Premier and Cabinet Meets Business

August 2008
Governance and Integration
Department of the Premier
Outline of presentation

• Perspective

• Strategic Framework

• Implementing Ikapa GDS

• Role of Business
Overview – Provincial Government

- Provincial Growth and Development Strategy presented – developed since 2003
- Currently in the 5th year of a service delivery cycle
- Have achieved key targets and Millennium Development Goals still to attain between 2009 and 2014
- Have committed significant budgets to addressing these key national and international targets
iKapa Elihlumayo 2014
A Vision of Shared Growth

- Non-racial, non-sexist, democratic province
- Spatially integrated communities - urban & rural areas
- Empowering place
- Shared growth and integrated, sustainable development
- Quality of life
- Improved economic and social opportunities
- Equality
- Access to assets, resources and healthy living environments
- Broader economic participation
- Within the carrying capacity of the natural resource base
iKapa GDS: Strategic Approach

- Developmental state
- Shared growth
- Sustainable development
- Social cohesion
- Infrastructure-led growth
- Skills enhancement
- Spatial integration
- Institutional leadership
Research shows Potential – Urban and Rural challenge

The Growth of Towns study showed priority investment is required in areas with both:

- Economic potential to grow, and
- High development need

i.e. for higher level services and economic infrastructure, we prioritise towns with both potential for economic growth and where there is demand for social services;

Basic services are provided to other areas where there is need but little growth potential; not an urban/rural divide
PSDF: Primary areas of economic support

- 'Regional Motor'
  - Saldhana-Vredenburg

- 'Regional Transport Corridor'
  - N7

- 'Regional Development Corridor'
  - Oliphants River Valley

- 'Regional Transport Corridor'
  - Breede River Valley

- 'Regional Transport Corridor'
  - N2

- 'Regional Motor'
  - South Cape
IMPLEMENTING IKAPA GDS
Department of the Premier
August 2008
Integrated Transport and Integrated Human Settlements

- INFRASTRUCTURE-LED GROWTH
- Integrated Transport
- Human Settlements
- State Owned Enterprises
  - SARCC R850m on current budget for CTIA/CT station rail link
  - ACSA R1,3b airport upgrade
  - Port and other rail upgrades
Infrastructure investment +R11bn

- Green Point Stadium: R3.85b
- Athlone Stadium: R300m
- Philippi Stadium: +R20m
- Koeberg Rd Bus lanes
- Koeberg Interchange
- N1
- N2
- N2 Corridor: R51m
- Khayelitsha Rail Extension: R300m
- Amathuba
- Dreamworld Film Studio: R247m
- Heartlands

Other Projects:
- V & A Upgrade: R1.2bn
- CTN Station Upgrade: R95m
- Saldanha Man Ferrostaal: R300m
- Central City Transport system
- Expand CTICC
- N7
- Port Upgrade: R2.5bn
- Phillipi Market: R8.8
- Phillipi Stadium Interchange: R+20m
- Khayelitsha Rail Extension: R300m
- Dreamworld Film Studio: R247m
- Heartlands

Additional Infrastructure:
- Infrastructure investment: +R11bn
- Saldanha Man Ferrostaal: R300m
- Heartlands Dreamworld Film Studio: R247m
- Amathuba
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- Port Upgrade: R2.5bn
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Integrated Transport

- Road infrastructure (Koeberg Exchange, Table Bay Boulevard, N2 lanes, Knysna Bridge, Granger Bay)
- Taxi revitalisation
- Airport expansion (ACSA)
- Airport/Cape Town Station Rail Link (SARCC)
- Cape Town, Philippi, other Stations (Metrorail)
- Port of Cape Town plus investment in Saldanha Bay & Mossel Bay – expansion of number of berths and container terminal
- Rail: upgraded services, new coaches (SARCC)
- Station revitalisation incl. surrounding properties for development (Intersite)
Infrastructure 2010

- Green Point Stadium effective completion Oct 09, handover 15 Dec 09
- International interest in operating GP stadium for 30 years
- Philippi stadium construction tender awarded
- Tender for Philippi stadium tenant issued
- Upgrade of Philippi Station (SARCC)
- Upgrade of Kosovo informal settlement
2010 FIFA World Cup

- Safety & security, emergency health & disaster management
- Attract Team Base Camps to W Cape
- Establish Proactive Media Services to market and promote Province and the City
- Public viewing areas: take tournament to the people
- Sport and youth development
- Implement integrated volunteer programme
- Schools learning programme
- Implement heritage, arts and culture programme
Integrated & Sustainable Human Settlements

- 34 000 housing opportunities
- Informal settlement and backyard upgrading
- Gap housing for R3 500 – R10 000 income group
- Cross-subsidised supply on high-value land
- Social housing
- Inner city housing on public land for mixed developments
- Agri-villages in and around rural towns
Strategic intervention: Skills development

- 7 year olds – enrolled in grade 1
- 50% probability of obtaining grade 12
- 12% probability of obtaining grade 12 with Maths & Science HG
- 4% probability of acquiring post matric qualification
- Overlaid by specialist area of post-matric qualification

RESULT: *Shortage of skilled labour pool to match economic growth sectors*

- Plus 425 000 unemployed (15-34 yr)
- Capacity of 157 000 learners: FET, CHEC, Learnerships, Masahk’ iSizwe, etc.

- Total Budget: +/-R1.4 billion
Strategic intervention: Skills development

- Increase in labour participation of women and under-represented in management
- Aging work-force
- Higher level of skills, more likely to get jobs
- Employment by sector: Dominated by increases in the Tertiary Sectors (specifically Trade & Finance)
- PDI under-represented in skilled jobs
- Whites over-represented in skilled jobs
- Higher Education graduation rates skewed by race
- Low Tertiary intake due to lack of exemptions
Skills development: Investment footprint

- 425,000 unemployed (15-34 yr)
- 157,000 learners: FET, CHEC, Learnerships, Masakh'isizwe, etc.
- Total Budget: +/-R1.4 bil
Other lead Interventions

- Climate Change
- Social Transformation
- World Cup 2010
- Property Development
- Expanded Public Works
- Governance
- 2nd Economy and Poverty
- Sectoral Development
Resource Capacity

- More than 85% of our budget is conditional – we are incapable of spending these funds on any discretionary programs.
- Important therefore that we have realistic expectations about capacity and speed of delivery.
- Also keep in mind the constant constitutional mandate, challenges around concurrency, unfunded mandates and a whole host of financial legal constraints that impact on PGWC capacity.
Overview: Business Concerns

What do we think are the key issues facing business?

- Skills Shortage
- Cost of doing business
- Cost drivers in business
- Growth and Development
- Economic Opportunity
- Business Development
- Export and Investment Promotion
Main cost drivers in Business

- Input costs – material costs
- Inflationary pressures
- Global competitiveness and exogenous factors
  - Rand/dollar and other exchange rates
  - Price of oil
  - Competition for material and inputs
  - Access to markets to drive growth for SA products
- Cost of labour
- Cost of registering businesses, and other taxes and levies before the business is operationalised
- Business incentives

*All of these reside outside the ambit of provincial government*
What are we doing institutionally to support Business Development?

- Province Wide programs
  - BEE – linked to procurement mainly
  - Preferential Procurement
  - Women and Youth Business Programs
  - Mentorship, Learnership, bursaries, etc
- Sector support organisations – Wesgro, CTRU
- Marketing and promotion
- Networking and global linkages
Role of Business – in partnership with Government

- Invest in skills development, Increase learnerships and skills development programmes
- Increase number of graduates in high skill areas by providing bursaries and support through to graduation and work opportunities
- Funding
- Partner to develop and promote priority sectors and develop industry level compacts and clusters
- Increase local content in production processes
- Partner with government, universities in research and capacity-building
- Explore new economic opportunities e.g. as a result of need to mitigate and adapt to climate change or new global challenges
Main challenge to Business

- Unity – Singular membership to a singular entity?
- Inclusion of the top 20 business by labour, by turnover or by land holdings – Where are the Old Mutual’s, Investec, Brimstone’s and are they part of your membership? If not, why not?
- In a province with upwards of 100 000 registered businesses more than 90% are not affiliated?
- Increased representation? By sector, by race, by gender, by location?
- How do we engage with Local Government or is there a need for separate engagements?
Concluding comments

- We can belabour the challenges
- We can celebrate the successes
- But we know that so much more must be done to get us where we need to be as a region, as a city, as government or as business
- Neither is at fault, and neither is without fault
- There is much more that we could both be doing, so let’s agree on a collective workplan that we try and hold each other accountable to?
THANK YOU