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ECONOMIC AND HUMAN DEVELOPMENT (EHD) STRATEGY

PART 2 - IMPLEMENTATION PLAN

May 2006



Economic and Human Development Department

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Preamble

The development of this document has involved extensive consultations within the City, with partners in the Western Cape Provincial Government and with agencies working with the City.

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List of Acronyms

ABET	Adult basic education and training
ACSA	Aviation Company of South Africa
ARV	Anti-retrovirals
ASGI-SA	Accelerated Shared Growth Initiative
BBBEE	Broad based black economic empowerment
BEE	Black economic empowerment
BPO	Business process outsourcing
CBO	Community based organisation
CCDI	Cape Craft and Design Institute
CFC	Cape Film Commission
CID	Central improvement district
CITI	Cape Information Technology Initiative
CMT	Cut, make and trim
CtC	Calling the Cape
CTRU	Cape Town Routes Unlimited
DEAT	Dept of Environment and Tourism
DWAF	Department of Water Affairs and Forestry
ECD	Early Childhood Development
EHD	Economic and Human Development
EHDS	Economic and Human Development Strategy
EPWP	Expanded Public Works Programme
FBO	Faith based organisation
FEDHASA	Federated Hospitality Association of South Africa
FIFA	Federation of International Football Associations
GGP	Gross Geographic Product
GRP	Gross Regional Product
GW	Gigawatt
GWh	Gigawatt hour (1000 megawatts hours)
HDI	Historically disadvantaged individual
HIS	Integrated Housing Plan
ICT	Information Communication Technology
IDP	Integrated Development Plan
IGID	Inter-governmental Integrated Development
IGR	Inter-governmental relations
IT	Information technology
ITP	Integrated Transport Plan
KPI	Key performance indicator
LED	Local economic development
M	Million
Mayco	Mayoral Committee
MEC	Member of Executive Committee
MEDS	Micro Economic Development Strategy
MIG	Municipal Infrastructure Grant
MWh	Megawatt hour (1000 kilowatt hours)
NGO	Non-governmental organisation
NPO	Non-profit organisation
PAMTS	Provincial Advanced Manufacturing Technology Strategy
RE	Renewable energy
RED	Regional Electricity Distributor
SANParks	South African National Parks
SME	Small and Medium Enterprises
SMME	Small, medium and micro enterprises
SoE	State-owned enterprise
SPV	Special Purpose Vehicle
SAT	South Africa Tourism

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SATSA	Southern Africa Tourism Services Association
STATS SA	Statistics South Africa
SWH	Solar water heater
TMNP	Table Mountain National Park
WC	Western Cape
WTO	World Trade Organisation

1. Introduction

Following the Presidential *Imbizo* held in December 2005, the City of Cape Town began the process of translating its 5-star strategic Framework for Economic and Human Development (EHD) into a city-wide economic development implementation plan.

The context and rationale for the approach are detailed in the Economic and Human Development Strategy Part 1. The strategy is a medium term strategy (10 years). The City has adopted a phased approach to implementation commencing in 2005/6. This document, EHDS Part 2, translates the strategic framework into an implementation plan for the City, and details the proposed interventions for the first 5 years.

Almost every aspect of the City's work impacts on economic development. Consequently, several other departments have a role to play in realising the strategy. This is reflected in the list of proposed interventions with many falling under other departments' budgets and mandates. In its IDP, Cape Town also recognises that some interventions are broader than just the City, involving the provincial and national government in line with the Micro-Economic Development Strategy for the sector interventions and the Strategic Infrastructure programme for the infrastructure and public transport interventions. In addition, the City recognises it will need to coordinate its economic strategy with the surrounding municipalities.

The EHD Strategy cannot be read in isolation from the broader City development strategy: it is just one input into a broader growth and development strategy. It does not address the institutional issues around revenue generation or delivery *modus operandi*. It is also limited to the competence of local government and does not cover the economic role of province and national government in detail. Finally, the strategy is supported by a number of sub-strategies each of which detail an aspect of the overarching strategy. The list of supporting policies and strategies – both those available and those planned – is attached as Annexure 1.

2. Rationale

Cape Town's economy accounts for 76% of the Western Cape's economy. Its most important characteristic is the broad base and diversity of the economy and sectors. Using Statistics SA data, Cape Town's economic growth for the period 1995 to 2004 was 3.7% per annum, higher than the national average of 3.1% per annum. This is largely due to the service sectors – both because of the growth in the sector and because it is over-represented in the region (MEDS, 2005). By contrast the manufacturing sector grew at half the national rate with key sectors such as clothing and textile, and food and beverages in overall decline due to global competition and the strength of the rand. With no resource base Cape Town's economy is significantly different from the other metropolitan areas.

The backbones of the City's current economy are its infrastructure and natural beauty. While relatively strong in comparison to most other South African cities, Cape Town's infrastructure is in crisis compared to the city's international competitors. The existing infrastructure base has been allowed to degenerate. Current budgets do not provide for the on-going maintenance required. There is a strong need for targeted investment in strategic infrastructure that will have high economic impact for growth sectors. Failure to make the medium term capital commitments necessary to maintain and develop the city's essential infrastructure will cripple Cape Town's current economy and future development. Any future expansion of the economy as outlined in this strategy is reliant on the development of the city's infrastructure capacity, in particular road, rail and aviation capacity, the port, basic services (water, electricity and waste) infrastructure, information and communications infrastructure and finally business infrastructure. This must take place in the context of

protecting the City's natural resource base and its environmental assets. Without this Cape Town will lose its local, regional and global comparative economic advantage.

Cape Town's economic development strategy focuses on shared growth. It links economic and human development, recognising that the failure to address poverty will undermine the growth prospects of the city. The strategy, therefore, aims to grow the economy, reduce inequality and reduce poverty.

Economic and human development is defined as an improvement in the material status of individual residents, households and the city population as a whole. This is shown by:

- improved income levels or gross geographical product
- access to subsidies and transfers that enhance the material well-being of the poor
- the capacity or capability of people (rich and poor) to access resources and reach their potential through diverse livelihood strategies
- skills and the social capital of communities that promote human development and enable residents to participate fully in the economic life of the city.

2.1. Economic Growth¹

2.1.1. *Economic trends*

The economic performance of Cape Town over the past decade has been totally inadequate to address the challenges of unemployment and poverty. At the current economic growth rate of less than 4%, unemployment will continue to grow. A growth rate of over 7% is needed to generate enough jobs to reduce unemployment. The distribution of this growth has also been highly skewed toward those with greatest skills and access to resources. A large majority of Cape Town's population is precluded from meaningful participation in the economy. The EHD Strategy Part 1 outlines this in detail.

Linked to national and global economic trends, the City's economy is changing. Manufacturing, which accounts for 19.4% of employment, is in decline. The services and real estate sectors have been the major drivers of growth, with Cape Town performing particularly well in an era of low national growth, a declining rand and a big post-democracy increase in tourism and agricultural exports. However, the improving national economic scenario over recent years has been driven by the strong global demand for resources partly driven by rapid growth in China's economy and has not had strong spin offs for the Cape Town economy. The relatively strong rand has, in addition, had negative impacts on the global competitiveness of the city's major economic sectors.

The economic strategy for the City needs to signal the new economic drivers of growth, and gear the economy to be responsive to the new context. For this reason, the city strategy includes support for the high impact sectors as identified in the provincial Micro-Economic Development Strategy (MEDS). The services sector will remain a major driver of growth but will be supported by a re-positioning in the manufacturing sector and the promotion of investment. Positioning Cape Town as a knowledge hub, centre of innovation and creativity and as a Green City with the related economic opportunities is part of this strategy. Much of the work will be carried out in partnership with the Province and through sector bodies and other agents. Finally, a defining characteristic of Cape Town's economy is the predominance of small and medium enterprises (SMEs). Explicit interventions to develop businesses along the continuum from survivalist to globally competitive business and help them grow must be part of the strategy.

2.1.2. *Employment*

It is estimated that a growth rate of between 6 and 7% (or the creation of approximately 40 000 jobs annually) is needed to reduce unemployment significantly. Consequently, the economic performance of Cape Town over the past decade has been totally inadequate to

¹ The information in this section is drawn from Stats SA data. For more details see Part 1.

address the challenges of poverty or unemployment resulting in increased unemployment to 23.4%.

The mismatch between the demand for and supply of skills is one of the critical factors constraining shared growth. This problem will intensify given the future economic growth trajectory for the city if there is no intervention. While education and training are not a core local government function, the City does have a role to play in facilitating education and skills. The City region is well placed for a major skills intervention with four universities and an above average number of people completing matriculation.

2.1.3. Enabling infrastructure

In addition, there is a need to build and strengthen our comparative and competitive advantages through the strategic release and management of land, provision of good telecommunications, on-going infrastructure development and the provision of public transport.

The knowledge economy is likely to become even more important. A significant number of highly skilled people choose to live in Cape Town and learning and innovation have become coupled with life style choices. This trend should be fostered and encouraged as part of re-positioning Cape Town as the design and service hub. The importance of information technology as part of this re-positioning cannot be underestimated.

2.1.4. Sustainability

More than any other city in South Africa Cape Town and its region face particularly acute pressures on those key environmental resources which are essential to sustainable development and quality of life. Very bold and proactive initiatives are necessary if the issues highlighted below are not to become major obstacles to economic and social progress:

- A transport crisis as reflected in increasingly acute congestion on major transport arteries and degenerating public transport system – the uncertainties around the future availability and pricing of oil must inform planning
- An immediate energy crisis flowing from inadequate generation capacity serving the region
- The uncertain impact of climate change on the Cape Town functional region. There is evidence to suggest that climate change could have a disproportionate impact on the ecology of the Western Cape with the potential to undermine agriculture and the tourism economy.
- Severe pressure on water resources
- An emerging crisis around securing suitable regional waste disposal sites
- Significant pollution of major watercourses and of the quality of sea water in many parts of the city
- Air pollution levels which consistently exceed acceptable standards and contribute to Cape Town's unsightly brown haze, including high per capita carbon emissions
- The impact of settlement on the survival and quality of the city's unique bio-diversity
- Cape Town's current ecological footprint is unsustainable at 4.28ha per person (1.9ha is the sustainable level) – future development must ensure a better share of resource consumption across its citizens and prioritise sustainable resource consumption.

Cape Town is committed to pursuing a sustainable development path for its future growth. This is particularly important in the light of Cape Town's opportunity to exploit its competitive advantage as a *Green City*.

2.2. Poverty

Currently, more than 32% of households live below the household subsistence level of R1 900 per month. Unemployment is over 23.4% and 265 000 households do not have

adequate shelter. Thirty-eight percent of residents have not completed matriculation and the incidence of TB and HIV/AIDS continues to increase. Despite the growth in investment spending in the City, unemployment has increased resulting in increased poverty. The national trend towards capital deepening and labour substitution has been particularly evident in Cape Town. Job creation recently emerged as one of the top priorities for communities in the Mayor's listening campaign. The challenge is to foster growth that absorbs labour. In the current economic context, however, this is a difficult challenge, with few of the city's key growth industries offering promises of large direct employment creation. (MEDS, 2005) In this context, the focus on delivery of strategic infrastructure provides short to medium term employment opportunities for thousands of unskilled labour and builds the platform for sustainable future economic growth and development. Further, the importance of training and education, and development of entrepreneurship - to reskill the unemployed and under-employed – cannot be underestimated.

Cognisant of these challenges, the City has developed a combined economic and human development strategy that prioritises access to basic services, education (especially early childhood development), programmes for vulnerable groups and welfare grants, along with initiatives to create low-skilled jobs and train workers.

2.3. Inequality – Empowerment

Indicators of inequality and empowerment include household income and employment. The current average income for white residents is three times higher than the average for coloureds and eight times higher than the average for Africans. Over 50% of Africans are unemployed and 24% of the coloured workforce, compared to less than 5% of whites. There is also a disproportionate growth in the number of unemployed youth and women. Forty-two percent (42%) of Africans and 34% of coloureds use public transport compared to 7% of whites. Current spatial patterns of investment generally reinforce unequal access to jobs and retail outlets.

Addressing this legacy of inequality is key to the achievement of shared growth in the City, and achieving shared growth is a necessity for sustained economic development for the City and its region. One tool to address these imbalances is through Black Economic Empowerment (BEE), now a key imperative of all Council investment. Another is to use the state's asset base and future state investment to change spatial patterns and the demographic profile of areas. Spatial planning has been firmly located in this strategy as part of the commitment to developing sustainable human settlements.

Any initiatives around redressing inequality must position the new players to play a role in Cape Town's long term economic future and competitiveness.

3. Spatial economy of Cape Town

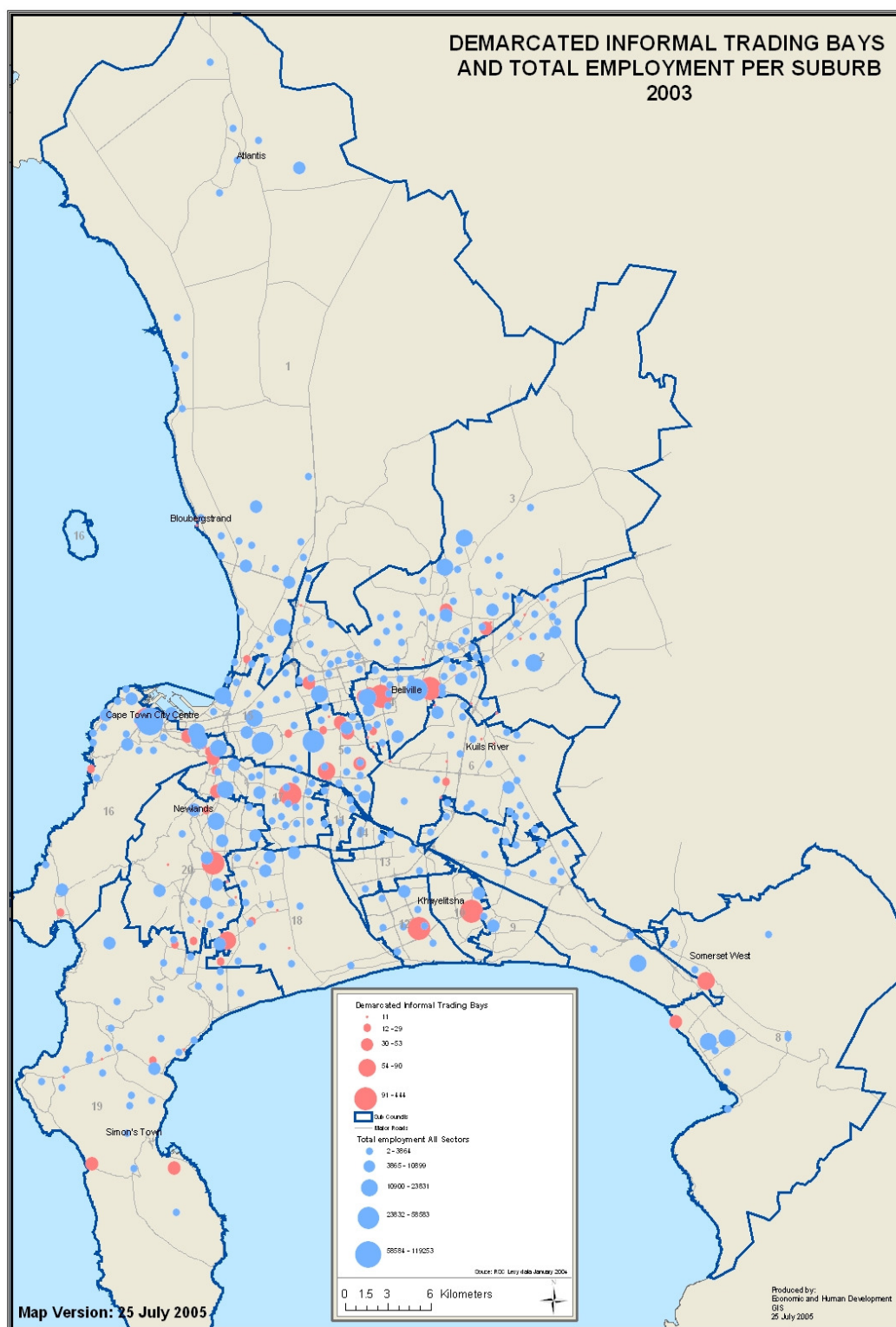
Cape Town's spatial economy still strongly reflects its apartheid planning history. Planning and investment patterns since Group Areas and since 1994 have done very little to change the divided nature of the City. Low income black residential areas are located on the Cape Flats predominantly, while economic opportunities are located along the upper income mainly white City-Tyger Valley-Bellville axis and the City-Claremont-Ottery axis and industrial nodes in Epping and Montague Gardens. There are outlying nodes in Atlantis and Somerset West. In general, informal trading patterns tend to mirror the formal nodes with the exception of Khayelitsha and Athlone areas highlighting the importance of facilitating the growth of both the first and second economies.

One of the City's biggest challenges is to promote development in such a way as to integrate the City while making best use of its resources. Past frameworks have emphasised the development of nodes (Phillipi, Bellville, City, Claremont) and activity spine linkages between

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the nodes through the release of strategic land, locating of state public facility investment and transport and other infrastructure investments. Many of these nodes have not taken off as economic centres and investors have made their own decisions clustering along the N1. Therefore the East-West transport linkages are critical. .

The City can encourage investment in certain areas through providing infrastructure and public transport access. However, markets do not always follow the City's lead. In the end the challenge is to ensure the divide between the settlement areas of the poor and the nodes of economic activity.



4. Assumptions

The City's EHD Strategy is based on a number of assumptions about the economy and its future growth. While constant oil prices and a stable exchange rate would be desirable these are difficult to predict and the strategy must be diversified enough to absorb shocks in this

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arena. While recognising this, the strategy has been based on a series of assumptions namely:

Economic

- The global economy will continue to grow although the nature of the growth is likely to shift to more of a knowledge-based economy.
- Cape Town's sustained economic development must be built on the full use of the City's and region's unique economic and natural assets.
- Cape Town's growth will be service driven underpinned by a re-positioned manufacturing base. Niche markets are likely to grow in importance.
- Government will stimulate the economy through major investments in infrastructure and 2010 World Cup will leverage resources for infrastructure upgrades and expansion.

People

- Migration to Cape Town will remain relatively constant, contributing to significant urban growth and the doubling of the population over the next 2 decades.
- Unless the state and the City intervene to close the gap between the supply and demand of skills, the skills mismatch, unemployment and poverty will continue to grow.
- Cape Town will retain its engineering and technical skills base.

Institutional

- All three spheres of government will work together to achieve the vision.
- Close working relations with State-owned Enterprises, especially around infrastructure expansion will be put in place.
- Basic service infrastructure (e.g. electricity and public transport) will be expanded to meet the demand and will not be the constraining factor for growth.
- Provision of infrastructure and services will be prioritised for industrial and business nodes.
- Cape Town will introduce tough environmental regulations to ensure current and future growth does not further erode the City's long term sustainability.

Stakeholders:

- Government is but one role player in the economy. Economic development is not the responsibility of government alone. Its contribution centres around creating an enabling environment for the economy to grow and for this growth to be shared. This involves playing a role as facilitator, co-ordinator/ manager, investor in infrastructure, regulator & representative.
- State Owned Enterprises have a role to play as investors in infrastructure and service providers and therefore need to be mobilised around the strategy.
- Business is the largest economic stakeholder and has a role as investor, entrepreneur/ innovator and most importantly as a job creator.
- Labour and communities are the backbone of the economy as workers and consumers.
- Educational institutions have a particular role to play as drivers of the skills development strategy.

Given the dynamism of the economy it is proposed that these assumptions are reviewed every three years and the strategy is realigned or modified as required by the new context.

5. EHDS 5-star approach

The EHD Strategy has set goals in line with the President's national goals and those set out in the Provincial Growth and Development Strategy. These include measuring the impact on growth, equity and poverty, namely:

- To increase economic growth to over 7% by 2010 World Cup.
- To create jobs, especially better quality jobs for low- and semi-skilled workers.
- To reduce the gap between rich and poor as measured by the gini coefficient.

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- To halve poverty (those falling within the indigent grant level).
- To build the social, human and natural capital of residents in line with national and provincial policies.

The City has adopted a 5-star approach to EHD. The notion of “5-star” is the traditional notation of excellence and service. It implies a standard of excellence of which the City can be proud. The star shape is also appropriate – with each of its points reaching out beyond the centre, and each of the ‘dents’ allowing closer connection with the life of the city.



This Strategy, within the context of sustainable development, focuses on:

- Growing the formal developed economy and broadening participation in this economy
- Growing the formal and informal economies of the poor and broadening economic participation
- Establishing economic bridges to ensure greater inclusiveness, integration of the first and second economies and redress of historical imbalances
- Ensuring all residents are able to access the services including government grants and subsidies.
- Building the human, social and natural capital of the poor

Combined, these make up the 5 stars of the Economic and Human Development Strategy, each with five strategic interventions. The first three stars are explicitly economic. The remaining two stars focus primarily on human development. Together they provide for integrated development.

The 5-star approach is summarised in a table below. The highlighted boxes emphasize the City's priorities. The blue highlights indicate the priority mandates which lie outside the EHD Department namely infrastructure, basic services, public transport and environmental management, and the green highlights the EHD Department's priorities are skills development (facilitation role in partnership with other agents), business support and creating an enabling business environment. In addition, the Department invests significant resources into Cape Town Routes Unlimited and Wesgro for marketing and investment promotion. As these areas are outsourced they are not included in the highlighted priorities.

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Enhance global competitiveness ←			→ Targeted poverty reduction	
1 Developed economy:	2 Economies of the poor:	3 Economic bridges:	4 Services:	5 Human, social & natural capital:
Sector support	Skills development and training	Supply chain management and development	City planning	Continuous education – ECD and ABET
Destination brand management and marketing.	Informal trade support.	Use of state owned assets	Basic services including water, sanitation, waste and electricity (& indigent policy)	Youth and other vulnerable groups' programmes
Investment promotion	Low-skilled job creation (e.g. EPWP)	Infrastructure development	Housing – both subsidised and gap housing for the 'un-bankable'	Community development including sports
Area targeting and management.	Business support.	Enabling business environment	Public transport	Environmental management
Business and consumer security.	Business and consumer security.	Research and information	Health and social services including access to grants	Safety, security and risk reduction

6. EHDS Implementation Plan

Strategic interventions have been identified for the short to medium term in each of the targeted areas to support the achievement of the EHDS. Sections 7 to 11 detail the rationale for the star and each of the areas of intervention within each star, and outline the proposed interventions. Given the limited resource base in the City, the list of proposed interventions has been prioritised within each of the 5 stars when the star is introduced.

Interventions for the next 5 years have been identified. Some initiatives, like support for sector bodies, are on-going. Others, like the development of key infrastructure, are once-off projects spanning a few years. We believe the interventions will collectively improve Cape Town's competitiveness, while at the same time broadening economic participation and reducing unemployment and poverty.

The EHD Department will take responsibility, along with its sister department in the province, for the interventions under the first two stars. The remaining three strategy areas need to be driven by other City Departments. EHD Department will play a support role to these departments, including taking responsibility for monitoring the short, medium and long term impacts of interventions, providing data on economic trends and identifying further blockages and/or constraints that need to be managed.

In some instances the City will be but one player in the proposed interventions and will need to mobilise the private sector, communities and educational institutions to make their mark as part of the roll out of the strategy.

It is important to note that some interventions will have immediate impact, while the impact of others, such as early childhood development, will take years to be felt. Drawing on the

lessons from the national economic strategy, consistency in approach is key to achieving higher growth.

7. Developed economy



The developed economy is the engine of economic growth. Nationally, the targeted growth rate is >7%. Currently the City of Cape Town's growth rate is around 4%. In order to meet the challenges of unemployment and poverty, a growth rate of 7-8% is needed. In addition, this growth must meet the requirements of sustainable development, particularly as Cape Town positions itself competitively as a Green City.

Cape Town's economic growth is, and will be, knowledge-driven and based on the service and tertiary sectors. To date the internal trade and catering (reflecting tourism) and the financial, business services, property and retail sectors have led this growth. By contrast, the manufacturing sector grew at half the national rate, with declines in all the important sectors (clothing and textiles, and food and beverages). Finally, fixed capital investment has been high and a key contributor to growth with major contributions from the financial, business, transport and communications sectors. Few of these industries, however, are labour intensive. (MEDS, 2005) The challenge for Cape Town is to build on the region's growth sectors while i) identifying and supporting sustainable labour intensive economic activities and ii) increase the skills base of the unemployed. The EHD Strategy aims to build on the City's comparative advantages while, at the same time, broadening the base of the economy.

Cape Town City has initiated a range of interventions or sub-strategies as part of its economic development strategy to facilitate this higher growth, namely:

- a. Sector support
- b. Destination brand management and marketing
- c. Investment promotion (inward and outward)
- d. Area targeting and management
- e. Formal business and consumer security

Within this the City has prioritised resources for marketing and investment promotion. Both functions are outsourced to agencies set up jointly by the City and province. The detailed interventions to implement these focused sub-strategies and to grow the developed economy are set out in Sections 7.1 to 7.5.

7.1. Sector support²

Sector support is driven by national and provincial government with City support. The City has prioritised support for 10 sectors which will be critical to achieving the required growth rate. Most of these are aligned with the provincial strategy. Collectively, these sectors account for over one third of GGP, approximately 20% of all jobs and 30% of business turnover.

- Tourism
- Business process outsourcing including Call Centres
- Information Communications Technology (ICT)
- Oil and Gas supplies
- Clothing and textiles
- Craft



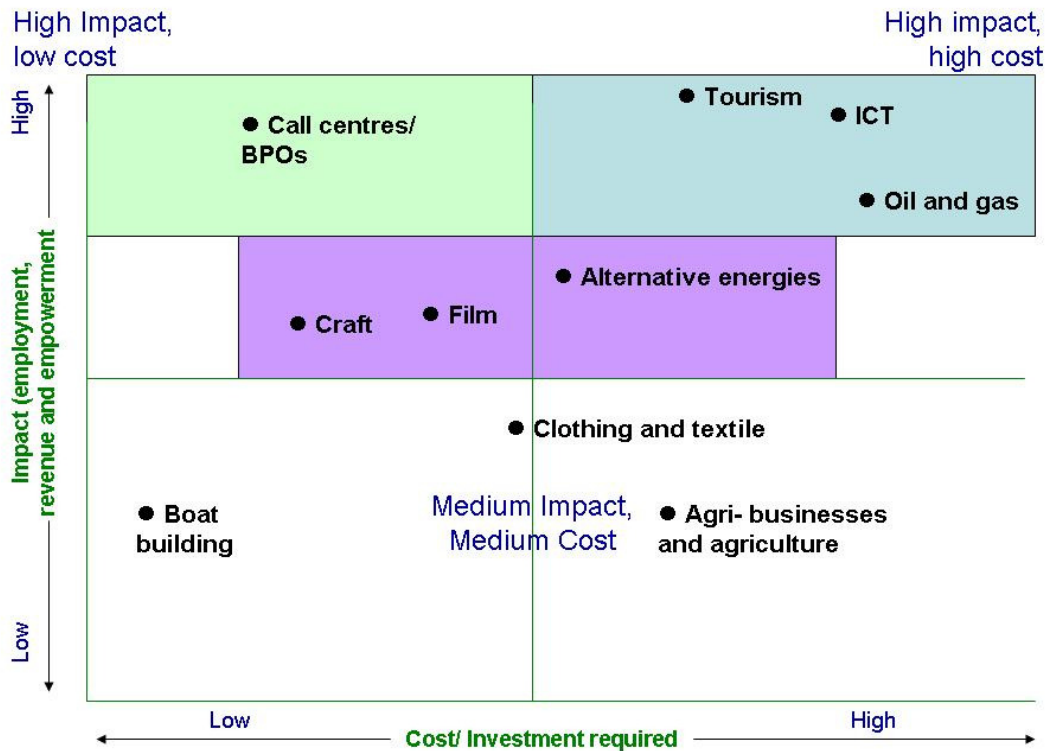
² Much of the detail of this section is drawn from the MEDS, 2005 report

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- Film
- Agriculture and agri-business
- Boat-building and supplies
- Alternative energy

The following graph presents a summary of the sector priorities.

City of Cape Town sector priorities



The focus on sectors is aligned with the sector strategy in the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA) and the Micro-Economic Development Strategy (MEDS) for the Western Cape. The first four sectors listed above are aligned with the priority high impact sectors identified by the province in its Micro-Economic Development Strategy. They have all been prioritised because of their importance in the City's economy and their potential to unlock jobs – although the number of unskilled jobs will be limited.

The clothing and textiles, craft and film sectors all fall into the second cluster of provincial priorities. However they are important for the city. Around 60 000 formal and informal jobs in the city are in the clothing and textile sector which has been in decline due to globalisation and the impact of cheap imports from the East. Given the scale of job losses in the last 5 years, the City has prioritised support to help the sector re-position itself in an attempt to retain the remaining jobs in the sector. The craft sector is closely linked to the tourism sector and offers a host of possibilities within the second economy. Craft and film are just the tip of the creative industries sector which is likely to become more important in the future. The bulk of the provincial film industry is located in Cape Town, making it one of South Africa's premier locations. The industry contributes 4% to Gross Regional Product and has been identified as one of the top growth sectors for Cape Town by the Economic Monitor.

Agriculture, which has been identified as a further provincial priority, is largely a priority sector outside the City boundaries. The City's relationship to this sector is important as the growth or stagnation of this sector will impact on the City's economy and the migration into the City. The City strategy includes support for the existing urban agriculture sector, development of new opportunities through a food innovation network and the facilitation of

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the enabling infrastructure and logistics required by the sector as detailed under EHDS Star Three, Economic Bridges within the infrastructure intervention.

The City has singled out boat-building which has proven itself to be a growth sector for Cape Town and offers opportunities to establish capacity in engineering design through niche manufacturing. The port indirectly supports the competitiveness of industry.

The renewable energy sector is an important economic growth area for Cape Town. There is a general trend internationally to invest in renewable energy technologies as well as for companies to locate where clean energy sources are available. Cape Town is the first city in South Africa to have renewable energy targets: these will promote diversification of energy supply, improve levels of energy security, and elevate Cape Town as a Green City.

While recognising that manufacturing will not grow at the pace of the services sector, continued development of strategic elements of the sector will be essential to Cape Town's economic base and the long term future of the economy.

Extensive interactions and collaborative discussion with the three spheres of government, industry, academia, science councils and other stakeholders has led to the development of a draft Provincial Advanced Manufacturing Technology Strategy (PAMTS) for the Western Cape. The Western Cape PAMTS will also support the provincial growth and development strategies and objectives by providing a technology component that will enable the sectors to compete globally and thereby support the export drive, manufacturing sector growth and employment creation.

The PAMTS focuses on five selected sectors, namely craft, electronics, food, metals and engineering, as well as clothing. The scope of the Strategy will later be expanded to other sectors. Four cross-cutting technology focus areas are also addressed. Two priority areas of these are a study to establish the state of logistics in the Western Cape and leveraging opportunities for streamlining supply chains, and the establishment of a digital manufacturing technology demonstrator (FabLab).

Within all the sector strategies, the City's role will be focused on the delivery and maintenance of basic services and on-going support for the sector support bodies institutional set up.

In addition the City has made a commitment to unlock the key constraints to sector growth, namely:

- 24/7 access to public transport
- Improved freight and logistics infrastructure
- Information and communication infrastructure
- Energy supply diversification and security
- Skills development to address the mismatch between demands and supply of labour – largely a provincial responsibility

If these constraints are not addressed, the strategy will not succeed.

Development of these strategic sectors within Cape Town's economy will provide a dynamic and sustainable economic base necessary for the city and region's ongoing economic growth and development. Significantly, however, these sector strategies cannot be expected to generate sufficient unskilled jobs. For this reason, the sector strategies outlined below need to be combined with a focus on the economies of the poor, the development of infrastructure and support for the SME sector as discussed within the relevant other sections of this strategy.

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7.1.1. Tourism:

The tourism sector is continuously expanding. The average growth rate for international and regional tourist arrivals at Cape Town International Airport for the period 2003- 2005 is 7,8% per annum. These arrivals sustain 55 000 jobs (WTO ratio of 12:1) according to international standards and is a main contributor of jobs in Cape Town. The City is well endowed with natural beauty and has two of South Africa's five world heritage sites – Table Mountain National Park (TMNP) and Robben Island. TMNP is the most visited national park in South Africa, attracting 4,5m visitors every year of which 1,1 million are paying visitors. Cape Town is also the gateway to the rest of the Western Cape with its spectacular coast line and world renowned wine industry.

With the 2010 World Cup on the horizon, the sector is expected to continue growing, with additional opportunities in business tourism and conferencing, medical tourism and related retail and entertainment.

Crime is the major threat to the industry and needs to be actively managed. Effective management of our natural resource heritage and the urban edge is also critical. Fires are another serious threat to the industry and require a sustained and integrated management approach (see also section 11.4 Environmental management). Finally, fuel prices and a strengthened rand impact negatively on the industry.

The City has a dedicated Tourism Department that focuses on tourism development through interventions, strategies, policies, development and sector leadership, marketing facilitation and the facilitation of visitor services. The City has won numerous international awards as a preferred tourist destination. Development initiatives for the next three years include the expansion of 14 visitor information centres throughout the city as well as infrastructure developments that will improve access and enhance the tourism experience.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>Budget 05/06-08/09</i>	<i>Budget needed 09/10-10/11</i>	<i>Stakeholders</i>
Strategic tourism interventions to improve access and economic growth	Increase in visitors of >7%pa		Increase of tourism spending by 5%pa	R1,080 000	R1,400 000 (FIFA 2010)	ACSA and airlines, tour operators
BEE Entrepreneurship development programme	To boost the number of entrepreneurs in the industry	To transform in terms of industry BEE scorecard		R670 000	R 970 000	CTRU, Red Door, Province, DEAT
Visitor Info Centres and awareness	24 operational centres	6 in previously disadvantaged areas		R2,420 000	R1,920 000	CTT, Local community forums, CTRU
TMNP and City Visitor Safety Programme		100%	200 visitor safety rangers 100 EPWP	To 2010 R 10,5M (R 3,5M secured)	R 7m Matched funding: City, SANPARKS, Province	TMNP, SANPARKS WC Province CT Partnership
Research and intelligence	Data to inform growth strategies	monitor growth in terms of BEE scorecard		R1 million	R1,5 million (2010)	Stats SA, SAT, DEAT, ACSA, FEDHASA, SATSA
Tourism Destination Marketing	>7% GGP pa	5% growth pa in domestic and regional arrivals		R96 million Till 08/09	R85 million 09/10-10/11 Pre and post 2010 FIFA	CTRU, DEAT, SAT, FIFA, CTT, AIRLINES

7.1.2. Call centres and Business Process Outsourcing (BPO):

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The call centre industry is a rapidly growing sector for Cape Town with a current growth rate of around 25% and projections of further opportunities. It is a labour intensive industry and one of the few areas of economic activity that offer direct employment especially for youth and matriculants. The vision is to make Cape Town the destination of choice for the call centre and BPO industry both within South Africa and globally. Despite the relatively high cost of labour, Cape Town is well placed to capture the market if it can align government, the industry and suppliers around a common vision.

The City works through *Calling the Cape* (CtC), a sector initiative to facilitate and promote the industry. In the last two years, it has leveraged R933 million investment into the industry and facilitated the creation of over 4 000 direct jobs. For the interventions in this sector to work, the City needs to remove the general constraints and ensure:

- 24/7 public transport
- consistent and regular electricity supply
- telecommunications infrastructure
- reduced crime

The City's support for the call centre and BPO industry includes:

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Institutional support for the Calling the Cape (CtC)	Leverage millions of rand additional investment into the sector	Broaden BEE participation in the sector	Jobs: 60 000 net new jobs. At least 5000 direct jobs created per annum and 12 000 indirect jobs	R470 000 2006/7	R500 000 p.a.	Province, City, Wesgro
Specialised BEE Outsourcers Development (resource within CtC)		60% of R933m investment will be paid out as salaries over next few years to approx 70% black agents.	Beneficiaries of this growth and investment are overwhelmingly the young, previously disadvantaged unemployed of Cape Town	R350 000 p.a.		Province
Calling the Cape Skills Assessment and Training Centre		Providing "work-readiness" skills training to 3000 unemployed/ matriculants p.a. to be employed as agents.	Providing "work-readiness" skills training to 3000 unemployed/ matriculants p.a. to be employed as agents.	R1 million	R4 million	Province, City and industry body
Learnership programme		Provide 500 learnerships p.a on cadet programme for Call Centre NQF Lev 2	Create an additional 500 jobs p.a		not costed yet	City Human resource branch and private sector operators
City Outsourcing of non-core business to BEE/ SMME Call Centres	Increased investment in the sector	40 to 50+ BEE/ SMME Outsource Service Providers	10 000 – 23 000 direct local jobs generated by BEE outsourcers; 30		Approx. R8m for a contract worth 80 seats of customer service work	City, Calling the Cape, Business Forums

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
			000- 60 000 indirect jobs			
Affordable, well resourced Business Parks (i.e. in Athlone/ N2/ Woodstock) for BEE Outsourcers [Proposed in the MEDS strategy]	Increased investment in the sector	This project is an industry enabler and will not have any additional targets. Instead it will facilitate the realisation of the targets detailed above.				City and Province
Broadband/ wireless city network	See ICT sector proposals below					
Public transport	See 10.4					

7.1.3. Information Communication Technology (ICT):

The ICT sector has two important roles to play. Firstly, it is an enabler to many of the other sectors and to government service delivery capacity. Secondly, it is a growth sector with huge potential globally. This has been enhanced by the recent liberalisation in the sector. It is a sector whose growth and development promises externalities and benefits to other sectors such as the call centres. In addition the sector can provide business opportunities for many small players. ICT is a competitive sector and several cities are considering increasing their competitive edge. If nothing is done, Cape Town could undermine its entire growth strategy and lose its high-end services and smart manufacturing industries.

Cape Town has for several years now supported the development of the sector with its Smart City and Smart City Access initiatives and through the Cape Information Technology Initiative. These projects are now being extended with a focus on equity. In addition, there are proposals to make ICT one of Cape Town's competitive advantages. These and other interventions are summarised in the table below:

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Metropolitan Telecommunications Network with wireless access points [Proposed in MEDS]	Network will boost city competitiveness, stimulate trade, grow bandwidth usage and grow the Call Centre/ BPO Industry to support 6+% growth	Increased access by all residents to digital information and enabling the provision of low cost connectivity to business and communities	10 000 jobs across the industry		Up to R1 billion	Province and private sector
Continued support for Cape IT Initiative (CITI)		Enhanced quality, efficiency, and reach of ICT services		Est. R 425 000 pa		Province
VeloCITI Project – provides long term business development & mentorship for black ICT companies		Facilitate transformation of the industry and the no of BEE companies		R125 000 05/06	R1.5 million 2007 -9	Province and industry

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Women in ICT – promotes ICT as career choice for women, youth, students, incl. training and funding opportunities		Reduction the digital divide in a direct and holistic manner and address skills gap		R150 000 05/06	R350 000 2007 – 9	Province, Industry and City
Build a second international telecommunications landing station					To be scoped and costed	

7.1.4. Oil and gas supplies:

Cape Town is rapidly developing into a service hub for the West African oil and gas sector. Africa produces 10% of the world's production. The market for offshore oil and gas platforms and components, services and repairs to support these operations is large and growing. Cape Town is ideally placed to service this demand with the presence of many of the industries, the city's good geographic proximity and its engineering capabilities.

Support for this sector will focus on building and retaining Cape Town's competitive advantages through the development of enabling infrastructure such as the Port and its ship repair infrastructure, and programmes that facilitate the development of the skills base to support the industries growth.

In addition to the traditional energy sector, Cape Town also has huge potential to develop alternative energy supplies and related manufacturing businesses. Promoting Cape Town as a "green" city will make a significant contribution to Cape Town's global competitiveness, as well as go some way to diversifying the City's energy supply thereby supporting greater energy security. See section 7.1.10 for more details on the interventions in respect of alternative energy sources.

The City's plan to support the oil and gas sector includes:

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Continued support for SA Oil & Gas Alliance	Increase CT's market share of W. African oil & gas servicing market from current 3% p.a (R872m) to 8% p.a in 2008 (approx R5bn);		Support the creation of 64 000 jobs by 2030 (40 000 in metals & engineering; 24 000 in Oil & Gas services)	R262 000	R13 000	Partnership with Province
Tooling Technology Programme via a Tooling Centre – promotes tool making as a career choice for school leavers/	Grow the local tool manufacturing market, reduce importation of tools, grow export market opportunities and support the growth of		Programme will provide capacity building and skills development for school leavers/ unemployed – training.		R500 000	Oil and Gas Alliance and Province

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
unemployed.	boat building industries					

7.1.5. Clothing and textiles

The clothing and textile sector has been in decline due to the pressures of globalisation. A three-pronged strategy has been adopted by the province and city focused on assisting the industry re-position itself. The first aspect involves working with the big firms through Cape Clothing and Textile Council (represents 30% of the sector) to review and assess the industry's competitiveness and identify appropriate interventions to enhance the industry's position. The second prong involves working with the less formal operators and the cut-make-and-trim (CMT) operators through Clotex to develop the industry through benchmarking/ competitive clubs, a trading house and a mentorship programme. The third and final strategy focuses on the fashion side, with the launch of a Fashion Council which will focus on developing the fashion industry including the clustering of designers, manufacturers and advisory support in a fashion precinct.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Industry and provincial partnership	Prevent further decline in the sector by assisting it to re-position itself		Protect existing jobs and ensure zero job losses	Adhoc requests made and funded		Province
Fashion week	Promote the sector	Promote proudly South African		R375 000	R500 000	SACTWU and Province

7.1.6. Craft:

The craft sector in Cape Town is a labour intensive sector, very SMME based and targets women and those in the second economy. Further the sector has significant linkages to the tourism sector. The primary strategy to support this sector is through a sectoral institution jointly set up by the City, Province and Peninsula Technikon. The sector is just one part of a larger creative industries sector, support for which is currently being explored. Interventions in the craft sector include:

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Continued support for Cape Craft & Design Institute (CCDI)-	Sector creates sustainable livelihood and stimulates entrepreneurship;	Fosters development in previously disadvantaged areas with regard to life skills and offers low-cost development of skills that can be used in the formal sector	8 000 jobs	R293 000 06/07	R7 000	Partnership with PGWC
Production Cluster – accessible, affordable and	Grow the craft market	Broaden market access to those currently	50 enterprise development opportunities	R400 000 06/07		City's Property Dept – available facilities that can be

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
well resourced production space for 50+ township-based craft producers.		spatially and economically marginalised				renovated for Production Cluster
Raw Materials Bank	Grow the craft market	Level the playing fields between SME local crafters and more resourced larger operations	To reduce production costs for crafters		Not costed	City's Property Dept – available facilities that can be renovated for Raw Materials Bank
Trade facilitation project	Grow the craft market	Integration of crafters into retail outlets		R158 000 06/07	R350 000	City, Province and CCDI

7.1.7. Film:

Cape Town is one of the world's premier film destinations. The industry contributes around 4% of GRP and has been identified as one of the top growth sectors for the City by Economic Monitor. The City currently earns over R2 million a year from location permits and service fees alone. The sector has strong links to the growing creative industries, hospitality and tourism sectors. Key constraints include cost, infrastructure, skilled staffing, security and the current regulatory environment.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Continued support for Cape Film Commission	Average growth of industry = 18% pa	Developing local industry results in development of local skills base	7 000 jobs	R625 000 p.a	R50 000 p.a.	Province
Audience dev/local film promotion	Grow indig film products and exposure	Supports local film industry		R200 000 p.a		Province, CFC, National film and video foundation
Support for dev of digital animation sector	Grow niche market esp BEE; 10 opps realised	Supports SMME + skills dev	Multiplier effects		R 100 000	CFC and film Indus + prov
Film Studio			Multiplier for jobs contributing to the industry targets of 50 direct jobs, 120 indirect jobs (in transport, catering and hospitality industries) for every R1 million the industry attracts		R30m	Province
Public transport	See 10.4					

7.1.8. Boat building:

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Cape Town has a competitive and dynamic boat building industry both in terms of price and quality, with 87% of SA's annual turnover from this sector located in the Western Cape. The City's advanced engineering capabilities and wide range of suppliers contribute to the City's competitive advantage. The quality of Cape Town's performance in this industry has been recognized through numerous international design awards, as well as market demand. The industry has grown exponentially in the last 10 years, particularly the export market, and provides a much needed boost to the manufacturing sector and to our foreign direct investment. The industry is relatively new, with significant potential to expand and support a post production industry. The City's support for the industry is focused on funding and strategy support through the Cape Boat Building and Technology Initiative.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Continued support for Cape Boatbuilding & Technology Initiative			Current estimate: 1800 direct; 3200 indirect jobs including subcontractors	R313 000		Province

7.1.9. Agriculture and agri-processing

Agriculture is a pillar of the provincial economy and is well diversified across a range of products. Prior to 2002, the sector benefited from the weak rand and tourism. While largely located out of the City boundaries, agriculture remains a key sector for the City which is also the gateway to the export industry with opportunities for downstream processing.

Small scale urban agricultural is also a source of livelihood for thousands of the city's ultra poor. The City has a draft urban agriculture policy. If this is successfully linked to the proposed food innovation network, it will revolutionise the industry. In addition, the City works in partnerships with communities and NGOs involved in over 400 food gardens across the city and with people who own livestock. Interventions to scale up, support and manage this sector will address the environmental health issues and are critical to the livelihoods of the affected households.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Food Innovation Network – establish link to Urban Agriculture/ Food Gardens	Trade opportunities through integration into global markets; enhance market capabilities and productivity of SMMEs Facilitate and maintain linkages with world class technologies	Food industry offers opportunities for both employment and empowerment. Network will improve skills/ technical skills and support incorporation of SMMEs into the Industry;	Defend current 202 000 jobs in agriculture, create 60 000 new ones by 2030		not costed	Partnerships with Dept of Agric, Land Bank, City's Community Development, Wesgro
Livestock Facility Initiative			Address problem of 2000 cattle and 1000	R 350 000		Dept. of Agriculture

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Project	Growth targets	Equity targets	Poverty targets	City budget secured	Budget needed	Stakeholders
			sheep/goats in City			
Scope new opportunities in the Aquaculture industry	Expand the fishing sector opportunities and increase global markets					
Infrastructure	See 9.3					

7.1.10. Renewable energy industry

Cape Town aims to be “a leading African city in meeting its energy needs in a sustainable way” (CT Energy and Climate Change Strategy 2005).

The City’s main renewable energy focus is on wind generation and solar water heaters. Methane recovery and other biofuels projects are also being pursued. The City’s implementation of the Air Quality Management Plan in accordance with the Air Quality Act (2004) has further implications for promoting carbon sequestration, cleaner energy sources and lower emission levels. These in turn mean that the City needs effective legislation, monitoring and enforcement in place.

Solar water heaters are a key area for future renewable technology development for the local and export market. This is labour intensive basic technology which is very effective in terms of energy efficiency and reducing peak electricity demand. Solar water heating is well suited to the SME sector and to skills development. The value of the industry to 2010 is anticipated to be nearly R1bn, increasing rapidly thereafter. By 2010, solar water installation is targeted to reduce demand by 160 GWh per annum. Once installed across the city, the electricity saving will be in the order of 10% of total demand. This activity needs to be stimulated through legislation (bylaws requiring the installation of solar water heaters), incentives, business support and financing mechanisms.

There has been some discussion of establishing an Energy Efficiency Agency at national or provincial government level funded through energy savings. A body of this nature is essential to promote, implement and monitor energy efficiency across the City.

Project	Growth targets	Equity targets	Poverty targets	City budget secured	Budget needed	Stakeholders
Purchase of Renewable Energy	10 % renewable energy by 2020	Can be partly achieved through BEE Independent Power Producers		Renewable energy costs approx 3 x non-renewables	Cost to be passed on to willing buyers	Province, Independent Power Producers
Solar Water Heaters industry development	10% of households to have Solar Water Heaters by 2010: 83 800houses 10% of city owned housing to have SWH by 2010	SMMEs	Development of the solar water heating industry for local and export Skills development for production, installation and maintenance 63 jobs per GW		Value of industry: approx R1BN to 2010	Private business with support from City, Province and DEAT
Biofuels market		Potential for	33 jobs per GW			2 international

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and industry development		involvement of SMMEs				and 2 local companies currently want to invest
Methane extraction from landfills: Capping and extraction of methane from Bellville landfill			23 jobs per GW		Capping of landfill to be paid for through Carbon Credits	Private Sector

7.2. Destination and brand marketing

Recognising that Cape Town is the gateway to the region the City, in partnership with the Province, established Cape Town Routes Unlimited to market Cape Town and the Western Cape as a destination of choice. This marketing is complemented by marketing undertaken by WESGRO focused on Cape Town as a competitive business destination as outlined in the next section.



The City has committed R6 million to CTRU over the next two years. Created in April 2004, the CTRU is the amalgamation of Cape Town Tourism and the Western Cape Tourism Board. The strategy of the CTRU is to further develop the tourism infrastructure to ensure tourists enjoy their visit to Cape Town and the Western Cape. CTRU has created a brand for Cape Town and the Western Cape as a year-round holiday destination which has world-class urban and rural offerings. It is now actively marketing this brand to grow tourism in the area. In addition, the body provides strategic direction and marketing support to the province's tourism industry. CTRU has five focus areas - leisure tourism, events, conferencing and incentives, visitor services and product development.

In addition to the current branding of the City, Cape Town plans to add a Green City brand to its marketing. This will give Cape Town a significant competitive advantage in terms of attracting niche investment (many international companies require sustainability standards in order to meet their own Sustainability Reporting obligations) and attracting tourists and green conferencing to the City.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Cape Town Routes Unlimited CTRU				R3 million p.a.		Province and City
Comprehensive "Cross-Sell" Marketing Plan developed by Wesgro and CTRU	Stimulate investment			Via Wesgro		Strategic engagements between Wesgro/ CTRU and City's Interna'l Relations Dept
Promotion of Cape Town as a Green City	Competitive edge	Development of alternative and efficient energy, waste and water sectors, green procurement, fair trade SME and BEE firms	Local focus		Not costed yet	Province and City
Cape Town	Market Cape					Province and

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
International Convention Centre	Town and generate business					CTICC

7.3. Investment

The City has a multi-pronged approach to investment acceleration. Provision of infrastructure has been identified as the most important investment accelerator and is dealt with in Section 9.3. Another important arena is the cost and ease of doing business. Section 9.4 focuses on creating an enabling business environment including the fast tracking of planning and related business processes. Finally the City strategy includes mechanisms to attract, retrain and grow direct investment through sector support interventions outlined in Section 7.1 and measures to attract direct private sector investment covered in this section.



The City's investment strategy focuses on retain existing investment, expanding the current investment base and attracting new investment while at the same time addressing the imbalances and inequities of the past. Increasing the proportion of fixed capital investment is key to increasing the long-term stability of the investment as is a key component of the City's strategy. The three other components of the retention strategy are measures to reduce the cost of business in unusual situations for example the a grace period on service cost hikes for targeted sectors, the creation of a rapid response team to address problems crippling business and finally an institutional interface mechanism that ensures proper communication between the City and businesses and investors.

Measures to attract new investment include incentives to direct investment to target areas such as the subsidisation of land prices in priority nodes, the investment climate survey to identify constraints and an institutional mechanism to enable key investors to communicate with the City bosses and to ensure adequate aftercare and support for business.

The primary vehicle for communicating with investors in Wesgro which serves as the City's agent responsible for attracting and securing direct investment to the City's economy. Wesgro was set up by the City and the Province to maintain current investment and expand the investment base through both established and new markets. Wesgro works closely with the sector bodies who also often promote sector specific investment. The City also works with the private sector through the sector bodies and area-based partnerships, such as the CT Partnership to facilitate area-based investment. The need for coordination between the various agencies involved in investment generation is critical, as is clarity on the respective roles of the various spheres of government in investment promotion.

Alongside these cooperative relationships, the City has been working on an investment incentives policy and series of interventions to further enhance the City's attractiveness to businesses and to direct investment to priority disadvantaged areas.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Support for Wesgro	Increased investment into the City			R7 million		Province
Business partnerships	Increased area based investment			Staff time only		Area partnerships
Incentives policy	Grow the economy				R200 M	Wesgro
Property	Increased				Not costed	

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
identification and release for commercial and industrial sites	investment					
Infrastructure development	See Section 9.3					
Enabling business environment	See Section 9.4					

7.4. Area targeting

Cape Town's area targeting programme aims to prevent the degeneration of areas with existing capacity and infrastructure and, therefore, high economic potential. The City has a by-law providing for the establishment of improvement districts. The strategy is pursued in partnership with local businesses and residents either in an informal partnership or through the establishment of semi-autonomous area-based partnerships such as the Cape Town Partnership. Interventions involve Council increasing the marketing of the area, increased public sector investment in the area and leveraging of private sector investment into the area, improved service delivery and increased citizen involvement to enhance the local economy.



<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
CT Partnership	Increased investment in the City	Create opportunities for BEE in the City	Create job opportunities	R 2 M 05/06	R3,5 M p.a.	City Province Cape Town Partnership
Revitalisation Fund	Increased revitalisation of businesses in the City	Create opportunities for revitalisation of businesses, particularly amongst BEE entrepreneurs	Create job opportunities	None	R1,5 M as catalyst for other funding	City: Corporate Finance
Business health survey	Identify growth and development opportunities in the City	Identify growth and development opportunities in the City	Create job opportunities		R150 000 p.a.	City: - Planning - Spatial development
CIDs in 14 areas	Identify growth and development opportunities in the City	Identify growth and development opportunities in the City	Create job opportunities	R 46 million 05/06	R46 mil per annum plus funding increases thru CIDs levies	City: - Corporate Finance - Planning - Spatial development

7.5. Business and consumer safety

Crime was raised as the most important issue in the Mayor's Listening Campaign. Historically, while Cape Town has had pockets of extreme violence on the Cape Flats, the city has generally been regarded as a safe place to do business and to visit. This image is fast being eroded by negative publicity around visitor and business safety. Re-building business and



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consumer safety is key to our competitive advantage and must underpin any economic strategy.

Project	Growth targets	Equity targets	Poverty targets	City budget secured	Budget needed	Stakeholders
TMNP Visitor Safety Programme		100%	200 visitor safety rangers 100 EPWP jobs	To 2010 R 10,5M (R 3,5M secured)	R 7m Matched funding: City, SANPARKS, Province	TMNP, SANPARKS WC Province
CIDS safety and security programmes	Improved business confidence					Business partnerships and the City
Community policing forums	Improved resident and consumer safety and confidence					Communities and City

8. Economies of the poor



With over 30% of Cape Town citizens living below the household subsistence level, it is essential for growth to benefit the poor and those marginalised from the developed economy. One mechanism is to leverage the first economy to address the needs of the second economy as planned through a number of the interventions outlined in the previous section on the developed economy. Another is through bridging the divide between the first and second economy through the creation of opportunities and an enabling environment as outlined in the next section on Economic Bridges. The third mechanism is through direct interventions in the economies of the poor. Cape Town has prioritised a series of interventions that specifically target those engaged in the second economy with a view to improving their income and supporting them to graduate to the first economy and eventually eradicating the second economy. Interventions have been prioritised in:

- a. Skills development and training
- b. Informal trade support
- c. Low-skilled job creation (e.g. EPWP)
- d. SMME business support
- e. Informal business and consumer security

For both the public and private sector investment programmes the single biggest impediment to growth is the shortage of skills.(ASGI-SA, 2005) As such skills development and training has been identified as the first priority. The second priority is business support to the tens of thousands of SMMEs operating in Cape Town to enable them to grow and develop their businesses to be globally competitive.

The more detailed list of interventions to support the second economy are:

8.1. Skills development and training

Cape Town's workforce lacks the skills demanded by key growth industries. A recent survey revealed that jobs in a range of firms could not be filled, despite the prevailing 23.4% unemployment rate. Technical skills, language skills for business and the ability to manage small businesses are known to be in short supply. The shortfall is due to the policies of the apartheid era and the slowness of education and skills development institutions to



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catch up with the current acceleration of economic growth (ASGI-SA, 2005).

Although not a core competency of local government, there are several reasons for the City to invest in skills development and training given its importance in unlocking growth and the suite of national and provincial policies that recognise the role of the state in skills development. Nationally the driving forces behind skills development are the Skills Development Act of 1998 as well as the National Skills Development Strategy of 2005. Both aim to develop the skills of the South African workforce. These policies have been translated into a human capital strategy for the Western Cape Province. In response the City of Cape Town is developing a skills development strategy that provides a macro plan for skills development rooted in economic opportunities. The target date for the completion of the strategy is the end of 2006.

Areas for exploration in addition to the formal education and skills training is on the job training and work place internship and learnership programmes. A key constraints to effective skills training is the lack of accredited training providers, the capacity of businesses to administer the learnership system and the failure to link programmes to job markets and exit opportunities for trainees.

The City needs to work in partnership with other spheres of government, in particular education and labour departments, the Sector Education and Training Authorities (SETAs) and the Further Education and Training (FET) Colleges to influence policy, design and develop programmes and facilitate their implementation.

Cape Town is well placed to drive a major skills development programme with four university campuses and a host of FET colleges located in the municipal area offering services throughout the municipal area.

The City has prioritised skills training focusing on:

- Entrepreneurship development
- Information technology skills
- Training linked to growth sectors
- Employment readiness and related life skills training for the unemployed
- Continuous learning

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Schools Entrepre - neurship Programme	More school leavers opening their own businesses after finishing school Decrease in unemployment rate More & more jobs created	Business Support Incubation Programme Job opportunities A skilled nation	-22 high schools benefiting with a target of 60 planned by 2007/8 - 440 high school students benefiting with a target of 1300 by 2007/8	R400 000 2005/6 R750 000 2006/7	Budget to cover programme from 2007/8 of +/- R1 million p.a.	City HR Communications: marketing DoE: coordination FET Colleges
Computer Skills Training Programme	Greater numbers of competitive businesses able to employ local staff		200 small business owners computer literate & therefore able to run their businesses		R500 000 in year one increasing to R1 million p.a.	City IS&T department SETAs Enablis Library Business

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
			effectively & creating more work opportunities			Corners Private Sector
Artisan Training Programme	Reduce the mismatch in the supply and demand for artisan skills		Providing work readiness training to 250 people increasing to 500 unemployed people p.a.	R800 000 06/07	R1 million p.a.	FET colleges Dept of Labour Province SEDA
ABET Training Programmes	Literacy rate up 3% amongst small business		200 small businesses trained in language & communication skills	R350 000		Department of Education, Province, SEDA and Department of Labour
Learnerships	More artisans & skilled people available for the growing construction market Job opportunities	Business Development & Support Broader benefit by communities from supply chain opportunities Skilled communities	100 learners p.a. increasing to 500 p.a.		R2.4 million to be raised from Dept of Labour and SETAs	EPWP Unit's responsibility

8.2. Informal trade support

Informal trading in Cape Town accounts for 18-20% of the economy. A survey of informal traders in Cape Town revealed that 42% of them are in the sector because they cannot find other work. Given the importance of the sector for the poor, the City has developed a programme to increase the potential returns and economic contribution of the sector. As stated earlier in the document informal trading markets are intricately linked to the formal economy pointing to the importance of the regulatory environment and provision of informal trading sites in all economic nodes. The City also plans to roll out the national markets programme creating a circuit of markets promoting local products throughout the city. The City programme includes:



<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
A review of by-laws and regulations around land use, land release, rental of Council land to create a more enabling regulatory environment	Increase well managed informal trade opportunities and to encourage opportunities to move from unemployed, to the informal sector, to	Increase access to job creation opportunities for the informal trade sector, particularly women	To create more well managed trading opportunities		R100 000	City: - Legal - Property

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
	markets, to the formal sector					
Provision of informal trading sites in all economic nodes and development of management frameworks to manage the areas and facilities	Increase well-managed informal trade sites	Increase access to well-managed trading opportunities for the informal sector, particularly women	To create Informal Trading opportunities and a management framework to manage such opportunities		R1 163 400	City: - Urban Design - Planning - Property - Legal
Improved enforcement of trade outside of designated areas	Create well managed informal trade areas and well managed people spaces	Well managed informal trade areas	Create security of tenure for traders and well managed trading areas		n/a (Metro Police)	Metro Police
Roving market programme for local products at special events and key sites	Increase informal trade opportunities at special niche markets	Create more opportunities for informal traders to trade at special events	Create opportunities for traders to sell goods		To be determined	Cape Craft and Design, CTRU, Province and the selected City Improvement Districts
Promotion of cooperatives and collective buying initiatives	Broaden access to goods by traders and consumers at reasonable prices	Broaden access to goods by traders and consumers at reasonable prices	Create opportunities for traders to access goods	R300 000		Community Development
Development of management bodies	Better management & enforcement	Increase empowerment and access to job creation opportunities for the informal trade sector, particularly woman	Retention of existing businesses	R300 000		Law Enforcement

8.3. Low-skilled job creation (e.g. EPWP)

Job creation for low- or unskilled workers is a priority for the City given its unemployment rate of 23.4% (narrow definition). The majority of these people are youths under the age of 35. Currently the jobs created are biased towards skilled workers yet the bulk of the unemployed are un/semi skilled. Therefore in the short to medium term low skilled jobs are needed. The City has identified a two-pronged approach, namely the roll out of the expanded public works programme (EPWP) - especially in respect of public sector infrastructure investment and social services - and the development of job centres facilitating private sector recruitment of unemployed people.



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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
EPWP to be prioritised in all infrastructure projects. All new tender documents will set guidelines for EPWP implementation and penalties will be imposed for non-delivery			Job creation in at least 20% of the City's capital infrastructure projects and all MIG funded projects	On existing budgets covered elsewhere		Province and private sector
Early childhood development programme EPWP programme			Creation of 200 jobs		Secure funds from provincial EPWP ECD grant	NGOs and CBOs in the ECD sector
Advocate for private sector partners to roll out EPWP programmes in non-public funded projects			Increased jobs	Private sector funding		Private sector
EPWP Alien vegetation clearing programmes			Increase jobs	R 2m per annum		
Establishment of 2 pilot job centres	Employment opportunities	Facilities framework Business Support services Support to start ups & existing businesses	Create ± 400 short-term jobs	R5m		Property section

8.4. Business support

Ninety-three percent of Cape Town's formal businesses are small, contributing 50% of total output and 40% of total employment. Given the predominance of SMMEs in the Western Cape the SMME sector was identified as a priority in the MEDS process. The City adopted its business support policy in 2003. This provides a framework for growing businesses along the continuum from survivalist to globally competitive and reducing the business failure rate.



In order to grow and develop, these businesses need knowledge about business opportunities, capacity to run their businesses, access to services, access to markets, information and finances. The City has designed a multi-pronged programme to meet business needs which places the entrepreneur at the centre and aligns the services of various spheres of government and other external agencies. This requires partnerships with province, the Red Door programme, the small enterprise development agency (SEDA) and various non profit organisations.

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The programme includes:

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Business Development Services: • Red Doors & Mobile Red Doors • Small Enterprise Development Agency (SEDA) • 2010 Vendor Dev program • Business Support voucher program • SEDA	Assist 5% of small businesses to grow and mature	Skills development Informed nation business people Business Support Facilities Management Framework	1800 vouchers for business support p.a. Skills developed for 1800 businesses	R4.6 million 06/07	R 5 million p.a.	Supply Chain Management SEDA Province
Access to information: • Small Business Week • Youth Economic Networking Forums • Library Business Corners	Provide networking and exposure opportunities to 2500 businesses directly and 7500 indirectly	R400 million procurement opportunities leveraged p.a.		R1 million 06/07	R1.5 million p.a.	NGOs
See also skills development above 8.1						

8.5. Informal business and consumer security

Security is a particular problem for those in the second economy as they seldom have insurance of back-up. The City is directly involved in creating an environment that is safe from crime and in the management of precincts where second economy suppliers and consumers gather.

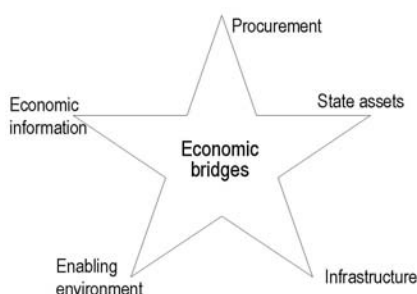


<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
A commitment to promote mixed land use and crime prevention through design in all new housing and business developments	Improved local business opportunities		Increased citizen safety	Part of planning budgets		Communities
Improve the City police's capacity to enforce and monitor through improved partnership with the SA Police, better training of city police officials and the expansion of the	Improved local business opportunities		Increased citizen safety		To be costed	

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
force						
Awareness programme on safety issues for businesses	Awareness will enable taking better security measures, less business flight and more investment		Business & consumer protection	R100 000		Law Enforcement Traffic Dept
Community policing forums	Increased consumer confidence			Staff time only		Community policing forums

9. Economic bridges



Bridging the divide between the first and second economies, between rich and poor and between the skilled and unskilled is part of government's shared growth mandate. Local government has a series of vehicles available to it to facilitate this process of bridging namely:

- a. Procurement
- b. State assets
- c. Infrastructure
- d. Enabling business environment
- e. Research and information

The City's priorities are provision of infrastructure and creating an enabling environment for business to operate in.

The more detailed list of interventions to facilitate economic bridges are:

9.1. Procurement

Preferential procurement policies are required in terms of the Preferential Procurement Policy, 2003 and the national treasury guidelines. The City of Cape Town has a budget of over R10 billion, of which 30% is put out for public tender. The City has a procurement policy approved on 03/09/03 and currently in review to ensure compliance with the Municipal Finance Management Act. The goal of the policy is to ensure that the City of Cape Town procures goods and services that meet its needs in a manner that is cost-effective. At the same time, the City must pursue certain specific socio-economic objectives through a preference system that gives attention to issues of empowerment. The following general principles guide City procurement:



- to stimulate and promote local economic development in a targeted and focused manner
- to facilitate the creation of employment and business opportunities for the people of Cape Town, with particular reference to Historically Disadvantaged Individuals (HDIs) which includes those disadvantaged by race, gender or disability.
- to promote the competitiveness of local businesses
- to increase access by the small business sector, in general, to procurement business opportunities created by Council
- to increase participation by small, medium and micro enterprises (SMMEs).
- to promote joint venture partnerships.

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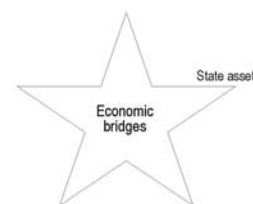
These guidelines have been translated into targets. The current target is 30% black economic empowerment and 50% SMME contracts.

The City's procurement policies are being extended to include preference for "green procurement" and "fair trade". This means that the City will purchase recycled content and environmentally preferred products. It will also strive to meet "fair trade" standards, prioritising local and community based trade, and disadvantaged producers. The private sector has an important role to play using its own procurement budgets and ensuring policies to support local businesses and the historically disadvantaged are in place.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Develop Integrated Supplier Development Programme which includes: • Business Support through Voucher program; • Identification of actual opportunities • Developing a ward based procurement programme • Targeted Procurement support to women, disabled & youth owned enterprises	Grow 3 500 businesses	Broaden the base of companies able to benefit from the opportunities by doubling the number of companies benefiting within 5 years		R 200 M		Supply Cahin Management Red Door All City departments
Ring-fencing contracts for SMMEs	15% of city procurement budget	Target 2500 SMMEs			R100m	SCM Other services
Green Procurement and Fair Trade	Growth in local products and services		Targeted suppliers, labour intensity		Target figure to be set	City, Province, NGOs, Public
Sector charters		Ensure BBEEE as per the sector charters		None	Private sector funded	Private sector

9.2. Use of state-owned assets (incl. land) to achieve greater economic inclusiveness

The state has many assets, most notably land and bulk infrastructure, that offer an opportunity to redress the imbalances and achieve equity and access in the city. By fast-tracking the release of land and assets to black economic empowerment groups, the City will be able to enhance equity and transform the ownership patterns in the city. In addition, land, infrastructure and public entities owned by the state are to be utilised to maximise social, economic and environmental good.



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As part of the City's commitment to changing the spatial and ownership patterns of Cape Town, it has identified several parcels of well-located land for mixed use, social and youth housing projects.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Social/ youth inner city housing programme		Improved access and economic opportunities	Housing provision		To be costed	Province and CT partnership
Audit Council assets available for use or under-utilised (esp. in previously developed areas)		Geographic spread of economic benefits – taking investment and employment opportunities closer to the communities			To be costed	
Set clear BEE targets for land release		Transform the current ownership patterns			Potential lost revenue not costed	
Prepare/ renovate facilities with a basket of key support services (i.e. Capricorn Park)		Business access to affordable work space			To be costed project by project	
Outsource non-core businesses e.g. abattoir	Increase efficiencies	Provide opportunities			To be costed on case by case basis	

9.3. Infrastructure (strategic and business)

As stated at the start of this document infrastructure investment is the number one priority. Critical infrastructure includes the development of transport (especially public transport), port facilities, the airport and ICT infrastructure.

Cape Town's transport infrastructure is in crisis and needs significant investment just to maintain it (the current backlog is R500M per annum). Much larger investment is required to enable Cape Town to attract investment and support future growth.

Key investments are needed for the development of all transport modes. The establishment of a Transport Authority in which the City has the authority to manage decision making and budgets is essential to implementing the City's Integrated Transport Plan (ITP). The required capital budget for transport is around R 1,5BN per annum. Plans are to raise part of the budget through a fuel levy. Linked to this is the upgrading of the Port and the expansion of the airport.

The second priority is the city's ICT capacity and the establishment of a metropolitan area network as outlined in the MEDS and in the sector section 7.1.3. Without this Cape Town's infrastructure capacity will not be ready to support the future growth sectors and the City will lose its competitive edge.



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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>Budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Metropolitan Transport Authority					R 1,5bn per annum	Province, Industry, National
Construction of major transport interchanges	1 built, 3 to be built		Improve access and mobility	On budget		Province
Construction of essential road links		Labour intensive	Improve access and mobility		R 3 bn	Province
Port re-development including expansion and re-equipping	Increased growth due to exports		Increased jobs		R250 – R500 million	National Authority, Ports, Province, and business
Airport expansion to include a second runway and links to the Port in Saldahna	Increased tourism and trade					ACSA
2010 development of Green Point Stadium and transport links to the stadium	Increased investment	Equitable access for all to the stadium and city	Public facilities and transport access routes developed		To be determined	National government
Metro wireless broadband area network	See Section 7.1.3					
Bulk infrastructure	See Section 10.2					
Public transport	See Section 10.4					

9.4. Enabling business environment

It is important to develop a culture and an administrative and regulatory environment that facilitate economic development. Current City regulations and administrative processes often hinder rather than enable economic development. This is especially true in the historically black sections of the city and in many of the informal areas. In addition the City has an important facilitation role to play in support of Wesgro, sector bodies and any future economic development agency coordinating the City's engagement with investors and ensuring a public face, rapid turnaround time and focused service to businesses.



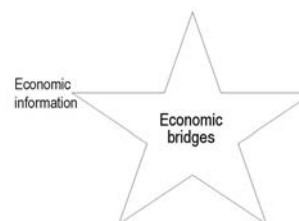
<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Regulation and red tape review	Increased business attractiveness	Equity of access especially for 2 nd economy	Poor better able to pursue livelihood strategies	R200 000		Province and business
Investment climate survey	Improved information and confidence			World Bank		Wesgro, Department of Trade and Industry, World Bank
Bi-annual business briefings by the Mayor and City Manager and city	Increased business confidence	Improved stakeholder participation		R250 000		Business

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
wide growth and development summits						
Regular forum with State-Owned Enterprises around strategic infrastructure needs and projects	Increased investment in infrastructure			Staff time		SOE

9.5. Economic research and information

Economic development information at a city level is a strategic input to a range of interventions and processes including monitoring and evaluation. Whilst some progress has been made to access and provide information about the city's economy, its people and environment, some gaps remain. The challenge is to provide information on a city level as some data is currently only available at a Provincial level. The City proposes to address these gaps to support business and investment growth and targeting of infrastructure, services and skills development. The City also recognises that in the knowledge economy and information society, credible and accessible information has an important empowerment role to support emerging businesses and communities. In implementing these initiatives, partnerships, particularly with the universities and technikons, will be established to ensure the optimal use of research and information resources and capacity.



<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Poverty Study – to provide base line poverty information (incl social grant info)		Monitor progress to reduce gap between rich and poor. Assist to identify interventions	Monitor progress to reduce those who fall in the indigent grant level. Assist to identify interventions		R500 000 for first phase	Province
Business Survey – to replace economic database provided by RSC Levy information	Provide targeted strategic info for investment, planning and decision support. Monitor growth and infrastructure needs.	Monitor SMME development, BBBEE and skills development progress	Monitor job creation and skills demand		R600 000	Province
Informal Sector Survey to address current information gap	Monitor contribution to GGP. Identify potential linkages to first economy and SMME development	Identify infrastructure, support and skills development needs	Identify opportunities		R500 000	Province
Develop an integrated database of strategic public sector projects in Cape Town : infrastructure	Provide targeted strategic info for investment, planning & decision support. Monitor	Identify opportunities for BBBEE and SMME development.	Identify opportunities for EPWP. More impact and better		R50 000	National Province Wesgro

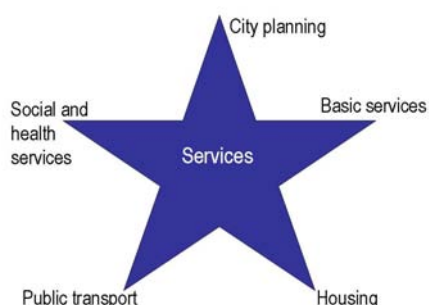
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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
investment and other	infrastructure targets.		use of public sector resources.			
Develop, maintain and report on key city indicators to include in strategic indices (e.g. National & Provincial KPIs; City Scorecards incl IDP; Sustainability; City & Human Development; State of SA Cities; Knowledge Assessment Matrix)	Provide targeted strategic info for investment, planning & decision support. Monitor progress re growth targets and trends. Inform targeted interventions	Monitor progress to reduce gap between rich and poor. Inform targeted interventions	Monitor progress to improve quality of life. Inform targeted interventions	R25 000	R170 000	National Province Stats SA Local Universities
Secure the provision of key official economic stats at City Level e.g. Labour Force Survey – with STATS SA and other appropriate organisations	Monitor progress regarding growth, sector development and employment. Informs decision support and planning.	Monitor progress to reduce gap between rich and poor. Informs needed interventions	Monitor progress to reduce those who fall in the indigent grant level. Assist to identify interventions		Not costed yet	Province Statistics SA
Scoping of integrated information system – City of Cape Town; Global Business Intelligence Unit (Wesgro), Tourism and PGWC (Econ Dev & Treasury).	Support competitiveness and joint marketing initiatives. More impact and better use of public sector resources.	Wider access to information, networks and opportunities	Supports job creation		R25 000	Province Wesgro Cape Town Routes Unlimited Cape Town Tourism Information Technology Services
Tourism Infrastructure Survey	Provide information for marketing and planning. Monitor growth and infrastructure needs.	Monitor BBBEE, SMME and skills development progress	Supports job creation	R200 000	R150 000	Province Cape Town Routes Unlimited Cape Town Tourism Transport Information and Knowledge Management
Tourism Satellite Account – Cape Town standardisation	Monitor progress regarding sector growth. Informs decision support planning and infrastructure needs	Monitor progress of BBBEE charter	Monitor job creation and job opportunities		R200 000	SA Tourism Province
Tourism visitor satisfaction survey	Support sector growth, marketing, planning, infrastructure and service needs.	Informs identification of linkages and opportunities	Monitor opportunities	R80 000	R100 000	Cape Town Tourism
EHD local area economic research – information capacity	Local role-players can become partners	Supports skills development	Supports job opportunities	R40 000	R300 000	Communities Local Universities

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
building and training for Communities (focus on youth)		Supports information society initiatives				Information Technology Services Private Sector Research Companies

10. Services



Getting the basics right and ensuring affordable, sustainable and non-interrupted services is key to business attractiveness and the success of Cape Town. Service delivery in Cape Town has not been adequate.

City planning has not managed the growth of the city optimally with a resulting increase in the city footprint, the division between rich and poor and between the spatial location of low and middle income human settlements and economic growth nodes.

Basic services are all at capacity. Cape Town faces water shortages, electricity black outs and waste sites are nearing capacity. Unless the bulk infrastructure and service delivery capacity can be increased Cape Town will not be able to absorb >7% growth and any other interventions to grow the economy will not work. Where bulk capacity does exist the city has a good overall record of extending provision to low income areas. This delivery capacity has not been matched, however, by a similar record in allocation of land and the provision of housing.

Consequently, housing remains one of the key challenges for the City with a backlog of 265 000 units. The location of human settlements is critical to achieving the sustainability and economic viability. Along with location is access to facilities such as clinics, libraries, sporting fields and accommodation and multi-purpose community centres.

Finally, public transport has been identified as THE critical gap in respect of shared growth. The mobility of the poor is important in bridging the divide in the economy. Public transport is also key to the growth of the tourism, call centre and service sectors who are all reliant on 24/7 safe, affordable and accessible public transport.

Interventions include:

- a. City planning
- b. Basic services
- c. Housing
- d. Public transport
- e. Social and health services

The priorities are service provision and public transport as explained above. The more detailed list of interventions to facilitate economic bridges are:

10.1. City planning

Spatially Cape Town faces massive challenges. Despite massive investment in housing spatial inequality has persisted since 1994. Past Council policies, programmes and investment have not aligned with one another or with national or City spatial planning



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objectives, with the result that the City has continued to fragment and sprawl.

New integrated initiatives aim to align strategic spatial plans with all policies, services and investments that have an impact on the spatial growth path of Cape Town. These initiatives seek to address the challenges of spatial transformation, integration and renewal within the existing city footprint. Importantly, the work is based on a recognition that Cape Town does not function in isolation of the region or its natural heritage.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
City and areas SDF	Densification & infill within current City footprint	Mixed use mixed income development	Basic service provision	R500 000 for SDF planning R5 million of Mixed use mixed income hsg pilots over the next 3 years	Significant public and private sector investment in better quality, well located housing	Human Settlement Dept SOEs Social Hsg Partners Province Private sector
	Managed & sustainable long term regional growth supported by relevant economic base	Socio-economically balanced new development areas based on 'green technologies'	Job creation through local production of solar technologies	DANIDA UEM funding		Adjacent municipalities Province SOE's
Standardised regulatory scheme and development conditions and training of all staff in the new scheme	Significant improvement in turn around time for development proposals				R700 000 for the next 2 years	Province
Economic research to underpin spatial planning	Airport capacity and the economics of location Spatial preconditions for key economic sectors	Improved access to economic opportunity	Retail development impacts on marginalised areas / 2 nd economy	R200 000 05/06	R500 000 p.a.	City planning E&HD ACSA

10.2. Basic services including water, sanitation, waste, electricity

The provision of basic services to households has a direct impact on health, quality of life and people's ability to access the benefits of urban living. The City's ability to deliver to informal and formal areas is good where bulk capacity exists. With the rapid expansion of the urban area, capacity in all basic services is being stretched, and service capacity could become the major constraint to growth unless proactive steps are taken.



10.2.1. Electricity and Energy Services

Around 98% of electricity sold in Cape Town is imported from the Eskom national grid (mostly coal power from the north of the country and a small amount of nuclear capacity and hydro). Because of the reliance on distant power stations, transmission losses are higher than for other cities (about 12%). The City has minimal generation capacity and will have to invest in significant and diversified generation and / or power purchasing if it is to secure its electricity supply. To bring the Athlone Power Station back on line will cost in the region of R 150M; however it cannot continue to be run off coal power as this would be too expensive and alternatives are being investigated.

RED 1 is currently being established and the Electricity Department is becoming part of it.. The RED will be responsible for distribution only and the City aims to establish agreements with the RED around the nature and pricing of the electricity which it will be distributed. The Department is engaged in load management and load profile control in order to control costs. However, it does not actively pursue demand-side management. Demand-side management and energy efficiency are critical to Cape Town managing its energy needs sustainably.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Electrification of all homes, formal and informal	90% of informal housing on public land by 2010 and maintain 100% electrification of formal housing		Community maintenance jobs Skills training for local trainees Facilitate learning and job seeking; reduce fires; improve indoor air quality; improve health	Have sufficient budget		RED Eskom City
Free basic electricity to provide 50kWh to the poor	100% for all who use less than 450kWh per month			R 75M		City RED Eskom
Generation (for example Athlone Power Station) and Power Purchase Agreements	City urgently needs to diversify its energy supply sources	BEE Independent Power Producers	Job creation		+R 150 M? for bringing Athlone back on line	Private companies, Eskom, City, Province and National government

10.2.2. Water and Sanitation Services

There is severe pressure on water resources in Cape Town and this may be further exacerbated by the impact of climate change on the Cape. Equity and sustainable use are major foci of the departmental strategy. It is planned that new bulk supply will be sourced from the Berg Water Dam and new desalination projects. Currently the City only uses 6% of its cleaned effluent, but intends to increase this to the maximum of 23%: cleaned effluent can be used for waterborne sewerage systems, urban agriculture and to recharge the aquifer. There is also currently some discussion as to whether water and sanitation will become a business entity similar to Rand Water.

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Provision of basic water and sanitation to all residents	Eradicate water services backlog by 2007 (7 000 households) and sanitation by 2010 (50 000 households)	Basic service access to all will bring equity in this respect	Free basic water 6kl/month and free basic sanitation 4,2kl/month to all households	2006/07 City budget R26,8M	R25 M per annum for 5 years to eliminate backlog, thereafter R12M per annum	Housing Dept, Community, Finance Dept, Department of Water Affairs and Forestry (DWAF) International partnerships
Provision of higher level of water and sanitation services to formal housing developments	The same as the housing backlog (260 000 households, coming from informal settlements and backyard dwellers) Currently a 20-year plus programme	Normal metered water supply and sanitation service to single households brings residents up to same basic level	Such services will assist the housing dept in lifting people out of poverty via home ownership	2006/07 Water Services budget R4,2M. with R61M incorporated into Human Settlement budget	R280M for 20 years, thereafter R150M per year	Housing Dept, Community, Finance Dept, Province, DPLG
Berg Water Dam = reasonable assurance of water supply until 2013	Provide sufficient water to support the low water demand	All households and businesses targeted		Paid from Operating budget	Total cost R1,5BN, multi-year.	DWAF project, partially funded by City, Agriculture, Neighbouring Municipalities, Community
Development of additional water resources: TMG Aquifer and Desalination	Provide additional water for period beyond 2013	All households and businesses targeted		Included in New infrastructure budget	Included in New infrastructure budget	DWAF, Community
Water Demand Management	Reduce water demand to 20% by 2010			2006/07 R15M	2006/07 R36M	Community, DWAF, Environment Dept, Human Settlement, Building Control
Expansion of Treated Effluent supply system	Current 6% of treated effluent expanded to 23% in a multi-year programme	Sport facilities supplied with cheaper water	Community gardens, urban agric	Included in WDM budget	Included in WDM budget	Community, Environment Dept Agriculture, wet industries, School sport fields
Provide bulk water and sanitation infrastructure for City development – all land uses including commercial	Matching growth rate and not to delay developments		Enable public developments for the poor to also proceed, in tandem with private mainstream development	One of important funding sources is Bulk Infrastructure Levies (BICL) as paid by Developers.	2006/07 R320M new infrastructure + R169M enhance infrastructure, totalling R489M.	Spatial planning, Transport Dept, Developers, Landowners, Community
Improve Treated Effluent	Achieve 1984 Treated		Reduce risk of disease and	R150M 2006/07	R178M 2006/07	Community, Natural

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
standard for all Treatment Works, to limit environmental impact on water bodies	Effluent standard for all Treatment Works		pollution of environment		excluding Replacement which is under Asset Management item.	environment, Health dept
Asset Management Plan:	A sustainable Asset Management Schedule			Operating budget + capital for replacement	Operating budget + R215M capital	Community and City

10.2.3. Waste Management

Cape Town is facing a crisis around securing suitable regional waste disposal sites. Between 1999 and 2004, landfill waste increased by 43%. This is clearly unsustainable and the City's plan, therefore, focuses on waste minimisation through reduce, reuse, recycle alternatives. The City aims to reduce waste by 50% by 2012, of the waste produced only 25% must go to landfills. There is significant potential in the waste stream for the development of reusing and recycling businesses: the added value per kilogram of waste is about 25c. Legislation is required to reduce waste at source (as per the plastic bags legislation) and to make the inclusion of a percentage of recycled material in new products obligatory. Mechanisms to support the reduction and separation of waste at household level are being pursued. Currently the importation of cheap waste paper is undermining the local collection and recycling of paper.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Community recycling initiatives		100%	46 community organisations	R 1.9M pa		Grant in Aid
Methane Recovery projects – capping and extraction	Start with Bellville, proceed to other sites		70 jobs at each site		Funding through carbon credits	Investors are interested
Waste Minimisation Programme	Train the trainer: 3000 people pa			R 6M for public awareness, schools R 1M for train the trainer	R4M matched funding	NGOs
Waste Minimisation Clubs	Aimed at particular industries (6 sectors) produces direct savings					City's businesses
Material Recovery Facilities	Establish maximum facilities around the City	100%	Low skilled employment, Training provided for managing sites	Funds provided for establishing sites		UNICEL
Industrial Waste Exchange websites	Promote maximum exchange of unwanted goods					Private companies Website provided by the City

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
	between industries					

10.3. Housing

Provision of integrated human settlements is part to government's service delivery program to the poor. This new policy thrust recognizes that it a house alone is not enough, sustainable human settlements are needed. Cape Town has a housing backlog of around 265 000 families. This backlog is growing at 16 000 new families per annum in subsidized housing income group. In addition there are a large number of people that fall outside the subsidy range but below the bankable threshold. The City has identified support for the development of social, rental and privately owned housing for this "gap" market as an integral part of its strategy. The key challenges within housing are the identification of well located land and leveraging the required finances for housing.



<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
IHS plan			Address the housing backlog	R500 million	R500 million 05-09	City Province
Identification of well located land for new housing schemes		Addressing the spatial divide		Covered above		City, CIDS, SOE, Province
Social and rental housing programme		1000 units in year 1 increasing to 5000 per annum			To be determined	Identified three housing partners – CT Housing Company, SOHCO and one other
Development of BEE suppliers		Economic opportunities for BEE firms		Covered in housing budgets		City, Private Sector
EPWP job creation			Created low skilled jobs	Covered in housing budgets		EPWP and construction industry
Inner city social housing programme for young people		Well located housing opportunities to facilitate integration			To be determined	CT Partnership, Province
Gap housing programme in partnership with the private sector		Land release		Staff time and lost revenue on land identified		Private sector and province

10.4. Public transport

Section 9.3 covers the City's major infrastructural investments which include public transport infrastructure. This section focuses on access to an effective public transport system. A public transport



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system is the lifeblood of a city. Cape Town's public transport system requires significant investment, firstly to save its current assets and then to transform public transport into an effective system (as per the proposed Integrated Transport Plan). This is fundamental to increasing accessibility and mobility for the poor, reducing road congestion, improving productivity and reducing the need for road building and maintenance.

Major constraints are the fragmentation of roles and responsibilities in the transport sector and the massive investment required. The establishment of a Transport Authority which gives the City control of decision making and of budgeting is fundamental to the implementation of an effective public transport system. The implementation of an effective hierarchy of modes will re-establish rail as the backbone of the public transport system. Four major transport interchanges and an integrated ticket system will facilitate easy transfer from one mode to another. Various disincentives to private car use are also being proposed.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Transport Authority established	See 9.3					
Public Transport Corridor Project	Move towards 80% Public Transport usage. Currently in the order of 50% Decrease private vehicles into City by 10% by 2010	Process to formalise BEE operators to formal and regulated operating entities	Improved and affordable access to opportunities	+/-R10bn		Traffic & Law Enforcement: Public transport enforcement entity, Province
Upgrade of Public Transport Interchanges	Towards a customer orientated service for all including the mobility challenged	Construction and maintenance of PT facilities through EPWP Framework	Connects first and second economy			Spatial and Land Use Planning: To provide and enabling regulatory framework to support higher densities and mixed use), Province
Establishment of a Public Transport Forum	System that is safe and crime free	Key capital investments target low income areas to stimulate LED	Job creation			Roads, Finance, Province, Industry
2010 mobility route	Increased public transport network	Equalise access to the stadium	Public transport access improved		To be determined	National and province
Fuel levy or annual carbon fee for vehicles in order to develop public transport	Financing for public transport = improved access for all			income to be determined		Province

10.5. Social and health services

Poor health and social services impact on the productivity of people and result in a series of other social problems that undermine the sustainability of communities. Although Cape Town has one of the lowest rates of HIV/AIDS the epidemic is still causing a loss in productivity capacity and aggregating the skills shortage. The incidence of AIDS and TB is inextricably

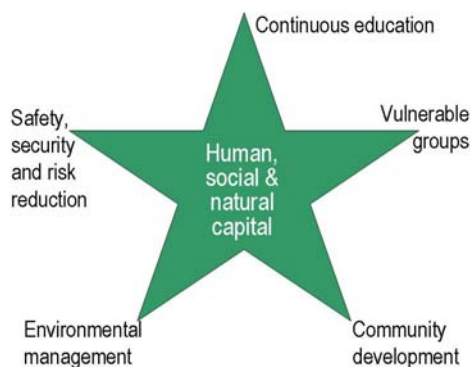


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linked to poverty further exacerbating the plight of the poor.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Primary health care programme	Increase the number of the economically active population with AIDS on Anti-Retroviral Treatment (ART).	Increase access to areas with high incidence of HIV/AIDS for the population who do not have access Medical Aid.	Keeping the population economically active.	Global Fund via Province. R3,128,000		- City Health - Province.
HIV/AIDS awareness and prevention programme	Increase number of Multi Sectoral Action Team (MSAT) NGO/CBO contracts signed and monitored.	Increase access to funding for areas with high incidence of HIV/AIDS.	A healthy community encourages economic growth. Many of the projects are linked to local economic activity.	Global Fund via Province. R3,200,000		- City Health - Province.
Social grants and ID access points			Improved access to grants		Provincial budget	Province Dept of Social Services and Poverty Alleviation

11. Human, social and natural capital



around:

- a. Continuous education
- b. Youth and other vulnerable groups
- c. Community development
- d. Environmental management
- e. Safety, security and risk management

An economy is nothing without its people and environment. Recognising this, the EHD Strategy has prioritised developing the people of Cape Town in terms of both their skills base and their networks. This is coupled with an intervention to preserve the City's natural heritage for generations to come. Given the patterns of inequality and skewed development, the bulk of these interventions are focused on improving the lives of the poor. Interventions have been focused

Given the city's dependence on our natural environment and beauty environmental management is the priority for the city. The more detailed list of interventions to facilitate development of Cape Town's human, social and natural capital are:

11.1. Continuous education

The skills gap is a major barrier to economic development in general and a particular barrier for poor households. While education is not a local government competence, skills development and continuous education are critical to the competitiveness of Cape Town's residents and the reduction of the divide between the first and second economies.



It is now internationally recognised that educational interventions need to start with pre-school. In recognition of the importance of early childhood development (ECD) in his State of the Nation Address, President Mbeki committed the government to an EPWP ECD programme.

At the other end of the spectrum, there is a need for adult basic education and training. Currently 27% of the formally employed have only a primary school education and between 3% and 4% of the adult population in Cape Town are illiterate. At the same time, job opportunities for unskilled labour are decreasing. Increasing the skills level of residents is therefore crucial, and includes providing foundational ABET skills.

<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
ECD EPWP	See 8.3					
Learning centres			Provision of ECD and ABET facilities in all communities	Costed as part of new settlement programmes		NGOs, CBOs and faith based groups, SETAs
ABET			Improved competitiveness of workers and unemployed	Staff time to facilitate partnerships		NGOs, CBOs and faith based groups. Department of Labour, SETAs

11.2. Special programmes for youth and other vulnerable groups

Women, children, the youth, aged and disabled are all recognised as vulnerable groups because of their enhanced levels of poverty, and exposure to ill health and environmental risks. Social stigma and their exclusion from mainstream social and economic activities can compound the weak position of the vulnerable. Within the City, over half of the unemployed are under the age of 35, making youth a special target in respect of economic and human development.



<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Street children Project			Integrated children with families and provide a stable structured environment	R2.5 million	R5 million	NGOs, CBOs, FBOs

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Nutritional support programmes			Reduce starvation		R 2 million	NGOs, CBOs, FBOs

11.3. Community development services including sports

A strong City needs a strong civil society. The first priority within community development is therefore about building civil society institutions through partnerships, joint projects, funding and training. Secondly, the prevalence of gangsterism, crime, racism, sexism and xenophobia all erode the social capital of communities and create a climate of fear and erode a public culture of openness that is attractive to tourists, business and residents. The provision of community development programmes (e.g. sports) can play a positive role in turning this around and recreating a sense of community. With 2010 on the horizon the provision of sporting facilities and programmes becomes even more important. Finally, community development is about ensuring mechanisms are in place to facilitate community dialogue and interaction.



<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
Consolidating the City Wide Sport and Recreation Council: consolidating existing and establishing new local sport and recreation councils establish and operationalise Facility Management Committees	To establish 14 new local councils of sport To establish and capacitate 46 new Facility Management Committees	Focus on ensuring equitable and effective service delivery in partnership with Civil Society structures	Focus on disadvantaged communities and sport and recreation clubs	R 300 000 for 05/06	R1 million p.a.	- City Sport and Recreation Forum - District Councils of Sport and Recreation - Local Councils of Sport and Recreation - Facility Management Committees Sport and Recreation clubs
Sport and Recreation Mass Participation Programmes	To host capacity building programmes, sport and recreation development programmes, winter and summer games, anti-crime programmes	Focus on disadvantaged communities, youth, women, disabled.	Focus on disadvantaged communities and sport and recreation clubs	R 700 000 05/06	R 2 million p.a.	- City Sport and Recreation Forum - District Councils of Sport and Recreation - Local Councils of Sport and Recreation - Facility Management Committees Sport and Recreation clubs
Capacity building programmes for event	To build a cadre of volunteers	Focus on disadvantaged communities,	Focus on disadvantaged communities	R 0	R 400 000	- City Sport and Recreation Forum

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>City budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
management, facility management, sport and recreation facilitation	within community structures that would contribute to successfully hosting World Cup 2010	youth, women, disabled.	and sport and recreation clubs			- District Councils of Sport and Recreation - Local Councils of Sport and Recreation - Facility Management Committees Sport and Recreation clubs
Grants-in Aid	To increase participation in community activities	Focus on disadvantaged communities and high crime spots	Focus on disadvantaged communities and sport and recreation clubs	R 700 000 05/06	R 1 700 000 p.a.	- Community organisations
Provide new and upgrade existing community facilities	To provide improved facilities in disadvantaged communities	Focus on previously marginalised communities	Focus on previously marginalised communities	R 245 mil	R 345 mil	Facility Management Committees
Libraries		Equal access to information	Improved learning opportunities	R500 000	R2 million	

11.4. Environmental management to protect Cape Town's natural resource heritage

Cape Town's natural environment, in particular Table Mountain to Cape Point, is its greatest asset as it is the basis for Cape Town's burgeoning tourist sector in addition to being a competitive advantage within the service sector and an asset for locals. Erosion of this base will undermine Cape Town's economy and undermine Cape Town's potential to locate itself as a Green City.



Despite the importance of the City's natural resource asset base, Cape Town is facing increasingly severe degradation of its natural resources: this is evident in the increasingly poor water quality and air quality - many of the other sections address these issues. This section deals with the City's green assets in particular.

The City needs to make significant investment in this valuable asset, as well as actively partnering the Table Mountain National Park, and improving its programmes covering coastal areas, alien clearing and fire management. The City is currently undertaking a study on "Understanding the Biodiversity Economy" which will provide direction for its project support. Alien clearing, path building and maintenance provide significant numbers of EPWP low-skilled jobs as outlined in section 8.3. (Fire management is under Section 11.5).

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<i>Project</i>	<i>Growth targets</i>	<i>Equity targets</i>	<i>Poverty targets</i>	<i>Budget secured</i>	<i>Budget needed</i>	<i>Stakeholders</i>
City Coastal Zone Management: access to resources; waste management	Improved sustainability and therefore competitiveness		Jobs	R 7.5 M		
City alien clearing EPWP and City funding		100%	150 jobs	R3 m from Enviro and R 4M from other depts for bush clearing)		DEAT National
Cape Flats 22 managed reserves + 14 environmental education centres		Access for poor to environment and education		R 6 M	R4 million	Cape Flats Nature
TMNP partnership	Tourism catalyst				Funded by TMNP	SA National Parks

11.5. Safety, security and risk reduction, especially for the poor

The City is subject to flooding on the Cape Flats in winter and frequent fires which devastate shack settlements. These events particularly threaten the poor, where a household can lose everything to one of these disasters. The uncertain impacts of climate change in the Cape may well exacerbate the situation. The City's Disaster Risk Management Department is divided into four area offices linked to health service areas. Budgets are still to be finalised as the DM Act because the Provincial Framework is not yet completed – this will contain the financial mechanisms and shares between different levels of government.



12. Priorities

Two types of priorities have been identified. Firstly, the strategy identifies priorities for the City of Cape Town as a whole. These priorities fall to other departments to implement. Secondly, priorities for the EHD Department have been identified. These are highlighted in the table below.

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Enhance global competitiveness ←			→ Targeted poverty reduction	
1 Developed economy:	2 Economies of the poor:	3 Economic bridges:	4 Services:	5 Human, social & natural capital:
Sector support	Skills development and training	Supply chain management and development	City planning	Continuous education – ECD and ABET
Destination brand management and marketing.	Informal trade support.	Use of state owned assets	Basic services including water, sanitation, waste and electricity (& indigent policy)	Youth and other vulnerable groups' programmes
Investment promotion	Low-skilled job creation (e.g. EPWP)	Infrastructure development	Housing – both subsidised and gap housing for the 'un-bankable'	Community development including sports
Area targeting and management.	Business support.	Enabling business environment	Public transport	Environmental management
Business and consumer security.	Business and consumer security.	Research and information	Health and social services including access to grants	Safety, security and risk reduction

Within the City services and environmental management have been identified as the priorities. The role of public transport, infrastructure provision and basic services such as water, sanitation, waste, electricity have been highlighted as the priority interventions. Collectively these are the fuel that drives the economy and economic growth. In addition, Cape Town has prioritised environmental management. One of the city's competitive advantages is its natural beauty. Part of sustaining this for future generations involves a commitment to efficient land, service and resource management. With increasing global attention turning to the environment efforts to create Cape Town as a 'green city' will enhance the city's attractiveness to service sector businesses.

Turning to the EHD Department the three priorities are skills development, business support and creating an enabling environment for businesses and investors.

While not a core mandate of local government, **skills development** has been identified as one of the keys to unlocking growth in both the national accelerated and shared growth (ASGI-SA) and in the provincial micro economic development strategies. Growth will not benefit the unemployed if they do not have the requisite skills and investors will not expand their investments if there is no supply of skilled local labour. Therefore the City has decided that targeted skills development is one of the most effective interventions in the short to medium term to address the needs of the unemployed.

The City's role is primarily that of facilitation between the various educational institutions, the Department of Labour, support organisations and the private sector. Through its EHD Department the City will assist with identifying what skills are in short supply, facilitating the design and development of programmes to meet these needs and provide support around identification of potential learners. In particular the City has prioritised training around:

- Entrepreneurship development
- Information technology skills
- Sector specific training (e.g artisan or language training)

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- Employment readiness and related life skills training
- Continuous education in particular early childhood development.

Secondly, the EHD Department has prioritised **business support**. Ninety-three percent of Cape Town's formal businesses are small and the informal economy accounts for 18% of the economy. This trend is likely to continue in a service based economy making business support a critical part of facilitating growth. In order to grow and develop, these businesses need knowledge about business opportunities, capacity to run their businesses, access to services, access to markets, information about all the regulatory requirements they must comply with and finances. The City has designed a multi-pronged programme to meet the needs of businesses. This brings together the various agencies and programmes under one umbrella to provide a coordinated service to clients which includes training, information, networking, is coordinated via the three permanent Red Door offices in Khayeltisha, Mitchells Plein and Atlantis and the mobile office that services Belville and Grassy Park or the business places offices in the CBD and Philippi. This intervention supports those wanting to enter the market and businesses already operating. The intervention also provides an important basis for other local area economic development initiatives.

The third priority is creating an **enabling business environment**. This intervention is focused on facilitating the developed economy and investment through a range of interventions that make Cape a more attractive place to invest. Simplifying the regulatory and administrative processes that impact on businesses is key and has been identified as a national priority in ASGI-SA. Another is ensuring that there is good information on economic trends and the investment climate. Wesgro and the various sector bodies play a role in collecting and disseminating investment information and guiding investors on behalf of the City and the EHD Department produces supplementary information. Mechanisms to facilitate the dialogue between investors and businesses and the City are also important. Here regular business briefings with the City Manager and Mayor are planned. Finally the EHD Department provides an economic development facilitation service through its support to sectors and its geographically based area managers.

In addition to the three priorities detailed above, the City, through the EHD Department invests significant resources in marketing via Cape Town Routes Unlimited and investment promotion via Wesgro.

13. Institutional issues

The City of Cape Town economic and human development plan is an ambitious plan that demands a coordinated approach to economic and human development. The plan is dependent on getting the basics right, a large scale infrastructure investment programme and a focus on sustainability. Within this, economic growth is expected in the service and niche manufacturing sectors. This is matched with significant investment into Cape Town's human capital. Many of the proposals have existed in some form prior to this initiative but have not been translated into action because of their cross sectoral nature and the need for coordination between spheres of government and within the City. To date economic development has not guided decision making or been the driver of development or the City's programmes. This section addresses this problem and seeks to provide a management framework that allows the City to get on with the job and focus on delivery.

13.1. Management arrangements

Economic and human development, together with environmental management, need to form the lens through which all resource decisions are made. Unless EHD is strategically placed with cross-cutting mandates and City-wide authority the goals of economic growth, job creation and minimizing the gap between the 1st and 2nd economies will not be achieved.

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Firstly, this strategy requires ***excellent inter-governmental relations*** (IGR). The establishment of the inter-governmental task team coming out of the Presidential Imbizo and the proposed IGR arrangements from this initiative provide an excellent vehicle for ensuring coordination, shared planning, resourcing and joint management between spheres of government. In addition coordination with surrounding municipalities and districts is needed both to understand what their needs of the City are and to sharpen the strategy.

Secondly, it requires ***political will, leadership and coordination*** within the City. The strategy needs to be driven by the City Manager and his/her top management team and included in the City's balanced scorecard and the performance contracts of all managers. The Economic and Human Development Department will support this team in the management, monitoring and evaluation of the strategy. This will require a matrix structure with integrated resourced project teams around key interventions. Once approved, every department will be required to align and finalise business plans from 2006/07 for the next 5 years based on this plan.

Thirdly, there is a need for ***coordination amongst the implementers*** – directors and their teams within the City, state-owned enterprises, public-private partners and the agencies and special purpose vehicles within the City. A regular forum of implementers is proposed at which progress, problems and corrective action will be discussed. It also requires coordination of effort and the review of agreements with implementing agents to ensure strategic alignment to the City's objectives.

Fourthly, the strategy requires the ***active participation of stakeholders*** across the City, be they business, labour, communities, academics or not-for-profits. In some instances the relationship will be informal and focused on information sharing and in others it will be formalised through performance-based agreements with the City. A key characteristic of the City's developed economy is the predominance of small and medium sized businesses. This is also true for the second economy. Consequently building relationships with the business community is time intensive and demands significant resources. Sadly, there is no substitute for personal relationships making it one of the key priorities for the City team. A multi-pronged strategy that involves door to door work with businesses, forums and regular communication vehicles are suggested.

Finally, it requires ***strategic and management capacity***. In order to coordinate the above the current EHD team will need some additional dedicated capacity. In addition the need for appropriate institutional vehicles to drive some of the key projects, for example the infrastructure delivery, must be explored further.

13.2. Communication strategy and vehicles

The aim of the communication strategy is to advocate the importance of economic and human development in the city's sustainable development agenda and to mainstream economic development in Council plans. Once finalised, the strategy will need to be communicated throughout the City. A multi-pronged approach is proposed kicking off with bringing all the partners on board then extending out to all stakeholders. See annexure 2 for details of the proposed strategy.

14. Monitoring and evaluation

14.1. EHDS Monitoring and Evaluation processes and tools

A key component of the EHD implementation plan and processes is monitoring and evaluation. It is essential that the City is able to regularly and easily monitor and report on its progress in achieving the goals of the EHD Strategy and the proposed interventions.

Monitoring

Key indicators must be carefully selected and data collected accordingly. Indicators of the cost-effectiveness of interventions must be included. These must be appropriate and readily available to directors in order to make monitoring effective.

Responsibility for the monitoring process should be assigned and regular monitoring reports collated, reported and reviewed.

- Monthly, quarterly and annual monitoring reports are proposed.
- On a monthly basis the relevant department will manage the information.
- On a quarterly basis the EHD Department will collate and analyze the information and report any red alert areas to management.
- On an annual basis, the City management will review the information and take appropriate corrective steps where necessary. Performance at this level will be linked to the personnel performance management system and the city scorecard.

Evaluation –intermediate and final evaluations of the programmes will be necessary. This will be built into the programme plan and resource provision made. The evaluation will draw on the programme monitoring reports.

With large scale interventions it is also important to undertake a pre-project evaluation in terms of a cost-benefit or return on investment analysis. The EHD Department in partnership with others will drive the process of evaluation of the strategy and the impact on growth, equity and poverty, as well as the evaluation of the 'developed economy' and 'economies of the poor' components of the Strategy.

All EHD evaluation reports will be included in the performance management framework mentioned above and be available through a knowledge sharing tool.

14.2. EHDS Monitoring and Evaluation management

In order to ensure that the necessary monitoring and evaluation processes, tools and resources are set in place it is proposed that:

- The Performance Management Department (with the Strategy and Development Directorate) develop and action a monitoring and evaluation framework for the EHDS implementation plan for every department involved. This should include Provincial and National departments and other key stakeholders.
- An agreed monitoring framework is set in place for all City projects which must be included and actioned for each project.
- Appropriate processes, systems and resources (including training) are allocated to support this intervention.
- Performance management contracts to be linked to the EHD Strategy targets.

References:

- City of Cape Town policies and procedures as detailed in annexure 1
- City of Cape Town EHD Strategy Part 1: context and framework, 2005
- City of Cape Town Integrated Development Plan
- Provincial and national policies and research as outlined in annexure one

Annexure 1: List of relevant policies and strategies

- Accelerated and Shared Growth Strategy, National government, 2005
- Business Support Policy, City of Cape Town, 2003
- DRAFT Energy and Climate Change Strategy, City of Cape Town, 2005 draft
- DRAFT Investment Incentive Policy, City of Cape Town, 2004
- DRAFT Sector and Cluster Growth and Development Policy, City of Cape Town, 2005
- Early Childhood Development Policy, City of Cape Town, 2003
- Ikapa Elihlumayo, Western Cape Province, 2004
- IMEP Integrated Metropolitan Environmental Policy, for the City of Cape Town, 2004
- Improvement Districts by-law, City of Cape Town, 2004
- Indigent Policy, City of Cape Town, 2003
- Informal Trade Policy, City of Cape Town, 2004
- Integrated Transport Improvement Plan, City of Cape Town, 2004
- Micro Economic Development Strategy, Western Cape Province, 2005
- Supply Chain Management Policy, City of Cape Town, 2005
- N2 Economic and Human Development Strategy, City of Cape Town, 2005

Annexure 2: Communications strategy

<i>Audience</i>	<i>Vehicle</i>
All stakeholders	Public launch at EHD Summit Annual GDS updates and reviews Regular feedback on information collected and evaluation findings
Councillors and MECs	Identify and brief champions Briefing pack One-on-one meetings Bi-annual updates
Ward committees	Identify and brief champions Briefing pack Road show with presentation to each committee Annual updates and review sessions
Officials within the City	Briefing pack Road show to every department management meeting Internal web-based suggestion and question and answer platform Quarterly management forum meetings
Officials within other spheres of government and surrounding local authorities	Briefing pack Road show Bi-annual updates and review sessions
Formal business	Identify champions Regular face-to-face interactions Forums Road show Bi-annual forum Printed media
Informal business	Identify champions Regular face-to-face interactions Forums Road show Bi-annual forum
Agencies and SPVs	Identify and brief champions Briefing pack and Road show Quarterly update and review meetings Inclusion in business plans and performance contracts as appropriate
Area based partnerships	Identify champions Briefing pack Road show Quarterly update and review meetings
NPOs, CBOs and faith based groups	Identify champions Briefing pack Bi-annual update and review meetings
Labour	Identify champions Briefing pack Sector based dialogues Bi-annual update and review meetings
Public	Regular column in City's newsletter Quarterly features on aspects of the strategy in the public media Quarterly talk shows on radio