivery  
− Machinery and equipment (e.g., automotive sector)  
− Motor Industry Development Programme (MIDP); Automotive Industry Development Centre (AIDC); South African Automotive Benchmarking Club; Automotive Local Action Group  
• Electronics and equipment  
− Appropriate programmes to be formulated  
• Wood and paper processing  
− Appropriate programmes to be formulated | CoJHB; Industry role players; GEDA, dti, CoJHB |
| Trade                            | • Retail and commercial  
− Appropriate programmes to be formulated  
• Wholesale  
− Appropriate programmes to be formulated | CoJHB and industry role players |
| Tourism*                         | • Theta: Skill development; Organisational development, Mentorship Programmes  
• National and international conventions  
• Visitors Bureau and Satellite Tourism Information Centres (STICs)  
• Development of SMMEs | DoL, Tourism Enterprise Partnership (TEP), private companies, Johannesburg Tourism Company (JTC) and CoJHB |
<table>
<thead>
<tr>
<th>Niche Sector</th>
<th>Programmes and Projects</th>
<th>Key Driver(s); Sources of Funding and Finance</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Destination marketing and advertising</td>
<td>CoJHB and Industry role player</td>
</tr>
<tr>
<td></td>
<td>• Enabling Policy and Legislative Environment (e.g., street entertainment); signage; maintaining infrastructure and utility service standards; increased tourism awareness amongst City officials</td>
<td></td>
</tr>
<tr>
<td>Creative Industries*</td>
<td>• Film Park for film production</td>
<td>CoJHB, dti and industry role players. ACSA, Transport SETA (TETA); Road Freight Association and other industry role players.</td>
</tr>
<tr>
<td></td>
<td>• Clustering and agglomeration amongst entertainment based sectors.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Creating and enabling environment; supportive policies; funding; promotional programmes; marketing assistance</td>
<td></td>
</tr>
<tr>
<td>Freight and logistics*</td>
<td>• Increased utilisation of City Deep retail distribution system</td>
<td>Mining SETA, private companies</td>
</tr>
<tr>
<td></td>
<td>• Further expansion of Lanseria Airport in Region A</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Learnerships in freight handling and road freight</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Leverages technology advances in heavy vehicles</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Mentorship programmes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Dedicated freight lanes; splitting of traffic over 24 hrs; Inclusion of freight logistic factors in building plan approvals; integration of road and rail transport; standardisation of rules and regulations e.g., introduction of BRT and impact on freight.</td>
<td></td>
</tr>
<tr>
<td>Mining and Beneficiation*</td>
<td>Ores, slag and ash</td>
<td>Mining SETA, private companies</td>
</tr>
<tr>
<td></td>
<td>• Metals beneficiation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Skill development (student including bursaries) and academies</td>
<td></td>
</tr>
<tr>
<td>Agriculture and Agri-processing*</td>
<td>Identification of land for small scale farming and commercial farming</td>
<td>CoJHB, DLA, Depart. of Agriculture.</td>
</tr>
<tr>
<td></td>
<td>• Implementation of required farming support programmes</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Identification of agri-processing and other beneficiation activities</td>
<td></td>
</tr>
<tr>
<td>Informal Trading/Sector</td>
<td>Encourage enrolment of informal traders for business related courses.</td>
<td>CoJHB, informal operators and traders.</td>
</tr>
<tr>
<td></td>
<td>• Facilitate close partnership with the Metropolitan Trading Company acting as implementing agency.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Design and implement trading spaces for informal traders, in both marginalised and established areas</td>
<td></td>
</tr>
</tbody>
</table>
4. Spatial Economic Niche Sector Analysis

4.1 Spatial Distribution and Requirements of Economic Activity

The purpose of this section is to provide a spatial overview of the economic character of the City of Johannesburg, the growth and development trends and patterns as well as the structural informants and/or barriers to economic activity and growth. Spatial mapping allows for targeting and focusing of interventions to meet the needs of different market segments in specific locations as well as identifying opportunities for innovations in service provision to small and emerging businesses. The spatial economic analysis, in essence, provides the spatial economic rationale for public investment.

A preliminary spatial economic analysis was done by using data obtained from Stats SA 2001 Census Data, information obtained from the SDFs for Johannesburg and its administrative regions as well as interpretive analysis of aerial photography and land use mapping. The data and documents were reviewed in order to identify spatial informants to economic development and trends as well as identifying the spatial distribution of economic activities, infrastructure and services.

The analysis of the spatial economic profile of the City and its regions was undertaken to the extent that the available information has allowed. By implication this analysis therefore also identifies the gaps in information necessary to inform a spatial economic analysis. Specific recommendations are therefore made in terms of information to be collected, mapped and updated on a regular basis in order to build a unified database relevant to spatial economic realities and trends.

The spatial economic analysis indicates that the structure, form and distribution of investment and economic activities of the City generate enormous amounts of movement, people and goods at great cost in terms of infrastructure, transaction costs, energy consumption, pollution and public finance. Poverty and inequality are also being worsened by this spatial system, since it is the poor who are most affected – many are virtually trapped where they live with very limited access to economic opportunities.

The spatial economic analysis was undertaken in terms of the key economic sectors as well as the priority niches sectors (indicated with an asterisk):

1. Finance and Business Services
2. ICT*
3. BPO*
4. Manufacturing*
41

− Chemicals and related products
− Machinery and equipment
− Electronics and equipment
− Wood and paper processing
5. Trade
− Retail and commercial
− Wholesale
6. Tourism*
7. Creative Industries*
8. Freight and logistics*
9. Mining and Beneficiation*
− Ores, slag and ash
− Metals beneficiation
10. Agriculture and Agri-processing

The spatial analysis of these sectors and niches are considered terms of the following:
• Geographical distribution:
• Requirements for expansion (labour market requirements; support services; infrastructure, etc)

4.2 Finance and Business Services
Finance and business services remain a key employer in the City, contributing 33% to the GVA and 25% of employment during 2005.

Geographic distribution: Finance and business activities within the metropolitan, regional and district nodes are found mainly in the central and northern parts of the city (regions A, C and E), as can be seen in the table below as well as in Figure 4.1.

<table>
<thead>
<tr>
<th>Region F</th>
<th>CBD</th>
<th>Commercial</th>
<th>Financial</th>
<th>Metropolitan node</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region E</td>
<td>Sandton</td>
<td>Finance</td>
<td></td>
<td>Metropolitan node</td>
</tr>
<tr>
<td>Region A</td>
<td>Sunninghill</td>
<td>Office</td>
<td>Commercial</td>
<td>Regional node</td>
</tr>
<tr>
<td>Region A</td>
<td>Midrand</td>
<td>ICT</td>
<td></td>
<td>Regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Constantia</td>
<td>Retail</td>
<td>Office</td>
<td>Regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Strubensvalley</td>
<td>Retail</td>
<td>Office</td>
<td>Regional node</td>
</tr>
<tr>
<td>Region E</td>
<td>Greater Sloane</td>
<td>Office</td>
<td>ICT</td>
<td>Regional node</td>
</tr>
<tr>
<td>Region E</td>
<td>Greater sloane</td>
<td>Office</td>
<td>ICT</td>
<td>Regional node</td>
</tr>
<tr>
<td>Region E</td>
<td>Illovo</td>
<td>Office</td>
<td></td>
<td>District node</td>
</tr>
<tr>
<td>Region E</td>
<td>Melrose Arch and surrounds</td>
<td>Office</td>
<td></td>
<td>District node</td>
</tr>
</tbody>
</table>
Figure 4.1: Finance, Business Services and ICT nodes
Higher order metropolitan and regional nodes are located in the Johannesburg CBD as well as the town centres of Sandton, Randburg and Midrand. Activities within this sector are dominated by the large retail banks, investment banks and pension funds. Decentralisation of offices from the CBD has occurred to the local suburbs, initially to the older areas of Rosebank and Parktown, then to more recent areas such as Woodmead and Fourways.

**Figure 4.1** also illustrates the geographic distribution of individuals employed within the financial, insurance, real estate and business services, indicating (as expected) high numbers within close proximity the CBD and the mentioned town centres. Key metro and regional nodes identified include Sandton as financial centre; Midrand as an ICT node, Sloane, Sunninghill and Illovo as office nodes. Although the map also indicates relatively high numbers of individuals employed in the older, more established townships (e.g. Eldorado Park, Alexandra, Ivory Park) it can be assumed most of these workers are employed in menial positions within these sectors.

**Requirements for Expansion:** This sector requires skilled and semi-skilled workers, preferably in close proximity to the office and business park. Other requirements include business support services such as photocopying and printing services, IT/telecommunications networks, courier facilities, road, transport and other municipal utility infrastructure and related services.

### 4.3 Information and Communication Technology

**Geographic distribution:** ICT office developments are mainly located in Sandton, Sloane, Sunninghill, while Midrand is considered the high tech centre of the City (see **Figure 4.2** and table below)

<table>
<thead>
<tr>
<th>Region</th>
<th>Node</th>
<th>ICT</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Midrand</td>
<td>ICT</td>
<td>Metropolitan</td>
</tr>
<tr>
<td></td>
<td>Greater Sloane</td>
<td>Office</td>
<td>Regional node</td>
</tr>
<tr>
<td>E</td>
<td>Sloane area</td>
<td>ICT</td>
<td>District Node</td>
</tr>
<tr>
<td>G</td>
<td>Orange Farm</td>
<td>ICT</td>
<td>District Node</td>
</tr>
<tr>
<td>F</td>
<td>CBD - Yeoville</td>
<td>ICT</td>
<td>District Node</td>
</tr>
</tbody>
</table>
Figure 4.2: Manufacturing and Industrial nodes
The majority of ICT/E firms (about 1000 firms and 2000 employees) in the City are found in telecommunications, IT hardware and software, office machinery and equipment and other computer related activities\textsuperscript{10}. The proximity of the Innovation hub at the CSIR in Tshwane is also of importance.

ICT hubs have also been opened in the township areas such as Orange Farm (2004) and Yeoville (2007). The Orange Farm ICT Hub was launched as a pilot programme in conjunction with the CSIR and the Economic Development Unit in 2004. The Hub provides skills and training services to the local community in the fields of ICT and is to be rolled out to other areas, once operations are running smoothly.

\textit{Requirements for Expansion:} ICT is a highly specialized and evolving niche sub-sector. This sector is likely to locate in areas with excellent access to broadband width; close proximity to high skilled labour; good road access, amenities, safety and areas that includes high and middle income housing. It also has requirements for good access and availability to business and software support services, for example broadband, preferably in close proximity to firms. Industrial clustering of ICT activities may also hold potential.

\section*{4.4 Business Process Outsourcing}

The non-core activities of businesses in activities such as health, transport, personal services etc, can be outsourced through call centres, back of office activities and knowledge processing.

\textit{Geographic distribution:} Firms within this niche sector are generally located more within the established central and northern areas. These areas are generally characterised by well-established infrastructure, support services and attractive physical environments.

\textit{Requirements for expansion:} Critical requirements for growth identified include appropriate skills, software support, access to training institutions, etc. The availability and accessibility of these supportive services are therefore important preconditions for successful operation. Although most of these activities can be footloose, their location in physical environments with significant infrastructure, technology, transport and good quality housing do increase their ability to attract also skilled staff. The diversity of skills required and the potential to train new entrants offer the opportunity to entice firms to also locate within the southern regions if these pre-conditions can be created.

\section*{4.5 Manufacturing/Industrial Areas}

Manufacturing contributed 15 \% to GVA and 13 \% to employment during 2005.

\textit{Geographical distribution:} Industrial areas are located throughout the City with those in the central and south being more the traditional heavy manufacturing activity (e.g. Aeroton, Booysen, City Deep, Selby, Heriotdale and Main Reef Road), while those in the north being more advanced and high-tech manufacturing (e.g. Kya Sands, Strijdom Park, Midrand, Limbro Park and Frankenwald). See Figure 4.2, indicating the main industrial areas as well as the number of workers employed within this sector. Although a high percentage of workers and manufacturing activities are found in the

\textsuperscript{10} CoJHB. Draft LED Strategy for the City Regions. 2003
central and southern areas, there are significant distances between the location of workers and the manufacturing areas, a legacy of the pre-1994 period.

**Manufacturing/Industrial Activities**

<table>
<thead>
<tr>
<th>Region A</th>
<th>Region E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kya sands</td>
<td>Wynberg</td>
</tr>
<tr>
<td>Lanseria airport</td>
<td>M1 commercial</td>
</tr>
<tr>
<td>Kyalami</td>
<td>AECI</td>
</tr>
<tr>
<td>Longdale</td>
<td>Aeroton</td>
</tr>
<tr>
<td>Commerce</td>
<td>Booyse</td>
</tr>
<tr>
<td>Amalgam</td>
<td>Selby</td>
</tr>
<tr>
<td>Industria</td>
<td>Heriotdale</td>
</tr>
<tr>
<td>Crown</td>
<td>Main Reef Road</td>
</tr>
<tr>
<td>Croesus</td>
<td>City Deep</td>
</tr>
<tr>
<td>Paarlshoop</td>
<td>Anchorville</td>
</tr>
<tr>
<td>Strijdom Park</td>
<td>Zakariyya park</td>
</tr>
<tr>
<td>Laser Park</td>
<td>Nancefield</td>
</tr>
<tr>
<td>Kya sands</td>
<td>Albert street</td>
</tr>
<tr>
<td>Roodepoort</td>
<td>Lawley</td>
</tr>
<tr>
<td>Greenstone hill</td>
<td>Klipriviersoog</td>
</tr>
</tbody>
</table>

**Central Areas**

- Along the mining belt of the City; within regions B and F.
- City Deep Container Depot: located to the south of the CBD in region F. This ‘inland port’ provides the interface between marine and overland transport modes, allowing international cargo to be shipped and received at an inland location.

Some of the industrial areas of metropolitan importance within the north of the City include the following:

- Kya Sands is a unique industrial node that has a mix of office use and light industrial use (mostly distribution and manufacturing, showrooms and office warehouse).
- Lanseria International Airport is mostly a domestic airport handling light and smaller commercial passenger craft. The R512 serves the airport as a mobility spine; this area has been earmarked for further light industrial development linked to the aviation services and tourism development.
- Kyalami has a number of business and industrial park developments. Industry initially focused on the motor industry given - the race track in the area but subsequently activity has expanded to light manufacturing and distribution.
- Commercia features mainly specialised manufacturing, research and development, automotive services and textiles. It is located close to the N1 and lends access to the international airport.
- Roodepoort, Wynberg, Randburg, and Strydom Park are smaller industrial areas with Regions B, C and E.
There are also a number of industrial areas located close to marginalized areas within Region D and Region G\textsuperscript{11}.

- Anchorville Industrial Area is located 2km south of Lenasia. Business mix includes cosmetics, construction, motor mechanical works, furniture, automobile repair and maintenance, warehouse and distribution, plastic ware and packaging, food processing and metal works.

- Zakariya Park is situated south of Lehae focus on timber-oriented industry, such as furniture manufacturing and safety-clothing manufacturing.

- Nancefield Industrial Area is situated between Soweto and Lenasia, south of Eldorado Park. Business mix includes furniture manufacturing, automobile repair and maintenance, glass manufacturing, food and grocery wholesalers, bed and mattress manufacturing and Nampak industries.

- Albert Street Industrial Area is located to the south of Lenasia. Business mix includes wholesale trade/warehousing and distribution, food processing, automobile repairs and maintenance, construction and printing.

- Lawley Industrial Area is located on an industrial site near Lenasia. The focus in these industrial areas is mainly in manufacturing, motor mechanics, furniture and brick manufacturing. A major business in this area includes Corobrick, manufacturing bricks for regional and national distribution. There are also other brick manufacturing factories in this area.

- Klipriviersoog Industrial Area it is located along Potchefstroom Road, south of Protea.

Manufacturing activities are limited in the region G and virtually absent in Region D with the majority being small-scale activities with only few large and medium scale manufacturers within the area. The main activities centre on motor mechanics, furniture and brick-making. The majority of products produced locally are consumed within the region. However, a very small percentage of manufacturers have indicated that they are active exporters\textsuperscript{12}.

\textit{Requirements for expansion:} Traditional manufacturing activities require access to low cost land, bulk infrastructure and road/rail network as well as low and semi--skilled labour. However, growth in these types of activities has declined significantly as is evident from the many vacant sites in areas such as Region G in the south. In contrast, the more recent industrial areas, such as those in the north, tend to cater for more advanced manufacturing and mixed with office and also commercial activities. These manufacturing activities require access more advanced infrastructure and related business services, skilled labour and higher levels of transport, freight and logistic support infrastructure.

\section*{4.6 Trade}

Trade includes wholesale and retail and contributed 17 % to GVA and 23 % to employment during 2005.

\textsuperscript{11} Region D SDF, Region G SDF, Region G LED.

\textsuperscript{12} Region G LED
Geographical distribution: Traditionally most of the retail and commercial activity has occurred with the CBDs, such as the Johannesburg CBD, Randburg CBD, smaller centres such as Lenasia CBD as well as along major public transport routes. Changes in the growth of the various economic sectors, along with changing locational requirements and new residential patterns, have had major implications for where investment in retail and commercial activity are taking place. The related extent and year of construction of some the shopping centres, retail and commercial areas (which may include office development) are reflected in the tables below as well as Figure 4.3:

<table>
<thead>
<tr>
<th>Region Name</th>
<th>Area of Activity</th>
<th>Primary Activity</th>
<th>Secondary Activity</th>
<th>Node Classification</th>
</tr>
</thead>
<tbody>
<tr>
<td>Region A</td>
<td>Commercial</td>
<td>commercial</td>
<td>specialty</td>
<td>regional node</td>
</tr>
<tr>
<td>Region A</td>
<td>Midrand</td>
<td>commercial</td>
<td>metropolitan</td>
<td>regional node</td>
</tr>
<tr>
<td>Region A</td>
<td>Sunninghill</td>
<td>office</td>
<td>commercial</td>
<td>regional node</td>
</tr>
<tr>
<td>Region B</td>
<td>Randburg</td>
<td>retail</td>
<td>commercial</td>
<td>regional node</td>
</tr>
<tr>
<td>Region B</td>
<td>Parktown</td>
<td>retail</td>
<td>commercial</td>
<td>regional node</td>
</tr>
<tr>
<td>Region B</td>
<td>Parktown</td>
<td>retail</td>
<td>commercial</td>
<td>regional node</td>
</tr>
<tr>
<td>Region B</td>
<td>Cresta</td>
<td>retail</td>
<td>regional node</td>
<td>regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Princess</td>
<td>retail</td>
<td>commercial</td>
<td>regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Westgate</td>
<td>retail</td>
<td>commercial</td>
<td>regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Northgate.</td>
<td>retail</td>
<td>regional node</td>
<td>regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Constantia</td>
<td>retail</td>
<td>office</td>
<td>regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Strubensvalley</td>
<td>retail</td>
<td>office</td>
<td>regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Roodepoort CBD</td>
<td>retail</td>
<td>residential</td>
<td>regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Westgate</td>
<td>retail</td>
<td>commercial</td>
<td>regional node</td>
</tr>
<tr>
<td>Region C</td>
<td>Florida</td>
<td>retail</td>
<td>district node</td>
<td>regional node</td>
</tr>
<tr>
<td>Region D</td>
<td>Baralink</td>
<td>retail</td>
<td>regional node</td>
<td>regional node</td>
</tr>
<tr>
<td>Region D</td>
<td>Jabulani Mall</td>
<td>retail</td>
<td>district node</td>
<td>regional node</td>
</tr>
<tr>
<td>Region D</td>
<td>Maponya Mall</td>
<td>retail</td>
<td>regional node</td>
<td>regional node</td>
</tr>
<tr>
<td>Region E</td>
<td>Rosebank</td>
<td>commercial</td>
<td>regional node</td>
<td>regional node</td>
</tr>
<tr>
<td>Region E</td>
<td>M1 Commercial</td>
<td>industrial</td>
<td>commercial</td>
<td>speciality node</td>
</tr>
<tr>
<td>Region E</td>
<td>Longmeadow Commercial</td>
<td>retail</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Region E</td>
<td>Estates</td>
<td>commercial</td>
<td>speciality node</td>
<td>speciality node</td>
</tr>
</tbody>
</table>

Source: CoJ SDF
<table>
<thead>
<tr>
<th>Region</th>
<th>Location</th>
<th>Type</th>
<th>Node Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>E</td>
<td>Linbro Park Commercial</td>
<td>commercial</td>
<td>speciality node</td>
</tr>
<tr>
<td>E</td>
<td>Woodmead</td>
<td>retail</td>
<td>regional node</td>
</tr>
<tr>
<td>E</td>
<td>Fourways</td>
<td>retail</td>
<td>regional node</td>
</tr>
<tr>
<td>E</td>
<td>Bruma</td>
<td>retail</td>
<td>regional node</td>
</tr>
<tr>
<td>E</td>
<td>Killarney</td>
<td>retail</td>
<td>district node</td>
</tr>
<tr>
<td></td>
<td>Balfour Park/Highlands</td>
<td></td>
<td></td>
</tr>
<tr>
<td>E</td>
<td>North</td>
<td>retail</td>
<td>district node</td>
</tr>
<tr>
<td>F</td>
<td>Joburg CBD</td>
<td>commercial</td>
<td>financial</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>metropolitan node</td>
</tr>
<tr>
<td>G</td>
<td>Lenasia CBD</td>
<td>retail</td>
<td>commercial</td>
</tr>
<tr>
<td>G</td>
<td>Kliptown CBD</td>
<td></td>
<td>District Node</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>district node</td>
</tr>
</tbody>
</table>
Figure 4.3: Wholesale, retail and entertainment nodes
In broad terms, there has been a decentralization of formal business and commercial activity from the CBD and a shift towards the northern/north western parts of the city. Major shopping centres in the north include those in Sandton, Fourways, Westgate, Southgate and The Glen. A key question is the degree to which the shopping trading market is overtraded on certain areas in the north.

However, more recently, retail activities in the form of shopping centres, have been developed in the South in areas such as Soweto and Lenasia.

- Jabulani Mall (Soweto)
- Maponya Mall (Soweto)
- Dobsonville Shopping Centre (Soweto)
- Trade Route Shopping Centre (Lenasia)
- Protea Gardens shopping centre (Lenasia)

In terms of wholesale, these are spatially clustered in areas such as:

- Large wholesale operators: Inner city areas such as Crown Mines; Bertram’s as well as in Sunninghill;
- Mining and fresh produce: Johannesburg CBD
- Midrand/Samrand: ICT related wholesaling

Requirements for expansion: Traditionally higher order retail and commercial activities tend to locate within CBD’s and along road based public transport routes, integrated with linear development. However, this has changed by a trend to locate large shopping malls, close to freeway interchanges reachable mainly by middle and high-income areas, and away from other commercial activities. More recently, shopping malls have been constructed within townships areas, such as Soweto and Lenasia. Key locational requirements for wholesale include access to markets and logistic networks, while access to rail is an advantage. Figure 4.3 illustrates that although a high percentage of workers within wholesale and trade are located within the southern townships, these activities are limited in these regions.

4.7 Tourism

The City does not have a comparative nor competitive advantage in leisure tourism, but significant advantage in business tourism, MICE tourism; cross border shopping and retail tourism.

Geographic distribution: Johannesburg has a range of convention centres and major event venues such as:

- Sandton convention centre

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• Gallagher estate,
• Nasrec
• Dome in Northgate, among others, which drive the sector’s growth.

Apart from business tourism, cross border shopping is also of importance. It was estimated that approximately R 1.4 billion was spent on cross border shopping in the Joburg area during 1999, especially the CBD, Fordsburg, Southgate and Eastrand malls\textsuperscript{14}. Examples of sport, historical, recreational, sport, entertainment and eco-tourism, cultural tourism destinations include the following:

• Wemmer Pan
• FNB Soccer Stadium
• NASREC Exhibition Centre
• Apartheid Museum
• Gold Reef City
• Santarama
• Transport Museum

Tourism opportunities have also been identified in marginalized areas. For example, opportunities could be realized as part of the SOJO Business, Tourism and Recreation Loop (“\textit{SOJO Loop}”). Whilst Soweto is a major tourist destination, its full potential has not been developed and is not facilitated by a comprehensive Tourism Strategy.

Tourism destination points include:

• Chris Hani Baragwanath Node, along Old Potchefstroom Road.
• Cooling Towers, Orlando Dam.
• Walter Sisulu Freedom Square, Kliptown.
• Regina Mundi Church, Rockville.
• Credo Mutwa Cultural Village and Oppenheimer Tower.
• Morris Isaacson School.
• Hector Pietersen Museum, Orlando West.
• Vilakazi Street, Orlando West.

The distribution of tourism related destinations and facilities are illustrated in Figure 4.4, indicating that most of these opportunities are located in the central area, within the N1 and N3 ring road

\textsuperscript{14} Joburg 2030.
system. In contrast the southern regions have limited opportunities with regards to tourism related activities and products, with some tourism elements completely absent. Accessibility to the area is very limited and hospitality activities i.e. accommodation and formal catering and restaurants are basically non-existent.
Figure 4.4: Tourism related nodes
Requirements for expansion: Although business related tourism opportunities would favour locations with the Sandton, Midrand and CBD areas, opportunities exist within the south with less potential for traffic congestion and more affordable land for developing extensive conference facilities. However, as both Lanseria and Grand Central are located within the north, this significantly reduced the future potential of the southern areas to attract national and international business conferences. Centres of cultural and struggle tourism, in particular in townships, do however offer opportunities for further expansion and growth.

4.8 Creative Industries

This is a niche sub-sector identified by the City more recently and has been identified as one of the fastest growing industries in the world. Key sub-sectors include crafts (17%); TV and film (13%); performing Arts (13%); music (12%); visual Arts (11%); design (11%); heritage (8%); multi-media (7%); fashion (5%), radio (3%) and technical services (1%)\(^\text{15}\).

In geographical distribution: Hubs of creative activities are found in Auckland Park/Northcliff; Joburg CBD; Randburg/Sandton and Diepkloof/Meadowlands. Historically white-owned businesses in music, design, multi-media and film found in areas such as Fourways, Sunninghill, Strijdom Park, Randburg, Sandton) and areas such as Northcliff, Constantia Kloof, Roodepoort; while predominantly black-owned enterprises in arts, heritage and craft are found in Alexandra, Joburg CBD and Diepkloof/Meadowlands R104.

Requirements for expansion: Good communication; technology support networks and collaboration. These activities also tend to cluster in well-frequented entertainment areas; areas with related education and training institutions, areas where theatres are located as well as areas where business related activities occur (recording studios; media companies, etc). There activities also thrive in multi-cultural areas with relatively high population densities and areas wide range of income levels, disposable income as well as areas with high cultural and historical value.

4.9 Freight and Logistics

Geographic distribution: Firms and corporations active within this field tend to locate at areas of break of bulk, points of intersections of transportation and communication networks and major transport interchanges such as airports (OR Tambo, Lanseria and Grand Central), major rail stations (e.g. Johannesburg Rail Station) as well as major storage areas such as container and cargo holding areas (e.g. City Deep Area).

Requirements for expansion: New transport and communication interventions provide the opportunity for these to be created. For example, these exist at the Lanseria and Central airports as well as modal interchange opportunities that will be created through interventions such as the Gautrain.

\(^{15}\) City of Johannesburg Draft LED Strategy for the City Regions. 2003
Figure 4.5: Transport, storage and communication
4.10 Mining & Beneficiation

*Its geographical distribution:* The Johannesburg mining belt has been identified as the city’s East-West Development Corridor (“EWDC”). The mining belt stretches from the southwest of Roodepoort eastwards to the south of Heriotdale and comprises undermined land (active in the west in portions of Doornkop, Durban Roodepoort Deep and areas around Main Reef Road), mine dumps (some of which are being reworked) and slimes dams and land affected by resultant pollution (See Figure 4.6 illustrating the mining belts with key mines as well as the distribution of workers active within this sector.)
Figure 4.6: Mining and quarrying
New mining operations are a result of changes in the mining legislation in the form of the Mineral and Petroleum Resources Development Act, Act 28 of 2002 (“MPRDA”). The current and future operations will be designed, developed and implemented in accordance with the requirements such as an extensive Environmental Impact Assessments and Environmental Management Programmes. Further, the mining activities need to ensure that local communities realise benefits in the form of local social and economic development that will promote sustainable human settlement.

Although the majority of the City’s subterranean mining activities ceased in the late 1970s, surface reclamation operations beginning in the 1980s continue presently. Large areas of land are still protected and reserved for future mining operations. However over recent years the emphasis has increasingly shifted to urban development opportunities within the reserved land in contrast to the mining opportunity.

Requirements for expansion of Beneficiation Activities: Beneficiation activities would prefer locations with good transport, financial services, telecommunications and close proximity to areas with high skill levels. Linkages to the creative, arts and crafts, engineering, computer related industries are also important.

4.11 Agricultural and Agri-Processing Activities

The City of Johannesburg region is not a major source of agricultural produce, representing less than one percent to provincial GGP. Agriculture is significantly restricted by the cold winter climate, which limits the range of crops and their maximum yield levels. Steep slopes, poor soils and the cold winters render large areas of the province unsuited to any land use other than fairly poor grazing land. Urban agricultural activities opportunities do exist within the City, in particular close to marginalised areas.

Geographic distribution: Region D is most rural area within the City and agricultural activities exist around Orange Farm, Lenasia, Ennerdale and Poortjie areas. This includes livestock, crops farming, dairy, feedlots, poultry, vegetables and flower production. Agricultural smallholdings and farms are also found in Region A and Region E, particularly within the Diepsloot, Kya Sand, Fourways Ivory Park and Sunninghill areas. Figure 4.7 illustrates the distribution of workers employed with the agricultural sector, indicating significant number of workers in the far north and far south. This would, however, significantly changed since the Census 2001 data, due to subsequent declining role agriculture.

Requirements for expansion: Key requirements identified for expansion agricultural and agri-processing activities for Region G, for example, include the need for support from government; availability and affordability of water (e.g. alternate water sources such as bore holes for irrigation) and an increase in value adding activities. The large market associated with the vast city and urban populations of Johannesburg does, however, provide the greatest opportunity for the agricultural industry and food security within the City.

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16 Region G: LED Strategy
Figure 4.7: Agriculture, Hunting, Forestry and Fishing
5. Overview of DED Directorate Activities

5.1 Department of Economic Development (DED)
The Department of Economic Development ("DED") was established as an autonomous department within the City of Johannesburg during September 2007. The diagram below illustrates the current organisational structure of the Department of Economic Development within the City of Johannesburg.

Figure 5.1: DED Organogram
The various directorates within the DED each have specific functions and responsibilities. A very brief outline of these is given below.

- **Spatial Economic Development Directorate:** Identifies plans and facilitates interventions in marginalised, declining and priority economic areas in the City of Johannesburg.

- **Sector Support and Development Directorate:** Increases the competitiveness of the City by providing proactive support to priority economic sectors. It intervenes and supports traditional sectors that have the potential to be economically revived and develops (jointly) implements initiatives aimed at the removal of constraints and inefficiencies that limit the harnessing of opportunities in targeted sectors.

- **Trade and Investment Promotion Directorate:** Responsible for export development, investment promotion and business liaison within the City of Joburg. It supports current and potential exporters to enter export markets and facilitate locals and foreign direct investment in the City. The directorate also assists the business community better work with officials and politicians of the City through management and coordination of relevant forums.

- **SMME Development Directorate:** Provides business support, both financial and non-financial, to small businesses in the formal and informal sector within the jurisdiction of the City of Johannesburg. A key aim is to realise a critical mass of SMME’s that are contract and finance ready to exploit economic opportunities in the City (and beyond). The directorate coordinates the provision of skills in the different sectors of the Joburg economy through the implementation of the skills development strategy.

- **Municipal Owned Entities and Administrative Directorate:** The directorate has a 2-pronged function. It leads and manages the regulatory and oversight function of the four City Municipal Owned entities (“MOE’s”) i.e. JTC, JFPM, MTC and JPC (that are implementing agents of the economic vision of the City) and provides financial, administrative services to DED. Another important MOE is the Johannesburg Development Agency (“JDA”) established to stimulate and support area-based economic development initiatives throughout the Johannesburg metropolitan area.

- **Special Projects Directorate:** Provides interventions and corrective actions for identified economic projects experiencing difficulties in progress and timing with the eventual aim of putting in place structures e.g., agencies to ensure ongoing management thereof.

- **Policy and Programme Integration Directorate:** It develops reviews and recommends policies and strategies for the Department to ensure a suitable regulatory environment to achieve its vision. By centralising the policymaking function in the department, other units can better focus on their core business. In fulfilling its functions, the directorate ensures
alignment with national and provincial governments economic policies. It also conducts research into and recommends the review of certain laws and regulations inhibiting economic development.

- **Economic Research Directorate:** Conducts policy-oriented research and provides evidence-based economic policy advice to the City to achieve its broad mandate of significantly transforming and growing the economy to 9% per annum by 2014. The directorate functions as the economic policy think-tank of the City providing international, national, provincial and local economic development and trend analyses that have economic implications on the City’s mandate. It also assists in the development, formulation, implementation, monitoring and evaluation of the economic strategy of the City and provides an economic research support service to other units and role-players in the City.

The discussion on policies, strategies, projects and programmes (section 8.2) makes use of this categorisation.

### 5.2 DED Directorates: Status of Activities

The following subsection provides a brief overview of status of activities within each directorate as at August 2008.

#### 5.2.1 Directorate Spatial Economic Development

**Status of Activities**

- MoU between the Soweto Business Council and CoJHB and Charter have been formulated.
- The City Wide Township Economic Development Programme has been initiated.
- Economic strategy for Region G completed, implementation to commence.
- Programmes/Projects from urban agri-business strategy to commence
- Feasibility study and investment plan for high rise developments underway.

#### 5.2.2 Sector Support and Development

**Status of Activities**

- Within most of the niche sectors the lack of skills availability was identified as a constraint to growth. The Sector support directorate needs to work closely with SMME Development and Support in crafting sector specific skills development initiatives e.g. skills critical to facilitating compliance with CMMI standards in the ICT software engineering sub-sector.
- Initiatives to reduce telecommunication costs as a constraint to growth for enterprises within most niche sectors e.g. small businesses in the tourism and creative industries, BPO sector etc.
- Acceleration of Film Park initiative required.
• Obstacles to beneficiation such as skills availability and competitiveness to overcome distances to market must be addressed going forward.

• Engage with automotive component manufacturing Local Action Group towards developing appropriate support for the sector.

5.2.3 Directorate Trade and Investment

Status of Activities

• In partnership and coordination with sector support:
  - Engaging with automotive component manufacturing Local Action Group to investigate opportunities to increase FDI into the sector
  - Developing response to proposals from BPO sector for the introduction of City level investment incentives
  - Developing sector specific responses to constraints to exports e.g., software engineering

• Engage with Policy and Programme integration to:
  - Determine feasibility of introducing trade and investment promotion policy to address fragmentation of such activities in the City. This could assist towards the creation of one-stop type services to inward investors

• Using current links with JBF, provide inputs to ERU process of establishing economic advisory council to ensure non-duplication of activities.

• Ensure that Joburg Economic Barometer: Economic Performance analysis does not duplicate ERU activities.

• Leverage other units within DED to focus on core functions of Trade and Investment, e.g.:
  - Engage with ERU for primary research, statistics and databases
  - Links that SMME development and support has developed with educational institutions and business for export training
  - Working with spatial economic development to identify new opportunities for business investment
  - Investigate projects / initiatives to increase exports of goods and services based on knowledge capital and experience that has been built in the mining sector e.g., Gijima AST GMSI mine design software exports
5.2.4 **Directorate SMME Development**

**Status of Activities**

- Development of Informal trading policy and cooperatives policy are an important positive step forward for informal trading and SMME support.

- Key challenge for unit is achieving objectives in the context of many and fragmented initiatives to develop SMME’s across the City. Fragmentation exposes City to practise of ‘double-dipping’ by applicants, duplication of costs, forfeiting of access to discounted services due to lack of economies of scale.

- Lack of a single / coordinated interface with SMME’s.

- Investigate feasibility of developing a policy framework that will address issues of fragmented SMME support and development efforts.

- Align support for SMME’s with specific niche sectors in order to reduce investment risk due to development of skills that are not suited to sector needs.

5.2.5 **Municipal Owned Units and Administrative Services**

**Status of Activities**

- Co-ordination of functions between the various MOUs, for example human resource management and risk management.

- Project coordination and project monitoring activities with ERU and Policy and Programme Integration units.

- Need to ensure administrative processes are efficient to avoid perception that procedures are a hindrance rather than help to operations e.g., lengthy lead times to employ staff. This will also require that unit heads (and staff) are aware and have knowledge of key procedures e.g., procurement processes.

5.2.6 **Special Projects**

**Status of Activities**

- Need to devise strategies to improve project planning, personnel utilisation, monitoring, coordination, etc with other City departments (e.g. Development Planning and Urban Management). Appropriate authority and power must be conferred to DED personnel responsible for ensuring project planning and progress.
• Soweto Empowerment Zone is an important initiative to accelerate the development of a local economy while also building economic linkages between Johannesburg City and Soweto.

• Need to unlock private sector, NGO funding (e.g., CSI and related sources) and risk management expertise to increase potential for project success.

• Private sector needs to be brought on board as a partner to provide project management expertise towards achieving desired outcomes while government focuses on creating and maintaining the enabling environment.

5.2.7 Directorate Policy and Programme Integration

Status of Activities

• Directorate has primarily focused on cross-cutting policies; going forward it will have to increasingly have to focus on sector specific policies.

• Based on preliminary findings from the economic development policy and strategic framework research niche sectors that may require policy development to provide an enabling environment include:

  - ICT Cluster Policy.
  - BPO sector.
  - Transport routing related policy that responds to the needs of road freight sector.
  - Tourism SME policy promoting participation of SME in tourism sub-sectors of hospitality (e.g., entertainment, crafts, art) and travel (e.g., business tours, cross-border shoppers).
  - Creative industries policy enhancing funding and profile of the industry.
  - Automotive component manufacturing – conducted in partnership with the Automotive Component Local Action Group.

5.2.8 Directorate Economic Research

Status of Activities

• CoJ 2008 Annual Economic Review recently completed.

• Proposal to establish an economic and investment advisory council. Caution should be exercised to ensure that potential overlaps and duplications with the functions of the Johannesburg Business Forum do not occur. There may be a need to manage potential perceptions of duplication from business stakeholders. The Economic Research Directorate (ERD) should work closely with the Trade and Investment Directorate to leverage the JBF in establishing the advisory council.

• Through the adoption of a pro-active approach to addressing ‘customer’ needs, the ERD should work to limit the provision of unplanned advisory and research services. Stakeholders should inform ERD of needs in a planned manner rather than through ad-hoc requests.
In the monitoring of the impact of City projects / interventions, avoid potential for duplications with the work of the Policy and Programme Integration Directorate. Ongoing communication and partnering between the directorates should address this