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

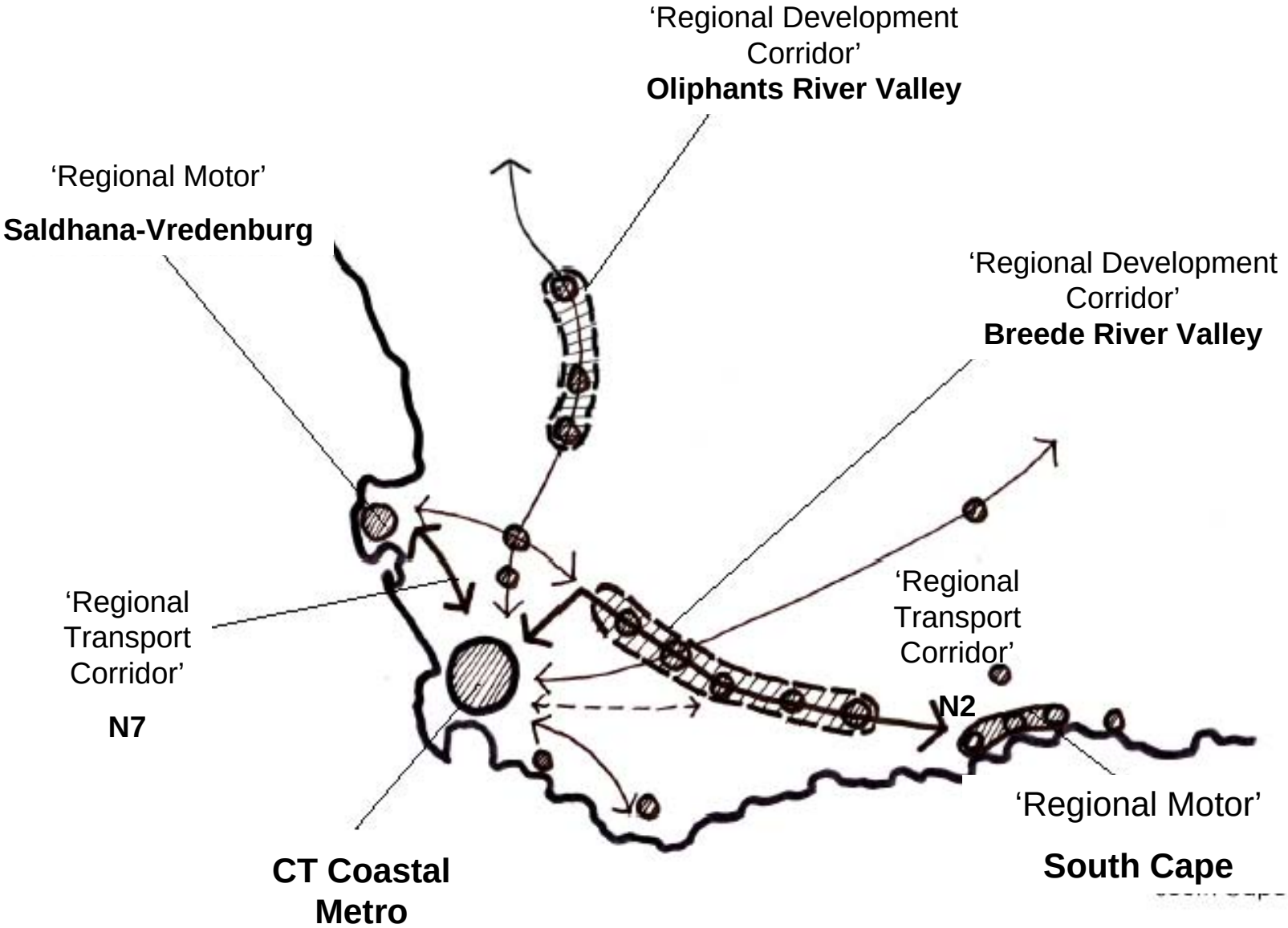
The Growth of Towns study showed priority investment is required in areas with both:

- 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



IMPLEMENTING *IKAPA* GDS

Department of the Premier
August 2008







iKapa Triangle

Primary focus For today

Integrated Transport
Skills development
Integrated Human Settlements

'path-breaking'

World Cup 2010
Climate change
Social transformation
(Drugs, gangs and substance abuse)

'path-shaping'

Governance
Property development
Expanded Public Works Programme
Second Economy (Poverty Reduction)
Sectoral Development

'path-consolidating'

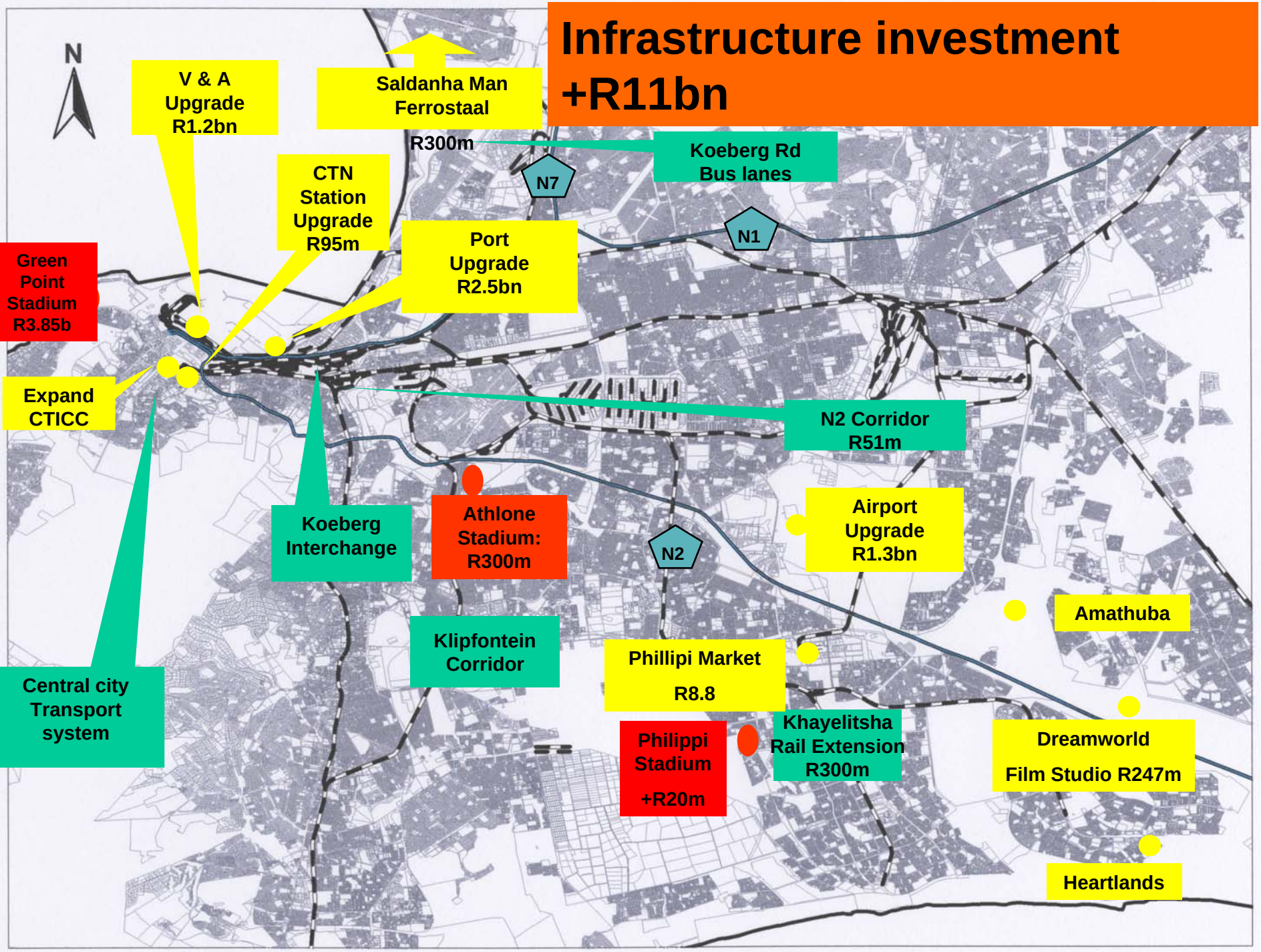
PSDF
MEDS
Safety + Security
Human Capital Development
Social Capital Formation
Integrated Law Reform
Burden of Disease
Healthcare 2010
Human Settlement
SDIP
SIP (bulk infrastructure etc)
Climate Change Strategy
Poverty Reduction Strategy
Scarce Skills Strategy

'path-supporters'

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



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

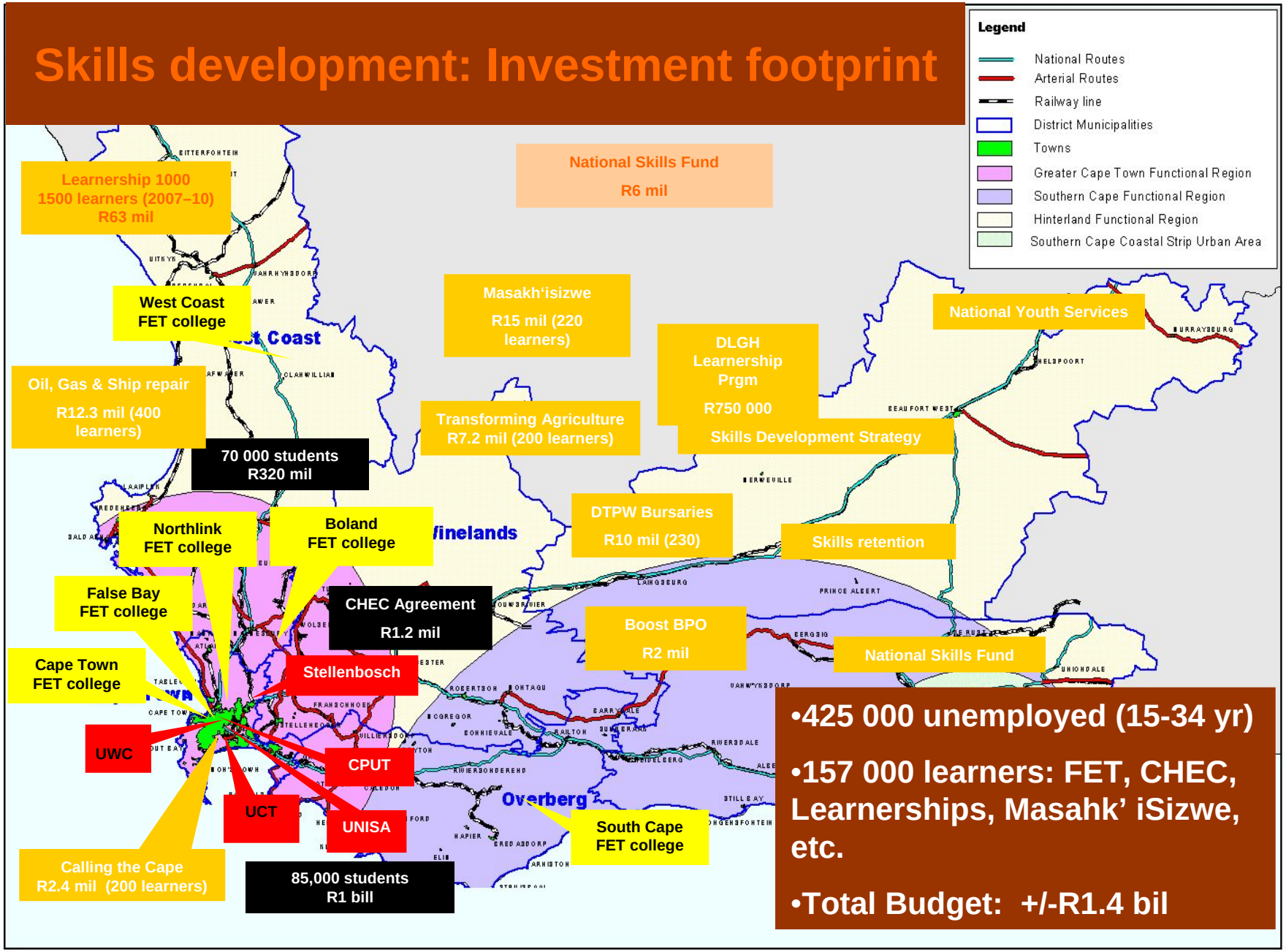
Strategic intervention: Skills development

- 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

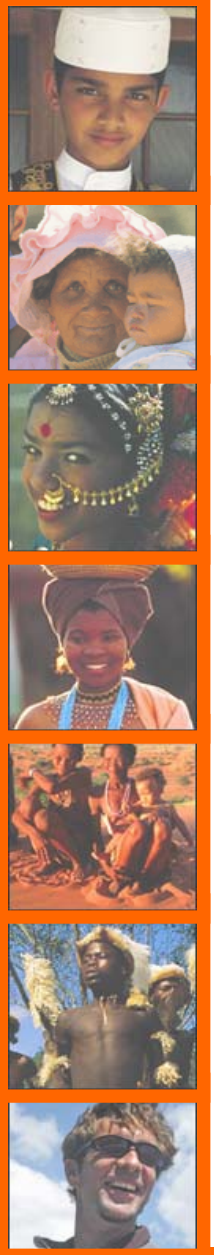


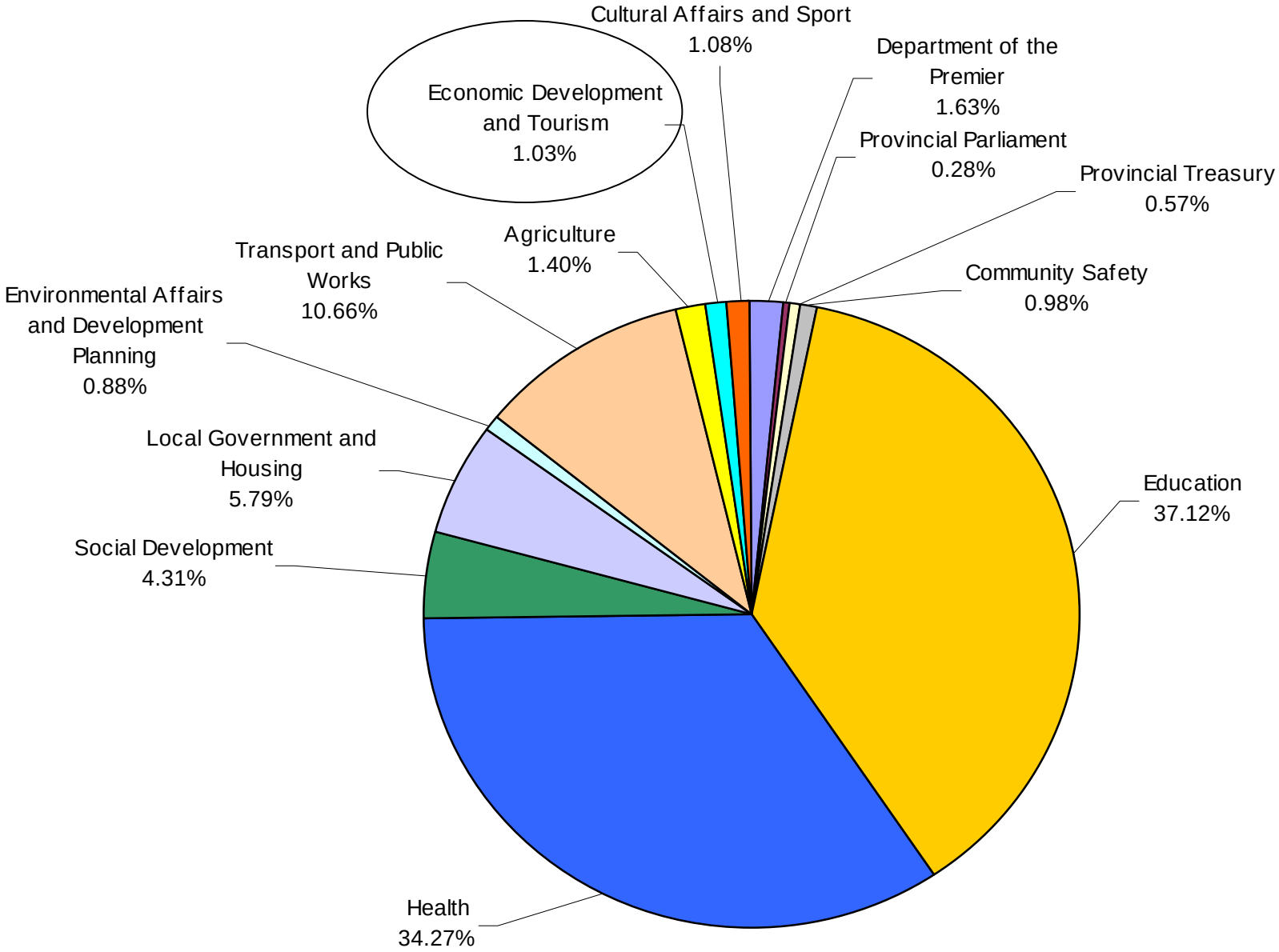
Other lead Interventions

- 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




Cultural Affairs and Sport
1.08%
Department of the Premier
1.63%
Economic Development and Tourism
1.03%
Provincial Parliament
0.28%
Provincial Treasury
0.57%
Agriculture
1.40%
Transport and Public Works
10.66%
Community Safety
0.98%
Environmental Affairs and Development Planning
0.88%
Local Government and Housing
5.79%
Education
37.12%
Social Development
4.31%
Health
34.27%

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 lets agree on a collective workplan that we try and hold each other accountable to?







- THANK YOU