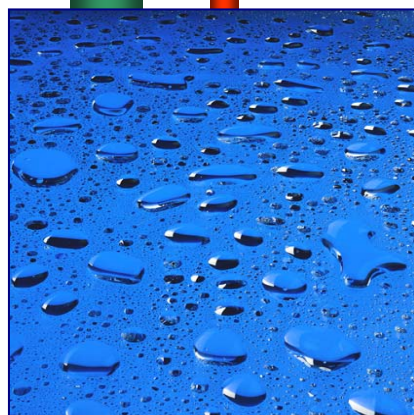
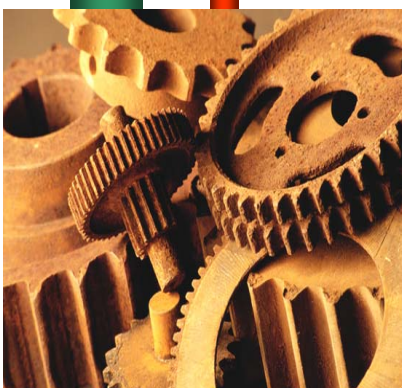


3rd DRAFT INTERNAL WORKING DOCUMENT



CITY OF TSHWANE
"we are the same"



CITY OF TSHWANE INVESTMENT PROMOTION AND DEVELOPMENT STRATEGY

March 2006

PREPARED FOR:

City of Tshwane Metropolitan Municipality
P.O.Box 440, **Pretoria** 0001
Republic of South Africa

PREFACE

The City of Tshwane Metropolitan Council (“the Client”) sought the services of the consultant Kayamandi Development Services (KDS) to develop an Investment Promotion and Development Strategy for the City of Tshwane (“the study area”). KDS understands that the City of Tshwane is faced by a series of problems such as lack of investment, high levels of unemployment, absence of a comprehensive strategic and pro-active economic development approach, which imply, inter alia, that the City’s comparative and competitive advantages are not optimally utilised, unlocked and capitalised on. A dire need therefore exists to formulate an Investment Promotion and Development Strategy, which can be utilised as a ‘manual for economic investment and development’ in Tshwane. As such, it will move beyond a conventional (local) economic development strategy in strategically positioning Tshwane for investment and resultant economic development and job creation.

This document should be regarded as a 2nd draft document only which is still in the concept phase. The draft represents only a part of the process of developing an Investment Promotion and Development Strategy and should for the time-being be regarded as ‘feedback’ on the work already done by the consultant. It can therefore be assumed that the 3rd draft is not all-inclusive and that there are still gaps to be identified as well as facts / information to be confirmed. An overview of the consultant’s progress in terms of developing the strategy is provided in the table below.

PROGRESS REPORT

Terms of Reference	Proposal	
(Phases)	(Steps)	Comment
1 - Outline of framework that will be used to guide the compilation of an all-inclusive and multi-disciplinary focused investment promotion strategy	1- Orientation: setting up of a steering committee (SC); an inaugural meeting will be held with the client and steering committee to finalise the project goal, objectives, process deliverables and programme; finalise the contractual aspects; identification and sourcing of all the required background information relevant to the study.	Potential members of the SC have been approached. First meeting of the SC took place on 18 Jan 2006. Second SC meeting will take place on 29 March 2006.
2 - Result of investigation giving an outline of all applicable info which will have an impact on the preparation of the IPS	2- Multi-dimensional background research: the project team will develop a comprehensive understanding of the trends, issues and dynamics of the study area within its metropolitan context. This analysis will be based on existing research.	Socio-economic analysis of the City of Tshwane as well as all subplaces in Tshwane has been conducted. (see Annexure A for 'fact sheets')
	3- Development perspective: an integrated evaluation with a view to compile a development perspective required for economic development and investment planning.	Has been developed and reflected in the 3 rd draft document
	4- Economic database: the development of a database to facilitate the electronic storage of all data gathered throughout the project. User requirements specifications will be obtained during an intensive work session.	A preliminary framework has been compiled and provided in the 3 rd draft document (see Annexure B).
3 - A Rationale for the development of an IPS, also indicating/identifying underlying principles	5- Investment potential analysis: identification of all latent development opportunities, which will be indicative of niche markets for investment. Cognisance will be taken of local, national and global competitiveness.	Investment and development opportunities have been identified in categorised (see Annexure A's fact sheets).
	6- Spatial framework: allocation of investment opportunities in a spatial framework, taking cognisance of existing strategies in this regard. This means the land requirements per opportunity are quantified and qualified.	Investment and development opportunities have been identified in categorised (see Annexure A's fact sheets).
4 - Explanation of the IPSs (a-spatial & spatial) which should be adopted by the CTMM	7- Investment Indaba & prioritisation: an investment opportunity verification and prioritisation work-session in the form of an Indaba will be held whereby lead sectors and sectoral opportunities will be verified and additional opportunities recorded.	Final arrangements need to be made.
	8- Investment framework: the integration of the results of the three preceding steps in an integrated investment framework. The framework and projects will be subjected to an investment sustainability prioritisation model to further determine priorities for implementation.	Provided in the 3 rd draft internal working document.
5 - implementation strategy/plan as to guide the implementation of IPDSs	9- Investment strategy & marketing plan: the integration of the different components and formulate an investment strategy with an associated investment guide and marketing plan adhering to the nodal development strategy. The purpose of this component of this strategy is to develop guidelines for the successful implementation of the investment strategy.	A preliminary conceptual framework has been compiled.
	10- Implementation plan: the formulation of an action plan for the implementation of the Investment Strategy and effective facilitation of investment in projects. A Performance Management Framework will also be developed which will guide performance in terms of implementing the strategy.	In process.

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ACRONYMS / ABBREVIATIONS:

AADD	-Annual Average Daily Demand
AIDC	-Automotive Industry Development Cluster
ASP	-Automotive Supplier Park
ASSA	-Actuarial Society of South Africa
BBSDP	-Black Business Supplier Development Programme
BDRE	-Business Development Retention and Expansion
BEE	-Black Economic Empowerment
BEPA	-Bureau of Economic Policy and Analysis
CA	-Comparative Advantage
CBD	-Central Business District
CDS	-City Development Strategy
CHC	-Community Health Centre
CIP	-Critical Infrastructure Programme
CSIR	-Council for Scientific and Industrial Research
CTMM	-City of Tshwane Metropolitan Council
DBSA	-Development Bank of South Africa
DEAT	-Department of Environmental Affairs and Tourism
DFA	-Development Facilitation Act
DTI	-Department of Trade and Industry
EMIA	-Export Marketing and Investment Assistance
FDI	-Foreign Direct Investment
FIAS	-Foreign Investment Advisory Service
FIG	-Foreign Investment Grant
GDP	-Gross Domestic Product
GEDA	-Gauteng Economic Development Agency
GGDS	-Gauteng Growth and Development Strategy
GSDF	-Gauteng Spatial Development Framework
GT	-Gauteng
GTIS	-Gauteng Trade and Industry Strategy
HDI	-Human Development Index
HSRC	-Human Science Research Council
ICDRS	-Inner City Development and Regeneration Strategy
IDC	-Industrial Development Corporation
IDP	-Integrated Development Plan
IDZ	-Industrial Development Zone
IH	-Innovation Hub
IMCI	-Integrated Management of Childhood Illnesses
IPA	-Investment Promotion Agency
IPDS	-Investment Promotion and Development Strategy
ISA	-Investment South Africa
ISDF	- Integrated Spatial Development Framework
ITP	-Integrated Transport Plan
JIA	-Johannesburg International Airport
KDS	-Kayamandi Development Services
KEF	-Khula Enterprise Finance
LED	-Local Economic Development
MCDC	-Mabopane-Centurion Development Corridor
MIDP	-Motor Industry Development Programme
MIGA	-Multilateral Investment Guarantee Agreement

MRC -Medical Research Council
MSA -Municipal Systems Act
MSDF -Metropolitan Spatial Development Framework
NDoT -National Department of Transport
NEPAD-New Partnership for Africa's Development
NGO -Non Governmental Organisation
NMDC -Nelson Mandela Development Corridor
OECD -Organisation for Economic Co-operation and Development
PHC -Primary Health Care
PPP -Public Private Partnership
RPI -Rapid Planning Initiative
RTWST-Roodeplaat Temba Water Services Trust
SAB -South African Breweries
SACU -South African Customs Union
SADC -South African Development Community
SANB -South African National Blood Services
SANGO-Township Retail Store
SARR -South African Reserve Bank
SAWS -South African Weather Service
SDI -Spatial Development Initiative
SoER -State of the Environment Report
SPII -Support Programme for Industrial Innovation
SPP -Skills Support Programme
STI -Sexually Transmitted Disease
SWA -Sandspruit Works Association
TCT -Tshwane City Tour
TEP -Tourism Enterprise Programme
THRIP -Technology and Human Resources for Industry Programme
TICC -Tshwane International Convention Centre
TIEP -Tshwane Integrated Environmental Policy
TSG -The Services Group
TUKS -University of Tshwane
TUT -Tshwane University of Technology
UDZ -Urban Development Zone
UNCTAD-United Nations Conference on Trade and Development
URS -User Requirements Specifications

INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

The City of Tshwane has developed an Integrated Spatial Development Framework in terms of the Municipal Systems Act and the Municipal Planning and Performance Management Regulations. The ISDF is a core component of the Integrated Development Plan of the City, as derived from the Development Facilitation Act. However, the ISDF doesn't indicate specific spatial areas that need to be developed or existing initiatives that need to be enhanced.

Simultaneously, the CTMM formulated a new "City Development Strategy" which will have a strong focus on the 'city restructuring'. In addition, there is no focussed investment strategy to enhance investment into the CTMM area, hence the need to formulate an investment promotion and development strategy. The CTMM established the so-called Tshwane Business Week. Each year the Business Week focuses on different elements of economic growth, job creation and Broad Based Black Economic Empowerment activities. In 2005, the Tshwane Business Week specifically focussed on investment promotion and development.

1.2 PROBLEM STATEMENT

The City of Tshwane is faced with challenges, amongst others, to reduce the prevailing rate of unemployment, as well as to increase the revenue base to enable the City to provide its citizens with services. To address these challenges, the CTMM should develop a comprehensive investment promotion and development strategy that will guide economic growth, as well as balanced urban / rural development.

The proposed Investment Promotion and Development Strategy will be a proactive measure to ensure that investment follows strategy and there through, that job opportunities are created to alleviate the problem of unemployment. The strategy will

also go a long way in ensuring an increase in the CTMM's revenue and to improve the investor-friendly nature of the City, as well as to achieve the vision and mission of the City.

1.3 GOALS AND OBJECTIVES OF THE PROJECT

The overall goals can be summarised as follows:

- To enhance economic development in the City;
- To promote job creation;
- To attempt to increase the income base for the CTMM;
- To guide economic growth and balanced urban/rural development;
- To improve interaction with investors/developers;
- To develop Tshwane as an investors-friendly City; and
- Reduce segregation, fragmentation, separation of functions, urban sprawl and further marginalisation of certain communities.

In terms of the CTMM's perspective, it is foreseen that the objectives can be grouped into three broad categories:

(i) Development of economic and industry sectors, by identifying:

- Economic and industry sectors that need stimulation;
- A locality for the enhancement of such economic and industry sectors;
- Obstacles that need to be resolved, as to further stimulate economic sector development;
- The CTMM's role in the stimulation of these economic and industry sectors; and
- Formulate strategies to develop the economic and industry sectors.

(ii) Spatial development impact by identifying:

- Strategic areas where focussed investment can increase comparative advantages;
- Nature and extent of land-use development which could be stimulated;

- Obstacles that need to be resolved, as to further stimulate spatial development; and
- Projects and strategies to facilitate project initiation.

(iii) Implementation by developing:

- A marketing strategy to market investment opportunities
- Institutional arrangements to be used as platform for public participation.

1.4 STUDY APPROACH

The study is conducted according to the following 8 steps/phases (as indicated in Figure 1):

Step 1: Orientation

The purpose of this step is to set up a steering committee and to arrange for an inaugural meeting with the client and steering committee to finalise the project goal, objectives, process deliverables and programme. The contractual aspects will not only be finalised but all the required background information relevant to the study will also be identified and sourced.

Step 2: Multi-dimensional background research and development perspective

The project team is in the process of developing a comprehensive understanding of the trends, issues and dynamics of the study area within its metropolitan context. The analysis is based on existing research. The development overview addresses the following:

- Concise overview of the status quo
- Identification of development problems and issues
- Identification of local sectoral experts that could be utilised for sectoral workshops and / personal interviews.

The following analyses will be undertaken: economic analysis; regional economic analysis; socio-economic analysis; economic profile; property trend analysis; urban settlement patterns; and Tshwane City Strategy.

An integrated evaluation with a view to compile a development perspective required for economic development and investment planning. This analysis will provide critical basic information required for economic development and investment planning, since it provides indication of the economic structure and functional specialisation and other dynamic characteristics of the study area.

The focus of this step is also to interpret the niche market in terms of opportunities for investment and subject these to a rigorous evaluation process to prioritise opportunities. This evaluation process will entail an investigation into the following factors related to each opportunity:

- Disbenefits and disincentives with a detrimental effect on investment potential
- In-depth analysis of comparative and competitive advantages
- Evaluation of the potential impact of the opportunity to quantify the economic spin-off effects
- Identification of potential investors and funding agencies (please refer to Annexure A).

Step 3: Economic database framework

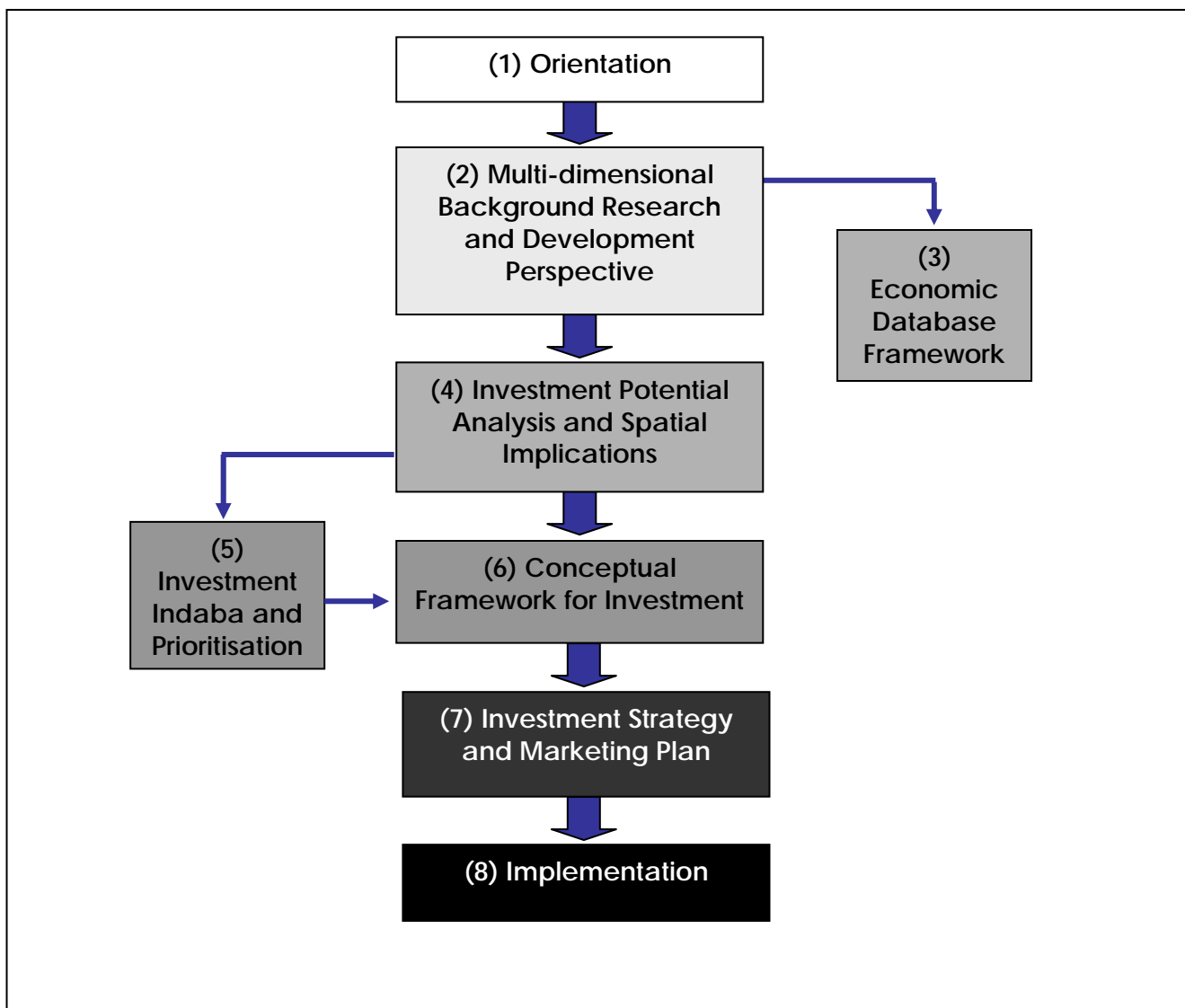
The purpose of this step is to formulate a framework in order to support the development of a potential economic database for the study, as well as to facilitate the electronic storage of all data gathered throughout the project. The CTMM's operational unit – LED: Policy and Information – is already in the process of developing a database for the purposes mentioned. The characteristics of such an economic database can be summarised as follows:

- Immediate access to information of economic activities;
- Optimal utilisation of existing information;
- A *user-friendly*, computerised database, incorporating first degree transformation of data;
- Multidimensional access and presentation of information (e.g. on a sectoral, geographical and functional basis); and
- *Maintenance free*, except for periodic upgrading as new information becomes available.

It is important to set up a practical database framework, which will ensure all the client's data requirements can be taken cognisance of. A preliminary outlay schematic outlay of the framework is provided in Annexure B. These are generally referred user requirements specifications (URS) and will be obtained from the client during an intensive work session.

The URS will be used to develop the database framework, which will in turn provide guidelines for the questionnaire and fieldwork planning, as well as a database framework.

Figure 1: Steps in the Study Approach



Step 4: Investment potential analysis and spatial implications

The purpose of this step is to identify latent development opportunities which will be indicative of niche markets for investment. In this regard cognisance will be taken of both local, national and global competitiveness (see Section 4). The sectoral investment potential analysis will identify the sectoral comparative advantages of the economy to determine the investment and development in the City of Tshwane.

Sectoral assessments of the following will be undertaken: agricultural, mining, manufacturing, construction, trade, transport, water and electricity, finance and real estate, services, tourism, main economic linkages and opportunities for SMME development. The result of the evaluation will be presented as an inventory of investment opportunities in Tshwane in matrix format. This implies that the identified potential will be taken up in an investment opportunity inventory, which will be organised in a matrix format.

The next action is to formulate a strategy framework with key programmes based on the identified lead sectors and investment opportunities. It will take on the format of Strategic Visioning that would position the study area favourably towards addressing the identified investment opportunities. Attention will be given to the geographical orientation of programmes and projects with appropriate referencing, since the various sub regions in the area are totally unique in functional specialisation and resource base.

The purpose of this step is also to allocate investment opportunities in spatial framework taking cognisance of existing strategies in this regard. This means the land requirements per opportunity area quantified and qualified. The spatial framework will identify:

- Existing urban/rural nodes
- Conservation areas
- Transportation corridors
- Regional and sectoral linkages
- Proposed nodal expansions
- Tourism corridors
- Commercial activities
- Comparative advantages

- Resource base

The challenge lies in the spatial distinction of resource allocation, namely local and regional levels. The development of an appropriate management framework facilitating this spatial re-definition of sub-regions for optimal resource allocation in policy formulation is thus required. Innovative models utilising GIS as a tool to prioritise development opportunities in a spatial context can be applied.

Step 5: Investment Indaba and prioritisation

An investment opportunity verification and prioritisation work-session in the form of an Indaba will be held whereby lead sectors and sectoral opportunities will be verified and additional opportunities recorded. Specific attention will be given to the local community needs and development issues.

A one-day workshop will be arranged and the major stakeholders of the economy will be invited. A workshop manual will be prepared which will contain a summary of all the findings and most important recommendations that have emanated from the preceding steps. Experience with similar workshops indicates that sectoral work groups (e.g. tourism workgroup, an agricultural workgroup, etc.) can be formed to allow detailed discussions on the respective sectors.

Step 6: Conceptual framework for investment

The purpose of this step is to integrate the results of the three preceding steps in an integrated investment framework. This means that the prioritised investment projects with the spatial allocations and recommendations from the Indaba will be integrated in the framework. The framework and projects will be subjected to an investment sustainability prioritisation model to further determine priorities for implementation.

Step 7: Investment strategy and marketing plan

The purpose of this step is to integrate the different components and formulate an investment promotion and development strategy with an associated investment guide and marketing plan adhering to the nodal development strategy. The purpose of this

component of this strategy is to develop guidelines for the successful implementation of the investment strategy. A process of implementation facilitation will be developed which provide guidelines in terms of investment brokerage, matchmaking, project packaging, etc.

Step 8: Implementation

The purpose of this step is to formulate an action plan for the implementation of the 'Investment Promotion and Development Strategy' and effective facilitation of investment in projects. The plan will provide guidelines on:

- Fast-track investment and marketing actions to facilitate the implementation of high priority and strategic projects for immediate impact on the economy.
- Medium term investment and marketing actions to facilitate the marketing and implementation of the second round of programmes and projects.
- Long term actions: these refer to the actions that need to be taken for the ongoing marketing and facilitation of investment in economic opportunities.

1.5 INFORMATION USED

The following information sources have already been obtained from the various departments within the City Council and consulted during the analyses (the list to follow is by no means all-inclusive). The aim is to further collect as much information possible during the steps of the project.

Published and unpublished reports and strategies

- City of Tshwane Integrated Development Plan
- Local Economic Development Strategic Framework
- Tshwane City Development Strategy
- Metropolitan Spatial Development Framework
- Integrated Spatial Development Framework
- Inner City Development and Regeneration Strategy
- Compaction and Densification Strategy
- CTMM Integrated Transport Plan
- Strategic Tourism Development Plan
- Tshwane Integrated Environmental Policy
- State of the Environment Report of Tshwane
- Informal Trading in Tshwane: Regulatory, Spatial and Economic Framework
- SMME Development Strategic Framework
- Tshwane Retail Strategy
- Tshwane Poverty Nodes Report
- Indicators of Poverty in Tshwane Report
- Tshwane Metropolitan Profile
- Annual Report of the CTMM Health Care
- CTMM Medium Term Budget Report
- Gauteng Trade and Industry Strategy
- Gauteng Growth and Development Strategy
- Gauteng Spatial Development Framework
- The City of Tshwane's Special Projects
- Incentive Strategy for the City of Tshwane Report

Baseline Data

- Demographic information from the 1996 and 2001 Population Census – Statistics South Africa
- Economic data from Quantec Research (Pty) Ltd.
- Regional Services Council Levy Database

Various interviews have already been conducted with officers of the different operational units / council operations within the CTMM such as: City Planning; Environmental Management; Tourism; Roads and Stormwater; Educational Services; Community Development; Health Care; Gautrain Spatial Development Opportunities; LED; and Marketing (for list of role players, please see Annexure C).

1.6 REPORT OUTLINE

The draft report is structured to provide only an overview of the study findings concluded at this phase / step of the project. The report is hence structured as follows:

Section 1: Introduction and Background (*this section*)

Section 2: City of Tshwane in National, Provincial and Regional Context In this section of the report information is provided on the demographic and economic profiles of the City of Tshwane as well as the status of the City's

infrastructure in context with the national, provincial and regional norms.

Section 3-9: An overview will be given to the natural environment and the health profile of the City. The section also deals with the locational factors (economic and non-economic factors) influencing the development of Tshwane and is concluded by a discussion of the City's spatial development policies, plans and strategies. This section deals primarily with Foreign Direct Investment (FDI) on national and local level. Typical FDI trends as well as the factors motivating FDI are discussed. An overview is also given to the different incentives offered on national level but also by the City of Tshwane. The second is end off by identifying and discussing the major challenges and constraints impacting on the development of the City.

The major development opportunities and constraints, which have an impact on the development of Tshwane will also be highlighted. In this section an overview is given of the functional development opportunities and constraints as well the city wide opportunities in relation to the 8 programmes as identified by the CDS.

Section 10: The aim of this Section is to develop a conceptual framework of an investment strategy for the City of Tshwane. At the core of the conceptual framework lies the 8 lead-in initiatives of the CDS, which are primarily focused on the development infrastructure within Tshwane.

Section 11: An overview is provided on preliminary guidelines for investment promotion and development.

Section 12: The way forward

investment opportunities. More in-depth information on the 18 different subplaces within the City of Tshwane is provided in Annexure A.

2.1 The City of Tshwane in National and Provincial Context

In Sections 2.1 and 2.2 the socio-economic profile of the City of Tshwane is discussed within the national and provincial context. This is followed by a comparison of the City's socio-economic profile with 8 major cities within South Africa in order to give a clear indication of Tshwane's overall performance.

The main baseline databases that were used in order to perform the analyses consisted mainly out of the following: StatsSA (Census 2001) and Quantec Research. Some calculations (for 2006) were based on projections done by the project team in order to give an indication of possible tendencies (e.g. total population and GGP contribution by economic sectors). It needs to be emphasized that the availability of up-to-date is restricted - also given the fact that the next Census is only planned for in the year 2011. It is evident from existing data (e.g. 1996-2001) that it is not likely for drastic changes to occur in socio-economic data within the next 5 years but an important factor such as AIDS related deaths was taken into consideration.

In Sections 2.1 and 2.2 the Tshwane is analysed in terms of its demographic and economic profiles with relation to other major cities in South Africa as well as compared with the national and provincial socio-economic profiles. For the purpose of the analyses, it was decided by the project team to mainly utilize StatsSA's (Census 2001) and Quantec Research data. Projections (for 2006) were calculated where it was applicable (e.g. total population and GGP contribution). It is unlikely that drastic change in socio-economic data will occur from 2001 to 2006 (except for the influence of HIV related deaths) and that tendencies will remain relatively constant over the 5 years.

Section 2.1 and 2.2 thus provides a broad perspective on the main economic activities and characteristics of the area and will provide some understanding of possible

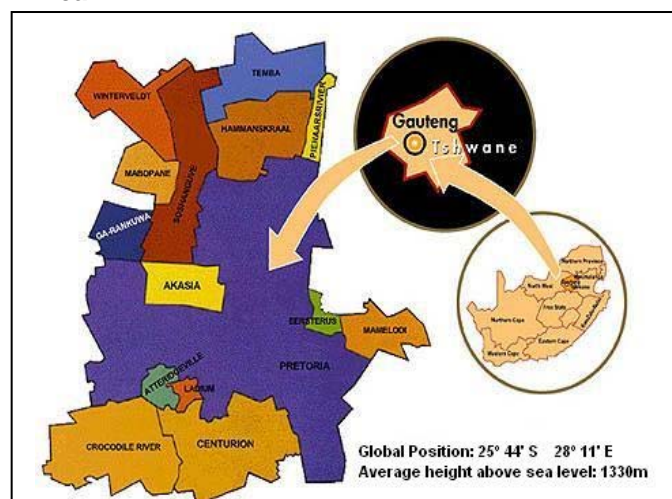
Indicators assessed include, *inter alia*, population dynamics, division of income, employment trends, Sectoral production (GDP) and poverty:

- **Demographics** – population; population growth; age and gender profiles; levels of education; occupation levels; and the Human Development Index (HDI).
- **Economics** – Gross Domestic Product (GDP); employment and unemployment; household income; poverty and occupation profiles; location quotient; sectoral analysis; and tourism.
- **Infrastructure** – access to water, sanitation, electricity, telecommunications and access to public transport.

Location:

Figure 2 indicates that Tshwane is strategically situated in the northernmost influential city in the country. Tshwane is centrally positioned right on two major arteries in the Southern African region. Stretching from the west to the east coasts of southern Africa, The Platinum corridor intersects with the North-South route that links Africa over its longitude from Cape Town to Cairo.

Figure 2: Location of Tshwane in Gauteng, South Africa



Source: Travel SA, 2005

Tshwane lies within the smallest of the country's nine provinces, Gauteng (a Sotho word for The Place of Gold). Tshwane's neighbouring provinces are North West Province, Mpumalanga, the Free State and the Limpopo Province (see Figure 1).

The Gauteng Province encompasses an area of 17 010 square kilometers which represents 1,4% of South Africa's total surface area. The City of Tshwane Metropolitan Municipality covers a total area of 2198km², which means that it covers 13% of Gauteng's total surface area. The area of Tshwane measures approximately 65 km in length and 50 km in width.

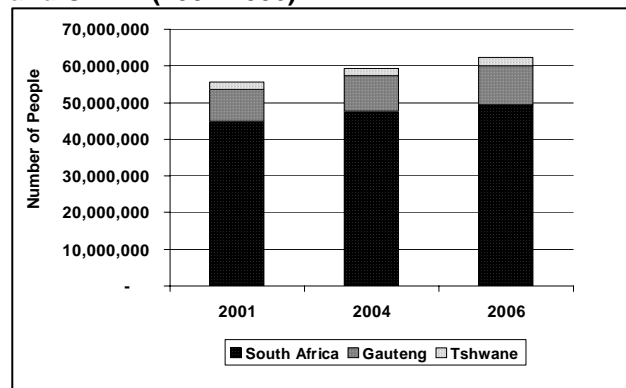
2.1.1 DEMOGRAPHIC PROFILE

POPULATION DYNAMICS:

It is estimated that the population of Gauteng numbered about 9,9 million in 2004, the largest concentration of people (524,8 people per km²) in South Africa. The projected population between 2001 and 2004 grew by 4,1% per annum which is substantially higher than the national average of 20,1% per annum. Gauteng has the highest urbanized population (i.e. 98% in 2004) in South Africa. IsiZulu is the predominant language (21,5%), followed by Afrikaans (14,4%), Sesotho (13,1%), and English (12,5%).

The total population of the City of Tshwane was estimated at 1,986,019 people in 2004 (see Figure 3). This means that 20,1% of Gauteng's total population is situated in the City of Tshwane. The population of Gauteng grew at an average annual growth rate of 3,7% p.a. from about 9,7 million people in 2004 to 10,6 million people in 2006. This robust growth rate compared well to Tshwane, which recorded a growth rate of 2,6% over the same period with the total population that grew from 1,986,019 in 2004 to 2,090,255 in 2006.

Figure 3: Total Projected Population of RSA, GT and CTMM (2001-2006)

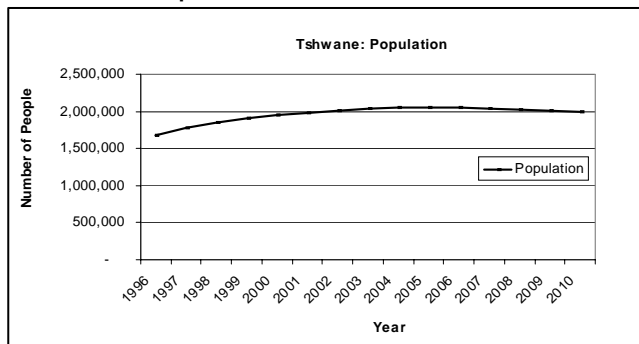
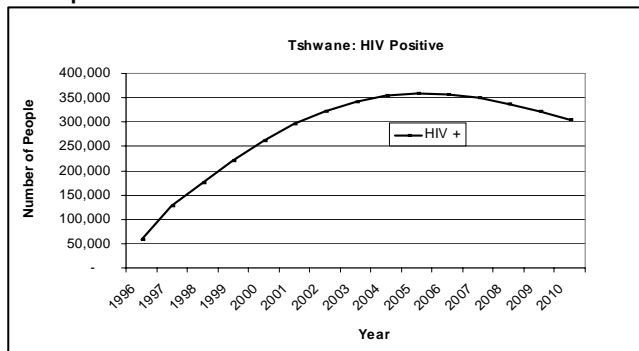
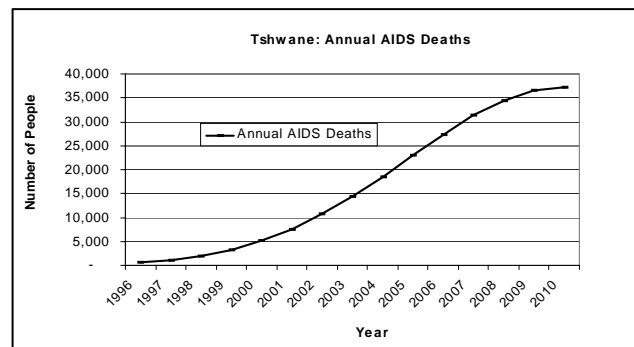
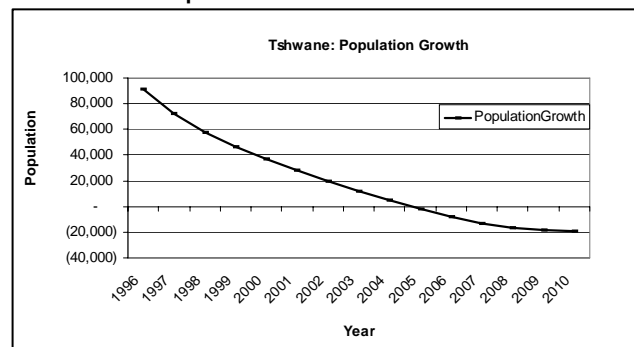
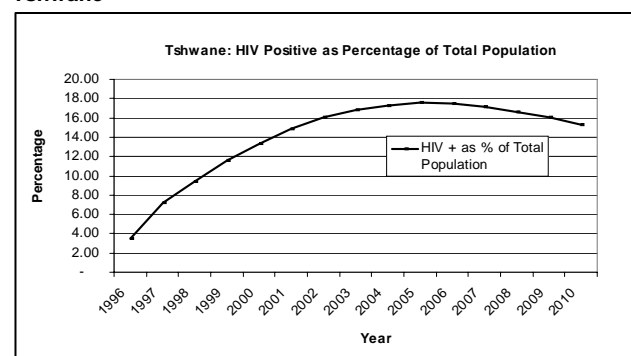
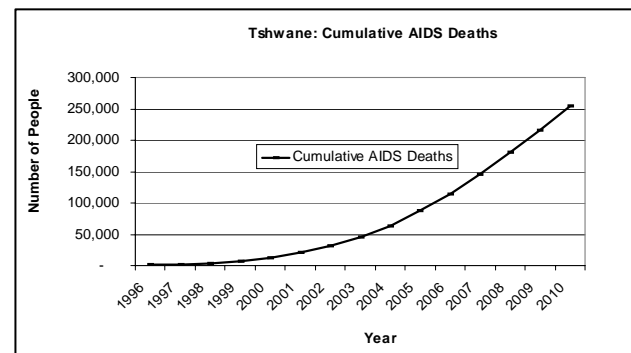


Source: StatsSA, 2001 and Urban-Econ Projection, 2006

The scenario for the future growth of Tshwane's population can be based on "HIV/AIDS profile in the provinces of South Africa; Indicators for 2002" by The Actuarial Society of South Africa (ASSA) in collaboration with the Medical Research Council (The Burden of Disease Research Unit) and The Centre for Actuarial Research. The recently published "State of the Cities Report 2004" by the South African Cities Network as well as the "Tshwane Metropolitan Profile" document by the CTMM (Dept. of Housing, City Planning & Environmental Management) also made use of the same source.

The ASSA model assumes a worst-case scenario with no changes in behaviour and no interventions. The Tshwane scenario therefore similarly represents a worst-case scenario rather than an accurate projection.

The Tshwane scenario was based on the ASSA model for Gauteng, assuming that Tshwane's somewhat lower risk profile is offset by its lower historical growth. The different tendencies are indicated respectively in Figure 4 (A-F).

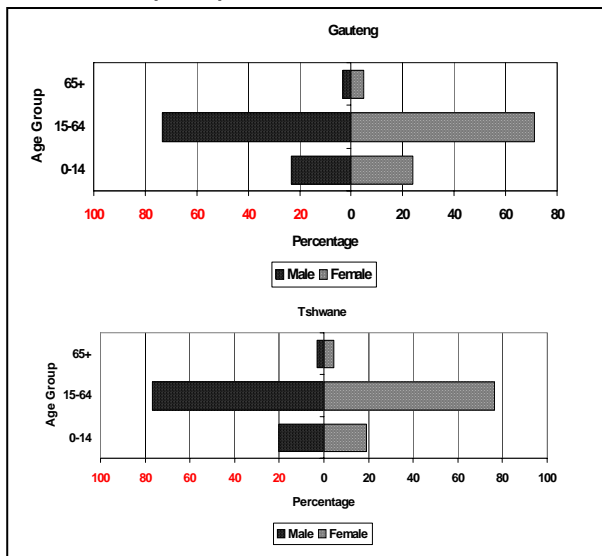
Figure 4 (A-F): Population and HIV/AIDS Estimates for Tshwane**A: Estimated Population of Tshwane****B: Population of Tshwane with Status of HIV Positive****C: Tshwane - Annual AIDS Deaths****D: Tshwane's Population Growth****E: HIV Positive as Percentage of Total Population of Tshwane****F: Tshwane - Cumulative AIDS Deaths**

Source: The Actuarial Society of South Africa (ASSA, 2004)

In terms of the above figures it can be predicted that the percentage of the total population (HIV positive) will decrease in 5 years' time and therefore it will also reflect a decrease in the annual AIDS deaths.

Figure 5 illustrates the percentage distribution between males and females for the Gauteng Province and Tshwane. It appears that the gender distribution of Tshwane and Gauteng is about even.

An investigation into the age structures of Gauteng and Tshwane reveal that about 23,6% of the total population within Gauteng and 19,6% in Tshwane are younger than 15 years of age and 72% in Gauteng and 76,5% in Tshwane are between 15-64 years of age. This means that Tshwane has a youthful population, which is indicative of a potentially strong future population growth rate.

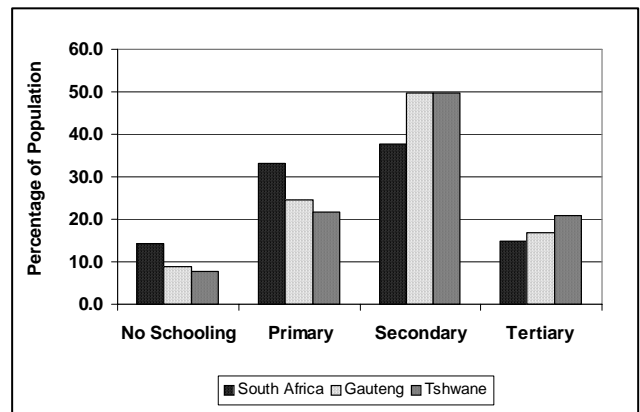
Figure 5: Age and Gender Distribution of GT and CTMM (2001)

Source: StatsSA, 2001

This will also result in more pressure on education facilities as well as the employment sector within Tshwane. The population profile of Tshwane is thus typical of an urban environment where many people locate in search of employment and other opportunities.

Concerning the levels of education, Tshwane has a fairly literate population. Figure 6 indicates that 20,8% of the total population has a tertiary education, while 49,8% had a secondary education and 21,7% a primary education in 2001.

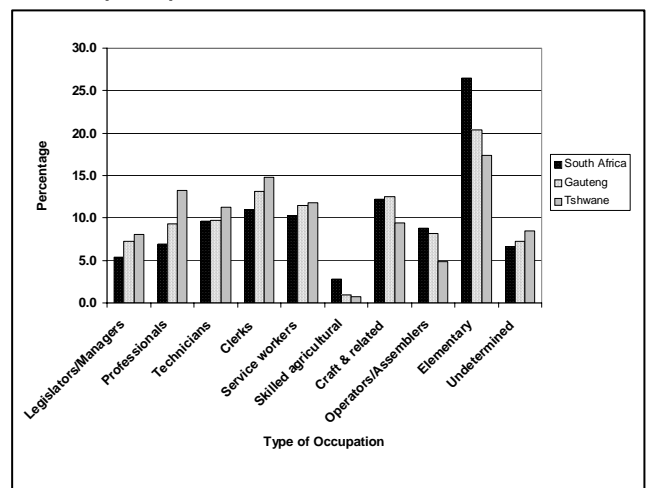
The educational levels of Tshwane are very good in comparison with the Gauteng Province (2001) – 24,6% had a primary education, 49,6% secondary and 16,9% had a tertiary education. This also means that 3,9% more people in Tshwane received an education on a tertiary level (i.e. University, Technicon, College, etc.) than what was the case for Gauteng and 6% more than the national average.

Figure 6: Education Levels of RSA, GT and CTMM (2001)

Source: StatsSA, 2001

OCCUPATION PROFILE:

The Occupation Profile of the formal labour force in Gauteng and Tshwane is based on the classification of the Quantec database and is displayed in Figure 7. The distribution of occupations between the Tshwane in its regional and national context shows conformability.

Figure 7: Occupation Levels of RSA, GT and CTMM (2001)

Source: StatsSA, 2001

The most popular occupation types in the Tshwane (2001) area include Elementary (17,4%); Clerks (14,8%); Professionals (13,2%); Service workers, Shop and Market (11,8%); and Technicians and associated professionals

(11,3%). It can thus be argued that Tshwane has a proportionally well-represented workforce.

PERSONAL MONTHLY INCOME:

The personal monthly income distribution among the employed is indicated in Table 1.

Table 1: Percentage Distribution of Monthly Income amongst the Employed of RSA, GT and CTMM (2001)

Income Category	South Africa (%)	Gauteng (%)	Tshwane (%)
R1 - R400	10.6	5.7	4.7
R401-800	23.2	14.1	11.4
R801-1 600	20.9	20.6	20.3
R1 601-3 200	16.9	19.2	19.4
R3 201-6 400	12.0	14.4	19.5
R6 401-12 800	8.6	11.6	13.8
R12 801-25 600	5.0	8.6	7.1
R25 601-51 200	1.8	3.9	2.4
R51 201-102 400	0.5	1.1	0.8
R102 401-204 800	0.3	0.5	0.4
R204 801 +	0.2	0.3	0.2
Total	100.0%	100.0%	100.0%

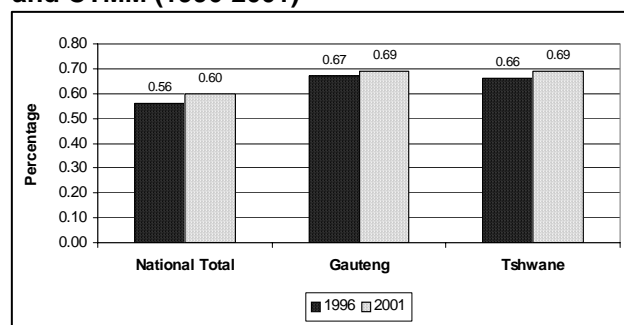
Source: StatsSA, 2001

As provided, the average weighted personal income for working individuals in Tshwane is R7 200 of which $\pm 25\%$ of the total population encompassed in 2001. This differs with 5,6% from that of the Province, which is $\pm 19,4\%$ for this income category and 13,2% from the national average ($\pm 11,8\%$).

HUMAN DEVELOPMENT INDEX (HDI):

The HDI quotient of 1 indicates the highest level of human development, while a minimum value of zero indicates an extremely low level of human development. Figure 8 indicates the level of human development for South Africa, Gauteng and Tshwane from 1996 to 2001.

Figure 8: Human Development Index of RSA, GT and CTMM (1996-2001)



Source: StatsSA, 2001

The HDI is based on three indicators, namely longevity (life expectancy at birth), knowledge (adult literacy) and standard of living (per capita income) – as discussed in the above sections.

The level of human development in Tshwane is so to say equal to that of the province and shows a high level of development in comparison with the rest of the country.

2.1.2 ECONOMIC PROFILE

This section focuses on the nature and extent of economic activities in terms of Sectoral production and recent growth trends. The size and performance of different economic sectors guide the overall economic development of Tshwane and determines the role and function of the areas' local economies in the broader regional context. It is thus a reflection of growth or stagnation of certain economic sectors.

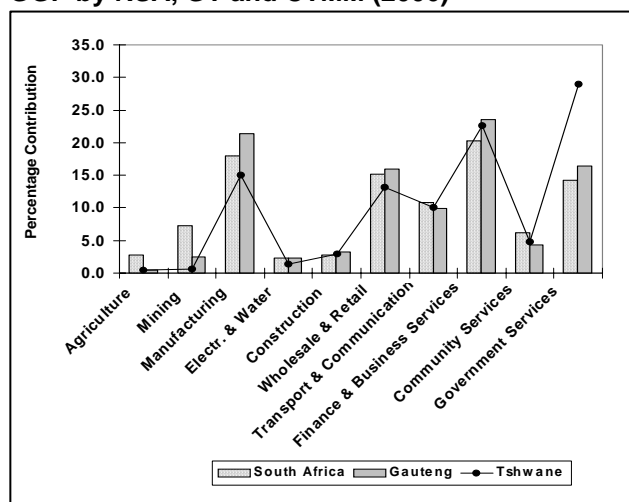
PRODUCTION:

In 2004 Gauteng contributed 34,4% to the GGP of South Africa of which Tshwane contributed 20,5% to the GGP of Gauteng and 7% to the GGP of South Africa. Figure 8 indicates the GGP contribution of the economic sectors in South Africa, Gauteng and Tshwane in 2004.

Given the fact that Tshwane falls within Gauteng, it enjoys the advantage of access to large urban markets and new technologies due

to its relative proximity to well developed nodes such as the JHB CBD and Ekurhuleni.

Figure 9: Projected Sectoral Contribution to GGP by RSA, GT and CTMM (2006)



Source: Quantec, 2005 and Urban-Econ Projection, 2006

From Figure 9 it is evident that the Finance and Business Services sector (followed by the Manufacturing sector) contributes proportionally the largest segment towards the economies of South Africa and Gauteng, revealing not only the strong nature of these sectors but also the economy's dependence on finance and business activities. In Tshwane, however, the economy is dominated by the Government Services sector, followed by the Finance and Business Services sector.

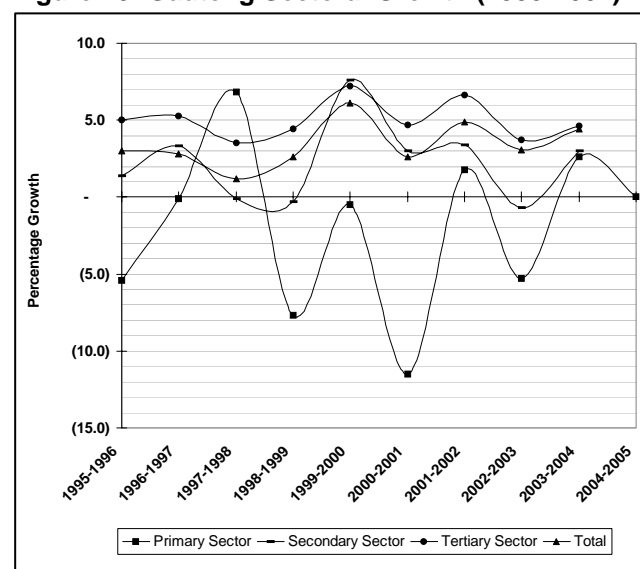
Almost 30% of Tshwane's economy is dependent on Government Services activities, followed by Finance and Business Services (22,6%), Manufacturing (15%), Wholesale and Retail (13,1%) and Transport and Communication (10%) activities. The relatively low level of diversification of the Tshwane economy has the potential to impact economic growth rates, especially when sectors with high growth are not well represented in the area.

SECTORAL GROWTH TRENDS:

This section analyses the growth trend for selective sectors between 1995 and 2004 in time series format. From the analysis it is clear that the Gauteng Province experienced

on average higher annual growth rates the past 10 years than Tshwane (see Figure 10). This implies that there are other areas in Gauteng with a higher demand for new economic development than, for example Tshwane. The following two figures Figure 10 & 11) illustrate the selected growth indicators for Gauteng and Tshwane.

Figure 10: Gauteng Sectoral Growth (1995-2004)



Source: Quantec, 2004

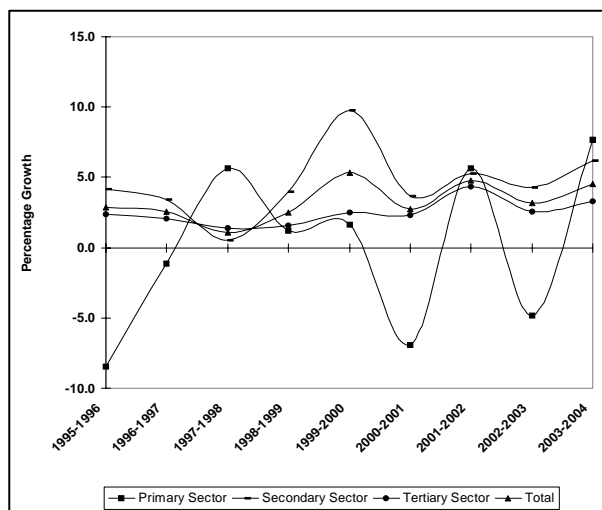
According to Figure 10, the Mining activities in Gauteng experienced negative growth rates except during 1997 to 1998, 2001 to 2002 and 2003 to 2004. The growth in manufacturing activities registered lower growth rates than the provincial average since 2001. The growth trends show that tertiary economic activities (i.e. Trade and Accommodation, Transport, Financial, Business Service and Real Estate and the Services sectors) are performing above the provincial average. This is typical of an economy that is becoming more mature.

Figure 11 illustrates selected growth indicators for Tshwane in time series format. According to Figure 11, Tshwane's primary activities experienced negative growth from 1995 to 2004 with regard to its GGP contribution. Agricultural and Mining each decreased with 0,2% from 1995 to 2004. However, four economic sectors experienced positive economic growth over the 9 years with regards to their GGP contribution: Construction's contribution increased from 2,7% to 2,9%; Wholesale and Retail increased from 11,7% to 13,1%; Finance and Business from

17% to 22,6%; and Community Services from 4,2% to 4,8%.

Source: StatsSA, 2001

Figure 11: Tshwane's Sectoral Growth (1995-2004)



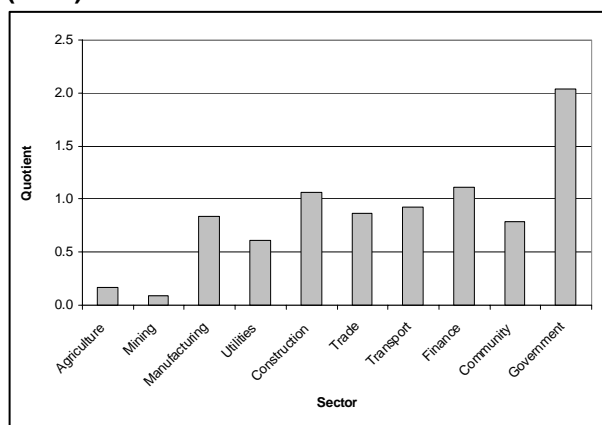
Source: Quantec, 2004

LOCATION QUOTIENT:

The Location Quotient can be defined as a comparative advantage (CA) indicating a relatively more competitive production function for a product or service in a specific economy than in the aggregate economy. This economy therefore produces the product or renders the service more efficiently.

A provincial or magisterial economy has a location quotient larger (smaller) than one, or a comparative advantage (disadvantage) in a particular sector when the share of that sector in the provincial economy is greater (less) than the share of the same sector in the national economy. The location quotient of Tshwane (2001) is indicated in Figure 12.

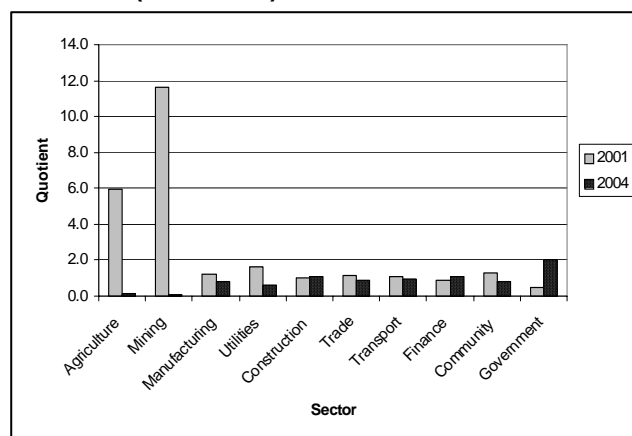
Figure 12: Location Quotients of Tshwane (2001)



Given the location quotients for 2001, it is clear that the Tshwane area is unique with regard to the dominance of especially the Government Services and also Finance.

According to Figure 13, it is evident that there are declines in the location quotients (2001-2004) of sectors such as Agriculture, Mining, Manufacturing, Utilities, Trade, Transport and Community Services.

Figure 13: Change in Location Quotients in Tshwane (2001-2004)



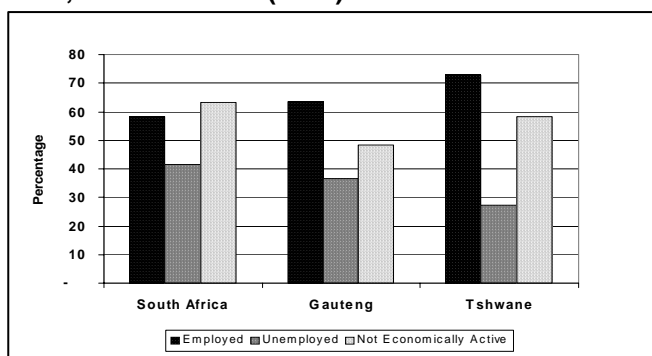
Source: Quantec, 2004

Construction, Finance and Government Services, on the other hand, are becoming more important within the City of Tshwane. As far as the total location quotient per sector for Tshwane is concerned, the 2004 figures highlight the uniqueness of Tshwane with regard to Government and Finance Services as well as the Construction Sector.

EMPLOYMENT PROFILE:

The composition of the labour force in South Africa, Gauteng and Tshwane is indicated in Figure 14.

Figure 14: Employment / Unemployment in RSA, GT and CTMM (2001)



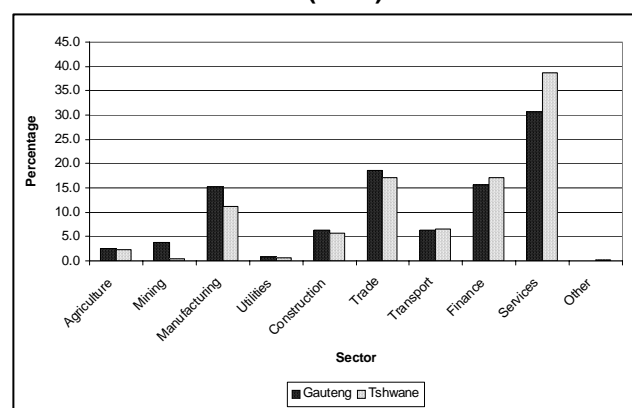
Source: StatsSA, 2001

According to Figure 14, 27% of Tshwane's economically active population is unemployed which is substantially lower than that of South Africa (42%) and of Gauteng (36%). Given these trends, the economy of Tshwane has a more favourable labour absorption rate than that of the national and provincial economies. The total percentages of employed persons in Tshwane amounts 73%, 64% in Gauteng and 58% in South Africa in 2001. It is thus evident that the total population of Tshwane that is able to work and eager to be employed is above the provincial and national averages.

EMPLOYMENT BY ECONOMIC ACTIVITY:

The Sectoral distribution of employment per economic activity for Gauteng and Tshwane is presented in Figure 15.

Figure 15: Sectoral Distribution of the Labour Force in GT and CTMM (2001)



Source: StatsSA, 2001

Figure 15 shows the relative distribution of the main economic activities in Gauteng and Tshwane in terms of the formal employment opportunities. The Financial, Business and Real Estate and Services, Trade and Accommodation and the Manufacturing sectors are the main drivers of the economy in Tshwane and the Province.

Tshwane's Financial, Business and Real Estate, Services and Transport sectors contribute relative more to job creation than the sector's average for Gauteng. This is an important observation as these sectors are known for their relatively high employment and value added multiplier effects in a local economy.

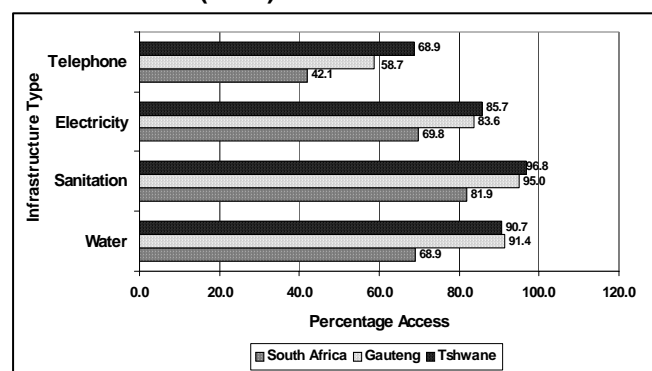
The Trade and Accommodation, Construction and Manufacturing sectors of Tshwane also compare favourably with that of the Province.

2.1.3 INFRASTRUCTURE

Figure 16 gives an indication of the differences in access to services such as water, sanitation, electricity and telecommunications for South Africa, Gauteng and Tshwane in 2001.

In Figure 16 it is evident that Tshwane's infrastructure is well developed and indicates that the percentages in access to the different services for Tshwane are higher than those of the Province and within the National context.

Figure 16: Percentage Access to Services in RSA, GT and CTMM (2001)



Source: StatsSA, 2001

Tshwane's percentage of access to water (90,7%), though, in 2001 was lower than that of

Gauteng, which was 91,4%. However, this includes the only infrastructure type where the percentage of access for Tshwane was lower than the rest of the province.

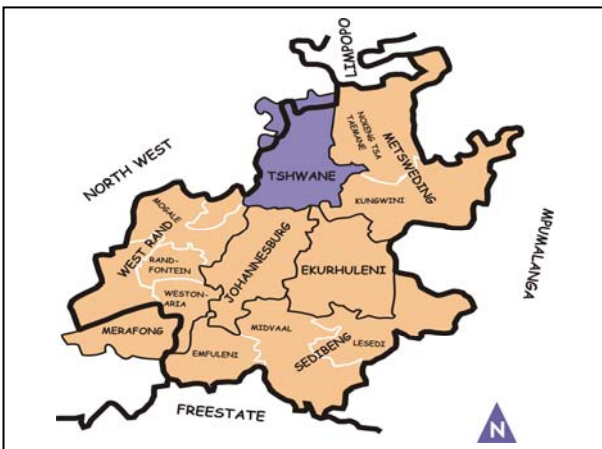
Tshwane accommodates 20% of Gauteng's total population (2006) – that is 17% less than JHB and 9% less than Ekurhuleni (see Figure 18). Tshwane experienced a lower population growth rate (2,6%) than that of JHB and Ekurhuleni, which each indicated the same growth rate of 4,1% from 2001 to 2004. Although Tshwane accommodates only 4,2% of South Africa's total projected population (2006), it still accommodates more people than the following

2.2 The City of Tshwane in Regional Context

Tshwane forms part of the Tshwane-JHB-Ekurhuleni city region and it lies north of JHB and northwest of Ekurhuleni. This vast conurbation forms the economic powerhouse of South Africa and indeed of Africa. Tshwane's inner city is situated approximately 60 km from JHB's city centre and the same distance from the JHB International Airport. To the north and west, Tshwane borders onto, and even extends into, the Northwest Province, with the Limpopo Province's boundary only a short distance away. Tshwane is the only Metropolitan City that extends over cross-Provincial borders.

Figure 17 indicates that the Tshwane metropolitan area lies in the northern parts of Gauteng, at the confluence of the N1 and N4 national roads.

Figure 17: Tshwane's Location within Regional Context

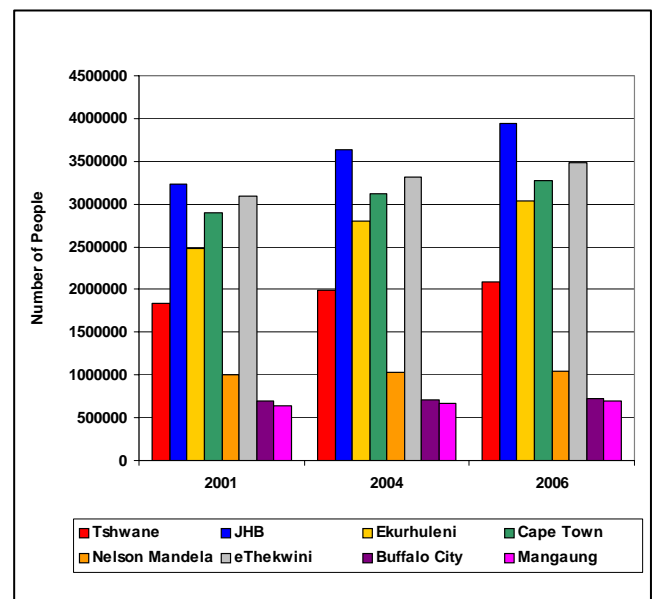


Source: MSDP, 2005

2.2.1 DEMOGRAPHIC PROFILE

Mandela (2,1%); Buffalo City (1,5%); and Mangaung (1,4%). Tshwane accommodates only 2,4% less than Cape Town and 2,8% less than eThekweni in 2006.

Figure 18: Total Projected Population of 8 Major Cities in RSA (2001-2006)



Source: StatsSA, 2001 and Urban-Econ Projection, 2006

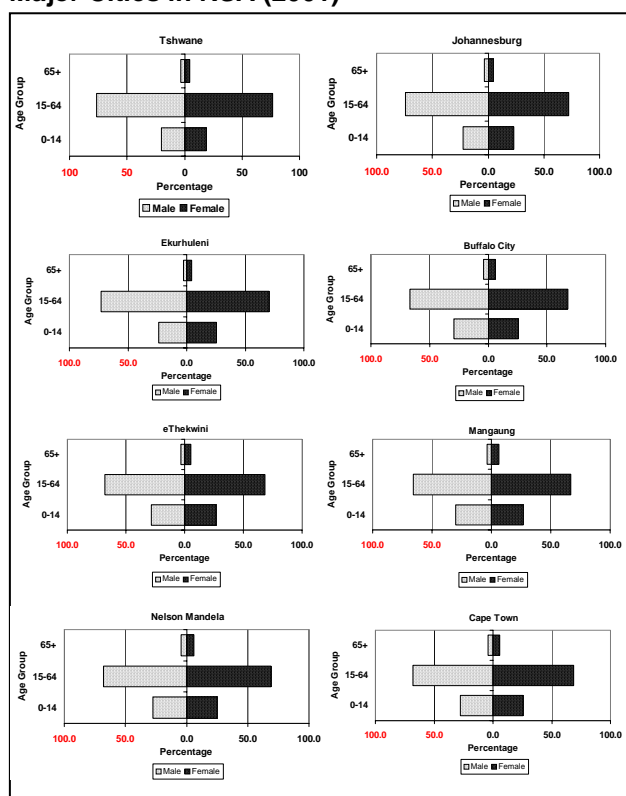
The age distribution in 2001 indicates that 19,5% of the total population of Tshwane are between the 0-14 years of age, while 76,5% between the 15-64 years of age (see Figure 19).

This not only means that fertility rates are high, but also means pressure on education facilities and the employment sector. The young therefore require education to produce a skilled society, and the people of the 15-64 age groups (regarded as the economically active group)

enter the employment sector seeking job opportunities with limited experience.

Figure 19 further indicates that Tshwane has 1,5% more people between the ages of 15-64 years than JHB and 4% more than Ekurhuleni. However, the figures indicate that Ekurhuleni (23,5%) has more people between the ages of 0-14 years than Tshwane (19,5%) and JHB (21%). The age group category of 15-65 years represents the economically active population. When the different cities are compared it is evident that Tshwane's economically active population (76,5%) is greater than the other 7 major cities – JHB (73%), Ekurhuleni (72%), Cape Town (68,4%), Nelson Mandela (68,6%), Buffalo City (67,4%), eThekweni (68,2%) and Mangaung (66,5%).

Figure 19: Age and Gender Distribution of 8 Major Cities in RSA (2001)

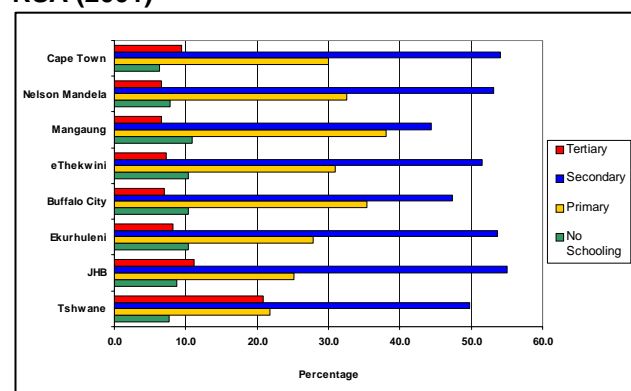


Source: StatsSA, 2001

As shown in Figure 20, the socio-economic profile of Tshwane (2001) indicates that 20,8% of the total population have a tertiary education, 49,8% secondary education, 21,7% primary education and 7,6% no education. In comparison with the other 7 major cities, Tshwane has a good literate populace. Tshwane has more people with a

tertiary education (20,8%) in comparison with other cities - JHB (11,1%), Ekurhuleni (8,2%), Cape Town (9,5%), Nelson Mandela (6,6%), Buffalo City (7%), eThekweni (7,3%) and Mangaung (6,6%). Together with this attribute, Tshwane has the least number of people with no education (7,6%) in comparison with all the other 7 cities: JHB (8,7%), Ekurhuleni (10,4%), Cape Town (6,4%), Nelson Mandela (7,8%), Buffalo City (10,3%), eThekweni (10,3%) and Mangaung (10,9%).

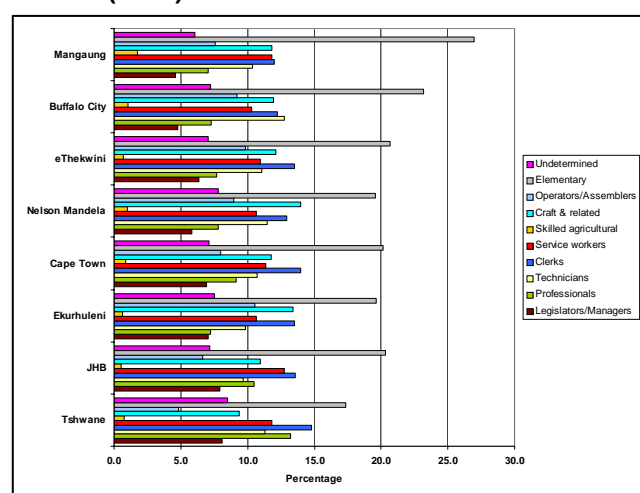
Figure 20: Levels of Education of 8 Major Cities in RSA (2001)



Source: StatsSA, 2001

As indicated in Figure 21, levels of occupation in Tshwane are predominantly dominated by three types, namely, Elementary (17,4%); Clerks (14,8%); Professionals (13,2%); and Service Workers (11,8%) in 2001. Tshwane has the most Professionals (13,2%) represented in its labour force than the 7 other cities and also has a skilled labour force in comparison with the cities.

Figure 21: Levels of Occupation of 8 Major Cities in RSA (2001)



Source: StatsSA, 2001

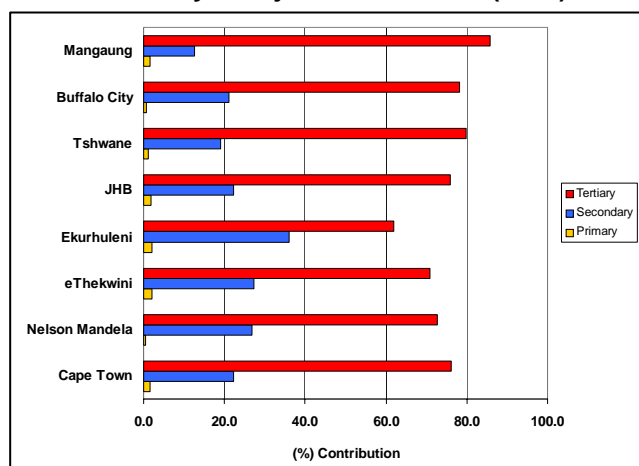
2.2.2 ECONOMIC PROFILE

From Figure 22 it is evident that Tshwane contributed 20,5% to the GGP of Gauteng – 24% lower than JHB's contribution (44,5%) to the GGP of Gauteng and 1,7% lower than Ekurhuleni's contribution (22,5%) in 2006. The relation between Tshwane, JHB and Ekurhuleni can be described as a multimodal metropolitan system better known as the 'Global City Region'.

Tshwane's economy is primarily dominated by the following sectors in terms of their GGP contribution: Government Services (30%); Finance and Business (22,6%) and Manufacturing (15%). JHB's economy is dominated by the Finance and Business (32%) and Manufacturing (17,4%) sectors but the Wholesale and Retail sector (17%) plays a more important role here than in Tshwane. Ekurhuleni on the contrary, the economy is mainly dependent on the Manufacturing (30,8%) as well as the Wholesale and Retail (16,4%) sectors. When the economic growth of the different cities are compared it is evident that Tshwane has the 2nd highest growth rate (4,2%) of all 7 cities – JHB (4,8%), Ekurhuleni (3,7%), Nelson Mandela (3,1%), Buffalo City (2,6%) and eThekweni (3,2%), Cape Town (4,1%) and Mangaung (2,6%).

In general, Figure 22 indicates that Tshwane's tertiary activities contribute the most to its GGP, namely 79,9% in 2006. In comparison with the other 7 cities, Tshwane's GGP contribution by its tertiary activities is also higher in relation to the other cities - except for Mangaung with 85,8% in 2006.

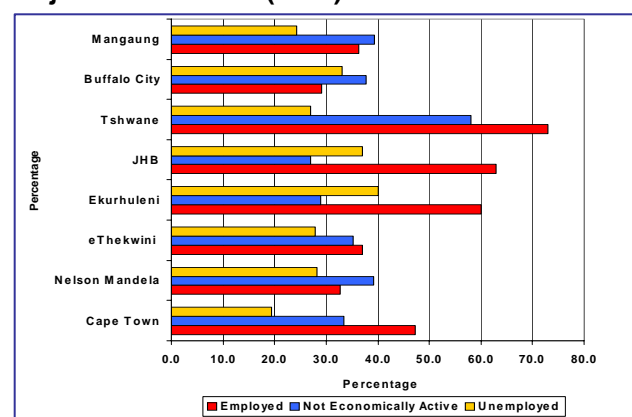
Figure 22: Projected Sectoral GGP Contribution by 8 Major Cities in RSA (2006)



Source: Quantec, 2004 and Urban-Econ Projection, 2006

Figure 23 indicates that 73% of Tshwane's economically active population is employed and 27% unemployed. It can also be derived from the figure that there are less unemployed persons in Tshwane than in the following cities: JHB (27,3%), Ekurhuleni (28,8%), Nelson Mandela (28,2%), Buffalo City (33,1%) and eThekweni (27,9%). Only Cape Town (19,4%) and Mangaung (24,3%) had less unemployed persons than Tshwane in 2001.

Figure 23: Employment / Unemployment of 8 Major Cities in RSA (2001)



Source: StatsSA, 2001

The total number of not economically active persons in Tshwane amounted 18,8%, while in JHB (27%) and 29% in Ekurhuleni. It is also evident from Figure 22 that Tshwane's total not-economically active population is much lower than the rest of the cities – Cape Town (33,4%), Nelson Mandela (39,1%), Buffalo City (37,7%), eThekweni (35,2%) and Mangaung (39,4%).

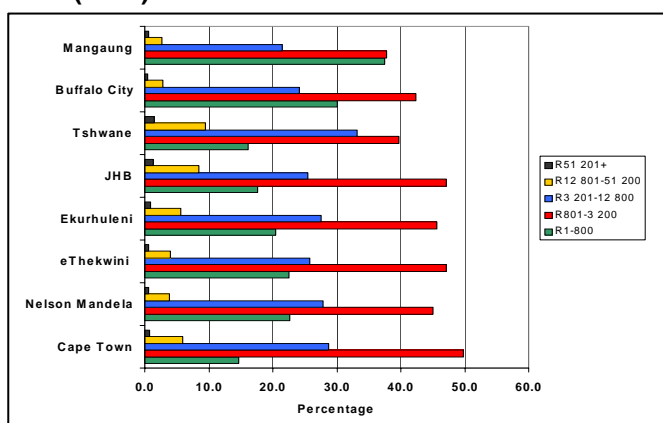
The weighted average personal income is R7 200 of which $\pm 25\%$ of Tshwane's people received an income of more than the weighted average income in 2001 (see Figure 24). The weighted average income of Tshwane is higher than the weighted average incomes of the other cities:

- JHB (R6 406)
- Ekurhuleni (R5 103)
- Cape Town (R5 218)
- Nelson Mandela (R4 330)
- Buffalo City (R3 715)
- eThekweni (R4 264)
- Mangaung (R3 596)

infrastructure types (i.e. water, sanitation, electricity and telephone). It is only in the following cases where the access to infrastructure in comparison with the other cities, is better than in Tshwane:

- **Water** – Cape Town, eThekweni, Buffalo City and Mangaung
- **Electricity** – Cape Town and Mangaung

Figure 24: Income Levels of 8 Major Cities in RSA (2001)

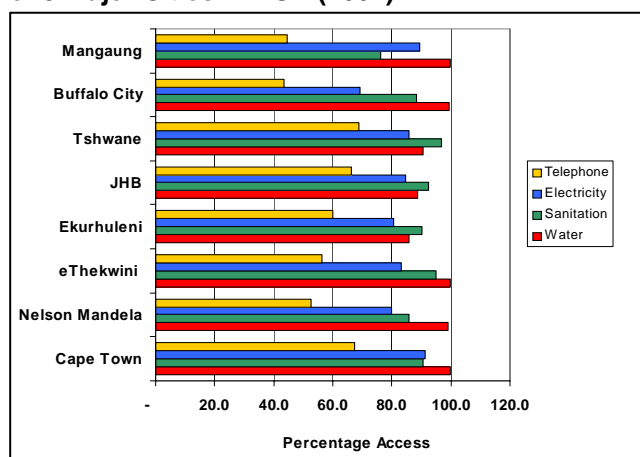


Source: StatsSA, 2001

2.2.3 INFRASTRUCTURE

Figure 25 illustrates the differences in access to water, sanitation, electricity and telephone for Tshwane, JHB and Ekurhuleni (2001).

Figure 25: Percentage Access to Infrastructure of 8 Major Cities in RSA (2001)



Source: StatsSA, 2001

Generally speaking Tshwane consists of a good infrastructure in comparison with the other 7 major cities and dominates the scene with regards to access to the different

It is also important to take cognisance of critical factors influencing investment decisions on an international, national and regional level. Although there are a great number of similarities, some differences can be observed. The ten most important influences on specific stages in the international location decision process can be summarised as follows:

- **Choice of country decisions** – proximity to markets; labour quality and costs; air and road transport; financial incentives; labour

3 LOCATIONAL FACTOR ANALYSIS OF THE CITY OF TSHWANE

The Locational factors affecting investment decisions in the economy of the City of Tshwane can be divided into two main types, namely economic factors and non-economic factors (normally referred to as social factors.). The economic factors are measurable in financial terms, whilst the non-economic factors can be categorized as being personal in nature. Both these categories of factors vary in importance and consequently no single fixed norm and standard exists to categories industrial location meaningfully.

The development of the City of Tshwane is coordinated, regulated and governed in terms of 4 main plans/strategies (see Table 2), which will be discussed in Section 3.4. The contact details of the relevant key role players with regards to the different economic factors to be discussed are provided in Table 3.

Table 2: Tshwane's 4 Main Plans/Strategies

PLAN / STRATEGY	WEBSITE ADDRESS (where full document is available)
City Development Strategy (CDS)	www.tshwane.gov.za/documents/citydevstrategy.pdf
Integrated Development Plan (IDP)	www.tshwane.gov.za/idp.cfm
Metropolitan Spatial Development Framework (MSDF)	www.tshwane.gov.za/msdf.ctm
Integrated Transport Plan (ITP)	www.tshwane.gov.za/itp.cfm

- availability and skills; site/premises availability; transport costs: and overall costs.
- **Regional decisions inside country** – site/premises availability; financial incentives;
- labour availability and quality; road and air transport; proximity to markets; cost to rent

Table 3: Key Role Players at the CTMM

Person:	Subject Area:
Mike Krynauw	Transport Development
Marius Nadel	Gautrain Stations
Amanda Jacobs	Special Mayoral Projects
Lutz Johannes & Marvin Tihagale	Water, Sanitation and Electricity
Zondhi Mathe-Chale	Tourism
Pierre Mondreaan	Health (HIV/AIDS)
Janet Loubser	Environmental Management
André Gouws	Cluster Development and LED: Policy and Information
Liana Strydom	City Planning
Andile Kosasana	City Development Strategy (CDS)
Kgomotso Mohlala & Hein Wiese	Local Economic Development
Howard Rakosa & Riaan Labuschagne	Investment & Tourism Marketing
Thabo Mokebe	Arts & Culture
Johannes Magoro	Libraries
Zelda Breytenbach	Sports & Recreation
Nomqibelo Mdlalose	Enterprise Development
Wim du Toit	Tshwane Agricultural Business Chamber
Bernard Hanekom	Inner-city Unit
Alene Birckenstock	Tshwane Metro Police (Strategy Development)
Eugene van der Berg	Housing Development
Belinda van der Merwe	Integrated Development Planning (IDP)

- **Composite decisions/selection of a short-list of regions** – financial incentives; tax (corporate); labour costs, availability and quality; proximity to markets; availability of specific skills; road and air transport; and industrial relations.

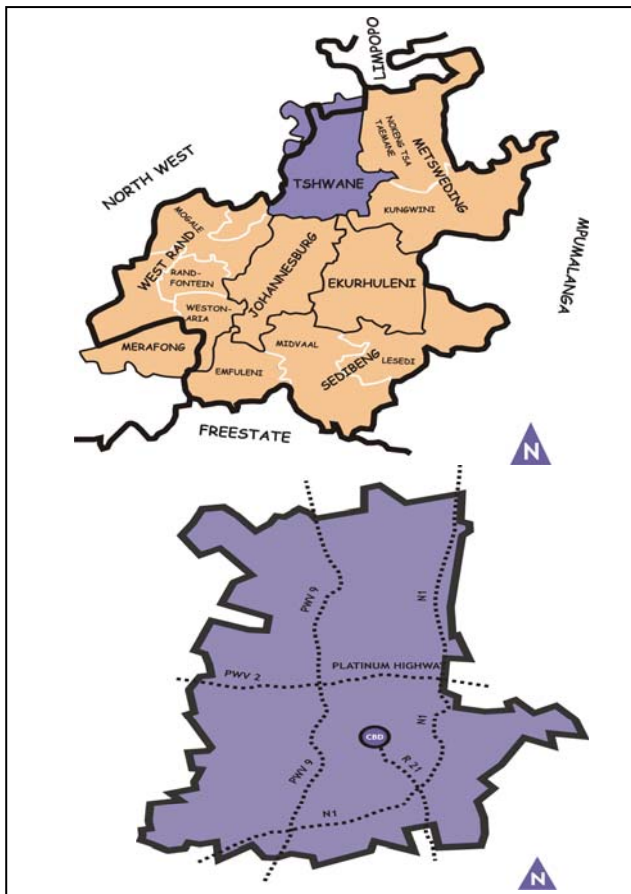
- **Composite decisions/selection of a specific region** – financial incentives; labour costs, availability and quality; development agency activity; site/premises availability; government attitudes; overall costs; availability of specific skills; and transport costs.
- **Sub-regional decisions** – site/premises availability; cost to rent site; air and road transport; labour availability and quality; development agency activity; proximity to markets; transport costs; and financial incentives.

3.1 LOCATIONAL FACTOR ANALYSIS (ECONOMIC FACTORS)

3.1.1 ACCESSIBILITY

The City of Tshwane metropolitan area is positioned on a strategic junction that can be labeled as “the gateway to Africa”, where the platinum highway and the N1 route intersects. The advantage may lie in the concentration of activities relying on these spines to trade in the larger region. It is furthermore positioned in the northern part of Gauteng (see Figure 26).

Figure 26: Strategic Location of Tshwane in Gauteng



Source: MSDF, 2005

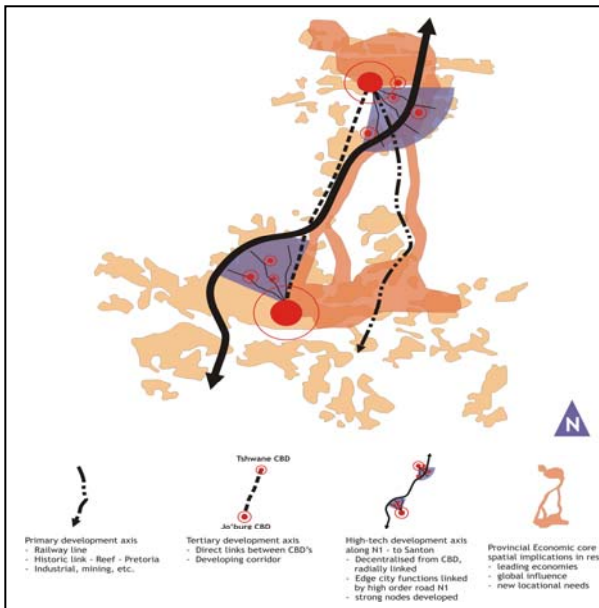
It forms part of the Tshwane - Johannesburg - Ekurhuleni conurbation and lies north of Johannesburg and North-west of Ekurhuleni. This conurbation is growing into one of the major urban regions in the world. This vast conurbation forms the economic powerhouse of South Africa and indeed of Africa. In terms of the Gauteng Spatial Development Framework (GSDF) the “Provincial Economic Core” is anchored by Rosslyn to the north (Tshwane) and is linked to the Johannesburg International Airport to the east (Ekurhuleni) via the N1/R21 and the Central Business District of Johannesburg to the south via the N1/M1 highway. This emerging Gauteng Urban Region and its strategic prominence is a very strong force that will shape Tshwane’s future economically and institutionally over the next decade.

Tshwane's Inner City is situated approximately 60 km from Johannesburg's city centre and the same distance from the Johannesburg International Airport. To the north and west Tshwane borders onto, and even extends into, the North-west Province, with the Limpopo Province's boundary only a short distance away (see Figure 27).

The major regional influences on Tshwane's spatial and economic development are: the proximity to Johannesburg and Johannesburg International Airport (along the N1 and R21); the PWV2 national road (Maputo - Walvis Bay corridor); and the proximity to the North-west and Limpopo Provinces. The PWV2 national road has been earmarked to become the spine along which a development corridor connecting Maputo on the east coast and Walvis Bay on the west coast will emerge.

The construction of the PWV9 is a priority to provide the vital north-south linkage to provide accessibility and mobility to the northern and western areas of Tshwane. The PWV9 mobility link has been planned to cater for 5000 to 7000 vehicles per hour, with an annual economic benefit which will exceed R1,2 million.

Figure 27: Relation of Tshwane's Location to Johannesburg



Source: MSDF, 2005

The extension of the “Mabopane Freeway” across the Magaliesburg to link with the old N4, Atteridgeville and further south to Centurion and Sandton will unlock the Zone of Choice and give it better provincial-wide accessibility. This will give great impetus to the development within the Zone of Choice, specifically with respect to the increasing commercial and industrial employment opportunities.

This corridor offers significant development opportunities in Tshwane, especially for export related activities. It is especially the area between the two off-ramps on the PWV2 (the N1/PWV2 off-ramp and the PWV-9/PWV2 off-ramp) that is prominent for development, also linked to the Automotive cluster and the Rosslyn/Klerksoord industrial areas. More off-ramps are however necessary to relate the energy from the highway into Tshwane (Ga-rankuwa/PWV2, Doreen Street/PWV2, Lavender Road/PWV2).

3.1.2 TRANSPORT

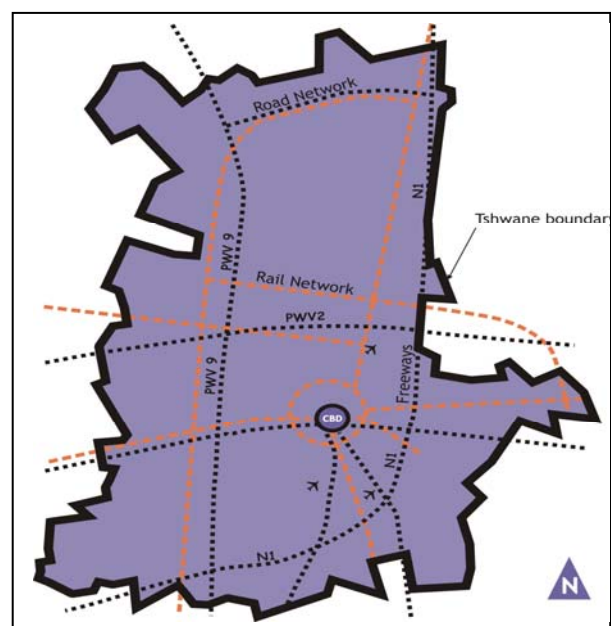
The transport system (see Figure 28) of Tshwane is based on main two components – rail and road. Transport by air is a third component and is of specific importance for Tshwane's connectivity to National and international destinations/ economies.

3.1.2.1 The Road System

Tshwane forms part of a larger Gauteng urban region and its economy is closely connected to the spatial economy of the neighbouring municipalities and also nationally as part of the economic engine of the country. From that perspective the following routes are the most important to connect the areas of opportunity in the city to other areas of economic significance:

- the PWV2, linking Tshwane in a east-west direction to port destinations (Maputo/Walvis Bay) and several significant regional centres of production;
- the N1 and R21, linking Tshwane to the economic growth areas of Gauteng, and creating amazing opportunities in terms of economies of scale, visibility, accessibility.

Figure 28: Tshwane's Transport System



Source: MSDF, 2005

In order to stimulate growth and development within Tshwane, a number of roads have been identified to enhance intra-city transport:

- the Olievenhoutbosch Road Activity Spine;
- the Lavender Road link to the K97 interchange already constructed on the PWV2;
- K54 in the south-east of Tshwane;
- Old Johannesburg Road (K101); and
- the K71.

The Metropolitan Spatial Development Framework has identified a number of vehicular routes that could link the Metropolitan Activity Areas and therefore become the most important vehicular public transport routes, which are also integrated with the Integrated Transport System. The linkages are include the following:

- the proposed K99 route connecting the Zambesi Drive / Kolonnade node with the Inner City and Hatfield Metropolitan Activity Areas (very important as it provides for the third north-south option to cross the mountain)
- the K14, joining Rachel de Beer Street and Zambezi Drive, and the extension of Braam Pretorius Street westward to the Paul Kruger extension (to improve east-west movement north of the mountain and to link to the Inner City)
- Zambezi, K17, Rachel de Beer linkage
- Doreen Street and Heinrich Road extension connecting Klip-Kruisfontein and Mabopane Urban Cores
- Church Street East and West, connecting the Eerste Fabrieke Station, Hatfield, Inner City and Atteridgeville nodes
- Christiana de Wit Drive / Botha Avenue / River Road connecting the Inner City and Centurion nodes
- Lynnwood Road / Atterbury Road / Charles Street /George Storrar Street/ Duncan Street route connecting the Menlyn, Brooklyn and Hatfield nodes
- Stormvoël Road / K16 route connecting the Eerste Fabrieke, Capital Park and Inner City nodes
- Soutpansberg Road (and its proposed eastward extension).

3.1.2.2 Public Transport

The Railway System:

The positions of the urban cores purposefully coincide with major railway stations. The rapid rail stations in Tshwane include Hatfield, Centurion and the Inner City, creating opportunities for intensification and development.

The rail network which is well developed with only a few missing linkages is not utilized in terms of its potential as a mass transport facility. The ring rail linking the inner circle of decentralised nodes offers a major opportunity – but needs commitment and strategic drive to deliver on the promise. The development of the rapid rail (Gautrain) towards the south linking with the economic centres of Johannesburg and the Airport should be a major step in a strategic change in direction from a predominantly private vehicle transport system to creating an appropriate alternative in the form of a public transport system over the long term.

Bus Services, Taxi's and Mini-busses:

The following bus, minibus taxi, metered taxis and sadan taxi facilities in the City of Tshwane were identified:

- 14 bus depots and 70 bus termini / major stops (of which 37 are informal)
- 19 formal, 13 semi-formal and about 90 informal minibus-taxi ranks or stops as well as 12 formal minibus-taxi holding areas
- 35 metered taxi ranks, of which 10 are formal and 12 Four-plus-One (sedan) taxi ranks.

The inventory of public transport facilities in the CTMM is summarized in Table 4.

Table 4: Summary of Public Transport Facilities in the City of Tshwane

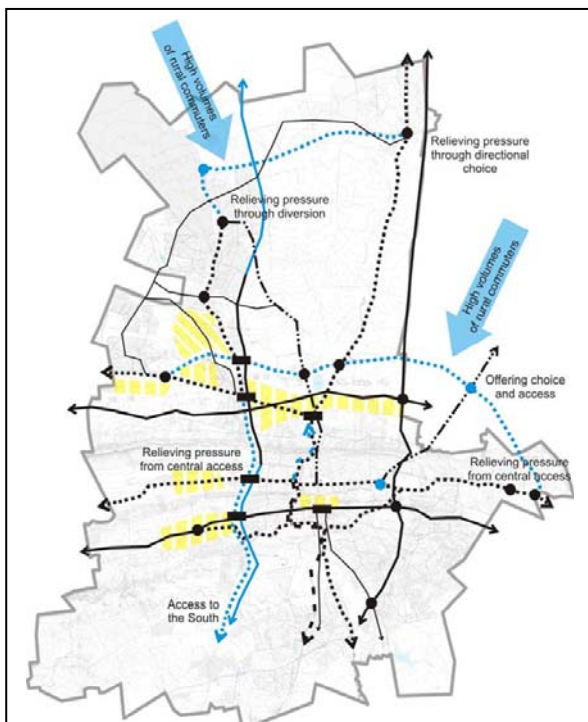
Mode	Type of facility	Number	Total
Bus	Depots	14	
	Major Terminals	23	
	Major Bus stops	25	
	Total: Bus facilities		62
Minibus Taxi	Formal Ranks	25	
	Semi- formal Ranks	10	
	Holding areas	5	
	Informal Ranks	59	
	Total: Minibus taxi facilities		112
Metered Taxi	Formal Ranks	7	
	Informal Ranks	43	
	Holding areas	04	
	Total: Metered taxi facilities		54
4+1 Sedan Taxis	Total Informal Ranks		13
Rail	Inter-modal Interchanges	14	
	Stations	24	
	Halts	21	
	Total: Rail facilities		59

Source: ITP, 2005

The **Ring Rail system** and the proposed Gautrain are the two most important elements of the rail system. The intra-city movement is supported by the Ring Rail system and the completion and operation of linkages to the North, and inter-city movement is specifically catered for by the Gautrain initiative.

The rail network in the Tshwane metropolitan area comprises a circular system around the Inner City (i.e. the Ring Rail), which is linked via feeder lines to communities on the periphery of the municipal area (e.g. Ga-Rankuwa, Mabopane, Temba, Soshanguve, Atteridgeville and Mame-lodi). The ring rail network itself links with a number of activity nodes, including a variety of education, health, sport and recreation facilities, as well as a number of residential areas of all income groups. The Ring Rail provides an ideal opportunity for densification and mixed-use development in the central part of the metropolitan area, and more specifically the roughly 1 km influence area around the network. Figure 29 indicates a number of potential transport interventions that acknowledges the existing infrastructure. It proposes a direction for public transport users to improve their access and mobility.

Figure 29: Regional Location of Vital Transport Routes within Tshwane

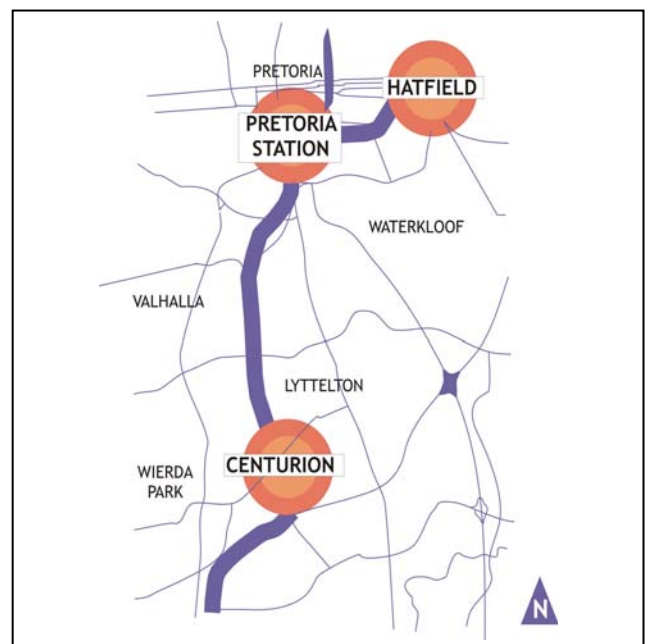


Source: CDS, 2005

The **Gautrain Rapid Rail Link** is to serve as a commuter link between cities and to enhance the accessibility to the major centres in Gauteng. It is envisaged that the Gautrain Rapid Rail Link will contribute to the development of the Gauteng Province by regenerating the Inner Cities, strengthening of existing nodes and infrastructure, and creating new growth areas.

As such, the Gautrain will have a major impact on the demarcated destinations in Tshwane (i.e. Centurion Station, Pretoria Station and Hatfield Station) in terms of future development of these areas (see Figure 30).

Figure 30: The Gautrain's Locational Route in Viable Areas of Tshwane



Source: MSDf, 2005

Air Transport:

Movement in terms of air is the third component of the City of Tshwane's transport system. The linking of the city to other localities within the country and internationally is important for the city's competitiveness and global positioning. To be a "capital city of excellence" would also imply being accessible by air from an international

point of view, not only from an economic point of view but also politically.

Wonderboom Airport:

The airport is currently being used for charter and non-scheduled general aviation and extensively for training. It has a surfaced main runway that is 1 828m long and 30m wide and a surfaced cross-runway that is 1280m long and 23m wide. The main runway has an orientation of 11/29, a Pavement Classification Number (PCN) of 40 and handles about 75 per cent of the traffic at the airport. A parallel taxiway links the main runway with the apron, while the cross-runway is linked with three taxiways.

All the runways and taxiways have recently been resurfaced and a programme to upgrade the internal roads, storm water network, access control, and water and sewerage networks is currently being undertaken. Larger aircraft, such as B737s can only use the airport with payload restrictions due to the limited runway length.

The facilities are adequate for the general aviation that currently uses the airport, except for the limited parking space on the apron in front of the terminal. An earlier environmental decision rejected the extension of the runway. The navigational aids provided at the airport include two Non-Directional Radio Beacons (NDBs) and a Very High Frequency Direction Finder (VDF).

Runway edge lights and Precision Approach Path Indicators (PAPI) are provided at both approaches of the main runway.

Waterkloof Air Force Base:

Waterkloof Air Force base is owned by the Department of Public Works. The airport was developed for military operations and is not licensed for use by civilian aircraft. It also does not comply with the International Civil Aviation Organisations' (ICAO) recommended design standards. It has a main asphalt runway that is 3 353 m long and 45 m wide and an asphalt cross-runway, which is 1 920 m long and 45 m wide.

The main runway has an orientation of 01/19 and both runways have PCNs of 74.

Waterkloof could be used for diversions from JIA and the design standard deficiencies could be overcome by the issuing of a notice in this regard to all relevant organisations.

Zwartkops Air Force Base:

Zwartkops Air Force base is also owned by the Department of Public Works. The airport was developed for military operations and is not licensed for use by civilian aircraft. It has a main asphalt runway (orientation 02/20) that is 1 988m long and 30 m wide and a grass cross-runway. The runways are not suitable for large aircraft.

Freeway Aerodrome:

Freeway airport is a licensed private aerodrome that is owned by Freeway Airport Investments (Pty) Ltd. The airport is predominantly used by general aviation. Some of the users of this airport originate from WBA. It has one gravel runway (orientation 02/20), which is 1 300m long and 45 m wide with a Pavement Classification Number (PCN) of 40. The airport is operational from sunrise to sunset.

Haakdoornboom Aerodrome:

Haakdoornboom is a privately owned aerodrome. The owner built it for his own use. Although the aerodrome is close to Wonderboom (15 km), the limited usage of the aerodrome does not impede on the movements at Wonderboom.

3.1.2.3 Transport in General

The natural structuring elements had a significant impact on the development of Tshwane's urban form and transportation network. The east-west mountain ranges and smaller koppies severely restrict north-south movement, creating limited natural opportunities for connectivity between different parts of the city.

Unfortunately, more than half of Tshwane's population resides to the north of the Magaliesberg, whereas most of the economic opportunities occur to the south of the Magaliesberg. This implies that not only do

these residents of the North need to travel extensively to have access to employment opportunities, but also that they must spend a disproportionate amount of their income on travel. The movement of a major portion of Tshwane's residents is therefore severely restricted and is a significant contributing factor to the inefficiency and unsustainability of the urban form. The development of the North, more specifically the "Zone of Choice", and also creating better linkage to the economy to the south, will significantly contribute to creating integrated development opportunities to the benefit of the city.

It is evident that Tshwane has a strong radial metropolitan transportation network, comprising various arterials and commuter rail lines historically focused on the Inner City, but a weaker concentric transportation network. This weaker concentric network limits movement between the various decentralised nodes located in the outlying suburbs of the city, especially to the south, west and north. The network between the southern and eastern nodes is furthermore characterised by congestion. The incomplete concentric road network therefore constricts the dual transportation patterns that are characteristic of multi-nodal cities.

The capacity of the existing **road infrastructure** can be regarded as an obstacle to the continuation of existing development trends in areas, which are currently under development pressure (in terms of commercial, high-income residential or low-cost housing development). This is particularly evident in the following areas: the south and southeastern divisions of the city, Menlyn, Hatfield, Brooklyn and Zambezi Drive / Montana. Private transport is the main mode of travel in Tshwane (52,6%), with the highest share in high-income areas (up to 90%) and the lowest share in low-income areas (as low as 3%).

Parts of the N1 and N4 national roads are being tolled. An assessment of the economic impact of the tolling of these roads shows a significant adverse effect on the urban economy. This furthermore disadvantages and inconveniences the (already disadvantaged) population of the northern

sector of Tshwane by either increasing the travel costs or reducing the travel options.

A reliable assessment of the number of unpaved roads in the metropolitan area is not available, but it is clear that backlogs in this regard are significant, especially in the northern parts Tshwane, such as Ga-Rankuwa, Mabopane, Soshanguve, Winterveld, and Temba. The **stormwater system** is also linked to the road network - 34% of roads in Tshwane have underground drainage system, 14% have constructed surface drainage systems only and approximately 52% of roads have no stormwater drainage system at all, most of these in the northern or rural parts of Tshwane. A large percentage of the existing stormwater drainage systems are under capacity due to urban densification and previously accepted design criteria.

In general the planned and existing **rail network** is extensive and greater emphasis should be placed on it as a means of mass transport. It is currently under-utilised and rail planning by the planning authority (the South African Rail Commuter Corporation) and the commuter rail operator (Metrorail) appears to be uncoordinated with metropolitan transport and land use planning. The coordinated development of modal transport facilities is important to support the effective functioning of the public transport system.

Freight movement is an important aspect of economic development – currently approximately 80% of it takes place by road. It does however also contribute to the deterioration of the road network. A better balance between rail and road should therefore be found, and critical linkages should be identified and constructed to support economic growth in the industrial areas of the city.

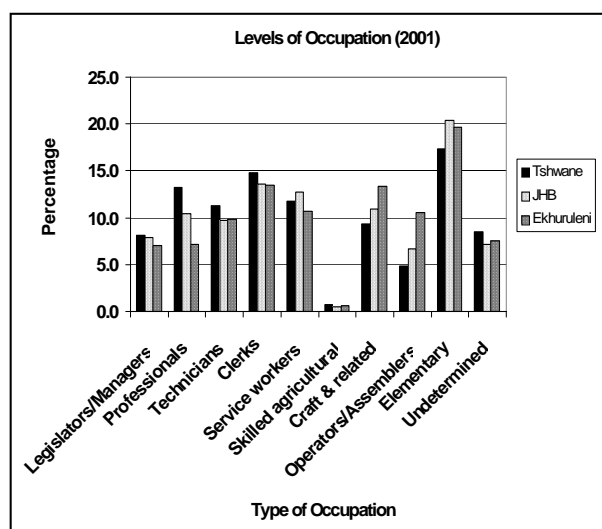
The possibility of an international **airport** for the City is also under investigation to support the city's function as a capital city and improve its global positioning. Wonderboom Airport is owned and currently operated by the Municipality, but the site is subject to severe practical limitations, which would make it almost impossible to fulfill this role in the long term. There are also two military airports within the Tshwane metropolitan area, namely Waterkloof and Zwartkops Air Force bases. The repositioning of the Waterkloof Air Force base is

being investigated by the Defence Force and could significantly contribute to the prominence of this airport within the city.

3.1.3 LABOUR FORCE AND COSTS

The Occupation Profile of the formal labour force in Gauteng and Tshwane is based on the classification of the Quantec database and is displayed in Figure 31. The distribution of occupations between the Tshwane in its regional and national context shows conformability.

Figure 31: Occupation Levels of RSA, GT and CTMM (2001)

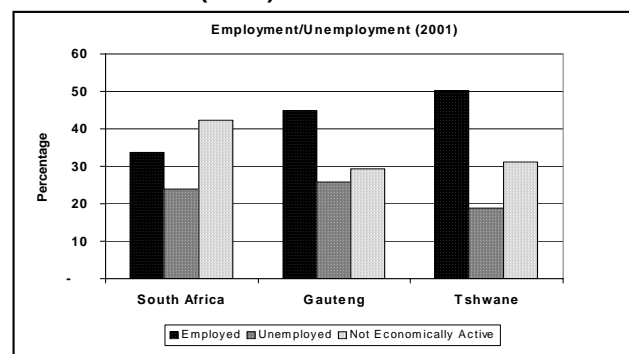


Source: StatsSA, 2001

The most popular occupations in the Tshwane (2001) area include Elementary workers (17,4%), Clerks (14,8%), Professionals (13,2%) and Service workers (11,8%). Concerning the occupation type of 'Professional', Tshwane has 3,9% more than the province (9,3%) and 6,2% more than South Africa (7%).

The composition of the labour force in South Africa, Gauteng and Tshwane is indicated in Figure 7. The unemployment rate in Tshwane (27%) is substantially lower than that of South Africa (42%) and the provincial average of 36%. Given these trends, the economy of Tshwane has a more favourable labour absorption rate than that of the Gauteng and National economies (see Figure 32).

Figure 32: Employment/Unemployment in RSA, GT and CTMM (2001)

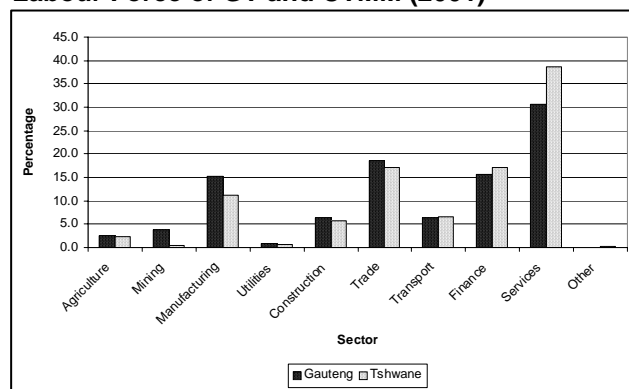


Source: StatsSA, 2001

The total number of employed persons for Tshwane numbered 73%, while 64% for Gauteng and 58% for South Africa in total. It is thus evident that the total population of Tshwane that is able to work and eager to be employed is above that of the regional and national averages.

The Sectoral distribution of employment per economic activity for Gauteng and Tshwane is presented in Figure 33.

Figure 33: Sectoral Distribution of the Labour Force of GT and CTMM (2001)



Source: StatsSA, 2001

Figure 32 shows the relative distribution of the main economic activities in Gauteng and Tshwane in terms of the formal employment opportunities. The Financial, Business and Real Estate and Services, Trade and Accommodation and the Manufacturing sectors are the main

drivers of the economy in Tshwane and the Province.

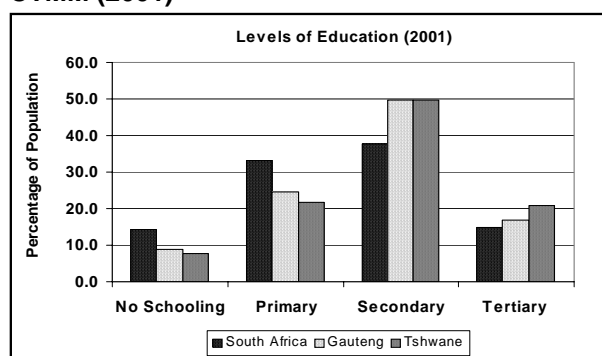
The Tshwane Financial, Business and Real Estate, Services and Transport sectors contribute relative more to job creation than the sector's average for Gauteng. This is an important observation as these sectors are known for their relatively high employment and value added multiplier effects in a local economy.

The Trade and Accommodation, Construction and Manufacturing sectors of Tshwane also compare favourably with that of the Province.

3.1.4 EDUCATION

Concerning the levels of education, Tshwane has a fairly literate population. Figure 5 indicates that 20,8% of the total population has a tertiary education, while 49,8% had a secondary education, 21,7% a primary education and 7,6% no education in 2001 (see Figure 34).

Figure 34: Education Levels of RSA, GT and CTMM (2001)



Source: StatsSA, 2001

The educational levels of Tshwane are very good in comparison with the Gauteng Province (2001) – 24,6% had a primary education, 49,6% secondary and 16,9% had a tertiary education. This also means that 3,9% more people in Tshwane received an education on a tertiary level (i.e. University, Technicon, College, etc.) than what was the case for Gauteng and 6% more than the national average.

Tshwane caters for all forms of tertiary education at its 4 universities – the University of Tshwane, University of South Africa, Vista University and the Medical University of

South Africa (Medunsa). The city also offers a selection of technical colleges, teachers training colleges and technicons (universities of technology). Various research institutions are also located in the city (e.g. CSIR, HSRC, NRF SABS and the Veterinary Research Institute). The Innovation Hub – a Blue IQ – project is also located in Tshwane.

Educational Hub: The educational cluster already contributed 6,9% to the total GGP of Tshwane in 2001. Based on the close contextual relationship with the R&D Cluster the combined contribution of the two clusters to Tshwane's GGP amounts to 8,9%. Some of the primary characteristics of the education cluster are that it is not only institutionally driven, but also has the potential to earn export income (which in fact is already accomplished by a number of schools and universities) and is strategically located near important transport routes within the city.

3.1.5 BUSINESS, COMMERCIAL, INDUSTRIAL & OFFICE PROFILE OF TSHWANE

Business Profile

The location of business nodes in the City of Tshwane is indicated in Figure 35. The total area of land occupied by the different business nodes for Tshwane is provided in Table 5. Other important information for investors regarding the shopping centre retail space in Tshwane and the retail market is provided in Tables 6 and 7 respectively.

Table 5: Summary of Business Types, Retail Trade and Offices in Tshwane (2005)

Type	Total Area (m ²) of Land
Filling Station	1 045 057
Shops Only	2 175 021
Shops and Other Uses	1 615 237
Shops and Offices	1 506 624
Shops and Flats	746 661
Other Businesses	926 822
Banks and Mutual Banks	478 052

Source: CTMM, 2005

Table 6: Shopping Centre Retail Space in Tshwane (2005)

Categories	Area (m ²)	No. of Centres	% Retail Space	% Area
CBD	115 000	1	1,2	9,9
Regional Centres	268 531	6	7,0	23,2
Community Centres	237 807	12	14,0	20,6
Neighbourhood Centres	534 808	67	77,8	46,3
TOTAL	1 156 146	86	100	100

Source: CTMM, 2005

Table 7: Tshwane Retail Market (2004)

Total Retail Sales S.A (per annum)	R235,000,000,000
Total Retail Gauteng (per annum)	R79,921,000,000
Estimated Total Retail Sales Tshwane (per annum)	R28,200,000,000
Tshwane % of Gauteng Estimated (per annum)	35,3
Total Retail Space (m ²)	22,563,636
CBD 30% of Tshwane	769,090
Total Non-CBD (m ²)	1,794,545
1999 Retail (m ²)	1,370,246
Growth 1999 to 2004 (m ²)	424,299
% Growth	5,5

Source: Tshwane Retail Location Pre-Study, 2004

Commercial Profile

The Property Valuation Division distinguishes between warehouses and stores, because according to their classification, warehouses may contain a sales component, whereas stores may be used solely for storage facilities.

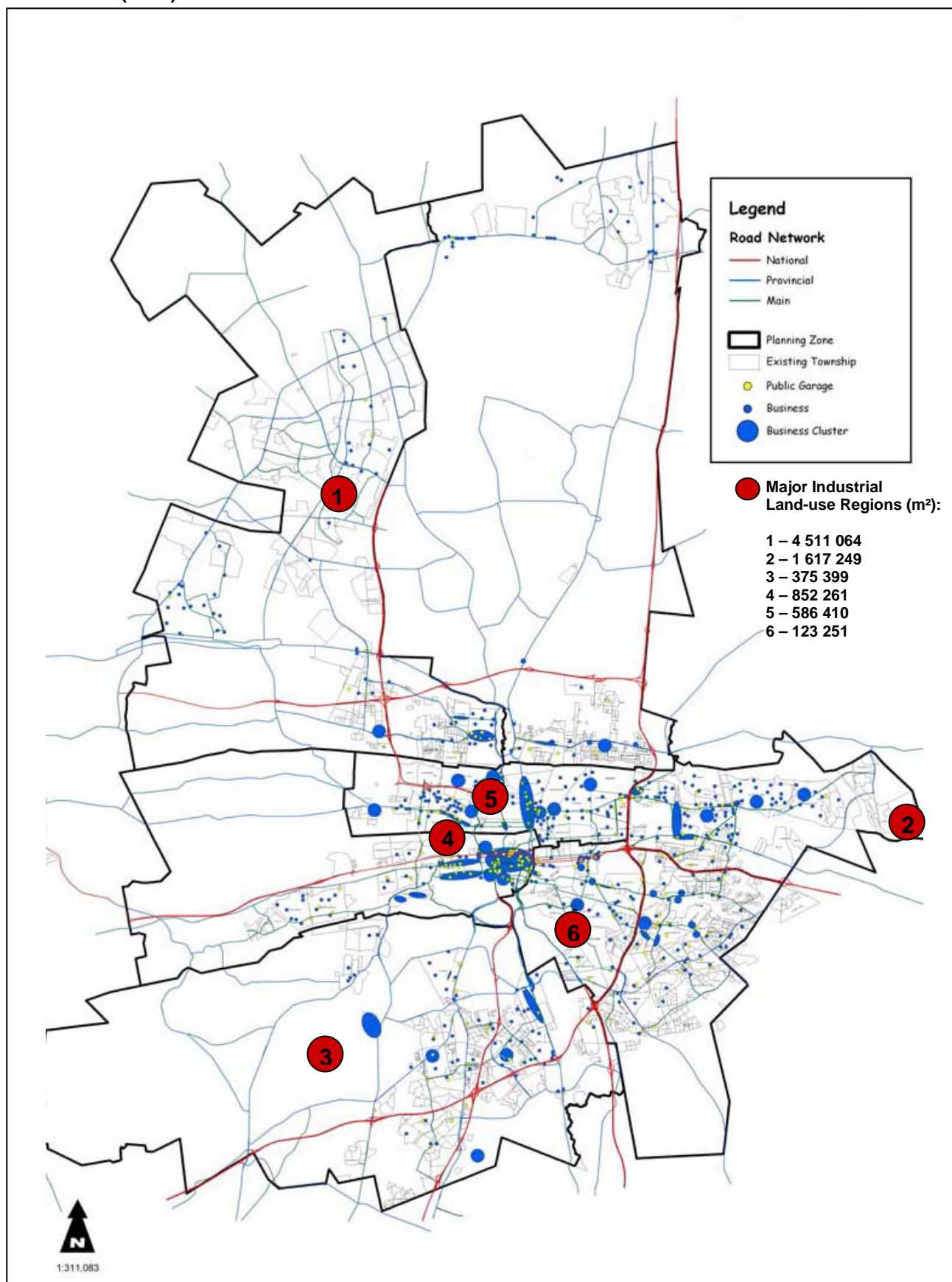
The total area of land used by commercial activities in the City of Tshwane is summarized in Table 8.

Table 8: Total Area Occupied by Commercial Activities in Tshwane (2004)

Type	Total Area (m ²) of Land Used
Warehouse	1 284 459
Stores	239 846
Wholesaler	206 352

Source: CTMM, 2004

Figure 35: Business Nodes in the City of Tshwane (2004)



Source: CTMM, 2004

Industrial Profile

According to the Valuation Roll (2004) the summary of the industrial profile of the City of Tshwane can be described as follows:

- Total Site Value: R403,705,800
- Total Improved Value: R2,027,469,800
- Workshop Land Used (m²): 1,883,779
- Manufacturing Land Used (m²): 6,181,855

Office Profile

Tshwane's offices market share (13%) in 2004 compared favourably in comparison with that of other major cities such as Durban (10%), Cape Town (14%) and Johannesburg (63%).

According to the SAPOA Office survey (2004) Tshwane's offices vacancy rate is 5,4%. Other major cities such as Johannesburg (16,3%), Cape Town (11,5%) and Durban (12,5%) are much higher. The supply and demand of offices in major office areas in Tshwane is summarized in Table 9.

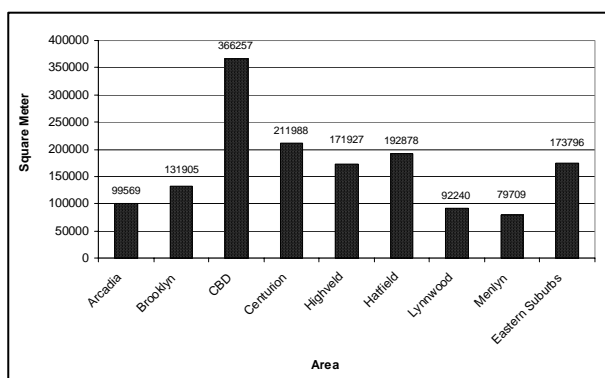
Table 9: Supply and Demand of Offices (2004)

Supply	1 520 269 m ²
Demand	1 437 673 m ²
Vacant	82 596 m ²
Vacancy Rate	5,4%

Source: SAPOA, 2004

The major office areas as determined by SAPOA are indicated in Figure 36.

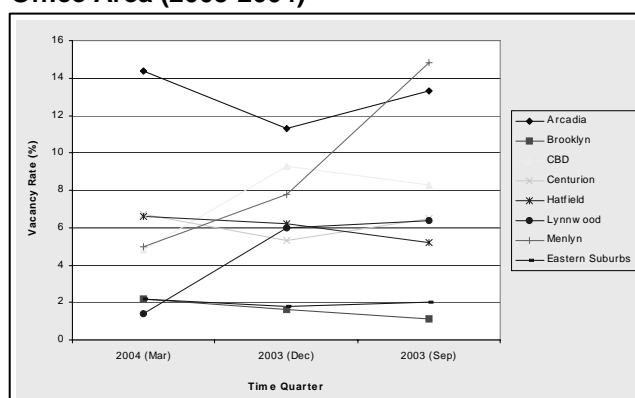
Figure 36: Major Office Areas in Tshwane (2004)



Source: SAPOA, 2004

The vacancy rates per major office area over the last three quarters are indicated in Figure 37.

Figure 37: Percentage Vacancy Rates per Major Office Area (2003-2004)



Source: SAPOA, 2004

From the figures it is evident that offices land-uses are mainly situated in the central and western division of Pretoria, the eastern suburbs as well as in Centurion. In most of the indicated areas a decrease in vacancy rates can be observed for the Central division of Pretoria as well as for the western division of Pretoria (i.e. Lynnwood and Menlyn). However, for most of the areas an increase in percentage vacancy rates is indicated.

3.1.5.1 Performance of Existing Nodes

Urban Cores

Urban cores are activity nodes of metropolitan significance aimed at providing economic, social and residential opportunities in an integrated, vibrant, high-intensity, mixed-use and pedestrian friendly environment linked to public transport facilities and the highest level of accessibility, specifically in environments where high levels of public sector intervention is required. In terms of their development status urban cores can be described as "emerging" and in terms of their urban economic context they form part of the second economy.

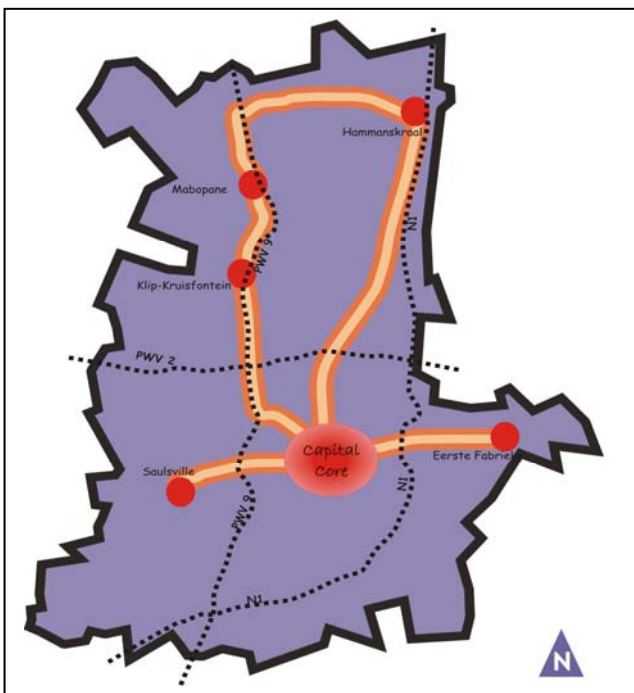
The concept of the "urban core" is of specific importance because of its potential role to (re)structure those parts of the city where limited investment has taken place both in terms of economic and social infrastructure – specifically the North, Mamelodi and Atteridgeville. (The North refers to the area north of the Magaliesberg as defined in terms of the City Development Strategy). An urban core fulfils three main roles based on its functioning, its accessibility and its visibility: it is a modal

interchange, a place of concentrated activity and a place of civic identity.

According to the Spatial Development Framework of Tshwane, the following areas are to be developed as Urban Cores (see Figure 38):

- the area around the Eerste Fabrieke station between Mamelodi and Nellmapius
- the area around the Saulsville station in Atteridgeville
- the area around the Klip-Kruisfontein station
- the area around the Mabopane station; and
- the area around the Hammanskraal Station.

Figure 38: Urban Cores in Tshwane



Source: MSDF, 2005

Means of encouraging desirable land uses and built form in the urban cores are under investigation. These can include –

- a package of incentives such as tax holidays, bulk service contribution rebates, high development rights, subsidies for housing, subsidies for public transport, etc.
- increased public investment (provision of additional infrastructure, creation of quality streetscape, rejuvenation of dilapidated or decayed areas)
- provision of an efficient public transport system to support developments within these areas.

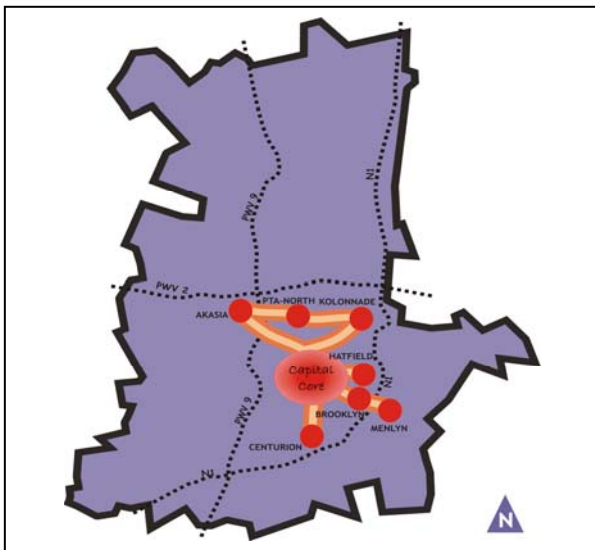
All of the above are contextualised within the principles as contained in the City Development Strategy. It must be noted that the Urban Cores are not the only places of importance in the urban fabric, but is supported by a smaller scale network of sub-urban developments. In areas where the larger percentage of residents is pedestrians, a more intimate scale of economic activities can also be expected to develop.

Metropolitan Cores

A number of very significant nodal developments have emerged over the last decades, developing into strong metropolitan focal points and forming the knots in the fabric of our multi-nodal city form and the new urban realms.

Although many (most) of these developed around regional shopping centres, over time the areas around the focus points changed and started to become nodes of specialised activity, each performing a specific function in the metropolitan area. These locations have developed into places accommodating a whole range of urban activities, from economic activities with a strong focus on a different range of services, to entertainment and a choice of housing opportunities. They reflect the new economy and tie into the greater urban network. There are different levels of inter-dependency between these developments, as there also is a differentiation between the specialised focus of each. The private sector played the greatest role in developing these localities. For the purposes of the Metropolitan Activity Area System, these areas are called metropolitan cores. The following are metropolitan cores (see Figure 39):

- the Centurion Central Business Area
- the Menlyn precinct
- the Brooklyn node
- the Hatfield node
- the Kolonnade node
- Akasia Central Business District (potential)
- Pretoria North Central Business District

Figure 39: Metropolitan Cores in Tshwane

Source: MSDf, 2005

Two of these metropolitan cores are also the locations of proposed Gautrain stations (Centurion, Hatfield), which implies that the future development of these areas will not only support the feasibility of the initiative, but also gear towards capitalisation on the opportunities being created by the strategic intervention.

Specialised Activity Areas

There are areas within the metropolitan area that are characterised by largely mono-functional land uses taking up large, concentrated and defined areas. The character of the areas ranges from industrial areas to high technology smart industries, medical facilities, educational and research facilities. It is important to acknowledge these areas as being part of the Metropolitan Activity Areas, not just in terms of their scale, but because of their sphere of influence in terms of generating movement, opportunities and linkages with other areas. These linkages do not only refer to physical linkages, but also to “connectivity” in a broader sense, like between institutions of learning and research.

The following are examples of such metropolitan specialised activity areas: Highveld Technopark; The Innovation Hub; Onderstepoort Training and Research Facility; Perscor Park; Rosslyn Industrial area – Automotive Cluster; CSIR/University of Pretoria/University of Technology; Pretoria Academic and surrounding medical precinct; Wonderboom Airport /Zwartkops/Waterkloof Air Force Base; and Thaba Tshwane.

There are a number of other specialised activity areas, which are also important on the metropolitan level, but they are characterised more in terms of their mixed land use character that developed over time. These areas developed as a network of activity, and include the following areas: Pretoria West, around Mitchell and Soutter Streets; and Silverton/Waltloo Industrial Areas.

Activity Spines

Activity Spines are linear manifestations of Metropolitan Activity Areas. Activity Spines are arterials along which traffic flows with minimum interruption whilst development abutting the Spine is in terms of specific policy criteria relating to the type of land use to be accommodated and to the level of access.

Activity spines do not refer to the total length of any major route – the “activity”, although it might be manifested in a linear configuration, is usually still concentrated along specific portions of a road, corresponding to access opportunities and proximity of nodal developments or developed service roads.

The Spatial Development Framework identifies the following as Activity Spines:

- Olievenhoutbosch Road
- Lenchen/Hendrik Verwoerd Drive between Jean Avenue and Old Johannesburg Road
- Voortrekker Road
- George Storrar Drive between Fountains Valley and Brooklyn Circle
- Atterbury Road
- Lynwood Road
- Zambezi Drive (including Brits Road)
- Hans Strijdom Drive
- Church Street
- Pertorius Street
- Schoeman Street
- Charles Street
- Paul Kruger Street
- Van der Hoff Road
- Michael Brink Street
- Sourpansberg Road
- Old Johannesburg Road (K101), between Hendrik Verwoerd Drive and the off-ramp from the highway.

The Spatial Development Framework does not prescribe specific land uses along the activity spines, because the specific uses are to be informed by the character of the existing area, the potential of the location, and considerations such as the access to the site, availability of infrastructure and integration with other supporting land uses.

3.1.6 INFRASTRUCTURE, SERVICES AND FACILITIES

Water, Sanitation and Electricity Supply

Rand Water and Magalies Water supply together about 87% of Tshwane's bulk water. The remainder of the city's water is supplied by its own sources including springs, boreholes and the Rietvlei Dam.

Rand Water potable bulk pipelines and storage reservoirs are fed from the Vaal River. Tshwane connects to the Rand Water system through metered bulk connections, which feed the water distribution zones via Tshwane's service reservoirs. Some distribution zones are also fed directly off the Rand Water system. Water generally gravitates from the service reservoirs, but a number of pumping stations are also required to boost supply in the higher lying areas.

Tshwane's bulk water consumption (Average Annual Daily Demand – AADD) for the year ending on 30 June 2001 was 574 MI/d of which approximately 437 MI/d was sold to consumers. The residential component of the city uses approximately 59% of this water.

The demand of 574 MI/d will increase to approximately 800 MI/d by 2020, which represents an increase of 40% or an average annual increase of 2,1%.

The wastewater system consists of a bulk system and an internal system. The provision of sanitation services to a specific area is however dependant on the availability of bulk sanitation infrastructure. The existing bulk sanitation infrastructure includes 10 wastewater treatment plants and approximately 290 km outfall sewers. In general, the infrastructure is in good condition with some residual wastewater collection and treatment capacity.

Tshwane's bulk electricity network consists of 6 'in feed' stations from ESKOM, 60 primary substations, 4 switching stations, 2 self-generation stations and approximately 400 km of power lines.

The bulk electricity infrastructure in the previously disadvantaged areas has been developed over the past ten years to the degree that there is presently sufficient capacity to cope with the electrification of stands in these areas. The quality of this infrastructure is considered to be exceptional.

The electricity infrastructure supplying the inner city was designed and installed to accommodate a high growth rate, which has not materialised. Consequently spare capacity is readily available. Certain areas, mainly in the south and east of Tshwane, have an insufficient bulk supply of electricity at present.

3.1.7 TOURISM

Tshwane is a cosmopolitan city with a rich heritage, which prides on its cultural diversity. It is also the diplomatic capital of South Africa and the gateway to all the provinces. A variety of monuments, museums, theatres, art galleries, historical houses, churches and shopping malls with extended trading hours are available throughout the city.

The City of Tshwane Tourism Department has developed and introduced a strategic tourism development plan. The tactics of developing tourism in Tshwane are highlighted through critical success factors and specific plans for marketing, product development, infrastructure development and enterprise and training development – indicating how the strategy should be achieved, while the implementation plan and the institutional structure address the who and where of achieving the strategy.

There are also many world famous archaeological and geological sites situated in the Tshwane area of which the largest meteorite crates in Southern Africa, the Tswaing Crater Museum, is located 40 km north of the city centre. Consequently, the City of Tshwane attracts many visitors from business travellers, VFR and holiday visitors to sport travellers and special site travellers (Be My Guest, 2005). A significant proportion of Gauteng's visitors do so for business and therefore it is assumed that Tshwane's international visitors are mostly

business visitors. In Table 10 the total number of tourists (5 024 662) to the City of Tshwane is provided. The visitor base of a city can be categorised in 4 different groups. For the City of Tshwane the different visitors can be summarised as follows:

	Total Visitors to the City of Tshwane (%)
Foreign Overnight	6.9
Foreign Day	5.5
Domestic Overnight	22.7
Domestic Day	64.9

Table 10: Number of Visitors for the City of Tshwane (2004)

	Total
Foreign Overnight	
Leisure	194,457
Conference & Event	23,909
VFR	70,204
Business	58,975
Total Foreign Overnight Visitors	347,545
Foreign Day	
Leisure	181,371
Conference & Event	43,723
VFR	24,291
Business	25,910
Total Foreign Day Visitors	275,296
Domestic Overnight	
Leisure	233,715
Conference & Event	68,404
VFR	684,043
Business	153,910
Total Domestic Overnight Visitors	1,140,072
Domestic Day	
Leisure	2,257,655
Conference & Event	299,358
VFR	430,326
Business	274,411
Total Domestic Day Visitors	3,261,749
<i>Total Overnight Visitors</i>	<i>1,487,617</i>
<i>Total Day Visitors</i>	<i>3,537,045</i>
Total Visitors to the City of Tshwane	5,024,662

Source: Strategic Tourism Development Plan, 2005 (Grant Thornton)

According to the Strategic Tourism Development Plan of CTMM's Tourism Department, the projected growth targets in tourist numbers for the City over the next 6 years are expected to grow with 37% from 2004 to 2010. Thus, indicating an average growth rate of 6,2% per annum. Most of the one-day trips to Tshwane include a visit to the following popular attractions: Voortrekker Monument; Church Square; Kruger/Melrose house; and the Union

Buildings (these attractions form part of the well-known Tshwane City Tour). Tour operators and tourism marketing agencies usually promote Tshwane as destination via a Tshwane City Tour (total duration of about 4 hours). However, depending on the need and duration of visit of tourists, the tour can be combined with other popular attractions (i.e. Cullinan Premier Mine, Lesedi Village, De Wildt Cheetah & Wildlife and Rietvallei Nature Reserve).

It is thus evident that Tshwane offers many options to those in search of gastronomy, entertainment, recreation, business activities, travel and accommodation. The tourism 'products' and services that Tshwane offers can be categorised as follows:

- Sport and Recreation
- Gastronomy
- Entertainment
- Culture Activities
- Education
- Business
- Accommodation
- Transport and Travel
- Tour Operators
- Financial Services
- Medical Facilities
- Tourism Organisations

POSITION IN TSHWANE'S ECONOMY:

According to Table 11, tourism is the 6th largest contributor to the Gross Domestic Product of the City of Tshwane's economy, and the 7th largest employer. The contributions of other economic sectors were drawn from a study conducted by The Bureau of Economic Policy and Analysis ("BEPA") at the University of Pretoria in 2004.

Table 11: Tourism Contribution to GGP and Employment vs Other Economic Sectors in the City of Tshwane (2004)

Sector	GDP Contribution (Rand Value)	Formal Employment
Mining	194 512 224	1 111
Agriculture	269 993 504	9 212
Electricity	1 611 297 826	5 364
Construction	1 931 187 179	38 149
Tourism	2 313 086 202	26 645
Trade	8 536 969 710	176 099
Manufacturing	9 332 155 368	101 323
Transport	12 559 145 165	54 197
Community Services	14 782 388 436	139 424
Finance	14 565 711 952	224 326

Source: BEPA, 2004

The BEPA report referred to 2003 figures, and these figures have been escalated with the annual Sectoral growth figures provided by Stats SA in order to be able to compare those with the tourism GDP contribution (2004).

INVESTMENT PROGRAMMES AND PRIORITISATION:

The City of Tshwane Tourism Department (CTTD) has developed a listing of programmes for the implementation of the strategic tourism development plan (see Table 12).

The last six programmes in Table 12 are considered as government programmes. Based on the department's knowledge and experience of the tourism industry, it has identified the other programmes that have a private sector investment focus. During the final phase of the Strategic Tourism Development Plan project business plans would be developed for the top 5 programmes with a private sector investment focus. These programmes are:

- Events
- Location-based and route development (e.g. townships, with a pilot in Mamelodi, Northern Villages route, etc.)
- Sport experience
- Youth market
- Leisure experience

Table 12: Private Sector-focused Investment Programmes

Programmes based on Plan requirements	Category
Events	Product Development
Location-based and Route Development	Product Development
Sport Experience	Product Development
Youth Market	Market Development
Leisure experience	Product Development
Struggle History experience	Product Development
Arts experience	Product Development
Tourism Information	Critical Success Factors
Education experience	Product Development
Nature and Scenery experience	Product Development
Conferences	Product Development
Anglo-Boer War experience	Product Development
Science and Technology experience	Product Development
Training and Skills Development	HR / SMME Development
Tourism Awareness	Critical Success Factors
Entrepreneurial Development	HR / SMME Development
Marketing	Marketing
Tourist Safety	Critical Success Factors
Mobility (incl. Public transport and signage)	Critical Success Factors

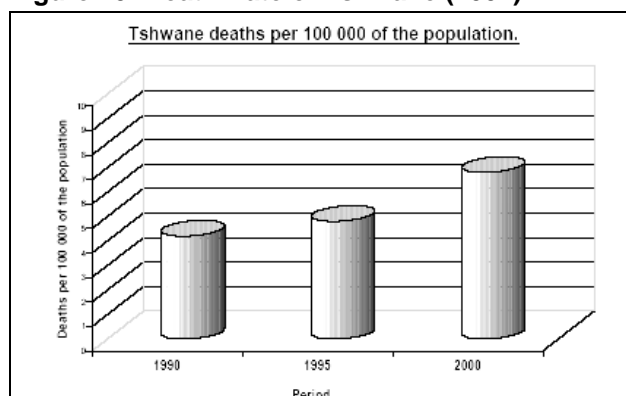
Source: Strategic Tourism Development Plan, 2005

There will be elaborated on each of these programmes in the Action / Implementation Plan of this strategy. More detailed information (e.g. proposals) of each the 5 top programmes will therefore be provided in this section of the Investment Promotion and Development Strategy.

3.1.8 HEALTH PROFILE

DEMOGRAPHY

The crude death rate has increased from 4,2 to 6,8 in the last ten years. The 'additional' deaths increased from 200 in 1993 to 4 013 in 2000. The projected deaths in Tshwane within the next six to eight years are estimated to be 150 000 (see Figure 40).

Figure 40: Death Rate of Tshwane (2002)

Source: STH Audit, 2002

PRIMARY HEALTH CARE (PHC)

The vision that the CTMM's Health Care Division has for the city is that it should be a healthy city with an empowered community. It aims to realise this vision by enhancing the quality of life of all the people of Tshwane by promoting and protecting their health and well-being. This is being done through leadership and best practices and by providing accessible, affordable, sustainable, equitable, quality, efficient and effective services in a manner that builds partnerships.

Primary Health Care (PHC) services are aimed at promoting health, preventing illness and curing diseases without the admission of a patient to a hospital. PHC is provided from clinics, community health centres (CHCs) and district hospitals in the Tshwane area. The status of Tshwane's PHC services is provided in Table 13.

Table 13: PHC Service Facilities in the City of Tshwane (2004)

Total Number of Facilities in Tshwane	58
Type of Facility	Number of Facilities
Community Health Centres (extended hours and services)	5
Fixed Clinics (clinics operating 5 days a week, 8 hours a day)	44
Satellite Clinics (operating a few days/hours a week)	7
Mobile Clinics (visiting a venue once a week/month)	2
Owner	Number of Facilities
Gauteng Provincial Government	14
City of Tshwane Metropolitan Municipality	26
North-West Provincial Government (Odi)	10
North-West Provincial Government (Moretele)	8

Types of Services Rendered	Number of Facilities
Comprehensive PHC package (preventive, promotive, acute curative and chronic services)	40
Preventive, promotive and acute curative services	7
Preventive and promotive services only	11

Source: DoH (CTMM, 2004)

INFRASTRUCTURE

According to the database of MedPages, the total numbers of different health facilities are indicated in Table 14.

Table 14: Total Number of Types of Health Services in the City of Tshwane (2001)

Type of Service	Total
Medical Practitioners	2 064
Medical Practices	144
Dental Practitioners	483
Allied Practitioners	2 130
Social Services	547
TOTAL	5 368

Source: MedPages database, 2001

There are, however huge service gaps present with regards to the suitability of the infrastructure of certain health facilities (clinics and health centres) in Tshwane – especially within the Northern parts of the city.

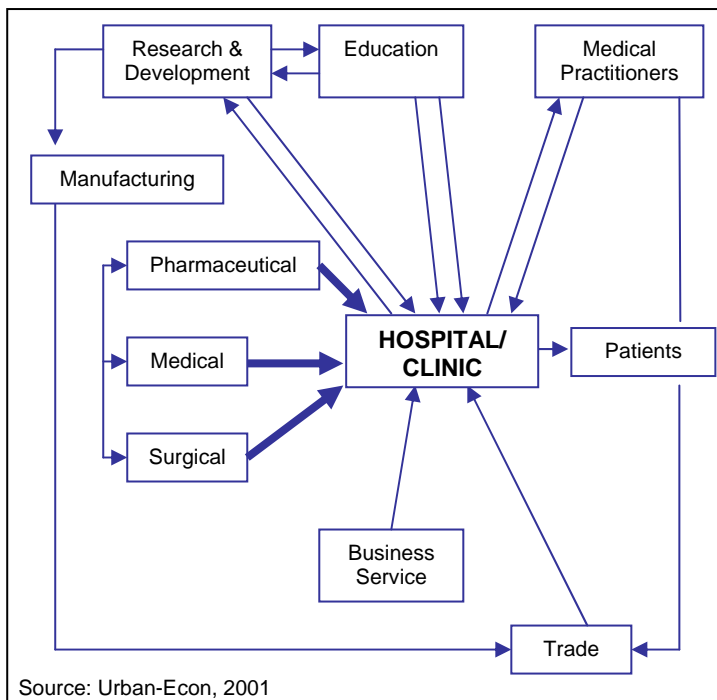
A number of elements can be identified that are crucial in the success of Tshwane's medical infrastructure. These elements can also be translated into key performance indicators, which include the following:

- Tshwane has a large manufacturing base with respect to medical product manufacturing.
- There is a strong cross-pollination between the medical product manufacturers, service providers and research institutions within Tshwane.
- The availability of research institutions (i.e. CSIR, MRC, HSRC, Universities in Tshwane), informal and venture capital funding encourage the start-up and growth of medical industries (i.e. the Innovation Hub project by Blue IQ).
- Access to education institutions within Tshwane is also the driving force in the medical technology growth (i.e. biotechnology).

- The many hospitals and healthcare service providers provide a ready and local market for the medical product manufacturers.
- A supportive government that generates legislation, which is sensitive to and protective of the development of medical infrastructure.

It is thus evident that the medical infrastructure of Tshwane can create and promote favourable conditions for the development of the medical cluster as well as further investment. The value chain of the medical infrastructure is indicated in Figure 41.

Figure 41: Medical Cluster Value Chain



The medical cluster: Due its central location as well as the fact that international businesses have located in Tshwane, the area is able to compete with Johannesburg/Midrand for new pharmaceutical and medical equipment manufacturers. Tshwane also has a comparative advantage with respect to the existing R&D facilities located in the area. The strong R&D as well as education base of Tshwane creates the potential for Tshwane to develop into a global research centre where health problems associated with Africa i.e. illness such as malaria can be investigated as well as delivering health services targeting African countries.

3.1.9 THE NATURAL ENVIRONMENT

Accepting that the only way to achieve long-term economic progress is to link it with environmental protection, the Municipality acknowledges that the state of the environment is critically important to the wellbeing of the residents of Tshwane. The Municipality therefore accepts that trade-offs between economic development and environmental wellbeing are sometimes inevitable. The CTMM believes though that sustainable development depends on ensuring the right balance in these matters and that it neglects the quality of their environment at their peril.

Information on the natural environment of Tshwane is provided in short in the following sections:

CLIMATE:

The Tshwane Municipal area has a very moderate climate, which makes it a sought-after area to live in. The Tshwane area is on average at least 3 degrees warmer than the Johannesburg area. Statistics on the temperatures and precipitation of Tshwane is provided in Table 15.

The average daily maximum and minimum temperatures for Tshwane are indicated in Figure 42. Tshwane has three major temperature regions that vary with approximately 2°C on an average daily temperature. The forecasted temperature, which is announced over broadcasting media, is for the central regions of Tshwane.

Table 15: Temperature (°C) and Precipitation of Tshwane (2005)

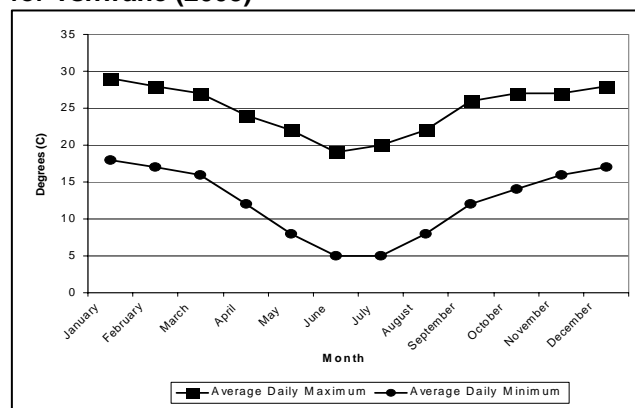
Month	Temperature (°C)			
	Highest recorded	Average daily maximum	Average daily minimum	Lowest recorded
Jan	36	29	18	8
Feb	36	28	17	11
Mar	35	27	16	6
Apr	33	24	12	3
May	29	22	8	-1
Jun	25	19	5	-6
Jul	26	20	5	-4
Aug	31	22	8	-1
Sep	34	26	12	2
Oct	36	27	14	4
Nov	36	27	16	7
Dec	35	28	17	7
Year	36	25	12	-6

Month	Precipitation		
	Average monthly (mm)	Average number of days with ≥1mm	Highest 24 hour rainfall (mm)
Jan	136	14	160
Feb	75	11	95
Mar	82	10	84
Apr	51	7	72
May	13	3	40
Jun	7	1	32
Jul	3	1	18
Aug	6	2	15
Sep	22	3	43
Oct	71	9	108
Nov	98	12	67
Dec	110	15	50
Year	674	87	160

Source: South African Weather Service, 2005

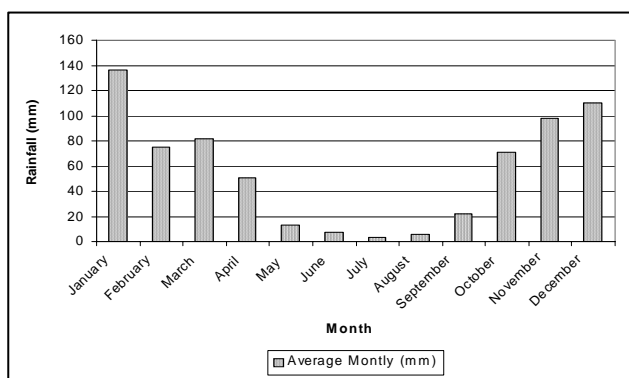
Temperatures vary to the north by approximately 2°C hotter, and to the southern region by approximately 2°C cooler. The southern regions are therefore more prone to frost during the winter season, whereas the northern region does not experience extreme cold temperatures during winter.

Figure 42: Maximum and Minimum Temperatures for Tshwane (2005)



Source: South African Weather Service, 2005

Rainfall is mainly during the summer months (November-February) and temperatures are low during April to August. The average percentage precipitation for Tshwane is indicated in Figure 43 – Tshwane experiences high rainfall during the December to January months.

Figure 43: Precipitation Average Monthly (2005)

Source: South African Weather Service, 2005

TOPOGRAPHY:

RIVERS AND DAMS:

The location of rivers and dams in Tshwane is indicated in Figure 44.

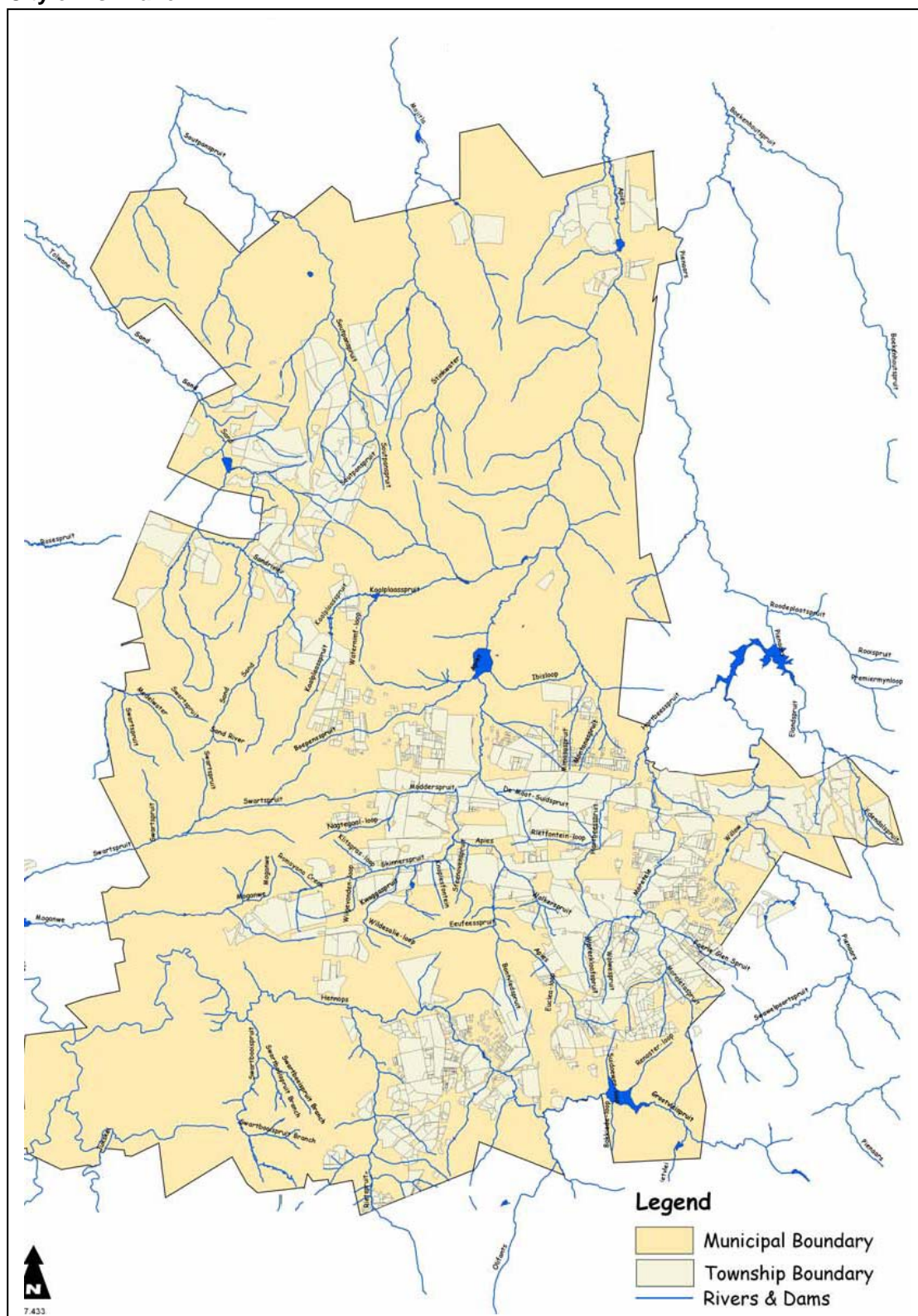
RIDGES AND VALLEYS:

Figure 45 indicates the location of ridges and valleys.

CONSERVATION AREAS:

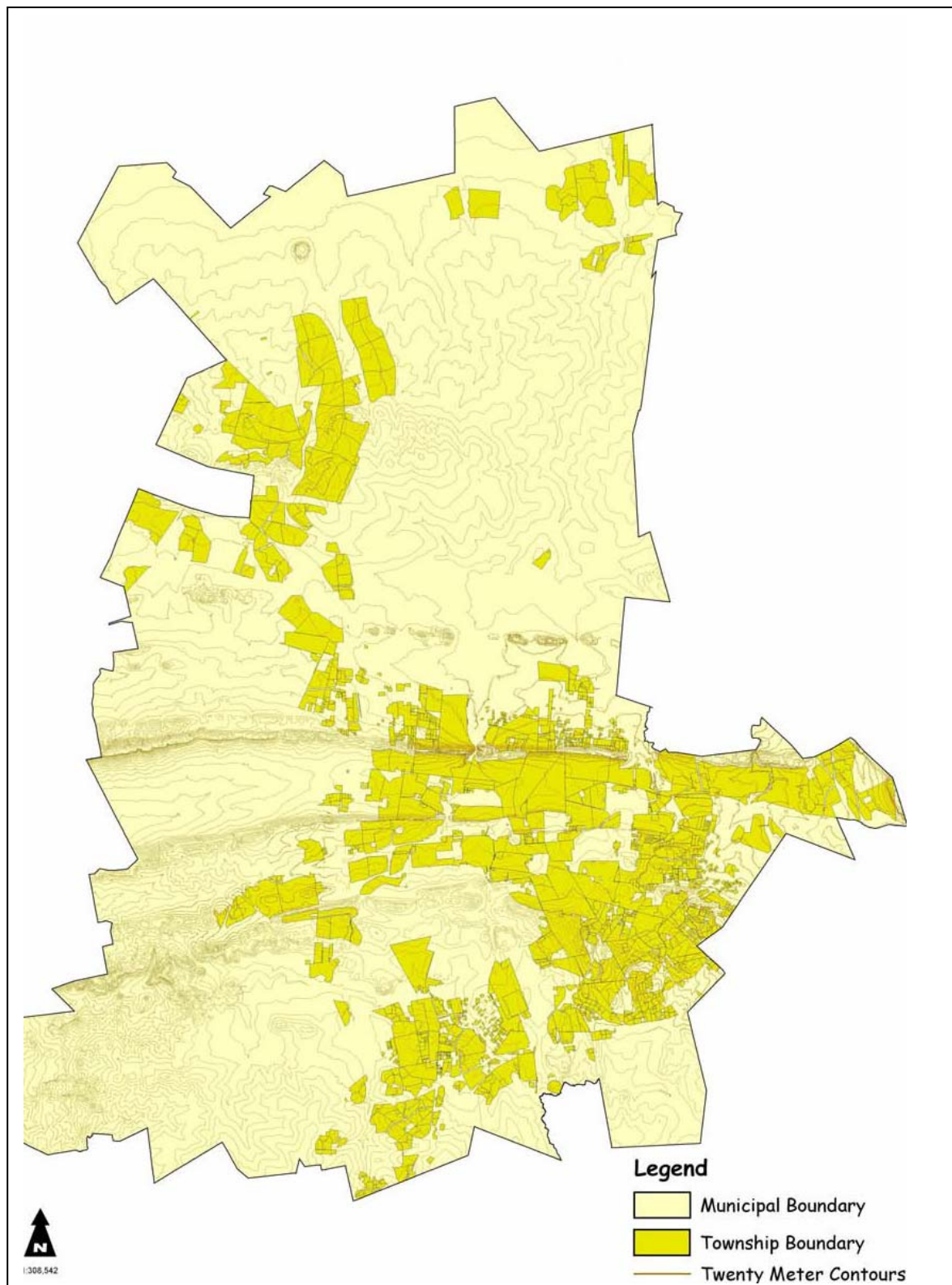
Figure 46 gives an indication of where the conservation areas in Tshwane are located.

Figure 44: Rivers and Dams in the City of Tshwane



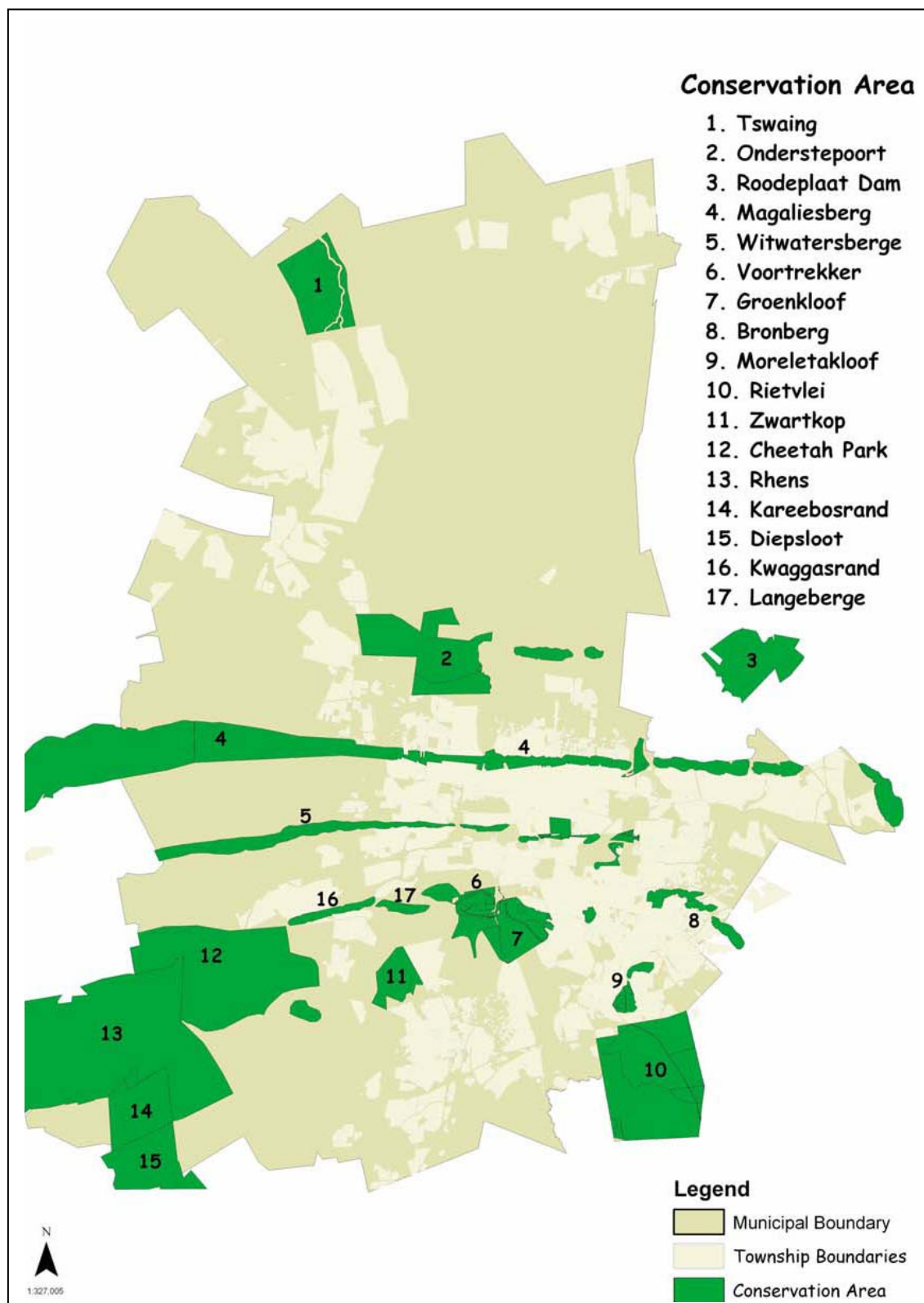
Source: CTMM, 2005

Figure 45: Ridges and Valleys in the City of Tshwane



Source: CTMM, 2005

Figure 46: Conservation Areas in the City of Tshwane



Source: CTMM, 2005

3.1.10 CLUSTER DEVELOPMENT

The so-called *Porter Model* is one of the most widely recognised cluster models utilised in analysing clusters.

This cluster model was developed against the background of the 'new global economy' in which the economies of countries are becoming increasingly inter-related and inter-dependant due to the emerging trends of diminishing trade barriers, falling tariff barriers, increasing mobility of capital, evolving firm strategies and the changing role of human resources. All of these factors imply that industries must become more competitive on a global scale in order to be successful.

A second factor impacting on the Porter Model is that of 'regionalisation'. Here it is understood that it is regions, not nations, that are the most important consideration when creating the platforms from which industries compete. Platforms refer to aspects such as:

- Quality of connective infrastructure (airports, telecommunications)
- Average salaries paid by firms (average personal incomes)
- Quality of the natural environment
- Efficiency of public transportation
- Quality of entertainment/cultural offerings
- Availability and quality of basic public infrastructure (water, electricity)

The model implies that the level of competitiveness achieved by industries is directly affected by the choices made within a region. Ultimately it is industries/firms not nations that compete. A region, however, provides the platform from which industries compete. A cluster is thus composed of horizontal linkages within and between industries, often termed the value chain, as well as vertical linkages between industries, including those industries which provide supporting products and services directly into the value chain (Urban-Econ, 2001). Potential clusters also support and enhance various support services within areas.

The success of certain industries, based in certain regions, is based on 4 attributes referred to as Porter's diamond of regional advantage. The diamond represents the platform from which industries compete. The elements of the diamond are:

- Factor conditions (e.g. labour, arable land, natural resources, infrastructure, telecommunications, skills levels and capital)
- Related and supporting industries
- Demand conditions
- Industry strategy, structure and rivalry (internal business environment)
- The government (policies and direct intervention)

The following clusters in the City of Tshwane are identified and have the potential of maximising awareness among all stakeholders of theory and practice of cluster development:

- tourism
- automotive
 - Rosslyn Automotive Supplier Park
 - Automotive Industry Development Centre;
- metal;
- defense;
- aero space technology;
- ITC/Digital Hub;
- bio-tech;
- sports;
- educational;
- medical;
- logistic;
- political / administration;
- cultural;
- agro processing; and
- legal.
- professional services

The mature cluster will have a number of leading firms/industries which are the key firms exporting products and services out of the region. Linked to the leading firms is a network of suppliers supplying inputs, raw materials, parts, components and services. A brief overview of the most vital clusters in the City of Tshwane is provided in the following section.

Gauteng Automotive Cluster : The aim of this project is to transform the South African automotove industry (of which Rosslyn and Klerksoord represent major components) into a globally competitive industry. The stimulatory effects that such a project will have on operational efficiency as well production output at Rosslyn and Klerksoord will have create additional demand for cargo air-based transport from Wonderboom.

Educational Hub: The educational cluster already contributed 6,9% to the total GGP of Tshwane in 2001. Based on the close contextual relationship with the R&D Cluster the combined contribution of the two clusters to Tshwane's GGP amounts to 8,9%. Some of the primary characteristics of the education cluster are that it is not only institutionally driven, but also has the potential to earn export income (which in fact is already accomplished by a number of schools and universities) and is strategically located near important transport routes within the city.

Research and Development: Much of the research in Tshwane is manufacturing orientated with a significant amount of research in the medical and humanities spheres. There are major role-players which contribute to and enhance the potential of the R&D cluster as well as other clusters such as the medical, sports, government, tourism and educational clusters. They include: National Research Foundation (NRF); Agricultural Research Council (ARC); Medical University of South Africa (MEDUNSA); Medical Research Council (MRC); National Accelerator Centre (NAC); Tshwane's University of Technology (TUT); South African Institute for Medical Research (SAIM); University of South Africa (UNISA); University of Pretoria (TUKS); Vista University; Onderstepoort Veterinary Institute (VRI); Council for Scientific and Industrial Research (CSIR); Human Sciences Research Council (HSRC); Water Research Commission (WRC); National Botanical Gardens (NBOT); National Zoological Gardens (NZOO); Technology and Human Resources for Industry Programme (THIRP); Atomic Energy Corporation (AEC); and Council for Geoscience (CGS).

Medical Cluster: Due its central location as well as the fact that international businesses have located in Tshwane, the area is able to compete with Johannesburg/Midrand for new pharmaceutical and medical equipment manufacturers. Tshwane also has a comparative advantage with respect to the existing R&D facilities located in the area. The strong R&D as well as education base of

Tshwane creates the potential for Tshwane to develop into a global research centre where health problems associated with Africa i.e. illness such as malaria can be investigated as well as delivering health services targeting African countries.

Agricultural Hub: The changing market demands with regards to agriculture are supported by well-developed infrastructure and services within Tshwane. The availability of water, irrigation technology, soil conditions and geology are clustered around existing and artificial hydro ponds or dams. Together with potential pockets of land, Tshwane has the biggest agricultural exhibition in the country, various head departments and boards (e.g. NARPU, SAAU) are also located in Tshwane. The agricultural cluster is also further strengthened by the well-established educational and research facilities at the various institutes as specified in the R&D cluster. The awareness of the aesthetic value and conservation of Tshwane's natural environment is also reflected by the numerous nurseries located within the City – especially in Pretoria (North) area.

Sports Cluster: Tshwane plays host to numerous local, national and international sporting events, the most recent and memorable of which include the Rugby World Cup, Cricket World Cup, All Africa Games, World Tug-of-War Championships, World Junior Chess Championships and the International Karate Championships. Major sporting facilities in the city include SuperSport Park Cricket Stadium in Centurion, Securicor Loftus, the High Performance Centre at the University of Tshwane, Pilditch Athletics Stadium and Rainbow Junction (new stadium to be built). The city also rallies in support of two top premiership football clubs, Sundowns and SuperSport United. Sport-related conferences, workshops and clinics are held in the city throughout the year because of the ideal weather conditions and height above sea level. The city will also be involved in the 2010 Soccer World Cup, where the Wonderboom Airport boasts easy access via road and rail.

Tourism: Tshwane is a cosmopolitan city with a rich heritage, which prides on its cultural diversity. It is also the diplomatic capital of South Africa and the gateway to all the provinces – promoting the city's good accessibility. A variety of monuments, museums, theatres, art galleries, historical houses, churches and shopping malls with extended trading hours are available throughout the city. There are also many world famous archaeological and geological sites situated in the Tshwane area of which the largest meteorite crates in Southern Africa, the Tswaing Crater Museum, is located 40 km north west of the city centre and 30 km from Wonderboom Airport.

Government/Administration: Tshwane is South Africa's capital city, and the country's locus of political power. The key government policy and regulation processes are driven from the various government institutions based in Tshwane, and in particular, the head offices of most national departments, and a variety of other government bodies. Tshwane also has a host of global and national connections as a result the location of all international embassies, and most international agency offices within the city. The presence of these national/international institutions gives Tshwane a regional competitive advantage as a centre of power – where policy decisions affecting all spheres of life and interests are lobbied, consulted and debated. The potential of a government/administration cluster also proposes the generation of various support services (e.g. stationary provision to offices).

Legal: The key government policy and regulation processes are driven from the various government institutions based in Tshwane, and in particular, the head offices of most national departments (e.g. Dept. of Justice), and a variety of other government bodies. Not only is the Supreme Court situated within the inner city of Tshwane, but there are also approximately 384 registered law practices well distributed throughout Tshwane).

ITC/Digital Hub: Tshwane has created a powerful communication infrastructure whereby

it can provide high capacity broadband digital transfer on fibre optic lines linked to its electricity network. Technology product offerings flowing from the Digital Hub Infrastructure include:

- Voice Services
- Wideband services e.g. Integrated Services Digital Network (ISDN)
- Low Capacity Digital Services
- Bandwidth on Demand
- Broadband Services
- Value Added Network Service/Internet Service Provider (VAN/ISP)
- Operator and Technical Services
- Universal Service Obligations

In the long term, the vision is to equip every household in the North with an email address and free access to internet within the next 10 years. The digital hub could become a learning network; education could be offered via the internet. A connection from the University of Pretoria to Mamelodi and Atteridgeville is already in place (CDS, 2005).

Logistical Cluster: Tshwane is at the nexus of north south and west road and rail connections. Main rail linkages between east and west coastal ports and north south movement through the sub-continent runs through Tshwane, providing the city on a key comparative advantage. Existing high performance economic growth sectors within Tshwane all suggest that transport equipment and metal products associated with the automotive cluster, other manufacturing and agriculture can all significantly benefit from a logistical intervention.

3.2 NON-ECONOMIC FACTORS

3.2.1 SUPPORT SERVICES

SPORT AND RECREATION:

World-class stadiums cater for a variety of sports in Tshwane and various health clubs, gyms, swimming pools and golf courses are located in the city. The city also offers a wide spectrum of outdoor activities ranging from, water sport, skydiving and hot air ballooning to bird watching, beautiful parks and nature reserves. Tshwane also host a variety of nature reserves, including

the National Botanical Gardens and the National Zoological Gardens, which houses a host of indigenous and exotic bird and animal species. Recreation include 8 caravan parks, 21 holiday resorts and 74 (facilities/activities) nature conservation and outdoor adventure/trails.

Planning of new sport facilities is being done through the IDP process that works on a 3-year cycle. Facilities planned for the next 3 years are given in Table 16.

GASTRONOMY:

Tshwane has some of the top award-winning restaurants in South Africa. The choice ranges from a la carte, buffet, international and traditional South African cuisine to family restaurants, steakhouses, dines and fast-food outlets (670 in total). Tshwane is also well known for its various coffee shops (88 in total).

ENTERTAINMENT:

The city also boasts numerous cinemas (e.g. IMAX, Nouveau), has a variety of pubs, clubs and casinos. The Carousel Casino is less than an hour's drive from the city and various other casinos are located in Johannesburg (e.g. Monte Casino, Ceasers, Carnival City and the Lost City). An upmarket shopping centre with numerous shops such as the Menlyn complex attracts various visitors to the city.

Approximately 119 entertainment facilities, which includes casinos, cinemas, children fun places, and entertainment can be utilised by either domestic or international tourists in Tshwane. There are about 50 jazz clubs and 9 jazz bands located in Atteridgeville. Mamelodi has about 52 registered taverns and various shebeens are located throughout the city.

Table 16: Future Planning of New Sport Facilities

PROJECT	INTERNAL FUNDING 2005/6	EXTERNAL FUNDING 2005/6	FUNDING
Giants Stadium	R5,000,000	R5,000,000	MIG
Temba Sport Complex	-	R2,150,00 R1,500,00	Public Works and Gauteng Province
Upgrading of H.M. Pitje Stadium	R850,000	-	
Nellmapius Multipurpose Sport and Recreation Centre	-	R1,000,000	MIG
Upgrading of Soshanguve Multipurpose Centre (Community Hall)	-	R2,750,000	National Sport
Atteridgeville Superstadium	R6,000,000	-	
Hammanskraal Multipurpose Sport and Recreation Centre	R2,300,00	R2,000,000 R3,600,00 R650 000	MIG PPP with Univ. of Pretoria (Lotto Funding) PPP with Gauteng North Roller Skating (Lotto Funding)
The Loftus Development			

Source: IDP, 2005

CULTURE ACTIVITIES:

The City of Tshwane has a variety of cultural products and activities; art routes, galleries and art museums feature a selection of local and international works of art. The Modern State Theatre is also located in Tshwane and various operas, musicals, ballets and drama are performed in the theatre. Tshwane is also well known for its jazz and local residential areas host various jazz festivals, etc. Tshwane hosts approximately 48 art and crafts studios and shops; 272 historical sites; 50 special sites (e.g. herb gardens, health farms, diamond mines and caves); and 21 religious tourism sites (e.g. the Moslem Mosque in Marabastad).

BUSINESS:

Various embassies and high commissions (112 in total) are located in the City of Tshwane – primarily in the Hatfield area. The city is thus a conference city of international repute – there are approximately 200 conference facilities. The facilities range from formal auditoriums to intimate and picturesque venues at guesthouses and lodges. Due to the educational repute of Tshwane, the city attracts various visitors for conferences, short courses or research purposes.

ACCOMMODATION:

A variety of accommodation options are available to overnight visitors, from first class hotels, guesthouses and lodges, furnished apartments, resorts and youth hostels. The total number of accommodation facilities is as follows:

- *Hotels:* the main hotels include the Sheraton, Don Suite, Holiday Inn, Protea and Town Lodge. Tshwane has approximately 92 hotels.
- *Guesthouses and B&B's:* this industry has shown substantial growth in recent years and Tshwane has approximately 413 guesthouses and B&B's.
- *Other:* other accommodations include backpackers accommodations, holiday flats, furnished departments and boarding houses which calculated to approximately 39.

TRANSPORT AND TRAVEL:

Tshwane has various services and is strategically located with easy reach of Johannesburg International Airport. Tshwane is also the starting point for the world-famous Blue Train as well as the Rovos Rail Luxury steam train trips. There are 3 non-commercial airports, namely Lanseria, Swartkop air force base and Waterkloof air force base and one commercial airport (Wonderboom) located in Tshwane. Approximately 103 transport services are located in Tshwane. This includes car hire services, chauffeur driven limousines, coaches, taxis, trains and helicopter services.

TOUR OPERATORS:

The tourism distribution system links visitors to tourism experiences and compose of tour organisations, tour operators, travel agents and booking agencies. Most of the visitors to Tshwane make use of the traditional channels namely travel agents or tour organisations. There are approximately 341 tour operators in Tshwane, which make use of big coaches, mini-busses or cars to accommodate small, medium and large groups. Most of the tour operators do tours all over South Africa and include a visit to Tshwane as part of their tour packages.

FINANCIAL SERVICES:

All the major banks (approximately 23 in total) and financial services are located in Tshwane. Most of the commercial banks have foreign exchange departments, which are open during normal banking hours. However, some major hotels also have exchange points at their reception areas.

MEDICAL FACILITIES:

Various medical facilities are available in Tshwane, and most of the medical practitioners are available on a 24-hour basis. There are approximately 36 hospitals and clinics located in Tshwane.

TOURISM ORGANISATIONS:

There are a number of tourism related organisations located in Tshwane, this include public and private organisations.

- *National Government:* the Department of Environmental Affairs and Tourism (DEAT) is located in Tshwane as well as the South African National Parks. SA Tourism (old SATOUR) was located in Tshwane but has moved to Johannesburg, which is in close vicinity of Tshwane. To

- *Provincial Government:* a provincial organisation such as the Gauteng Tourism Association, which is located in Johannesburg, is in close vicinity of Tshwane. The Gauteng Economic Development Agency (GEDA) also plays a vital role in the promotion and development of tourism in Tshwane.

- *Local Governments:* The City of Tshwane Metropolitan Municipality (CTMM) is responsible for local tourism development together with the BITTS Centre. Public organisations such as the Chamber of Commerce, is also responsible for tourism development and promotion.

- *Community Organisations:* two organisations namely Pretoria Tourism Association (PTA) and the Tourism Forum promote and develop tourism in Tshwane. The aim of the PTA is to promote Tshwane as an ideal tourist, business, diplomatic and conference destination.

- *Development Bank of South Africa (DBSA):* actively supports tourism within its mandate as a regional development bank by: investing in infrastructure and facilitating the provision of infrastructural development; assisting in the financing of sustainable development in partnerships with the private and public sectors as well as; responding to development demands and acting as a catalyst for investment.

- *Tourism Enterprise Programme (TEP):* The TEP works with SME's predominantly, which are owned or managed by previously disadvantaged individuals. The TEP provides assistance to two main categories of SME's: those that fall directly within the tourism sector; and those that supply goods and services of any nature to the formal tourism economy. The TEP's assistance can take the form of training, marketing, development of business plans, etc.

Khula Enterprise Finance: is an initiative by the DTI, and was established to facilitate access to finance by people who have not had the opportunity to accumulate sufficient wealth. The credit guarantee and support services are available to: individuals wanting to borrow between R50 000 and R1 million; South African citizens; individuals that are involved in the day-to-day running of the business on a full time basis; individuals who can provide their own cash contribution of at least 10% towards the start-up or expansion of the business; and individuals who have a clean financial track record.

Non-economical factors are concerned with the quality of social, recreational and educational facilities.

Tshwane's urban form and identity is closely linked to the influence of its natural and cultural elements. The developed areas are intimately intertwined with open spaces, creating a city with a unique character. The spatial development of the city should continue to value the role and prominence of the natural environment that sustains and informs the city.

With regards to the cultural heritage of the city, conservation worthy, distinct / unique areas reflect the continual changes in the socio-economic status, value systems, lifestyles, habits, aesthetic criteria and social interactions of their inhabitants over decades and sometimes centuries. They are therefore important elements of the community's collective memory and their sense of identity. The uniqueness of these areas, which has arisen from the unique geographical, topographical, social, cultural, political, historical, economic and other circumstances in which they were developed, has the potential of attracting both locals and tourists, and inspiring future developments.

In terms of the cultural heritage of the city, certain areas are identified as unique areas including the Union Buildings precinct, Church Square, Marabastad, Bryntirion/Lisdogan/Eastwood and Irene village. Precinct Plans are in the process to be compiled for these areas to determine in detail which features (topographical characteristics, landscaping, layout elements, land uses, activities, structures, architectural features, etc.) make each of these areas unique and conservation worthy, and compile a set of development guidelines, controls and incentives aimed at the preservation, enhancement and utilisation of those features and further development of the areas.

Special sites and structures, such as memorials, gardens of remembrance, walls of remembrance, markers, triumphal arches, water features, monuments, statues, museums, forts, battlefields, cemeteries, mausoleums, cenotaphs, etc. that symbolise people's values, beliefs, aspirations, important personalities and important historical events are needed. It is particularly important for Tshwane, which houses the Capital of South Africa, to project the image of the entire nation and to reflect, therefore, the values, beliefs, history, achievements and

aspirations of all South African racial, ethnic, religious, gender and other cultural groups.

The heritage, both natural and cultural, is a valuable, finite, non-renewable and irreplaceable resource, which is carefully managed.

An “Identity and Legibility Framework” is currently being compiled for the City of Tshwane to identify places and symbols of significance, and to develop guidelines to protect and enhance the city’s identity assets.

The locations that potentially accommodate a new symbolic element include:

- Salvokop (Freedom Park is currently being planned)
- Daspoort Rand, opposite the National Zoological Gardens, on the Paul Kruger Street axis
- Fountains Circle (within the traffic circle)
- Tshwane Crossing/ Caledonian Sports Ground within the existing traffic circle at the intersection of Michael Brink / Stormvoël Road with CR Swart Drive, Waverley
- The “koppies” around the Inner City.
- Landmarks are conspicuous natural features and man-made structures. They mark place and thereby reinforce the spatial structure of the city and its legibility. Gateways are features of the natural topography, in combination with major entrance / exit routes, announce arrival into the city or its distinct parts. The existing man-made landmarks include the Telkom tower (Lukas Rand), Union Buildings, UNISA complex, Voortrekker Monument, CSIR complex, Hospital precinct, Old Power Station (Pretoria West), Power Station (Rooiwal), and the most intensely built-up central area (Inner City).

Major natural landmarks include the entire Magaliesberg, Meintjieskop, Daspoortrand, Schurweberg/Kwaggasrand, Bronberg, Strubenkop, and Pyramid Koppies (Onderstepoort). Major gateway elements of Tshwane include the following:

- the particularly scenic entrance at the Fountains Valley
- the N1 in the vicinity of the CSIR and UP Experimental farm
- the ‘poort’ at the National Zoological Gardens

- the ‘poort’ at the water purification works adjacent to DF Malan Drive; and
- the ‘poort’ through the Magaliesberg adjacent to the Wonderboom Nature Reserve.
- Sites suitable for future landmarks features include the following:
- sites at all major entrances into the city e.g. southern entrance into Nelson Mandela Drive (inner city); eastern end of Church Street / Pretorius Street (Hatfield); Western end of Church Street (Pretoria West); northern end of Paul Kruger Street / Mansfield Avenue (Mayville); northern end of Voortrekker Road / HF Verwoerd Drive (Wonderboom South)
- Hospital Hill, Riviera Magaliesberg, at the crossing of Voortrekker Road.

There are currently 39 library facilities provided in Tshwane. The Library and Information Services has identified gaps in terms of service delivery – the Northern area of Tshwane has less facilities in comparison to the Southern and Mid City areas. This scenario is currently under revision and it is being addressed through a process of assessment and redistribution. The Travelling Library and Depot Systems are also being considered as possible extensions of service delivery to the Northern areas of Tshwane.

The future planning of new libraries and the redistribution process will take 2 years to complete. Apart from the process, the new facilities identified for implementation in the various financial years are as follows:

- 2004/2005 Klipkruisfontein Community Library;
- 2005/2006 Suurman Community Library, Stanza Bopape Community Library; and
- 2006/2007 Soshanguve Section Community Library.

Currently there are ± 300 sport and recreation facilities in Tshwane. Most of the facilities are concentrated in the central division of Pretoria, Centurion area although there are also a few facilities in Mamelodi, Atteridgeville and Eersterust. The Northern area as well as parts of the Southern area (Olievenhoutbosch) has fewer facilities in comparison with the abovementioned areas. This unfavourable situation is currently under revision and it is

being addressed through the building of new facilities and upgrading of facilities in a bad state. Shortages of soccer fields are also one of the needs identified for the Mid City area.

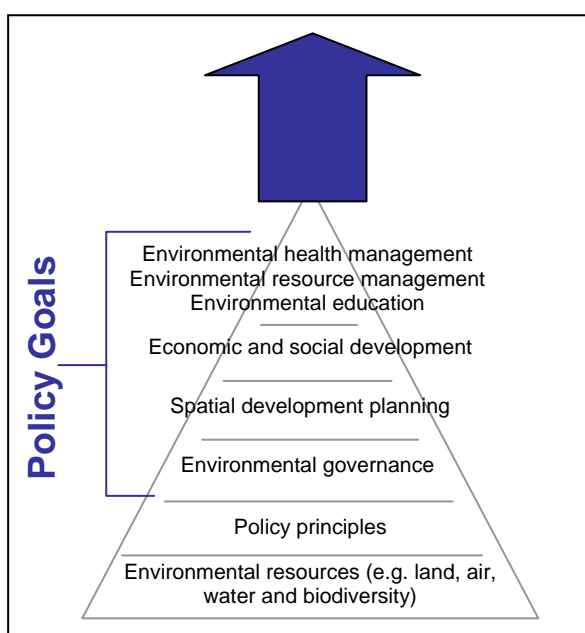
4 TSHWANE INTEGRATED ENVIRONMENTAL POLICY (TIEP)

This policy will strive to ensure that environmental matters are incorporated into all developmental matters in Tshwane. The policy will enhance and support the efforts of the CTMM towards greater corporate environmental responsibility and will form the basis of all environmental strategies and programmes within the CTMM. Therefore the policy makes environmental issues and environmental sustainability essential part of:

- all decision-making processes;
- the development of strategies and programmes for implementation in Tshwane;
- the development and planning of land use; and
- the management of resource activities

It is thus evident that this policy will not only have an important and regulating influence on the activities of various departments but also on existing and future investment actions within Tshwane. Seven environmental issues that must be addressed were identified during the policy formulation process. Related issues were grouped together to formulate broader strategic issues. Figure 47 below provides a roadmap of the TIEP, which aims to provide a birds-eye view of the contents of the TIEP.

Figure 47: The TIEP Roadmap



Source: TIEP, 2005

In terms of the figure it can be explained that the city's environmental efforts are guided by its natural resources, forming the basis of the pyramid. The policy goals rest on the policy principles. Since legislation guides most of the activities of organs of state, environmental governance is placed as the basis for the policy goals. Aspects related directly to environmental interventions are clustered together at the top of the pyramid. "Implementation" emphasizes the fact that further actions must emanate from the TIEP in order to reach objectives. The overarching goals together with specific objectives of each issue (as indicated in Figure 46) are provided in Table 17.

Table 17: Goals and Objectives of the 7 Environmental Issues

ENVIRONMENTAL GOVERNANCE	
Overarching Goal:	
To create an effective, appropriately resourced and harmonised institutional framework able to facilitate the implementation of the TIEP.	
Main Objectives:	
<ul style="list-style-type: none"> ▪ To build institutional capacity at all levels of the CTMM in order to ensure that the policy is effectively implemented ▪ To enable ongoing and incremental improvement in the management, protection and quality of the Tshwane environment ▪ To develop and maintain mechanisms to gather, compile and provide access to appropriate environmental information in order to enable informed decision-making on issues affecting the environment. ▪ To ensure the monitoring and evaluation of the TIEP programmes and objectives ▪ To ensure corporate environmental responsibility 	
SPATIAL DEVELOPMENT PLANNING	
Overarching Goal:	
To ensure the sustainability of Tshwane through the integration of environmental, social and economic principles in all spatial development planning processes.	
Main Objectives:	
<ul style="list-style-type: none"> ▪ To integrate the goals of the TIEP into the development planning process of the CTMM (including the IDP, the Open Space Policy, the Metropolitan Spatial Development Plan, regional development plans, the City Development Strategy and the corporate business planning process) ▪ To respond to the challenge posed by physical urban development by identifying associated environmental opportunities and constraints in consultation with authorities, stakeholders and the public ▪ To contribute to the effective planning and management of a sustainable transport system for Tshwane ▪ To ensure that the planning and development of infrastructure, housing and service delivery in Tshwane takes environmental opportunities and constraints into account ▪ To ensure the management of open spaces, conservation areas and natural resources in order to promote a healthy sense of place 	
ECONOMIC DEVELOPMENT	
Overarching Goal:	
To ensure that environmental sustainability influences economic development in Tshwane and promotes global competitiveness, provides jobs, aids in restructuring poverty and improves living and	

ENVIRONMENTAL HEALTH MANAGEMENT
Overarching Goal:
To promote an environment that is not detrimental to human health and well-being.
Main Objectives:
<ul style="list-style-type: none"> To continually provide better environmental health services in Tshwane and enabling emergency services to respond appropriately and effectively to environmental health hazards and environmental emergencies, thereby creating a healthy environment for all Tshwane residents To manage air quality (all aspects as defined in the relevant legislation) in Tshwane in terms of the requirements of the relevant legislation in order to improve it in areas with poor quality and maintain it in areas with good quality To improve the effectiveness of waste management activities for liquid, solid, general and hazardous waste in Tshwane in order to improve the quality of the environment and human health To improve the quality of the environment and human health by minimising the amount of liquid and solid hazardous and non-hazardous waste produced by human activities in Tshwane business environments.
Main Objective:
<ul style="list-style-type: none"> To give due care and consideration to human health and environmental impacts when planning economic activities
SOCIAL DEVELOPMENT
Overarching Goals:
To ensure social development by promoting social integration and civic responsibility in order to aid communities in the effective and sustainable use of environmental resources.
Main Objective:
To encourage the building of communities and civic responsibility in order to promote a safe and healthy environment
ENVIRONMENTAL AWARENESS AND EDUCATION
Overarching Goal:
To promote environmental education and awareness that enhances the understanding of environmental rights, responsibilities and the appreciation of the environment.
Main Objectives:
<ul style="list-style-type: none"> To build capacity and skills that enhances environmental literacy on an ongoing basis To ensure that environmental training and education is culturally and gender sensitive and responsive to the needs of the target audience To ensure that education and training initiatives are preceded by an effective needs analysis process and that program development takes life-long learning, adult education principles, where applicable, and outcomes-based education into consideration To build partnerships in environmental education between local government and existing community environmental education organisations and networks To encourage the active involvement of business and industry in environmental education and awareness programmes for employees, local communities and the broader public
ENVIRONMENTAL RESOURCE MANAGEMENT
Overarching Goal:
To ensure the long-term sustainability of Tshwane's natural resources through the protection and management of renewable and non-renewable resources and biodiversity.
Main Objectives:

- To ensure the integrated planning and management and the optimal use of renewable and non-renewable resources
- To assign a financial cost to environmental resources, wherever possible, for cost accounting purposes
- To enable an integrated energy planning approach in planning for and delivering energy services
- To conserve and manage the cultural resources of Tshwane
- To promote the conservation of biodiversity and natural resources in Tshwane
- To improve the quality of the environment and human health by adopting the principle of pollution prevention planning
- To manage water resources in an integrated manner in order to ensure that the quantity, quality and reliability of the water (required to meet human needs, maintain ecological integrity and economic activity) is guaranteed as a right and set aside as a reserve

Source: TIEP, 2005

From the above given goals and objectives it is evident that the activities and decisions of all stakeholders involved within the investment process will be influenced by the TIEP policy and therefore should be incorporated in these processes.

There is however, a number of other legislation that all stakeholders (e.g. elected councillors and officials of the CTMM, NGO's, community-based organisations, research and education institutes, business and industry, trade unions and the national and Gauteng Provincial Government) within Tshwane will have to take into consideration. An outlay of the different legislation together with their applicability is provided in Table 18.

Table 18: Environmental Legislation

ENVIRONMENTAL GOVERNANCE
Overarching Goal:
To create an effective, appropriately resourced and harmonised institutional framework able to facilitate the implementation of the TIEP.
Main Objectives:
<ul style="list-style-type: none"> To build institutional capacity at all levels of the CTMM in order to ensure that the policy is effectively implemented To enable ongoing and incremental improvement in the management, protection and quality of the Tshwane environment To develop and maintain mechanisms to gather, compile and provide access to appropriate environmental information in order to enable informed decision-making on issues affecting the environment. To ensure the monitoring and evaluation of the TIEP programmes and objectives Corporate environmental responsibility
SPATIAL DEVELOPMENT PLANNING
Overarching Goal:
To ensure the sustainability of Tshwane through the integration of environmental, social and economic principles in all spatial development planning processes.
Main Objectives:
<ul style="list-style-type: none"> To integrate the goals of the TIEP into the development planning process of the CTMM (including the IDP, the Open Space Policy, the Metropolitan Spatial Development Plan, regional development plans, the City Development Strategy and the corporate business planning process) To respond to the challenge posed by physical urban

development by identifying associated environmental opportunities and constraints in consultation with authorities, stakeholders and the public
<ul style="list-style-type: none"> To contribute to the effective planning and management of a sustainable transport system for Tshwane To ensure that the planning and development of infrastructure, housing and service delivery in Tshwane takes environmental opportunities and constraints into account To ensure the management of open spaces, conservation areas and natural resources in order to promote a healthy sense of place
ECONOMIC DEVELOPMENT
Overarching Goal:
To ensure that environmental sustainability influences economic development in Tshwane and promotes global competitiveness, provides jobs, aids in restructuring poverty and improves living and business environments.
Main Objective:
<ul style="list-style-type: none"> To give due care and consideration to human health and environmental impacts when planning economic activities
SOCIAL DEVELOPMENT
Overarching Goals:
To ensure social development by promoting social integration and civic responsibility in order to aid communities in the effective and sustainable use of environmental resources.
Main Objective:
To encourage the building of communities and civic responsibility in order to promote a safe and healthy environment
ENVIRONMENTAL AWARENESS AND EDUCATION
Overarching Goal:
To promote environmental education and awareness that enhances the understanding of environmental rights, responsibilities and the appreciation of the environment.
Main Objectives:
<ul style="list-style-type: none"> To build capacity and skills that enhances environmental literacy on an ongoing basis To ensure that environmental training and education is culturally and gender sensitive and responsive to the needs of the target audience To ensure that education and training initiatives are preceded by an effective needs analysis process and that program development takes life-long learning, adult education principles, where applicable, and outcomes-based education into consideration To build partnerships in environmental education between local government and existing community environmental education organisations and networks To encourage the active involvement of business and industry in environmental education and awareness programmes for employees, local communities and the broader public
ENVIRONMENTAL RESOURCE MANAGEMENT
Overarching Goal:
To ensure the long-term sustainability of Tshwane's natural resources through the protection and management of renewable and non-renewable resources and biodiversity.
Main Objectives:
<ul style="list-style-type: none"> To ensure the integrated planning and management and the optimal use of renewable and non-renewable resources To assign a financial cost to environmental resources, wherever possible, for cost accounting purposes To enable an integrated energy planning approach in planning for and delivering energy services To conserve and manage the cultural resources of Tshwane To promote the conservation of biodiversity and natural resources in Tshwane To improve the quality of the environment and human health by adopting the principle of pollution prevention planning To manage water resources in an integrated manner in order to ensure that the quantity, quality and reliability of the water (required to meet human needs, maintain ecological integrity and economic activity) is guaranteed as a right and set aside as a reserve

ENVIRONMENTAL HEALTH MANAGEMENT
Overarching Goal:
To promote an environment that is not detrimental to human health and well-being.
Main Objectives
<ul style="list-style-type: none"> To continually provide better environmental health services in Tshwane and enabling emergency services to respond appropriately and effectively to environmental health hazards and environmental emergencies, thereby creating a healthy environment for all Tshwane residents To manage air quality (all aspects as defined in the relevant legislation) in Tshwane in terms of the requirements of the relevant legislation in order to improve it in areas with poor quality and maintain it in areas with good quality To improve the effectiveness of waste management activities for liquid, solid, general and hazardous waste in Tshwane in order to improve the quality of the environment and human health To improve the quality of the environment and human health by minimising the amount of liquid and solid hazardous and non-hazardous waste produced by human activities in Tshwane

Source: TIEP, 2005

From the above given goals and objectives it is evident that the activities and decisions of all stakeholders involved within the investment process will be influenced by the TIEP policy and therefore should be incorporated in these processes.

There is however, a number of other legislation that all stakeholders (e.g. elected councillors and officials of the CTMM, NGO's, community-based organisations, research and education institutes, business and industry, trade unions and the national and Gauteng Provincial Government) within Tshwane will have to take into consideration. An outlay of the different legislation together with their applicability is provided in Table 19.

Table 19: National and Provincial Legislation relevant to Environmental Protection

NATIONAL LEGISLATION	APPLICABILITY
Advertising on Roads and Ribbon Development Act, 1940 (Act 21 of 1940)	Prohibits the display of any advertisement that is visible from a public road without the permission of the controlling authority concerned.
Agricultural Pests Act, 1983 (Act 36 of 1983)	Prevents agricultural pests
Animal Health Act, 2002 (Act 7 of 2002)	Regulates animal health.
Atmospheric Pollution Prevention Act, 1965 (Act 45 of 1965)	Control and manages air pollution.
Conservation of Agricultural Resources Act, 1983 (Act 43 of 1983)	Controls and regulates the conservation of agriculture.
Constitution of the Republic of South Africa, 1996 (Act 108 of 1996)	Introduces a constitutional framework for municipalities in South Africa.
Development Facilitation Act, 1995 (Act 67 of 1995)	Provides for development and planning.
Electricity Act, 1987 (Act 41 of 1987)	Regulates and controls energy supply in South Africa.
Environment Conservation Act, 1989 (Act 73 of 1989)	Provides for the effective protection, control and use of the environment.
Hazardous Substances Act, 1973 (Act 15 of 1973)	Controls substances that may cause injury or ill health to or death of human beings by reason of their toxic nature.
Local Government: Municipal Demarcation Act, 1998 (Act 27 of 1998)	Establishes boundaries for local government purposes.
Local Government: Municipal Structures Act, 1998 (Act 117 of 1998)	Provides for the structuring of local government institutions.
Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)	Establishes core principles, processes, and mechanisms relating to local government.
Local Government Transition Act, 1993 (Act 209 of 1993)	Regulates the restructuring of local government.
Mine Health and Safety Act, 1996 (Act 29 of 1996)	Governs the protection of the health and safety of mineworkers.
Minerals and Petroleum Resources Development Act, 2002 (Act 28 of 2002)	Provides for equitable access to and sustainable development of mineral and petroleum resources.
National Environmental Management Act, 1998 (Act 107 of 1998)	Provides for cooperative environmental governance.
National Environmental Management Amendment Act, 2002 (Act 56 of 2002)	Amends the National Environmental Management Act.
National Health Act, 2003 (Act 61 of 2003)	Regulates public health.
National Heritage Council Act, 1999 (Act 11 of 1999)	Establishes the National Heritage Council.
National Heritage Resources Act, 1999 (Act 25 of 1999)	Provides for the protection of heritage resources.
National Nuclear Regulator Act, 1999 (Act 47 of 1999)	Establishes the National Nuclear Regulator.
National Parks Act, 1976 (Act 57 of 1976)	Regulates the control, protection and management of national parks.
National Veld and Forest Fire Act, 1998 (Act 101 of 1998)	Regulates veld and forest fires.
National Road Traffic Act, 1996 (Act 93 of 1996)	Regulates national road traffic.
National Water Act, 1998 (Act 36 of 1998)	Regulates all matters relating to water.
Occupational Health and Safety Act, 1993 (Act 85 of 1993)	Provides for the regulation of labour, danger, environment, hazard, health, risk, safety and substance.
Promotion of Access to Information Act, 2000 (Act 2 of 2000)	Promotes access to information.
Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)	Provides for the promotion of administrative justice.
Promotion of Administrative Justice Amendment Act, 2002 (Act 53 of 2002)	Amend the Promotion of Administrative Justice Act.
South African National Roads Agency Limited and National Roads Act, 1998 (Act 7 of 1998)	Establishes the South African National Roads Agency and other matters relating to the road such as controlled road-related waste disposal.
Water Services Act, 1997 (Act 108 of 1997)	Regulates the right of access to basic water supply and basic sanitation and other related matters.
PROVINCIAL LEGISLATION	APPLICABILITY
Local Government Ordinance, 1939 (Ordinance 17 of 1939)	Regulates nuisance pollution.
Roads Ordinance, 1957 (Ordinance 22 of 1957)	Regulates the control over refuse.
Public Resorts Ordinance, 1920 (Ordinance 20 of 1920)	Regulates nuisance pollution.
Nature Conservation Ordinance, 1983 (Ordinance 12 of 1983)	Regulates nature conservation.
Gauteng Land Administration Act, 1996 (Act 11 of 1996)	Regulates the disposal of provincial land.

Source: TIEP, 2005

5 DEVELOPMENT POLICIES, PLANS AND STRATEGIES

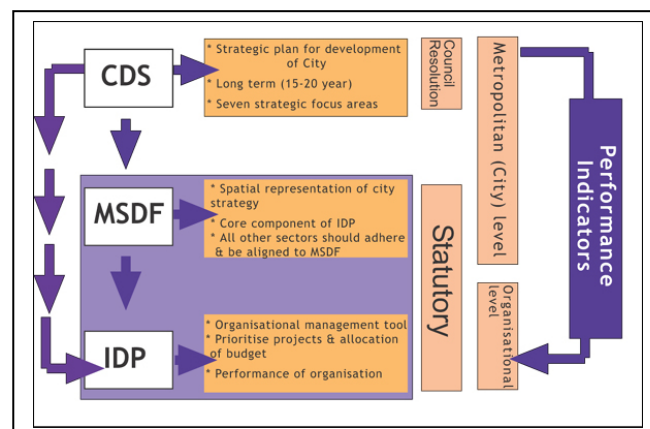
There are many plans as well as regulating legislation impacting on all spheres of development in Tshwane. Section 3.4 will only refer to the most influential plans and legislation with regards to the relevance of the study (see Table 20). It is mentioned due to the fact that the compilation of plans and strategies (such as the CDS) was done in relation to national legislation. The CDS is a bold initiative aimed to influence the development path of the City over the next 20 years. The City of Tshwane has opted to use a series of Rapid Planning Interventions (RPIs) to accelerate the implementation of the CDS, which will be discussed in the section to follow.

Table 20: Legislation, National, Provincial and Metropolitan Plans

LEGISLATION
Development Facilitation Act (67 of 1995)
The Municipal Systems Act (32 of 2000)
Gauteng Planning and Development Act (3 of 2003)
NATIONAL PLANS
National Spatial Development Perspective (April 2004)
PROVINCIAL PLANS
Gauteng Spatial Development Framework (GSDF)
Gauteng Growth and Development Strategy (GDS)
METROPOLITAN PLANS
Integrated Spatial Development Framework (ISDF)
City Development Strategy of Tshwane (CDS)
Metropolitan Spatial Development Framework (MSDF)
Inner-city Development and Regeneration Strategy (ICDRS)
Integrated Development Planning (IDP)
Local Economic Development (LED)

It is therefore important to note that the CDS is seen as the overarching strategy regulating the development of the City and that all other plans (i.e. IDP, ITP, MSDF, etc.) were compiled in accordance with the CDS – see for example Figure 48.

Figure 48: Relationship between CDS, MSDF and IDP



Source: MSDF, 2005

5.1 THE CITY OF TSHWANE'S CITY DEVELOPMENT STRATEGY (CDS)

The City Development Strategy (CDS) proposes a substantial programme of public-led investment to develop new patterns of housing, transport links and business opportunities in the northern part of the municipality to influence the development path of the city over the next 20 years. This concentration on the North will be associated with linked programmes in seven other focus areas (see Figure 49).

Figure 49: The Seven Focus Areas of the CDS



Source: CDS, 2005

Focus I: Infrastructure-led expansion of development potential of the North to tackle poverty

Focus II: Continued sound management and development of the established urban areas (Pretoria Central, Centurion, South-eastern

Pretoria, Mamelodi, Atteridgeville/Laudium) by maintaining services and supporting market-driven initiatives to support the overall development of Tshwane

Focus III: Strengthening key economic clusters to gain leverage from growth trends in manufacturing, government and business services

Focus IV: Celebrating the National Capital and repositioning the Inner City as a vibrant cultural and government centre

Focus V: Building high levels of social cohesion and civic responsibility to maximise development potential

Focus VI: Ensuring a solid foundation: Modernising the administration for developmental service delivery through phased restructuring and institutional building

Focus VII: Ensuring a solid foundation: Ensuring municipal financial fundamentals as platforms for services and development (CTMM:CDS, 2004).

The CDS introduces implicit policy shifts:

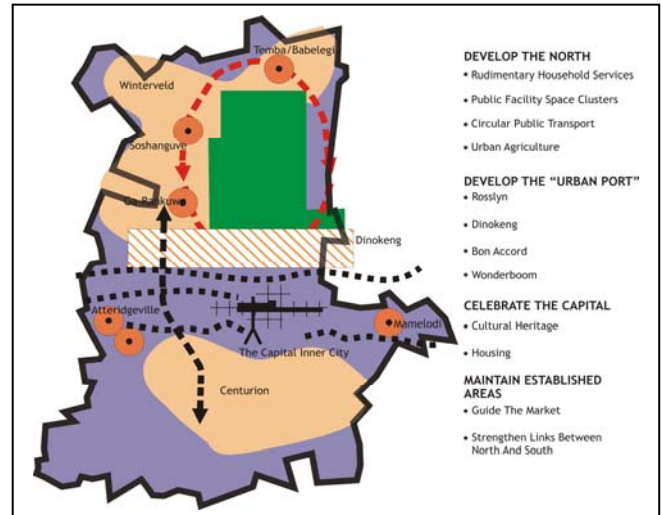
- From unfocused, low-impact public expenditure to focused high-impact public investment
- From a concentration on individual household infrastructure to balanced investment in public benefit infrastructure
- From a broad intention of compacting and integrating the apartheid city to a more sophisticated and strategic intervention package
- From unsustainable patterns of infrastructure investment to an approach that balances growth and maintenance
- From unproductive investments to investments with a multiplier effect
- From being a development facilitator to directing development.
- The CTMM will define its strategic role as initiating public investment to which private business can respond (CTMM:CDS, 2004).

Spatial implications:

The CDS implies a strong (public) interventionist approach with its strategic focus towards the North. The MSDF acknowledges and incorporates this aspect of the CDS, but

furthermore concerns itself with the overall spatial development of the city to support the spatial objectives of efficiency, sustainability, equity, liveability and image (see Figure 50).

Figure 50: Spatial Representation of the CDS



Source: MSDF, 2005

In moving its City Development Strategy to concrete implementation Tshwane has identified a series of 8 lead-in initiatives through participative Rapid Planning Initiatives (RPIs). RPI outputs are outlined in some detail in this report to clarify the intended purpose and content of the proposed initiatives.

The lead-in initiatives are:

- Creating an **international logistical cluster** – establishing a cluster of road, rail and air freight facilities in the Zone of Choice;
- Completing a **metropolitan mobility ring** – completing the PWV 9 highway link through the West of Pretoria;
- Developing the **Zone of Choice** – developing a rich choice of housing opportunities on well located land while contributing to meeting density preconditions for viable public transport;
- Connecting Tshwane into the **Knowledge Economy** – taking the Digital Hub initiative to its next level through the establishment of a new business joint venture partnership;
- **Working Infrastructure programme** – securing the existing infrastructure base through a planned re-investment programme;
- **Moving Tshwane initiative** – introducing a major public transport initiative;
- **Vibrant Capital Programme** – developing key housing, commercial, symbolic and

public space initiatives focusing in the heart of the capital ; and

- **Quality Public Places Programme** – improving the municipal service interface by re-developing and improving existing municipal service points.

Together the Tshwane CDS initiatives motivate public-led investment exceeding R10bn over the next 5 to 10 years that would:

- Impact on *eliminating urban poverty in Tshwane*;
- Unlock growth in the economy - *Realizing an African Success*; and
- Contribute to a better city for all – *creating an Iconic African City*

By articulating a concrete but ambitious action agenda whereby the City of Tshwane can work in close partnership with inter-governmental agencies and the investment community that will change the face of the Capital city for the next decades.

5.1.1 CREATING AN INTERNATIONAL LOGISTICAL CLUSTER

Introduction

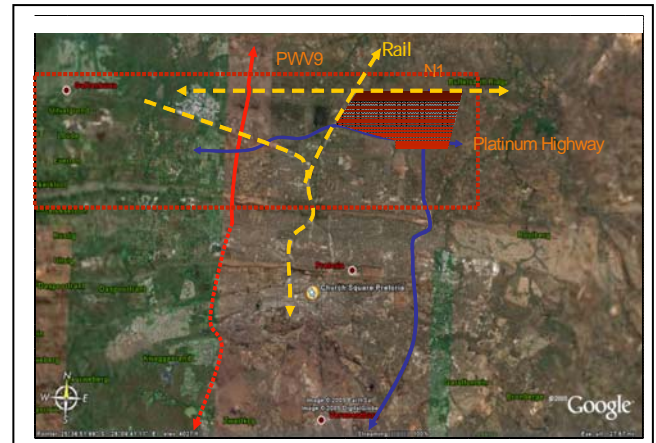
Contemporary urban economic growth is dependent on the rapid movement of goods and people. It is no longer sufficient to only be a location for the production of goods and services if raw material input and markets cannot be accessed rapidly and efficiently. Logistics and efficient freight movement are therefore key factors in facilitating economic growth and represent a major employment sector.

Traditionally mass movement of goods was rail based. In more recent decades rapid growth of road based movement was experienced with loss of market share in rail freight. In addition to road and rail, a key growth area in logistics is the movement of goods through air freight.

Key locational advantages place Tshwane at a nexus of north south and east west road and rail connections. Main rail linkages between east and west coast ports and north south movement through the sub-continent runs through Tshwane, providing the city on a key comparative advantage. The missing link in the bundle of available freight movement modes, so to speak, is an international air freight facility.

A key site of some 3 800 hectares in the Zone of Choice abuts the N4 east-west between Maputo and Walvis Bay/Luanda and N1 north-south road between the Cape and Cairo through the Rift Valley countries. In effect the intersection between the N4 and N1 provides a key logistical node within SADEC and sub-Saharan Africa (see Figure 51).

Figure 51: Location of Logistical Cluster in the North of Tshwane



Source: CDS, 2005

Incredibly the site also abuts railway links with the key compass directions.

Its location and size allows sufficient space to construct a new international freight airport to complement the passenger services operating from elsewhere in the Gauteng region. In addition sufficient space also exists to create a container depot and transfer facility on the site.

By locating a multi-modal logistical facility in the Zone of Choice Tshwane can establish a new major job facilitator in the North that not only compliments the needs of the nearby automotive cluster but also can open economic opportunities for sectors that could benefit from the opportunities offered by improved transport linkages.

Project Discription

To facilitate the development of a cluster of logistical infrastructure specialising in the movement of freight for the largest economic region in sub-Saharan Africa by:

- Enabling the development of a specialised freight airport [Tshwane International Freight Airport initiative (TIFA)];

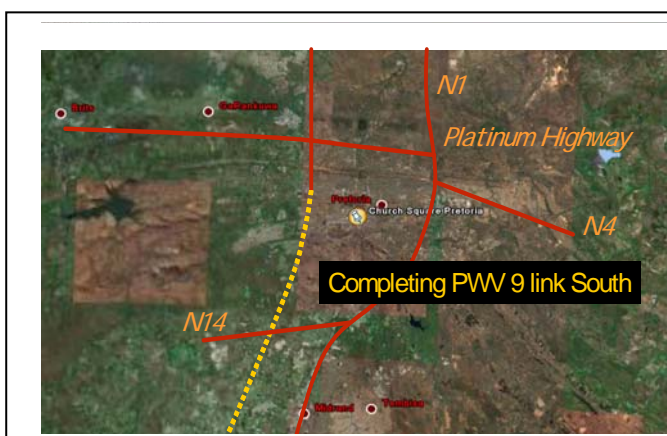
- Facilitating investment by Transnet into freight rail operations to make use of the locational advantages of the site, including constructing new freight handling facilities;
- Encouraging the relocation of exiting an new container facilities on the TIFA site, including Capital Park;
- Encouraging the development of road freight facilities close to the N4-N1 intersection;
- Encouraging complimentary land uses, including light industrial, office and service industries in or around the core site; and in addition
- Negotiate complementary road realignment (K6) and constructing direct N1 and N4 access interchanges for the TIFA site.

5.1.2 COMPLETING A METROPOLITAN MOBILITY RING

Introduction

As 45% of the total Tshwane economic active population dwells north of the Magaliesberg and only 23% of jobs are located in the North there is an existing high need for increased mobility; giving rise to strong north/south commuting patterns. In areas such as the western parts of Tshwane there is simply no mobility route to accommodate increased traffic flows. This is in stark contrast to the eastern parts of Tshwane served by the N1 and the south serviced by more than one parallel mobility routes. Development generally follows mobility, so it is no surprise that the eastern parts of Tshwane shows more growth vigor than the west (see Figure 52).

Figure 52: Illustration of the PWV9 Link



Source: CDS, 2005

While reaching capacity constraints the N1 provides high capacity (private) mobility to both the south and east of Tshwane along a north-south axis. The N4 services north areas along an east-west orientation while the N14 serves a similar role in the south. In effect Tshwane has three legs of a metropolitan ring road system in place. The missing link to complete a metropolitan mobility ring is located in the west; where the Mabopane highway terminates.

The key historical stumbling block to constructing this extension of the PWV9 is the need for a tunnel through Daspoortrand. While SANRAL has the building of the PWV9 extension on their schedules of work (construction on the Sandton to N14 will start soon) only roads that can be viably tolled are currently considered priorities. Toll viability is a function of traffic volumes and SANRAL does not consider the PWV9's predicted traffic volumes sufficient to merit construction.

If the priority of extending the PWV9 is also measured on the developmental impact it will have on some of the most depressed and poorest parts of the city then the construction priority will change

Project Discription

Completing the metropolitan mobility ring, in essence consists primarily out of the extension of the Mabopane highway (PWV9) south to link up with the N14 and Sandton. Even if the task appears strait forward multiple objectives are pursued. The objectives of the PWV9 extension include:

- Improving accessibility of the North;
- Creating the opportunity to establish the development of an activity corridor – an initiative that failed to date due to the absence of the highway link. A large body of work has already been done towards the HMCDC Development Corridor that can be reviewed and updated;
- Reducing the cost and therefore increasing the sustained viability of the automotive cluster;
- Unlocking economic growth in Pretoria west, a long depressed area;
- Supporting the rapid development of the South; and perhaps most importantly
- Providing a key structural component in creating a metropolitan-wide public transport system.

5.1.3 DEVELOPING THE ZONE OF CHOICE

Introduction

There are several aspects to the development of the Zone of Choice:

- *protecting and growing existing jobs creating sectors* – mainly provided in GaRankuwa, Babalegi and specifically the Rosslyn-based automotive manufacturing cluster the key intervention planned in terms of the CDS is improved access through the proposed construction of PWV9 so as to reduce cost of business in the area. Modelling done as part of the MCDC Corridor has indicated that significant savings can be achieved through improved access;
- *Growing new economic sectors in and around the Zone of Choice* – the CDS has identified three key growth areas; Dinokeng, Agriculture and the establishment of the Logistical Cluster. However, in terms of an focused implementation agenda emphasis is placed on the Logistical Cluster as the highest priority intervention;
- *Developing key site specific initiatives* – such as Rainbow Junction, Wonderboom, Bon Accord and Onderstepoort; and
- *Developing new housing on well located land* that serves to provide economic mobility and improve public transport viability.

Project Description

Developing of the Zone of choice calls for a state-led development of a public transport viable access corridor consisting of quality housing in excellent locations with mixed use.

The development concept calls for Tshwane to acquire land, provide seed capital and create a dedicated, special purpose development entity with the mandate to develop the Zone of Choice.

5.1.4 CONNECTING TSHWANE INTO THE KNOWLEDGE ECONOMY

Introduction

Tshwane has created a powerful communication infrastructure whereby it can provide high capacity broadband digital transfer on fibre optic lines linked to its electricity network. The Digital Hub initiative offers significant opportunities for the city as it represents an existing capital investment.

The strategic value of the Digital Hub infrastructure is that it serves to potentially reduce communication transactions cost and allows competitive advantage in linking Tshwane to the knowledge economy and “smart city” initiatives.

The purpose of the Tshwane Digital Hub is to provide customers in the Tshwane area with an integrated bouquet of ICT based services and to stimulate economic growth in Tshwane by harnessing the ICT revolution. The key to this business plan is the balance between profitable businesses and economic development.

Technology product offerings flowing from the Digital Hub Infrastructure include : -

- Voice Services
- Wideband Services e.g. Integrated Services Digital Network (ISDN)
- Low Capacity Digital Services
- Bandwidth on Demand
- Broadband Services
- Value Added Network Service/Internet Service Provider (VAN/ISP)
- Operator Services
- Technical Services
- Universal Service Obligations

The digital hub would facilitate Tshwane's transition from 1st to the 2nd economy by means of cheap broad band access. In the long term, the vision is to equip every household in the North with an email address and free access to internet within the next ten years. The North is equipped with networked powerline and can therefore be equipped with broad band connectivity; those communities can use computers as a learning tool. The digital hub could become a learning network; education could be offered via the internet. A connection from the University of Pretoria to Mamelodi and Atteridgeville is already in place. The challenge now consists of rendering the communities computer literate.

Tshwane is equipped with most of the broad band system infrastructure (with a few circular nodes to add) but it may be confronted with potential bottle necks on the municipal borders. The forecast budget is R300 million per annum for the next 10 years, taking into consideration that the existing network can already generate income. It is also proposed to equip every new

road with optical fiber pipelines; this will contribute to making Tshwane a digital city. If the broad band system is operational in the zone of choice, then it will become the most valuable location since the private sector will be driven there even more.

Project Discription

The point has now come to turn the Digital Hub infrastructure network into a working business partnership that works for the City of Tshwane. Tshwane's challenge is to unlock considerable value and to realize the investment potential of cheap broadband availability;

Tshwane created the infrastructure – *but is not necessarily well positioned in being the operator of a broadband network*. Next step is to facilitate a business joint venture whereby the infrastructure network can be leased or whereby the City can negotiate equity in a joint venture (and future profit) on the value of the infrastructure network.

Ownership of infrastructure, however, must remain with the City of Tshwane due to its interrelation with electricity distribution networks. It follows that the establishment of a Metro RED is a matter that has to be dealt with in close cooperation with the future of the Digital Hub.

5.1.5 WORKING INFRASTRUCTURE PROGRAMME

Introduction

Securing the Tshwane's municipal infrastructure for the future is of the utmost strategic importance as it not only underpins the city's tax base, but also underlies the urban economy. Without the tax base the municipality cannot play its crucial developmental role and a declining economy would undermine the quality of life of all citizens.

The City of Tshwane's estimated remedial infrastructure backlog is R440 million. However, comparison with other South African cities suggests that this estimate may be conservative (the much smaller Buffalo City's backlog exceeds R850 million). The estimated backlog in greater Gauteng tops R35bn. Evidence suggests that South African cities have been in a negative remedial investment phase since 1985

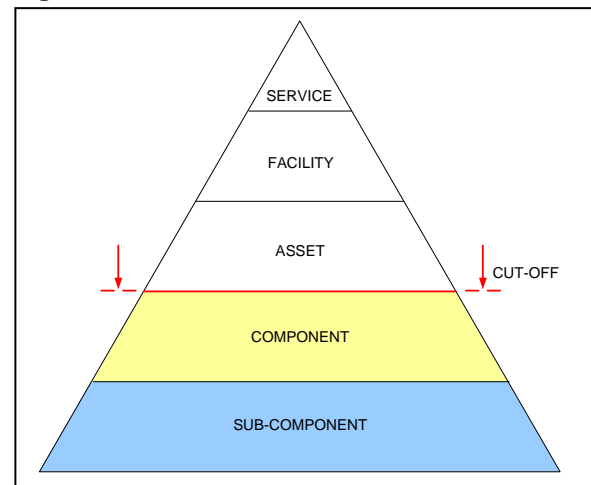
– which suggest that there is a growing 20-year reinvestment backlog that has to be overcome. Currently the various service departments in the City of Tshwane have their own stand-alone approach to infrastructure management and this has lead to a silo approach. What is now required is an integrated corporate strategic approach that tackles the challenges head-on, and also finds innovative solutions to current problems. It is necessary that this be approached from a "global best practice" point of view.

Project Discription

The Working Infrastructure Programme effectively gives substance to the CDS's management of existing urban areas agenda and consist of a package of actions:

- Establishing a planned maintenance and refurbishment programme that clearly quantifies the reinvestment backlog for the key water, sanitation, electricity, solid waste and roads infrastructure components – starting with an understanding of the assets base (see Figure 53).

Figure 53: Asset Base Information



Source: CDS, 2005

- A resource management programme to raise sufficient resources for expansion and upgrade of municipal services systems, particularly where Tshwane will have to explore additional revenue mechanisms for infrastructure funding;
- A planned expenditure programme based on a sound fiscal principles whereby resources can be rationally allocated to different parts of the city according to infrastructure requirements;

- Preparing a Services Charter – that defines standards of delivery to citizens and sets a transparent reciprocity framework for local taxes and tariffs;
- Informs tariff and rates policy/structure reform; and
- Introduces a facilities management programme for municipal service infrastructure.

5.1.6 MOVING TSHWANE INITIATIVE

Introduction

Public transport as it exists not just in Tshwane and in the rest of the Gauteng Province, is largely a product of planning done in support of the pre-1994 political dispensation or planning done by operators in isolation to maximize their respective market share. This has led to a public transport system that is fragmented, heavily dependant on subsidies and contains much inefficiency. Adequate levels of mobility are often not on offer by existing transport services in terms of access and affordability. Urgent government intervention is required to facilitate integration and to obtain better mobility, as well as transformation of the system for greater efficiency.

Project Description

The key first step in making significant progress in improving public transport in Tshwane is the establishment of a Transport Authority. However, the creation of a Transport Authority (TA) will only impact sufficiently if constituted in a manner that:

- Consolidates ownership of infrastructure;
- Assigns investment control;
- Assigns planning authority over all land transport modes;
- Ensures control over transport subsidy design;
- Assigns operational contracting authority; and
- Aligns enforcement responsibility.

The key task is therefore to initiate and complete the creation of an appropriate transport authority for the City of Tshwane. Once a TA has been created such an entity can relatively easily be merged into a TA for the Gauteng urban region as is proposed as part of the Global Urban Region initiative.

Additional tasks associated with the Moving Tshwane are:

- Continue work on sophisticating a coherent ambitious public transport led urban movement plan;
- Facilitate incremental infrastructure creation aligned to a public transport logic;
- Using the 2010 Soccer World Cup event as a catalyst for achieving city-wide intervention; and
- Address current bus operations owned and controlled by Tshwane.

5.1.7 VIBRANT CAPITAL PROGRAMME

Introduction

The soul of cities remains symbolically and physically intertwined with the centre. Centre remains a critical asset as generator of jobs and tax revenue. In addition the centre represents significant sunk capital investment in terms of public facilities, infrastructure and services.

Tshwane, with a secured anchor tenant (Government Departments), has ensured a solid future for its CBD. However, the high intensity of use and density of public buildings, amenities and public transport requires the centre to be managed in a different way than other parts of the city.

Through the RPI process the CDS four lead-in projects for the centre have been identified (see Figure 54):

- African City Urban Art project;
- West Capital Urban Renewal;
- Inner City Reinvestment; and
- Tshwane Crossing (Tshwane's Kopanong).

Figure 54: Location of Vibrant City Initiatives



Source: CDS, 2005

5.1.8 QUALITY PUBLIC PLACES PROGRAMME

Introduction

Increasingly municipalities are called upon to articulate and implement a development agenda that can go beyond satisfying basic needs towards transforming the way our cities function and reinventing the way our cities perform as engines of growth.

It is increasingly appreciated that one of the perceptual problems relating to poor service delivery and low levels of public confidence relates to how communities and individual interact with the municipality. Poor quality customer care facilities and inadequate public access points to transactional municipal services contribute to the general lack of quality municipal facilities.

In addition it is appreciated that the location of many municipal facilities can also play a developmental role and creates opportunities due their location and ability to concentrate pedestrian traffic. It is interesting to note that decentralised American shopping centres require 1000 pedestrians per hour to be considered viable. Many places in Tshwane exceed this number significantly and yet do not seem to provide viable trading opportunities for micro enterprises.

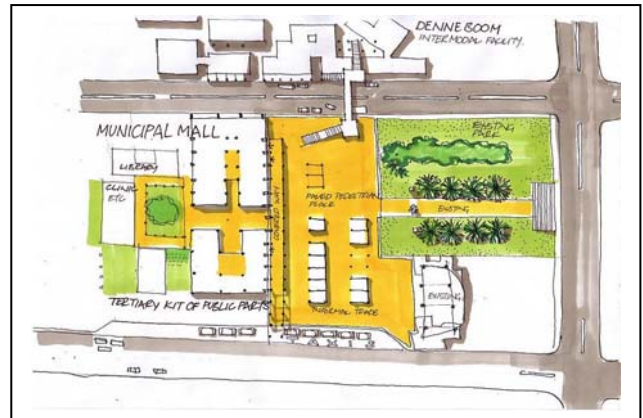
Project Description

The aim is to create a Quality Public Spaces Programme whereby a visible impact can be achieved in Townships in:

- Establishing quality community service interface facilities and improve the way public services are delivered – particularly community services and customer care facilities; and
- Creating places of opportunity through clustering and integrated design of public facilities to unlock economic opportunities.

In order to illustrate the ideas behind the initiative an example is illustrated by using the Mamelodii MuniMun facility. Located in very close proximity to the Denneboom transport interchange and abutting well located public open space this facility is currently poorly designed and extremely limited in relation to its potential.

Figure 55: Integrated Design Concept



Source: CDS, 2005

A comprehensive redevelopment of this facility is proposed to create a municipal services “mall” which can be linked to retail along the existing road. By linking Denneboom with a pedestrian bridge additional traffic can be generated for retail viability (see Figure 56).

Figure 56: Proposed Re-development of the MuniMun Facility



Source: CDS, 2005

Mamelodi MuniMun is only one example of many places across Tshwane where the municipality can intervene in improving the quality of its service interface while unlocking economic opportunities through smarter use and design of its facilities. Often it is not so much about creating new facilities or one-stop-shops as it is about better utilisation of existing facilities. The idea is to intervene in the location of public facilities and redevelopment of selected existing facilities.

6 FACTORS MOTIVATING / INFLUENCING FDI IN RSA AND THE CITY OF TSHWANE

This section describes the International Foreign Direct Investment (FDI) environment that the City of Tshwane's industries face. Specifically, this section examines: (1) factors that motivate and influence foreign direct investments, (2) global trends that currently shape FDI flows, (3) Tshwane's investment trends that define Southern Africa's investment experience.

FACTORS MOTIVATING AND INFLUENCING FDI

The factors that influence the direction, level, and form of foreign investment are the subject of a large body of research, which has generally pointed to two groups of factors: industry-firm-specific variables and host-country factors. The former is concerned mainly with the initial decision to undertake investment; the latter influences the final destination of the investment. Experience among various has shown that FDI determinants vary significantly by size of company, market orientation, industry sub-sector, and investor nationality. The factors influencing FDI in Tshwane can be categorised into the following:

- Business
- Economic
- Political
- Geographic
- Labour
- Tax
- Capital Source

The base criteria below are a useful starting point in generating the kinds and types of information necessary through which advantages – competitive and comparative – can be identified¹:

BUSINESS FACTORS

- Amenities for re-location and quality of life, e.g. availability of housing, schooling and recreational facilities.
- Competition and quota categories, e.g. the existence of cartels and anti-trust legislation; and restrictions on input imports or exports.
- Marketing and distribution infrastructure, e.g. advertising capacity and literacy; and transport infrastructure.
- Comparative profit levels, e.g. within similar industries and or brands, and relative to other domestic locations.
 - Bi-lateral and multi-lateral trade agreements, e.g. within a regional and international environment and the substance of these agreements
- Value-added sectors, e.g. either those industries that are directly related to a specific industry or industries such as information technology, courier services and warehousing.
- Research and development capacity, either private or public sector (Holland-Salojee, 1999).

ECONOMIC FACTORS

- Custom's unions, e.g. regional or international and the substance thereof.
- GNP and projected rate of growth.
- Foreign exchange regulations and/or restrictions.
- Size of markets and projected rate of growth, including access to and proximity of other markets (Holland-Salojee, 1999).

POLITICAL FACTORS

- Form and stability.
- Attitude to investment and competition by government, customers and competitors.
- Parastatals and public enterprises, and the protection of these institutions within certain industry markets (Holland-Salojee, 1999).

¹ The seven categories cannot be listed in order of priority nor of importance, as it is the combination of these factors rather than individual categories, which drive investment decisions. Also, the degree to which particular categories are considered (or sub-sections within categories) is highly dependent on particular industries and/or the nature of the investment being considered (Business International Corporation, 2004).

GEOGRAPHIC FACTORS

- Efficiency and diversity of transport.
- Proximity to export markets.
- Availability of inputs and cost thereof, e.g. price, range, quality and quantity of such inputs.
- Services and cost thereof, including electricity and water.
- Location, population distribution and main cities/places (Holland-Salojee, 1999).

LABOUR FACTORS

- Levels, e.g. managerial, technical and professional as well as within lower bands.
- Skills, particularly technological and technical and legal.
- Unions and labour legislation.
- Training and development capacity (Holland-Salojee, 1999).

TAX FACTORS

- Tax rate trends (corporate and personal income; capital; withholding; turnover; exercise; payroll; capital gains; customs; and other indirect and local taxes)
- Tax treaties with home country and others.
- Duty and tax drawbacks, particularly with regard to export.
- Tariff protection (Holland-Salojee, 1999).

CAPITAL SOURCE FACTORS

- Banking systems and infrastructure.
- Cost of borrowing.
- Availability of convertible currencies.
- Government start up aid.

It is generally accepted that South Africa's main competitors are Zimbabwe, Botswana, Mozambique, Mauritius, Chile, Spain and Thailand, and that Gauteng's domestic competitors are for example the Western Cape and KwaZulu-Natal. The value-chain created by Investment South Africa (ISA) to position South Africa for FDI consists of five broad elements, namely:

- 1) Cost advantage, particularly in relation to inputs, services and labour, and in comparison with Europe (Spain) and South America (Chile).

- 2) Abundance of labour and diversity of levels therein, including strong training and development capacity.
- 3) Political stability.
- 4) High quality of life.
- 5) Access to markets – regional, continental and international (ISA, 2005).

The Services Group's (TSG) report for Investment South Africa (ISA) on the economic profile of Gauteng, identified the following broad issues that describe Gauteng's position as a potential location for FDI with regards to the abovementioned factors. These are:

National issues

- Political risk factors, and in particular for South Africa is a potential investors acceptance of the continuous process of reform. In this regard South Africa ranks relatively average in comparison with its competitors, however, with the second democratic election and government's ongoing advocacy of its broad economic policies, an improved ranking may be possible.
- South Africa's investment framework, including tax allowances² and duty exemptions coupled with its regional incentives are largely comparable with most of its competitors. However, South Africa's minimal performance requirements³ and limitations on domestic borrowing⁴, though not necessarily a restriction to FDI, make this broad category less favourable than most of South Africa's competitors.
- Export promotion and the designation of Industrial Development Zones (IDZs) are relatively embryonic within South Africa, and as such have not been a competitive disadvantage, but have negatively affected South Africa's ability to attract investment in export-orientated processing and assembly operations.
- South Africa's foreign exchange regulations are the most liberal amongst its competitors.
- The financial sector within South Africa is amongst the most advanced within the world and is as such a major advantage over direct and indirect competitors, and has engendered an

² This includes the recently scrapped tax holidays, but still applies to tax allowances to promote R&D and employee housing.

³ These requirements particularly affect investment and expansion operations in the telecommunications, automobile, television and coffee and tea sectors.

⁴ Firms in which μ 25% equity is foreign owned need the approval of the Exchange Control Department before they can borrow domestic funds.

extremely favourable business environment, particularly for domestic investment and export-orientated firms.

- As a member of the Southern African Custom Union (SACU) and as an upcoming signatory to the Lôme Convention South Africa is positioning itself as an attractive export platform for a variety of FD investors.

Provincial issues

- Gauteng's wage rate is substantially higher than the national average and is by-and-large a reflection of the province's higher percentage of skilled and semi-skilled labour. In comparison with international competitors, this rate is the highest, even in comparison to countries, which impose a minimum wage.

- Gauteng's burdened industrial labour rate⁵ is the highest in comparison to both internal and international competitors, and is set to further decrease advantages with the changes being pushed to the Employment Standards Act (2000, c.41).

- Gauteng's literacy rate is the highest in comparison with both domestic and international competitors. In addition, the location of varied training and development institutions within Gauteng give the province a distinct advantage.

- Gauteng's road transportation infrastructure is both of a high quality and extensive and as such is on par with most developed nations. This coupled with its rail linkages to all major centres nationally and regionally and its airfreight capacity via Johannesburg International Airport (particularly to Europe) make Gauteng more advanced than comparison locations.

- Electricity services within Gauteng (both domestic and industrial) are adequate, and sufficient capacity exists for new connections and expansion. Proximity to industrial locations is also an advantage. In addition, Gauteng also offers a minimal cost advantage.

- Gauteng's telecommunications infrastructure is comparable with most of its competitors, but again a cost advantage exists.

- Rental costs within Gauteng are higher with regard to both domestic and international competitors.

The ranking of comparative /competitive advantages is categorised in Table 21.

Table 21: Comparative and Competitive Advantages

Comparative advantages	Competitive advantages
Investment regime	Financial sector
Export policies	Transport infrastructure
Access to foreign exchange	Telecommunications systems
	Skills and education level of labour force

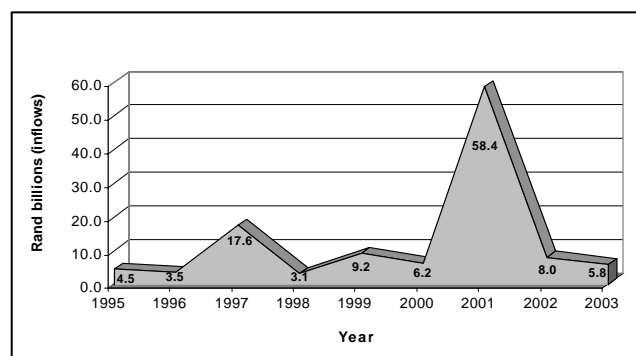
Source: TSG, 1999

In addition to these specific advantages Gauteng also offers a less specific and more subjective enticements, namely, that it has the status of an international city and is considered the economic centre of South Africa if not southern Africa. Secondly, Gauteng's market size and its location within and proximity to other domestic and regional markets make Gauteng a possible platform for investors expanding into emerging or new markets.

6.1 FDI TRENDS IN SOUTH AFRICA

FDI flows into South Africa grew significantly in the early 1990s, with growth in 1997 alone reaching almost 18% and almost 59% in 2001 (see Figure 1). The high inflow in 1997 was due to the 30% privatization of Telkom while the jump in 2001 is the result of the Anglo American/De Beers transaction. Figure 57 also reflects investment by foreigners in undertakings in South Africa in which they have at least 10% of the voting rights – capital movements 1995 to 2002 are in Rand billions (inflows).

Figure 57: FDI Flows into South Africa (1995-2003)



Source: South African Reserve Bank, 2005

Notwithstanding this, evidence from the official foreign direct investment and export promotion agency Trade and Investment South Africa

⁵ Sick leave, annual leave, public holidays and maternity leave are listed under this rate.

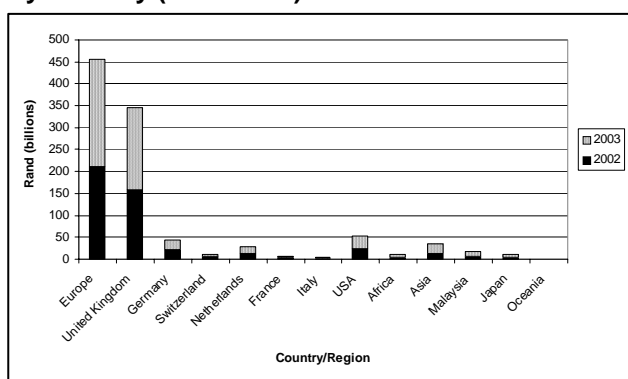
(TISA) activities indicate the likelihood of a strong inflow of 'normal' FDI for 2001.

Geographically, FDI trends have been driven mainly by investments from Europe and the United Kingdom and, to a lesser extent, the United States (see Figure 58). The following top foreign companies have each invested in excess of R1 billion in South Africa since 1994:

- Canada – Placer Dome
- Denmark – AP Moller
- France – Lafarge
- Germany – BMW
- Italy – Cirio (Del Monte)
- Switzerland – Movenpick Hotels
- UK – Billiton; Lonrho Plc; SA Breweries; Anglo American
- US – Caltex; Coca-Cola; Dow Chemicals; IBM
- Saudi Arabia – Oger

Other significant U.S. investors include: Ford, McDonalds, Levi Strauss, Minute Maid, Nike, Salem, Silicon Graphics, Microsoft, HP, Dell, Sara Lee, Caterpillar, Goodyear, Eli Lilly, Fluor and General Electric.

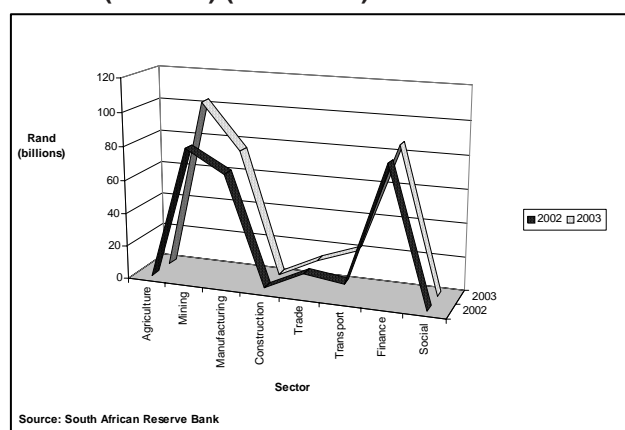
Figure 58: Year-end Stock of FDI in South Africa by Country (2002-2003)



Source: South African Reserve Bank, 2005

According to Figure 59, the bulk of FDI currently entering South Africa is aimed at the Mining, Manufacturing as well as the Financial and Business Services sectors.

Figure 59: Year-end Stock in SA by Industry Sector (Billions) (2002-2003)



Source: SARB, 2005

The South African economy is the largest in Africa: it contributes about 20 per cent of the continent's GDP and roughly one-third and two-thirds respectively of the total output of sub-Saharan Africa and the SADC region. South Africa's exports to the rest of Africa have grown phenomenally over the past decade and a half and currently exceed those to the United States and the European Union, typically accounting for about 15 to 20 per cent of total exports.

This has been accompanied by an expansion of South African companies to the rest of the continent in the areas of mining, civil engineering and construction, agriculture, tourism and hotels, and manufacturing and services, including transport and telecommunications; and recently in the oil and gas sectors, mostly in West Africa. Some African countries have also hosted South African investments in the commercial and retail sectors.

The country was the largest investor into the rest of the continent during the period 1990 to 2000, with investments averaging about \$1.4 billion yearly, or a total of about \$12.5 billion over the decade. Much of this investment was in the second half of the 1990s and was concentrated in neighbouring countries. In a recent survey, only one non-SADC country, Kenya, featured in the top destinations; non-SACU investment is dominated by Zambia and Zimbabwe, both of which have a strong mining heritage.

The fact that South African companies made more new investments in Africa in the last three years than in the five years to 2000 suggests that these cross-border investments have yet to peak. The new investments are concentrated in

minerals and energy and, since 2001, include newer countries such as Algeria, Burkina Faso, Equatorial Guinea, Gabon, Mauritania, Morocco and Sao Tome and Principe. South African parastatals organizations have also participated in South Africa's cross border investment activities.

Financial parastatals such as the Industrial Development Corporation (IDC) and the Development Bank of South Africa (DBSA) have provided finance to a variety of sectors and acted as levers for South African and international investment in host countries, the most prominent example of which is the Mozal smelter in Mozambique. Spoornet (a state rail operator) operates or manages rail networks in 14 countries across the continent, while Eskom (a power utility) through its commercial arm, Eskom Enterprises, is an important player in the development of the electrical power sector in SADC and, to a limited extent, outside SADC as well.

WHY INVEST IN SOUTH AFRICA?

While occupying only 4% of Africa's landmass, South Africa boasts more than 50% of the continent's cars, phones, automatic bank tellers and industrial facilities. South Africa is widely recognized for innovation and developing advanced technology in maintaining its competitiveness as a preferred investment destination.

It is:

- A world leader in cost-efficient deep-level mining technology and operations (gold mining).
- Home to the largest dry-cooled coal-fired power station in the world (Matimba).
- The world's most successful producer of liquid fuel from coal using unique technology (Sasol).
- A pioneer of the Corex process, which uses coal instead of coke to produce molten iron (IsCOR) (Blue IQ, 2005).

It has:

- The tenth-largest stock exchange in the world, with full electronic trading and settlement systems.
- A sophisticated financial services sector unrivalled in emerging markets.
- Inherent strengths in people, land, technology and infrastructure.

WHY INVEST IN GAUTENG?

Geographically the smallest of South Africa's provinces, this economic powerhouse accounts for 40% of South Africa's gross domestic product and generates 9% of Africa's entire GDP (SARB, 2005).

It is:

- Home to 70% of South Africa's hi-tech workforce.
- The wealthiest and most urbanized province in South Africa
- Home to the country's premier consumer market, with collective purchasing power 65% higher than the national average (Blue IQ, 2005).

It has:

- The highest per capita income level in South Africa.
- The second-lowest rate of unemployment.
- The highest adult literacy rate.

6.2 FDI TRENDS IN THE CITY OF TSHWANE

This section addresses the specific economic aspects that define the City of Tshwane's positioning as a potential foreign direct investment target. While Tshwane shares the attributes enumerated with all other South African cities, a number of location-decision criteria differ among the cities. These differences, discussed in this section, make it necessary to examine the City of Tshwane's relative position within both Gauteng and the rest of South Africa.

6.2.1 TOTAL IMPORTS/EXPORTS TO AND FROM THE MANUFACTURING SECTOR

The manufacturing sector in Tshwane is performing well compared with its performance in the rest of South Africa. Some selected industries in the manufacturing sector are analysed next in terms of their export, import and trade balance performance. The sectors were selected based on their growth performance since 1996.

Transport equipment:

Both exports and imports have increased substantially since 2000, but exports declined

slightly in 2003. As a result, the trade balance has been worsening continuously since 1997.

Furniture and other items and recycling:

Again, a steady growth performance by this sector is evident, except for dips in 1999 and again 2003. The value of imports into Tshwane amounted to only about R500 million in 2003, compared with the export value of nearly R2,3 billion in that year. The net positive balance between exports and imports amounted to a currency inflow of nearly R2 billion in 2003 (CTMM, 2005).

Electronic, sound/vision, medical and other appliances:

Steady growth performance in exports from this sector (it totaled more than R1 billion in 2003) is recorded. However, imports have increased substantially, with the result that the trade balance of this industry has worsened continuously since 1996, with the exception of 2003, when imports declined and the trade balance improved (CTMM, 2005).

The Automotive Industry:

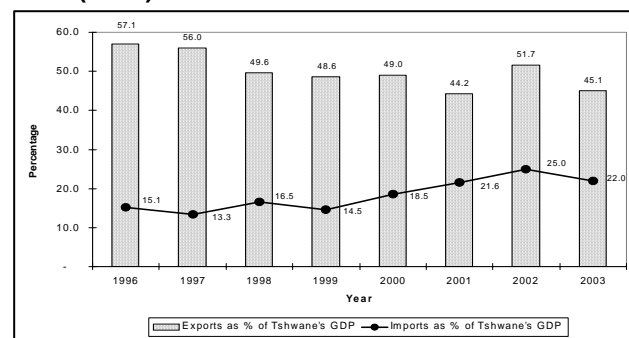
Tshwane has gained substantially from a large increase in the export volume of motor vehicles and spares manufactured within its boundaries. Following a gradual increase until the end of the 1990s, exports have risen since the beginning of the millennium, especially in 2002. Total exports from the automotive industry increased from R1,18 billion in 1996 to more than R12 billion in 2002, after which they declined again to approximately R9 billion. In contrast, imports in respect of this industry increased from just below R2 billion in 1996 to approximately R7 billion in 2003. The trade balance showed a healthy increase, except for the decline in 2003.

The value of exports from Tshwane increased substantially between 1996 and 2002. However, it declined after that, probably due to the appreciation in the value of the rand, which caused industries to be less competitive in world markets. Formal employment showed steady growth, while informal employment leveled off after 2001. It seems therefore that exports had a positive impact on employment – especially formal employment (CTMM, 2005).

Exports/imports as a percentage of the GDP of Tshwane:

Figure 60 indicates a disconcerting tendency. The value of Tshwane exports as a percentage of the Tshwane GDP is declining, while the value of imports as a percentage of the Tshwane GDP is on the increase.

Figure 60: CTMM Exports and Imports as % of GGP (2003)



Source: South African Reserve Bank, 2005

However, the ratio of exports to GDP still exceeds the import ratio, but the gap is narrowing. Since the export figures above are all in nominal terms, the effect of the exchange rate has not been taken into account. In order to adjust the data to real figures, the effect of inflation and the exchange rate had to be included. This provides a clearer picture of the volume of Tshwane exports. It is also evident that in real terms Tshwane exports have been decreasing since 1998, with only a marginal increase in 2002. Thus, in physical volume terms, Tshwane is not making enough progress regarding the structuring of its economy towards export-led growth.

6.2.2 PUBLIC PRIVATE PARTNERSHIPS (PPP's)

In the City of Tshwane there exists PPP's to deliver services and secondly to facilitate development. The Service Delivery PPP's has been divided into power stations, water service providers and Blue IQ projects.

Power stations:

The City of Tshwane own and operates two power stations, Pretoria West (commissioned in 1952, installed capacity: 180 MW) and Rooiwal (commissioned in 1963, installed capacity: 300 MW). The power stations are scheduled to generate electricity in conjunction with electricity

purchased from ESKOM such that the overall cost of acquiring electrical energy is optimized.

Alternative options of operating and maintaining the power stations in the lights of developments that are taking place in the electricity industry nation-wide are investigated by the CTMM. The possibilities of generating electrical energy by utilizing municipal solid waste are also under investigation (CTMM, 2005).

Water Service Providers:

The CTMM must, pursuant to the Local Government Municipal Systems Act 32 of 2000, perform its functions through operationally effective units and mechanisms. The CTMM currently has contracts with four external water service providers:

Rand Water

Rand Water is a parastatal institution providing 82% of CTMM's bulk water in terms of a bulk water supply agreement. The CTMM also entered into a retail water services provision contract with Rand Water to provide retail water services in areas such as Mabopane and Ga-Rankuwa. The total operation and maintenance budget is R96 million (including bulk water purchasing). CTMM contributes R36 million to Rand Water for free services and other un-recoverable costs (CTMM, 2005).

Magalies Water

Magalies Water is also a parastatal institution providing 4% of CTMM's bulk water in terms of a bulk water supply agreement. The CTMM also entered into a retail water services provision contract with Magalies Water in July 2003 to provide retail water services in areas such as Temba and Hammanskraal. The total operation and maintenance budget is R24 million (including bulk water supply). CTMM contributes R9 million to Magalies Water for free services and other un-recoverable costs (CTMM, 2005).

Sandspruit Works Association (SWA)

The company was established to take inter alia responsibility for the management, operation and maintenance of the new Sandspruit Waste Water Treatment Plant (WWTP). The responsibility for the operation and maintenance of the Rietgat and Babelegi WWTP were since

also transferred to SWA. The total operations and maintenance budget for the 2003/2004 financial year is R6,4 million (CTMM, 2005).

Botshelo Water

Botshelo Water is a parastatal institution (Water Board), which is managing, operating and maintaining the Klipgat and Temba Water Treatment Plants in terms of bulk water service delivery agreement. The total operating cost for the 2003/2004 financial year is R12,6 million (CTMM, 2005).

Roodeplaat Temba Water Services Trust (RTWST)

The RTWST (which is a municipal entity, over which CTMM enjoys ownership control) was established in May 2003 as bulk water services provider to CTMM, in terms of bulk water supply agreement still to be concluded. The donors, Absa Bank Limited, Magalies Water and Bigen Africa Group Holdings, created the Trust. The objective of the Trust is to finance, design, construct and operate the Temba and Roodeplaat water supply schemes, at a total capital cost of R530 million (including reserve funds). These schemes will supply bulk water to the areas such as Temba, Hammanskraal and the north division of Pretoria. The estimated operating cost will be R109 million per annum.

7 DEVELOPMENT PROJECTS IN THE CITY OF TSHWANE

7.1 CDS PROGRAMMES AND PROJECTS

In moving its City Development Strategy to concrete implementation Tshwane has identified a series of 8 lead-in initiatives through participative Rapid Planning Initiatives (RPIs). RPI outputs are outlined in Section 3.4.1 of this report to clarify the intended purpose and content of the proposed initiatives. The different project initiatives (i.e. special mayoral, BlueIQ, etc.) to be discussed in the following sections are thus initiated in accordance of the 8 lead-initiatives as proposed by the CDS.

The lead-in initiatives are:

- Creating an **international logistical cluster** – establishing a cluster of road, rail and air freight facilities in the Zone of Choice;
- Completing a **metropolitan mobility ring** – completing the PWV 9 highway link through the West of Pretoria;
- Developing the **Zone of Choice** – developing a rich choice of housing opportunities on well located land while contributing to meeting density preconditions for viable public transport;
- Connecting Tshwane into the **Knowledge Economy** – taking the Digital Hub initiative to its next level through the establishment of a new business joint venture partnership;
- **Working Infrastructure programme** – securing the existing infrastructure base through a planned re-investment programme;
- **Moving Tshwane initiative** – introducing a major public transport initiative;
- **Vibrant Capital Programme** – developing key housing, commercial, symbolic and public space initiatives focusing in the heart of the capital ; and
- **Quality Public Places Programme** – improving the municipal service interface by re-developing and improving existing municipal service points.

Together the Tshwane CDS initiatives motivate public-led investment exceeding R10bn over the next 5 to 10 years that would:

- Impact on *eliminating urban poverty in Tshwane*;
- Unlock growth in the economy - *Realizing an African Success*; and

By articulating a concrete but ambitious action agenda whereby the City of Tshwane can work in close partnership with inter-governmental agencies and the investment community that will change the face of the Capital city for the next decades.

7.2 SPECIAL MAYORAL DEVELOPMENT PROJECTS

In the City of Tshwane there are various initiatives / projects with regards to investment in economic infrastructure development and mega projects in tourism, transportation, smart industries and high value-added manufacturing, to create a truly "smart" city. These initiatives/projects are discussed in more detail in sections 3.4.2.3 - 3.4.2.5 of the draft document. In brief they include the following -

Special Mayoral Projects

- Boom/Bloed Street Urban Renewal Project;
- Erasmuskloof Village;
- McCarthy Berea Development;
- Akasia Central Business District; and
- McCarthy Menlyn Development.
- Tshwane International Convention Centre (TICC) in Centurion;
- Boom Street Taxi Retail Park in the central division of Pretoria;
- Fort West adjacent to Lotus Gardens;
- Mandela Development Corridor in the central division of Pretoria; \
- The Rainbow Junction in the northern division of Pretoria; and
- Centurion College.

Blue IQ Initiatives

- The Innovation Hub
- Gautrain Rapid Rail Link
- Gauteng Automotive Cluster
 - Rosslyn Automotive Supplier Park
 - Automotive Industry Development Centre
- Dinokeng (situated on the North West Province's boundary)

Other Projects

- Hammanskraal-Mabopane-Centurion Development Corridor (HMCDC)

- The PWV9 development
- The Maputo-Walvis Bay Development Corridor (Platinum Highway)
- Wonderboom Airport
- Freedom Park (at Salvokop)
- Marabastad Retail Market
- Tshwane's Fresh Produce Market

The second type of PPP's to be found in the City of Tshwane is that of development facilitation. There are currently seven of these Special Strategic Projects being facilitated and managed by the Special Projects Unit in the Office of the Chief Operating Officer. The following projects are in the final stage of completion:

- Boom/Bloed Street Urban Renewal Project;
- Erasmuskloof Village;
- McCarthy Berea Development;
- Akasia Central Business District; and
- McCarthy Menlyn Development.

The following projects are currently in process:

- Tshwane International Convention Centre (TICC) in Centurion;
- Boom Street Taxi Retail Park in the central division of Pretoria;
- Fort West adjacent to Lotus Gardens;
- Mandela Development Corridor in the central division of Pretoria;
- The Rainbow Junction in the northern division of Pretoria; and
- Centurion College

7.3 OTHER PROJECTS

Fresh Produce Market

The Agricultural Trading Development Division, Economic Development Department, manages the Fresh Produce Market. The provision, development and maintenance of facilities are primary functions of the market. A total of 19 929m² are leased to agents, buyers, wholesalers, retailers and service providers in terms of delegated powers.

Within the business environment, the CTMM does not apply its procurement process when a business is sold or an application to rent a facility is received – thus stimulating favourable business opportunities. The following

advantages to the investor can be identified (CTMM, 2005):

- The applicant can make urgent decisions to establish and invest in a business at the market. There will be no delays in the decision process, no lost in business opportunity, rental income and income from market dues.
 - Facilities are planned and designed to attract a very specific market sector and not the general dealer or trader nor is it in the market's interest to rent facilities to businesses that do not trade in fresh produce or related services and goods.
 - The sale of a business is not treated or viewed the same as a vacant premise. This means that the owner of a business on the market who intends to sell the business can give 2 months prior written notice to the CTMM. This notice period only has relevance to the sale of the business and not to the termination of the lease agreement.
 - A standard rental is charged for the use of the facility irrespective of the tenant that uses such facility. As the rental is fixed here, there is no direct financial benefit for council, as a higher rental cannot be received by going out on tender.
- In order to attract and retain businesses in this highly competitive environment it is considered by the CTMM to offer an entrepreneur a long term contract of at least 9 years and 11 months to recoup his/her investment (CTMM, 2005).

Marabastad Retail Market

The Agricultural Trading Development Division is also responsible for the management and maintenance of the Marabastad Retail Market. The following policies were approved by the CTMM in order to stimulate future investment:

- Two additional stalls, which will become available with the upgrading of the market, are allocated to applicants from population groups, other than the Indian group.
- Preference is given to applicants from disadvantaged population groups, other than the Indian group, if a lease agreement is terminated or a business sold.
- The ratio of the representative population groups in the City of Tshwane is used as a criterion for the future allocation of stalls (CTMM, 2005).

Wonderboom Airport

Much has been done to stabilize the operations at the Airport. Several initiatives were initiated and conducted in order to stimulate the investment environment. These include, amongst others:

- the completion of an Airport Development Plan;
- the completion of an Environmental opportunity and constraint analysis;
- the completion of an economic impact analysis as well as marketing and events plan;
- the recently submission of an application to re-obtain international status;
- the resurfacing of the main and secondary runways as well as taxi ways;
- the resurfacing of the apron and the upgrade of the main terminal building and several hanger facilities;
- the upgrade of a first phase of the parking area, to mention but a few initiatives (CTMM, 2005).

It must also be noted that the Airport, which is managed in a business-like manner, has different forms of revenue sources, which include airside income (landing, approach and parking fees), fuel sales and land and office leases/rentals. It is evident from the Airport's financial statements that all revenue sources are experiencing a growth, except for land and office leases. The reason being that the land cannot be made available to allow for new developments on the Airport premises (CTMM, 2005).

Freedom Park Project

The Freedom Park project is an essential component of the national Legacy Project, which is set to create visible reminders of the South African heritage throughout the country. The development of Freedom Park will see the creation of a "heritage precinct" on Salvokop hill, in the close proximity to the Inner City. The project aims to place the country's entire history in a context which integrity will be respected nationally and internationally and will become a place of pilgrimage and inspiration for both South Africans and all peace and justice loving peoples of the world. This development initiative utilises and reinforces Tshwane's capital city status and image.

Maputo - Walvis Bay corridor (Platinum Highway)

The east-west 'corridor', which is intended to link Maputo with Rustenburg, Gaborone and Walvis Bay passes through the northern part of Tshwane. Part of this route, known as the Platinum Highway, has recently been completed. This new route provides the city with opportunities for export related activities. Unfortunately the developments along the PWV2 will not enjoy good visibility from the road, which does have a negative impact on the development potential of the corridor for certain uses more dependant on exposure. The location of the Wonderboom Airport, in relative close proximity to the alignment of this route, is also of significance in relation to this project, since the airport has in the recent past been considered as an import-export facility.

The tolling of the N1 freeway, as part of the project within the part of Tshwane's jurisdiction, has impacted on the performance of the new route. The tolling strategy has severe implications for the existing economic activities in the north, such as the industries in Babelegi, and will also have a negative impact on the establishment of new enterprises in this area.

Hammanskraal-Mabopane-Centurion Development Corridor (HMCDC)

The HMCDC is a metropolitan development corridor in the area of the City of Tshwane's Metropolitan Municipality, RSA

This corridor is a Metropolitan Spatial Development Initiative (SDI), part of the current promotion by the South African Government to stimulate economic growth and development in selected urban areas. The HMCDC is one of the only metropolitan SDIs that have already advanced to the stage of the implementation of projects and initiatives.

The following areas and communities are included or would be directly influenced by the HMCDC:

- Tswaing
- Soshanguve
- Ga-Rankuwa
- Winterveld
- Mabopane
- Temba/Hammanskraal

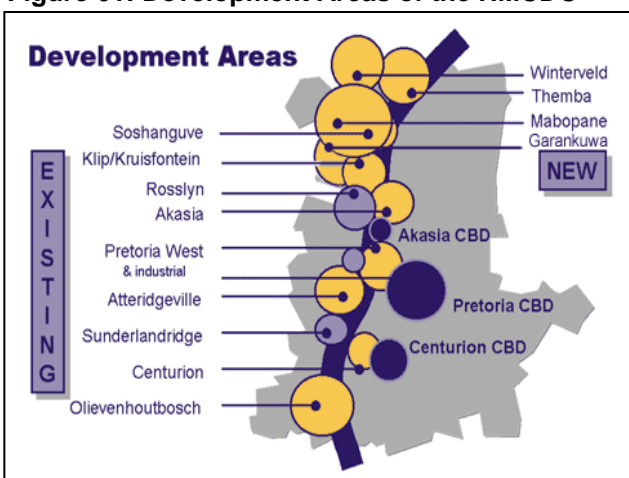
- Klipfontein and Kruisfontein
- Rosslyn/Klerksoord
- Akasia
- Parts of Pretoria North
- West Moot
- Pretoria West
- Atteridgeville/Lotus Gardens
- Laudium/Claudius/Erasmia
- Sunderland Ridge
- Rooihuiskraal/Heuweloord
- Samrand development area
- Olievenhoutbosch

The Development Concept

As a project, the HMCD is focused on revitalising the entire western half of the area of the City of Tshwane Metropolitan Municipality (see Figure 61). This is being done by applying a Development Corridor Concept consisting of a specific combination of different urban elements, such as:

- A mobility spine - to ensure proper regional mobility and accessibility;
- Activity spines - to stimulate local economic development and public passenger transport between economic activity nodes;
- Access spines - to ensure proper linkages between the mobility spine and the activity spines;
- Economic nodes, each with its own economic characteristics; and
- Intermodal transfer nodes - that will be linked to the economic nodes and will promote the better use of public passenger transport.

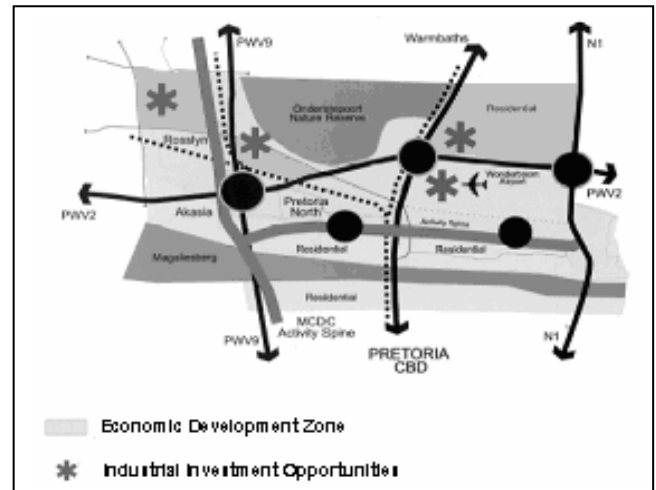
Figure 61: Development Areas of the HMCD



Source: HMCD, 2005

A new development opportunity in the HMCD - known as an "Urban Port" - is also emerging at the crossing of two major development corridors, the HMCD and the Coast-to-Coast Corridor that link Walvis Bay in Namibia with Maputo in Mozambique (see Figure 62).

Figure 62: Urban Port Vision 2020 – Akasia, Pretoria North and Wonderboom



Source: Urban-Econ, 1999

An urban port forms a very important economic activity node in Southern Africa, whereby the potential for manufacturing and product distribution will be greatly improved, including export.

Investment potential

The HMCD Project essentially comprises of 14 strategic projects, all with investment opportunities for private sector involvement, or for joint involvement by public and private sector participants. They are the following:

- establishing an activity spine along about 50 kilometers within the HMCD;
- developing mixed land-use and higher density housing in the activity spine and pre-identified urban nodes;
- extending the PWV-9 through the Witwatersberg as part of the mobility function of the HMCD;
- creating a link to the Witwatersrand via the Ben Schoeman Highway in close proximity to the Samrand Development;
- introducing a Public Passenger Transport System for the HMCD;
- establishing guidelines for the interface between the different transport nodes;

- providing Human Development Information and Support Centres throughout the HMCDC;
- introducing Vocational Education and Training as well as Entrepreneurial Training Programmes;
- implementing a Marketing Strategy to market the HMCDC on a continuous basis;
- developing a Small Business Support Programme for business development in the HMCDC;
- formulating and implementing a Public Sector Support Programme;
- facilitating the formation of the HMCDC Urban Port and Industrial Development Zone at the intersection between the HMCDC and the Maputo, Platinum and Trans-Kalahari Corridors;
- formulating and implementing an Open Space Policy and Tourism Plan; and
- increasing the density of the HMCDC.

South Africa's incentive programme covers a diverse array of focus areas including Black Economic Empowerment (BEE); strategic investment in projects; innovation and technology; efforts to increase competitiveness and export capabilities; and industrial development zones. These measures of support offer a mix of more than 90 incentives, rebates, etc.

The provinces of South Africa have developed agencies that offer incentives to encourage investors to establish or relocate businesses to their regions.

A clear distinction needs to be made between long term and short term incentives. Long term incentives are those of a more permanent nature and are aimed at protecting existing business investments and encouraging new long term investments. Short term incentives, on the other hand, focus on time dependent initiatives which are aimed at attracting businesses into certain locations, clusters, or modes of doing business e.g. capital intensive versus labour intensive.

Examples of long term incentives are:

- Business parks
- Modern logistics systems
- Freight and passenger airport
- Secure living and business environments
- Transport and built environment infrastructure
- Ubiquitous broadband connectivity and access to the Internet

- Convention and meeting centres
- Access to financial services
- Access to markets

Short term incentives are better known as they bring a drastic improvement to the bottom line of enterprises, most often during the start-up phase and the initial growth phase. These include:

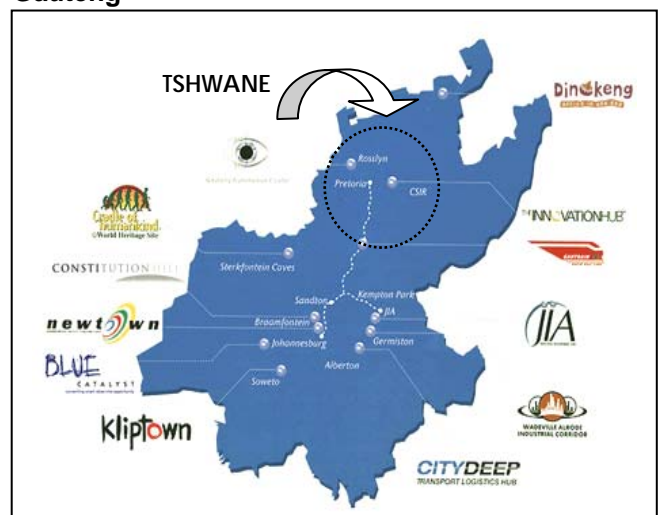
- Land purchase incentives
- Tax or levy rebates
- Subsidised rent
- Discounted or free services

7.4 OTHER INITIATIVES

Blue IQ Projects

Blue IQ is another important PPP where the Gauteng Provincial Government is working with private sector companies and other levels of government. Blue IQ has identified eleven mega projects that have the potential to make significant impact on the economy of Gauteng (see Figure 63). Three of the eleven projects are undertaken in the City of Tshwane, namely, the Gautrain Rapid Rail Link; the Innovation Hub; and the Gauteng Automotive Cluster.

Figure 63: Blue IQ Projects in Tshwane and Gauteng



Source: Blue IQ, 2005

The Innovation Hub (TIH):

The IH is the catalyst that will spur the development of a new wave of knowledge-intensive, hi-tech industries in South Africa. At the pilot site, high-tech entrepreneurs can

innovate, develop and practice their business in a nurturing environment. Blue IQ's commitment to the project averages R258 million and its partner is SERA (Southern Education and Research Alliance, a partnership between the CSIR and the University of Tshwane).



Location

The IH's pilot facility, the Hub2B, is located in the eastern division of Pretoria). The site is situated on 60 hectares of land between the University of Tshwane (its experimental farm) and the CSIR (Blue IQ, 2005).

Unique features and benefits

- The aim of the IH is to become the preferred address for knowledge-intensive industries and high-tech start-up companies.
- Leading local and international telecommunications, electronic and information technology companies will be anchor tenants.
- High-tech incubator (established in pilot mode at the Hib2B).
- Entrepreneur/innovator development programme, including the recently launched CoachLab where postgraduate students are mentored to work on industry projects.
- Special initiatives programme targeting empowerment.
- Alliances with world-class academic and research institutions and facilities (Blue IQ, 2005).

Support

- Sophisticated IT and telecommunications infrastructure;
- Research interface and technological support;
- Marketing support;
- Business support and incubation services;
- Entrepreneurship development and education; and
- [Net@Hub](#) enterprise support activities.

Investment potential

Opportunities range from high-tech incubators and R&D facilities, to corporate and regional headquarters for high-tech companies and back office support centres. The IH is an ideal destination for venture capital funds.

Gautrain Rapid Rail Link:

The area between Johannesburg and Tshwane – two major cities in South Africa – is recording the fastest rate of economic development in southern Africa. The Gautrain Rapid Rail Link will be a new rail-bound mass transit system to serve the Johannesburg-Tshwane corridor as well as a link between Sandton and Johannesburg International Airport. Apart from convenience, the project will provide a pivotal stimulus for economic and social development along Gauteng's north-south axis with associated population concentration (Blue IQ, 2005).



Location

The 80 km network line will link Johannesburg, Sandton, Tshwane and Johannesburg International Airport and will have 10 stations. The distance between Tshwane Central and Johannesburg will be covered in less than 35 minutes at speeds of 160 kms an hour or more. It will be served by dedicated road-based feeder and distribution systems and park-and-ride facilities.

Infrastructure will include civil works, rail track, rolling stock, stations and surrounding access roads to stations, telecommunications and electrification, buildings and depots. Government co-funding will be used to leverage private sector investment in the system and commercial development at the stations (Blue IQ, 2005).

Unique features and benefits

- Create 42 000 job opportunities during the construction phase.
 - Create and sustain an additional 60 000 jobs a year in the vicinity of the stations.
 - Reduce carbon dioxide emissions and road traffic congestion.
 - Improve accessibility and mobility of economic development nodes in Gauteng.
- Promote the use of public transport in an integrated framework, with an appropriate feeder and distribution system (Blue IQ, 2005).

Investment Potential

- International financing partners, using build-operate-transfer and other public private partnership models.
- Technology applications.
- Feeder and distribution systems, and integrated fare collection systems.
- Rolling stock, track and station development.
- Signaling and control systems, as well as telecommunications.
- Commercial property developments in and around stations.



Gauteng Automotive Cluster

Gauteng Automotive Cluster:

The Gauteng Automotive Cluster is an aggregation of automotive assemblers, component manufacturers and material suppliers in the same location that are together responsible for some 40% of the country's production. The project has two important components that will particularly enhance the global competitiveness of the automotive industry – the Automotive Industry Development Centre (AIDC) and the Automotive Supplier Park (Blue IQ, 2005).

The AIDC will establish world-class facilities for automotive design and testing, automotive research and development and human resource development. The Automotive Supplier Park will concentrate component manufacturers and suppliers in one location adjacent to assembly plants to save costs and exploit the latest advances in logistics and processes in the automotive manufacturing chain.

Location

The Gauteng Automotive Cluster will be located in the Rosslyn and Waltloo areas of Tshwane (Pretoria; west division). Partners in this project include the CSIR, Department of Trade and Industry, National Association of Automotive Component and Allied Manufacturers (NAACAM) and National Association of Automobile Manufacturers of South Africa (NAAMSA).

Unique features and benefits

- The Gauteng Automotive Cluster is a unique concentration of automotive assemblers, component manufacturers and raw material suppliers.

- AIDC advisory board combining industry, labour and government.
- Strategic partnership with leading German automotive R&D organization and leading South African automotive groups.
- The automotive industry in South Africa is growing strongly, driven primarily by exports, many of these by Gauteng-based companies.
- The AIDC's programmes include supplier development, logistics and supply chain management, SMME development, technology transfer and human resource development support.
- The Automotive Supplier Park will offer logistical, security, supplier management, quality and cost-saving benefits for the automotive industry.
- The Automotive Supplier Park will initially supply the four major motor manufacturers in Gauteng, unlike supplier parks overseas which traditionally provide services to one or two manufacturers (Blue IQ, 2005).

Investment potential

- The superior transport and freight infrastructure will be further enhanced to ensure global best practice in inter-modal logistics and distribution networks to increase export sales in the industry.
- Local procurement by international automotive assemblers.
- Technology and licensing agreements with local component manufacturing.
- Investment to address gaps in local supply chains.
- Cost-effective automotive engineering, design and testing, and research and development projects.

Even though the Department of Trade and Industry (DTI) is the principal leader on incentive-related issues, other key domestic and international organisations are sometimes involved. For example, the Multilateral Investment Guarantee Agreement (MIGA) of the World Bank provides assistance with guarantees for political risks and concentrates on development-related investments.

8 INVESTMENT INCENTIVES IN CONTEXT

8.1 IMPLICABLE INCENTIVES OFFERED BY THE DEPARTMENT OF TRADE AND INDUSTRY

SMALL AND MEDIUM ENTERPRISE DEVELOPMENT (SMEDP)

The SMEDP aims to reduce the investment cost for small and medium investors, generate employment, develop entrepreneurship, promote empowerment, and to raise fixed investment in the economy. It only applies to projects with qualifying assets that are less than R100 million. The minimum and maximum amount of assistance received by the company is based on the amount of qualifying assets that it possesses.

The minimum equity requirements are:

- 10% for projects with qualifying fixed assets up to R5 million;
- 25% for projects with qualifying fixed assets between R5 million and R15 million; and
- 35% for projects with qualifying fixed assets above R15 million.

The scheme is available to both local and foreign investors engaged in manufacturing, high-value agricultural projects, agro-processing, aquaculture, biotechnology, tourism, ICT, recycling and cultural industries.

Incorporated legal entities i.e. Companies (Private and Public), Close Corporations, Co-operatives, etc can apply for assistance.

Non-qualifying entities include:

- An entity formed by the same members or owners to engage in more than one independent project in the same industrial area to manufacture generically the same product (specific to manufacturing).

- Projects may not qualify for both the SIP and SMEDP. Once approval has been granted for a specific program, entities will not be allowed to randomly convert their incentive approval to another program.
- Trusts, profit centres, branches and divisions are explicitly excluded from participating in the program (DTI, 2005).

SKILLS SUPPORT PROGRAMME (SPP)

The Skills Support Programme offers training grants to local and foreign firms with the objective of encouraging greater investment in training and creates opportunities for the introduction of new skills. The training grant is in the form of a cash grant and applies to a new or expansion of an existing project or an approved training program.

SPP is an enhancement of the SIP and the SMEDP. Companies that qualified for either one of these two incentives can also qualify for SPP. Furthermore, the grant will benefit investors engaged in manufacturing, high-value agricultural projects, agro-processing, aquaculture, biotechnology, tourism, ICT, recycling and cultural industries.

A maximum of 50% of the training costs, the development of a training curriculum, and or land and buildings related to training, and up to 30% of the total salaries of the company will be granted for approved training programmes. Capital cost of up to R3 million may be provided for capital training equipment in respect of an approved training school. The grant is payable for up to three years (DTI, 2005).

FOREIGN INVESTMENT GRANT (FIG)

The Foreign Investment Grant (FIG) aims to encourage foreign entrepreneurs to invest in new manufacturing concerns in South Africa by compensating the foreign entrepreneur for the qualifying costs of moving new machinery and equipment from abroad to South Africa.

Companies operating in the manufacturing and tourism sectors with a foreign shareholding of at

least 50% qualify for this grant. For manufacturing, however, the sub-sector must not be over-saturated, as per dti evaluation. Thus for example, investments in the following manufacturing sub-sectors would not apply: televisions, cigarettes and plastics.

Foreign entities must be registered as incorporated legal entities in South Africa. This grant is not available to foreign investors from the Southern African Development Community (SADC) or from countries in the South African Customs Union (SACU).

Objectives of FIG

- Promote foreign investment in South Africa.
- Increase direct foreign investment.
- Contribute to improving the quality of life for all South Africans.
- Enhance and contribute to overall economic growth in South Africa

FIG is dependant on the approval of the SMEDP or the SIP. Furthermore, applications for this grant should be submitted before shipment from abroad.

Compensation includes costs incurred regarding:

- Freight expenditure (machinery equipment transfer and personnel transfer cost);
- Traveling expenditure (personnel and commissioning technicians);
- Statutory requirements (wharfage, handling and duties); and
- Local expenditure (inland transport, offloading, insurance and agency charges).

A maximum of R3 million per project can be allocated. The grant is only available to new qualifying investments and is offered only once to any foreign entity. The amount of the grant cannot exceed the actual cost of 15% of the value of new machinery and equipment relocated from overseas (DTI, 2005).

CRITICAL INFRASTRUCTURE PROGRAMME (CIP)

The Critical Infrastructure Programme (CIP) provides subsidised support for economic infrastructure required for committed productive

investments. The latter includes new investment projects, expansion of existing investment, or in exceptionally special cases, existing investment projects.

Critical infrastructure supplements the infrastructure provided by the existing public sector or private sector providers by funding a top-up grant. The range of the funding is 10% to 30% of the qualifying infrastructure development costs. It is not intended to be a substitute for funds necessary to complete the basic infrastructure required by the investment project.

Who qualifies for CIP:

- Local and Provincial Government
- Private sector enterprises
- Private/ public partnerships
- Investors in strategic economic projects
- Industrial development project operators

The Programme aims to:

- Improve the competitiveness of South African industries
- Support the development of industrial activities that have strategic economic advantage for South Africa
- Achieve a geographical spread of economic activities within South Africa.

The funding provided is determined by a point scoring system, which includes key criteria such as:

- Contribution to investment and economic growth;
- Contribution to industry development in economically depressed areas;
- Contribution to social equity and black economic empowerment;
- Contribution to employment creation; and
- Contribution to improving the competitiveness of South Africa's industrial base;

Qualification criteria for the CIP include:

General

- Financial capacity to provide the major complement of 70% to 90% of funds required to complete the infrastructure development;

- Organisational capacity to undertake the infrastructure project;
- Evidence of commitment to establish investment projects;
- Investment projects must have long-term commercial viability; and
- Where applicable, the applicant must be a taxpayer in good standing.

Infrastructure

- Transportation systems including roads and railroad systems;
- Electricity transmission and distribution systems;
- Telecommunication networks;
- Water storage, purification and distribution systems, bulk supply piping, etc;
- Sewerage systems;
- Waste storage, disposal and treatment systems; and
- Fuel supply systems such as piping for gas and liquid fuel (DTI, 2005).

BLACK BUSINESS SUPPLIER DEVELOPMENT PROGRAMME (BBSDP)

The BBSDP is aimed at fast tracking into the mainstream of the formal economy existing SMME's that exhibit a good potential for growth. It also aimed at growing black owned enterprises by fostering linkages between black SMME's and the corporate and public sector enterprises as well as providing access to business development services in order to assist them in developing core competencies. This Programme complements current affirmative procurement and outsourcing initiatives of corporate and public sector enterprises.

Who qualifies for the BBSDP:

- Enterprises that are majority black owned (fifty plus one share) and have a significant representation of black managers on their management team
- Enterprises / firms with a maximum annual turnover of R12 million per annum
- The firm / company must have a minimum trading history of one year
- Enterprises accessing the scheme must also comply with commercial regulatory requirements applicable to their area of

business, e.g. registration with CIPRO and SARS

The incentive benefits of the BBSDP are:

- A maximum grant of R100 000 for a single firm
- An enterprise will be allowed to apply for multiple projects, provided that the cumulative grants awarded do not exceed R100 000.
- All fees related to the rendering of business development services, including travel and subsistence costs, will qualify for cost-sharing assistance.
- Cost for the acquisition of printed materials and software, which constitutes an integral component of the implementation of a project, will also qualify, provided they do not exceed 50% (fifty percent) of the total cost of the project (DTI, 2005).

MOTOR INDUSTRY DEVELOPMENT PROGRAMME (MIDP)

The MIDP is aimed at developing the South African automotive industry as a globally competitive and growing industry. The main instrument that is to be used in achieving this objective is the encouragement of higher volumes by allowing exporting firms to earn rebates whilst exposing the industry to greater global competition through tariff reductions.

The MIDP sets out a yearly schedule for tariff reduction for vehicles and components for passenger cars and light commercial vehicles. The 2005 tariff for new cars have been reduced to 34% and the tariff for components was reduced to 27%.

Entities registered within the MIDP may reduce the duty payable through 3 mechanisms:

- The Duty Free Allowance (DFA), an import/export complementation scheme, which allows 27% of the wholesale value of the vehicle to be imported duty free. This scheme is controlled by Import Rebate Credit Certificates (IRCCs), issued by government and allows for the reduction of import duties on vehicles and automotive components.

- The Productive Asset Allowance (PAA) scheme allows investors in new plant and equipment to qualify for a duty credit certificate of up to 20% of their investment value over a five-year period.

The MIDP is in effect until 2012 and companies wishing to participate should register with the DTI.

SUPPORT PROGRAMME FOR INDUSTRIAL INNOVATION (SPII)

The objective of the SPII is to provide support for South African based products or process development that represent a significant technological advance and has a commercial advantage over existing products, thus displaying the potential to be successfully marketed. The programme provides grants for new products and technology development.

Criteria for receiving benefits

The scheme is available to all private sector entrepreneurs in industry submitting a meritorious project proposal.

Applicants are assessed on the following criteria:

- Management's ability of product or process development.
- Financial ability to successfully complete the proposed development and commercialisation thereof.
- Ability to manufacture and market products or implement a process.

The SPII offers two schemes namely:

- The Matching Scheme gives a grant of 50% of the actual direct cost incurred in development activity, up to a maximum grant amount of R1.5 million per project. This scheme is available to those businesses with a turnover of less than R51 million.
- The Partnership Scheme gives a grant of 50% of the actual direct cost incurred in development activity with no upper limit. This scheme aims to recover the grant to make the scheme self-sustaining, through a levy on the sales resulting from funded projects. This scheme is intended to fund large scale R&D (DTI, 2005).

TECHNOLOGY AND HUMAN RESOURCES FOR INDUSTRY PROGRAMME (THRIP)

THRIP aims to boost South African industry by supporting research and technology development, and by enhancing the quality and quantity of appropriately skilled people.

Managed by the National Research Foundation (NRF), THRIP gives local industry the means to obtain specific responses to its technology needs, by unleashing the potential of local students, researchers, and science and technology experts.

THRIP's objectives:

- To ensure that projects result in competitive, world-class technologies,
- That these projects support the growth and transformation of South Africa
- THRIP's activities are designed to foster collaboration among industry, higher education institutions (HEIs), the government science, engineering and technology institutions
- The projects nature must be a high quality science, engineering and/or technology whose output makes a significant contribution towards improving the industry partner's competitive edge.
- At least one higher education institutions and one industrial partner must be involved
- In the case of a foreign industrial partner, there must be an indication of how South Africa stands to benefit from the technology outcomes resulting from the collaboration.
- The stakeholders must agree on intellectual property rights (DTI, 2005).

ACCELERATED DEPRECIATION ALLOWANCE FOR MANUFACTURING INVESTMENT

The purpose of this scheme is to promote the acquisition of new manufacturing assets. New manufacturing assets are depreciated over 4 years as opposed to the 5- year period as was previously allowed.

This incentive is available for both local and foreign investors engaged in manufacturing.

Calculation of the Incentive

- New manufacturing assets acquired within three years from 1 March 2002 will be depreciated over four years.
- Forty percent of the cost of the asset will be deducted in the first year and twenty percent of the cost of the asset will be deducted in the subsequent three years.
- Currently, any asset costing R1 000 or less may be written off in the year in which it is acquired. It is proposed that this threshold be raised to R2 000 for assets acquired on or after 1 March 2002

These allowances will only be available to taxpayers in respect of assets used directly in their manufacturing businesses (DTI, 2005).

EXPORT MARKETING AND INVESTMENT ASSISTANCE (EMIA)

The EMIA scheme is aimed at assisting South African exporters in developing export markets and to attract foreign direct investment into South Africa. The scheme is available to both exporting and non-exporting enterprises across all sectors of the economy. The EMIA scheme provides support in areas such as pre-competitive development, research, training and facilitation.

Who qualifies for EMIA:

- South African manufacturers of products including SMME, PDI and other owned businesses
- South African export trading houses
- South African Export Councils, Industry Associations and Joint Action Groups representing at least five (5) South African entities
- South African commission agents representing at least three SMME's or PDI owned businesses

Qualifying criteria are based on the following:

- Export/production performance of the applicant
- Export/marketing competence of person visiting the foreign country
- Potential available/accessible production/export product capacity
- Extent of export marketing planning

- Type of product for export and local sales performance
- Level of labour absorption, location and technological requirements
- Industry in which the venture operates or is planned
- Membership of an export council (not compulsory but preferable)

EMIA's measures of support:

- Assistance for primary market research with the intention to develop new export markets
- Assistance for foreign direct investment research in respect of costs incurred in visiting potential investors abroad
- Assistance for participation in national/mini exhibition areas including related costs
- Assistance for inward and outward trade missions where the objective is to showcase South
- African products to prospective importers as well as attracting foreign investment into South Africa
- Assistance for exporter training and development to enhance their skills and knowledge of the export process
- An export readiness assessment or the subsidising of a comprehensive company audit (DTI, 2005).

8.2 INCENTIVES OFFERED BY THE INDUSTRIAL DEVELOPMENT CORPORATION (IDC)

The IDC is a national development finance institution, which focuses on contributing to economic growth, industrial development and economic empowerment through its financing activities. The IDC provides on a regular basis medium and long-term development capital for firms in mining, manufacturing, agriculture, high technology and numerous other industries.

IDC offers finance schemes to achieve the following objectives:

- New investment directed at exports
- New production capacity to create employment opportunities
- To improve the international competitiveness of manufacturers and adjusting to changes in tariff policy

These finance schemes are available at a preferential interest rate for the entire loan period, at a maximum of six years and loans for tourism projects can now be granted for 15-year periods on an individual case basis.

Benefits of the IDC Finance Scheme:

- Medium-term loans for industrial buildings, plant and equipment
- Financing for plant and equipment
- Ordinary and preferred share capital in new projects
- Credit and guarantee facilities to help importers of capital goods to obtain extended foreign credit
- Credit for export of capital goods
- Lease facilities for general purpose factory buildings
- Tax incentives in certain targeted areas are offered to both local and foreign firms (IDC, 2005).

- Stimulating small business development
- Stimulating broad based black economic empowerment
- Support the regional development vision of the city
- Fit in with identified economic clusters in the city
- Make the city unique in its hosting of the project
- Support a gateway to Africa

More specific, the current incentives include:

- Reduced rental fees for land and buildings
- Cash grants for relocation of plant and employees
- Reduced rates for basic facilities including utilities such as water, electricity, refuse removal including effluent (GEDA, 2005).
- Land incentive in Rosslyn industrial area
- ADA in the Urban Development Zone

8.3 MINISTRY OF ARTS AND CULTURE

The film industry is regarded by the ministry as an important component of South Africa's economic growth strategy. The National Film and Video Foundation is therefore developing and promoting the film industry through financial support, advice and information. The ministry also aims to promote opportunities for individuals, particularly those from disadvantaged communities to join the industry

In addition to this, the South African government has introduced a Large Budget Film and Television Product Rebate Scheme whereby eligible applicants will be rebated a sum totalling 15% for foreign productions and 25% for qualifying South African productions. A fixed sum has been allocated over an initial three-year period. The maximum rebate for each project will be R10 million in order to attract an optimum number of productions (DAC, 2005).

Information on the following general incentives – as proposed by GEDA - is provided in Table 22 below according to 6 different categories, namely: Tax; Finance; Research and Development; Export; Enterprise Development; and Competitive Enhancement. These incentives are reviewed by the National Government on an annual basis. The Gauteng provincial government's priority is to create an environment that will attract investors, and foster growth and development. In pursuit of this goal it created the Gauteng Economic Development Agency (GEDA).

8.4 INCENTIVES OFFERED BY THE CITY OF TSHWANE

The incentive program is presently being investigated and considered by the CTMM. Incentives should include the following:

- Labour intensive
- Capital intensive

Table 22: Summary of Incentives as Proposed by GEDA

FINANCE:	EXPORT:	ENTERPRISE DEVELOPMENT	TAX	RESEARCH AND DEVELOPMENT	COMPETITIVE-ENHANCEMENT
Agro-industries development finance	Export marketing and investment assistance	Small Medium Enterprise Development Programme [SMEDP]	Preferential rate for small business corporations	Support programme for industrial innovation	Competitiveness fund
Bridging finance	Steel rebates and concessions	Foreign investment grant	Research and development	Partnership in industrial innovation	Sector partnership fund
Entrepreneurial mining and beneficiation finance	Customs rebate and drawback provisions	Strategic investment programme	Employee housing	Technology for human resource development programme	
Empowerment finance	Industrial development zones	Skills support programme	Depreciation	Innovation fund	
Finance for the expansion of the manufacturing sector	Value Added Tax export incentive scheme	Critical infrastructure programme	Infrastructure development		
Finance for textiles, clothing, leather and footwear industries	Duty credit certificate scheme				
Export finance	Motor Industry Development Programme [MIDP]				
Import finance	MIDP productive asset allowance				
Techno-industry development finance					

Source: GEDA, 2005

9 MAJOR DEVELOPMENT OPPORTUNITIES AND CONSTRAINTS IMPACTING ON THE DEVELOPMENT OF TSHWANE

There are many development opportunities that can stimulate social and economic equity for its constituents and in realising vision of becoming and “an internationally acclaimed African Capital city that empowers the community to prosper in a safe and healthy environment”.

As part of the multi-dimensional background research the consultants have conducted a socio-economic analysis of 18 different zones within the City of Tshwane (see Figure 64). By doing this the consultants could develop a comprehensive understanding of the trends, issues and dynamics of the study area within its metropolitan context and simultaneously identify investment opportunities.

Figure 64: The 18 Zones within the City of Tshwane

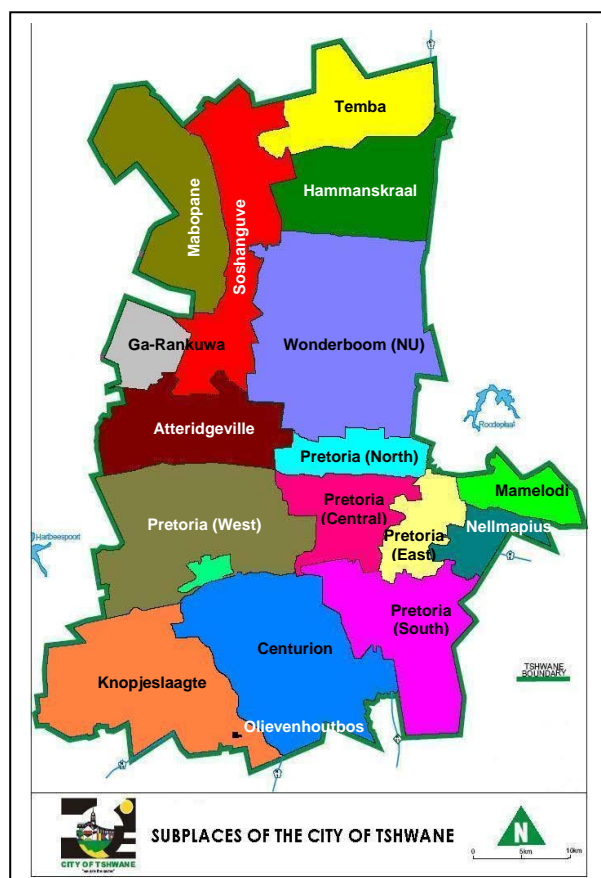


Table 23 also indicates the comparison of the 18 zones with the zones as identified by the Integrated Development Plan of Tshwane. In Table 24, the list of the various areas within the 5 divided zones of Pretoria is provided.

Table 23: The 18 Zones in relation to the IDP Zones and Wards within the City of Tshwane

IDP ZONES	WARD(S)		PROPOSED ZONES (X18)
A	8;13;14;73;74;75;76;24	4	Akasia
B	9;12;19;20;21;22;30;31;32	51;61;62;63;68;71; 72; and part of 61	Atteridgeville & Saulsville
C	11;25;26;27;29;33;34;35;36	Part of 7;48;57;61;64;65;66;69;70	Centurion
D	2;4;5;37;39;49;50	30;31;32	Ga-Rankuwa
E	1;40;41;43;52;53;54;55	74 and part of 49	Hammankraal
F	6;10;15;16;17;18;23;28;38;67	48	Knopjeslaagte
G	3;7;51;61;62;63;68;71;72	Part of 37;39;9;12;19;20;21;22;24	Mabopane
H	47;48;57;64;65;66;69;70	6;10;15;16;17;18;23;28;38;67	Mamelodi
I	42;44;45;46;56;58;59;60	40	Nellmapius
		48	Olievenhoutbos
		1;52;53;54;56;58	Pretoria (Central)
		2;5;50;49	Pretoria (North)
		41;43; part of 52 and 5	Pretoria (East)
		42;44;45;46;47;59	Pretoria (South)
		3;7;55;60	Pretoria (West)
		11;414;25;26;27;29;33;34;35;36; part of 37	Soshanguve
		8;13;73;75;76	Temba
			Wonderboom (NU)

Table 24: Areas of the 5 Zones Identified for Pretoria

Pretoria (Central)	Pretoria (North)	Pretoria (East)	Pretoria (South)	Pretoria (West)
ArcadiaAsiatic Bazaar Bailey's Muckleneuk Brooklyn Bryntirion Capital Park Colbyn Colbyn Valley Deerness Eastwood Eloffsdal Gezina Hatfield Hillcrest Kilner Park Les Marais Menlo Park Moregloed Muckleneuk Pretoria CBD Pretoria University & Schools Pretoria University Sports Grounds Pretoria West Prinshof Queenswood Rietfontein Rietondale Riviera Salvokop Sunnyside Technikon Rant Villieria Waverley Wonderboom South	Doornpoort Dorandia Florapark Florauna Kenley AH Magalieskruin Montana Montana AH Montana Ext 2 Montana Park Montana Park Exts Montana Tuine Onderstepoort Pretoria North Pumulani AH Sinoville Sinoville Ext Tileba Trevenna Wolmer Wonderboom Wonderboom Aerodrome Wonderboom AH Wonderboom Nature Reserve	Bellevue Brummeria Brummeria Exts De Wilgers Derdepoort Derdepoort Park East Lynne Eastmead Eersterus Ekklesia Jan Niemand Park Koedoespoort Industrial La Montagne Lindo Park Lydiana Lynnwood Lynnwood Glen Lynnwood Manor Lynnwood Park Lynnwood Ridge Meyerspark Murrayfield Scientia Silverton Val de Grace Waltloo Wapadrand Weavind Park Willow Glen AH Willow Park Willow Park AH Willowbrae AH	Alphen Park Ashlea Gardens Constantia Park Elarduspark Erasmusklouf Erasmuspark Erasmusrand Faerie Glen Garsfontein Groenkloof Hazelwood Lukasrand Lytelton Maroelana Menlyn Monument Park Moreletapark New Muckleneuk Newlands Pretoriuspark Ext 1 Rietvalleirand Rietvlei Nature Reserve Sterrewag Waterkloof Waterkloof AH Waterkloof Glen Waterkloof Heights Waterkloof Park Waterkloof Ridge Wingate Park Woodhill	Andeon AH Booyens Claremont Danville Daspoort Elandsfontein Elandspoort General Kemp Heuwel Hermanstad Hornsoord Kirkney Kwaggasrand Kwaggasrant Loeka Villa Lotus Gardens Mayville Mountain View Parktown Estate Phillip Nel Park Pretoria Gardens Pretoria Industrial Proclamation Hill Radio Uitkyk Roseville Skanskop Suiderberg Thaba-Tshwane Valhalla Weskoppies Wespark Zwartkop Nature Reserve

9.1 GEOGRAPHICAL DEVELOPMENT OPPORTUNITIES

The different development opportunities within the 18 zones of the City of Tshwane were identified by means of a desktop study of all the relevant published/unpublished documents as obtained from the various departments of the CTMM as well as personal interviews with key role players. The listing of the various preliminary development opportunities within each zone is categorised according to the following categories (see Table 25):

- Agricultural
- Catering and Accommodation
- Zones of the CDS
- Cultural and Educational
- Construction and Manufacturing
- Developmental Service Delivery
- Health
- Retail Trade
- Small-scale Community Empowerment Projects
- Sport and Recreational
- Tourism
- Transportation

Table 25: Preliminary Development Opportunities for the 18 zones within the City of Tshwane

[illegible]

[illegible]

DEVELOPMENT ZONES																		
	AKASIA	ATTERDIGEVILLE	CENTURION	GA-RANKUWA	HAMMANSKRAAL	KNOPJESLAAGTE	MABOPANE	MAMELODI	NELLMAPIUS	OLIEVENHOUTBOS	PTA (CENTRAL)	PTA (NORTH)	PTA (EAST)	PTA (SOUTH)	PTA (WEST)	SOSHANGUVE	TEMBA	WONDERBOOM (NU)
SMALL-SCALE COMMUNITY EMPOWERMENT PROJECTS																		
Dressmaking																		
Sewing																		
Candle-making																		
Soap-making																		
Carpentry and woodwork																		
Urban greening (tree planting)																		
Bead-making																		
Bread-baking																		
Arts and Crafts																		
SPORT AND RECREATIONAL																		
Multipurpose centre																		
Sport stadium																		
TOURISM																		
Nature reserve and other areas of aesthetic value																		
Eco-tourism																		
Agri-tourism																		
Theme-based tour(s)																		
Entertainment node																		
Refreshment area at tourbus destinations																		
Freedom Park																		
Special and theme-based festivals																		
Tshwane Crossing																		
TRANSPORTATION																		
PWV9 development																		
HMCDC																		
Platinum Highway																		
Airport(s)																		
Gautrain station(s)																		

9.2 FUNCTIONAL DEVELOPMENT OPPORTUNITIES AND CONSTRAINTS

The functional development opportunities and constraints within Tshwane are categorised into 4 main categories, namely: (1) physical; (2) social; (3) economic; and (4) institutional. The constraints and opportunities are provided in Table 26.

Table 26: Functional Development Opportunities and Constraints

	OPPORTUNITIE(S)	CONSTRAINT(S)
PHYSICAL		
LAND-USE	The CTMM has a well-defined urban structure with a multitude of activity nodes distributed throughout the area.	The institutional area of the City of Tshwane does not correspond with its functional area resulting in many cross-border issues, which the CTMM does not have control over.
	The regional open space system is relatively well conserved and is a strong form giving element to the current and future spatial structure of the metropolitan area.	The 'apartheid phenomenon' of historic black towns on the periphery of the metropolitan area.
	All the major activity nodes are highly accessible via public and private transport.	Large distances between places of residence and places of work for a proportion of the population.
	There is a fair amount of vacant land available for development.	Land-uses are generally not structured to optimise the potential of public transport infrastructure in the metropolitan area.
	A Decision Support System has been implemented to assist in the decision-making process of town planners and transportation and civil engineers at CTMM.	Large portions of strategically located vacant land owned by the state or the CTMM but which is poorly utilised.
ENVIRONMENT	Development pressures on an open space tend to decrease and the protection thereof is easier when the following characteristics (opportunities) are present:	General lack of funds to purchase land for future open spaces;
	Funding available for the upgrading, protection, maintenance and policing;	Lack of funds to upgrade, protect and maintain existing open spaces;
	Open spaces consolidated/linked with each other to form an open space system;	Lack of funds for Integrated Environmental Management and Integrated Pollution Control; and
	Large area;	Lack of funds for environmental education, auditing and pilot projects involving the protection of the environment.
	Good accessibility for the community;	
	Ecological diversity and unique or sensitive;	
	Higher aesthetic quality and cultural value;	
	Lower suitability for development, agricultural potential and bio-physical conservation value;	
	No detrimental effects on community health and visual quality of area; and	
	Poor geo-technical and soil conditions as well as flood lines.	
TRANSPORTATION	Coordination and optimisation of transport services.	Urban sprawl and low density land use.
	Densification strategies to support public transport.	Low utilisation of public transport.
	Future road network will stimulate economic development.	Transport subsidy cuts leading to expensive private vehicle usage.
	Identified activity nodes along major road and rail network.	Increasing private vehicle usage due to economic empowerment.
	Large portion of the population currently still dependent on public transport.	Lack of funding for transport.
ENGINEERING SERVICES	Spare capacity in specific areas.	Lack of capacity in low-income areas.
	Sufficient resources to sustain development.	Inequitable allocation of resources for provision and maintenance as well as inefficient use of resources.
	Well-developed infrastructure for provision and maintenance of services in specific areas.	Lack of institutional and technical capacity in specific areas.
	Utilising private sector technical and managerial capacity.	Disparities and varying standards between areas.
	Strengthening institutional capacity through training.	Financial constraints for provision for future needs and for upgrading and maintenance of existing infrastructure.
	Planning for future needs receiving attention.	Cost recovery problems in low-income areas.
	Available technical expertise and support industry.	Environmental impact due to lack of services.
	Willingness of communities to actively participate in planning, provision and maintenance of infrastructure.	Mismatch between costs and affordability.
	The Government's commitment to provision of basic service to all.	Low-income areas in urban periphery causes expensive bulk infrastructure.
	Urban development for more efficient city form.	Lack of planning and implementation systems.
	Implementation for future bulk infrastructure generates employment opportunities.	

	OPPORTUNITIE(S)	CONSTRAINT(S)
PHYSICAL		
SETTLEMENT FRAGMENTATION	None	The area therefore may be characterized as a highly fragmented mix of urbanised, peri-urban and rural areas, each with its own economic base and function. Vast vacant areas separate many settlement areas.
		At the time of demarcation, Tshwane inherited an estimated 72 500 additional households requiring basic municipal services that reflects a municipal service access profile more in common with Polokwane and Mafikeng than the rest of urban Gauteng
		The CTMM is a cross-boundary municipality, incorporating the most densely inhabited parts of the North-West Province with the northern part of Gauteng.
		Metropolitan Pretoria evolved by design into a model Apartheid city – characterised by fragmented and divided urban development, which limited access for the majority of people to urban opportunities.
		Uncontrolled decentralisation of commercial and office activity driven by market forces, mostly to the south and east (Centurion, Hatfield, Brooklyn and Menlyn);
		A shift of trading patterns, a reduction of trade turnover and the loss of more than 50 000 jobs in the CBD caused by the relocation of the provincial administration, commercial decentralisation to the south-east and 'push ' factors in the CBD, namely crime, litter and decay;
		Loss of market share of both buses and trains to the mini-bus taxi, caused by dispersal of economic activity and a progressive decline in the service standards of these modes;
		A growth of street trading and other informal businesses which have, in some cases, "crowded out " formal businesses;
		Invasion of residential areas by traders and home offices; and
		A growing tide of lawlessness manifested through infringements of zoning and building bylaws, traffic and parking violations, with a mountain of unpaid fines and robbery and violent crime.
SOCIAL-ECONOMICAL		
HEALTH SERVICES	The Gauteng Inter-government Forum (GIGF) presents an excellent platform for close co-operation between the CTMM and the provincial health ministry with regard to role division and outstanding institutional matters.	The lack of finality in terms of role division between province and the CTMM hinders comprehensive and focussed health service delivery, creates the danger of overlap, resource wastage and role confusion and prevents the full enforcement of, and compliance with health standards.
	The Gauteng Province District Health Systems Committee (GPDHS), of which the Community Services Directorate of the CTMM is a member, has been created to achieve consensus on the process and time frames for District Health Systems. This committee will present jointly for legislation or approval by the political leadership.	Hospital Services entrusted to CTMM refer to District Hospitals, and not Provincial Hospitals. This presents a constraint in terms of service delivery at the lowest possible level.
	The Primary Health Care (PHC) policy of the Department of Health is expected to pave the way for an equitable health service and notably district health system which is based on sound information, socio-economic factors, inter-sectoral collaboration, community participation, and service delivery at the lowest possible level.	
	Good health is much more than the absence of symptoms. The CTMM, utilising its districts health system and an inter-sectoral approach can make a significant contribution to ensure a shift away from curing of disease toward prevention and the improvement of health.	

	OPPORTUNITIE(S)	CONSTRAINT(S)
SOCIAL-ECONOMICAL		
HIV/AIDS STATUS	None	The city experiences the impact of the HIV/Aids pandemic fully. Large numbers of its residents are already set to die an early death; while more and more people become infected daily.
		The children of the city are threatened in an unprecedented way.
		Many have already been orphaned and large numbers stand to be orphaned in the near future as the death toll rises.
		Many newborn babies and teenagers have already been infected.
		Large numbers of children are suffering from malnutrition and experience the lack of a safe home, parental care and proper education. A new "lost generation" is being created.
		The economy of our city is under siege, with the production potential being reduced due to increased absenteeism, increased staff turnover and reduced productivity, while the buying power of the population is coming under pressure.
		The Municipality's own ability to continue rendering its services will come under pressure.
		The environment within which the Municipality is working, the demographic constitution and the needs profile of the community are changing due to the pandemic, and this will impact on the needs profile of the Municipality's clients.
		A dark shadow of pain, suffering, bereavement and destitution is being drawn over every component of our society.
SOCIAL WELFARE	The 'social development' component of developmental social welfare, once operationalised, can make a significant contribution to sustainable community development at local level.	Lack of clarity is currently diluting welfare service delivery and the financial management thereof. It is also preventing the entrenchment of uniform welfare legislation at all tiers of government and could result in the planning and implementation of welfare programs at provincial level, which are not in keeping with Metropolitan/Local IDP's. Moreover, it is hampering the management of this sector in a manner, which will ensure integration of communities and community facilities into the social fabric. It is also preventing the implementation of short-term programs by the CTMM, which can serve to render immediate support to vulnerable communities, whilst plans are being finalised.
	Developmental social welfare can make a huge contribution to strengthen families as primary building blocks of community and society to guarantee the well-being and of all Tshwane's citizens. Healthy and productive citizen, in turn, will contribute to the economy instead of weakening it.	Illegal immigrants, inter-provincial migration, etc. put an unnecessary additional strain on existing metro-wide social and welfare facilities/services.
	The GIGF presents an excellent opportunity for close co-operation between the CTMM and province regarding developmental social welfare matters and to finalise outstanding institutional matters.	Various outstanding national issues (e.g. lack of national consensus on a welfare policy framework, fragmented and incomplete information, etc.) present constraints for metropolitan welfare services.
EDUCATION & TRAINING	The Skills Development Act integrates the training and development sectors (e.g. education and training, human resource development, manpower, etc.), which presents a significant opportunity to narrow the gap between education/training and the job market.	The reactive stance of the district office of the GDE in terms of determining the need for schools is a particular constraint.
	The GIGF presents an excellent platform to ensure integration of the activities of the Gauteng Department of Education (GDE) district offices and the CTMM and to pursue outstanding institutional matters such as an education portfolio at metropolitan level.	There is a significant division between academic learning and skills training/metropolitan work opportunities.
THE 'BRAIN DRAIN'	To facilitate the development of a skills training process with a dynamic supportive mentoring programme, which is implemented across all sectors of its operation.	One of the problems created by globalisation has been the increased mobility of skills

	OPPORTUNITIE(S)	CONSTRAINT(S)
SOCIAL-ECONOMICAL		
SAFETY & SECURITY	The biggest opportunity in combating crime lies with public-private partnerships, i.e. the business sector, the South African Police Service (SAPS) and various NGO's that are committed to fighting against crime. Much has already been achieved in this regard in the City of Tshwane.	The major constraint facing the community safety directorate is a lack of funds needed to implement the safety and security measures in all communities.
		The SAPS have difficulty in fighting crime because of insufficient manpower, and funding.
CULTURE, SPORT & RECREATION	The GIGF presents an excellent opportunity for close co-operation between the CTMM and province regarding sport, recreation, arts and culture so as to ensure pursuit of common goals and objectives. It also presents an excellent opportunity to finalise outstanding institutional matters such as role division, powers and functions.	There is no clarity on cut-off points and role-divisions in respect of libraries between the CTMM and the provincial government. The Constitution, 1996 (Schedule 5A) provides that the Provincial Government is responsible for libraries other than national libraries, which implies that it could also render metropolitan library services, resulting in overlap.
	The cultural 'industries' such as the performing arts, music, crafts, visual arts, cultural tourism, etc. are huge growth industries with the potential to contribute substantially to income creation, job creation and foreign currency.	The activities of the Directorate: Community Services of the CTMM are relatively constrained and do not embrace the total arts, culture, sport and recreation sphere, which is expected to result in the provision of a relatively narrow range of facilities and programs.
	Culture, sport and recreation necessitate process-contact among people and therefore play a significant role in fostering well-integrated, healthy and united families and communities.	The limited roles and functions of this Directorate could result in planning and capital projects being formulated by the Department of Sport and Recreation and the Department of Arts, Culture, Science and Technology which do not reflect metropolitan needs thereby preventing real community ownership.
HOUSING	Province is moving towards the policy adopted by the National Department of Housing, that the municipal authorities that spends according to programme and delivers, will receive more funds than the municipal authorities that do not deliver.	Development standards had to be workshopped with the communities and accepted by them, which meant considerable time losses.
	Another factor that is currently and will in the future have a positive influence on decisions made by the Province, is that the CTMM is more than willing to make a contribution towards housing in its jurisdiction area.	Stop-start approach, where it was not certain that Province would make funds available for projects.
		The most crucial aspect that contributed to the poor performance is the fact that multi-term strategic planning was not done and is still not in place.
TELECOMMUNICATION	The main opportunity is that Telkom is the sole provider of any telecommunication service, not only in the City of Tshwane but also throughout the country – an opportunity it should make use of its advantage.	Theft of copper cable impacts on telecommunication distribution.
		Vandalism of telecommunication facilities.
		Non-payment of telephone bills by some subscribers.
		Some area do not have the necessary infrastructure like automatic exchange controls, telephone lines, etc.
		Lack of information or maps concerning the layout of engineering infrastructure in especially former Black areas also cause a delay in service provision, as much is lost through speculating on the existing infrastructure.
COMMUNITY DEVELOPMENT CENTRES	The concept of Community Development Centres (CDC's) has been accepted and approved by the CTMM.	Lack of funding.
		Structure and functions of CDC's are still in the process to be finalised.
HUMAN RESOURCE DEVELOPMENT	The Skills Development Act makes provision for the creation of significant opportunities for the funding and implementation of community training, development and job creation programmes.	Notwithstanding its strengths, the Skills Development Act fails to provide a link between national and local government, which further constrains the potential role and function of the CTMM and makes funding allocation problematic.
	The formation of an inter-departmental Human Development Initiative (HDI) by the Economic Department of the CTMM plays a seminal role in taking human resource development to the people.	The accepted principle of utilising scarce resources is not being entrenched in the human resource development, education and training sector, as schools are not being used as Adult Basic Education and Training as well as community development centres.

	OPPORTUNITIE(S)	CONSTRAINT(S)
SOCIAL-ECONOMICAL		
GENERAL DEVELOPMENT	With some exceptions, vacant land is available and seems to be adequate for the foreseeable future.	As a result of a low level of education/skills, there is a mismatch between the supply of and demand for labour. These factors contribute to low productivity and uncompetitiveness of product.
	The area has a well-developed financial services network. Physical infrastructure (road, water, electricity) with some important exceptions is well-developed.	There is also a lack of training facilities as well as a shortage of the required funding.
	Technological innovation forms a corner-stone of economic growth. The knowledge-based capacities of the local universities, technikons, Onderstepoort Veterinary Research Institute, the CSIR, the motor industry and others can and do play a most important role in the area.	There is a crucial lack of reliable, up-to-date economic data on the local economy, inter alia, on market and investment opportunities, manufacturing capacities and capabilities of local industries and their product ranges and input-output statistics, etc.
	Existing industrial clusters hold out potential for further development and diversification.	
SOCIO-ECONOMIC STAGNATION	None	The City needs to acknowledge that there are two economies operating side by side: the modern and the marginalised, and design an economic development strategy which will integrate them both by suitably equipping and energising the latter.
HIGH UNEMPLOYMENT RATE		The general lack of labour opportunities in the previous disadvantaged areas means that workers/potential workers have to travel outside their area of residence in search of job opportunities elsewhere.
		High unemployment especially in areas to the west is Atteridgeville, to the east Mamelodi and to the north Ga-Rankuwa, Mabopane, Soshanguve, Wintervelt and Temba.
INSTITUTIONAL		
LEGISLATION	Implementing mechanisms to speed up the process of proclamation of new townships.	The delay in the proclamation of new townships has a negative impact on service delivery.
	Involving a broad spectrum of civil society in the legislative processes of inter alia the White Paper to ensure community involvement in the White Paper process and the eventual acceptance of the results thereof. This can be done through workshops of the Planning Zone Forums (PZF's).	There is an uncertainty among constituents regarding the White Paper process, specifically the megacity proposals, and other new and proposed legislation.
	Review of all municipal by-laws affecting the CTMM to ensure co-operation as well as the long term applicability and standardisation of such legislation.	Municipal by-laws are outdated or hold a lot of restrictions for potential investors.
	Putting mechanisms in place to identify the really indigent people. If this is done the CTMM can formulate and adopt criteria on how to deal with the poor and, with the support of the provincial authority, make out a case to subsidise them, e.g. as part of a national social welfare programme.	There is no social service policy to enable implementation of the RDP and no assistance from province in this regard.
ORGANISATIONAL STRUCTURE	Formation of inter-organisational and inter-departmental/discipline working groups – involving all relevant stakeholders –within the CTMM to meet on a regular basis to iron out operational problems regarding the finalisation of powers and duties and the implementation of those finalised.	Due to the isolatory approach of some PZF's to development, the PZF's are facing operational constraints affecting its ability to participate in holistic development and in general to the extent envisaged.
	Establishing the PZF's to the extent and nature required by legislation and encouragement of co-operation between PZF's to ensure holistic approach to development within the total area of the CTMM – specifically in terms of overlapping development needs, and to respect and preserve the economic interdependency of adjacent areas.	Local government is not legally empowered, neither does it have the financial capacity to perform the functions and render the services expected of it by the community and as incorporated in the LDO's.
	Rectifying the inconsistencies in legislation regarding the powers between local and provincial government, to clarify and simplify the role of local government, to capacitate local government, specifically in financial terms in order to perform the services expected from it by the community.	The organisational structures of the CTMM and the MLC's may, inter alia due to the restructuring and job evaluation processes not having been finalised, not as yet be properly aligned to give effect to the LDO's. Certain skills and human resources development practices may not be receiving adequate attention.
	Using the organisational restructuring and job evaluation processes to lay down the parameters of a cost effective "rightsized" and dynamic organisation. A focus on human resources development will enable adequate education and training to ensure the cultivation of multi-skilled employees, e.g. in project	

	OPPORTUNITIE(S)	CONSTRAINT(S)
INSTITUTIONAL		
FINANCIAL CAPACITY	Reducing the cost of service rendering by implementing any one or all of the following options: the regionalisation of services where economies of scale could be achieved; abandoning, or alternatively downgrading those services that do not have a high priority and/or the restructuring of services to become more effective. Another option could be the formation of public/private partnerships based on sound business principles and practices to ensure effective service delivery.	Some services run at a loss and as such have a negative impact on rates and services charges, which in turn make the latter progressively unaffordable.
	Practicing the principles of the Masakhane Campaign through the encouragement and implementation of credit control measures, improvement of the billing system where shortcomings still exist and the provision of adequate explanatory information through the PZF's to residents.	The Masakhane Campaign is not as effective as it could be.
	The pursuance of constructive community participation in all financial matters as required through legislation with the aim to establish an informed community and real people driven developments.	Pressure on the budget and a lack of private investment.
	Broadening the economic base of the CTMM through a funding strategy focused on soliciting external funding from the RDP, governmental sources, public/private partnerships and a marketing strategy to improve the image and to build on the strengths of the City of Tshwane.	In general the costing of projects and the cost management of such projects can be regarded as being inadequate. Linked to this is the insufficient pricing of projects to determine proper evaluation criteria for the latter and, as a result, the absence of a firm basis to use in updating such costs.

10 CONCEPTUAL FRAMEWORK OF AN INVESTMENT STRATEGY FOR THE CITY OF TSHWANE

WORK IN PROGRESS

Linked to the Integrated Development Plan, the Tshwane City Development Strategy (CDS) is a bold initiative aimed to influence the development path of the City over the next 20 years. It has the vision of tackling the structural problems of the Apartheid City, not perpetuate it and provides a tangible intervention package.

In moving its CDS to concrete implementation Tshwane has identified a series of 8 lead-in initiatives through participative Rapid Planning Initiatives (RPIs). They include the following:

- Creating an International Logistical Cluster.
- Completing a Metropolitan Mobility Ring.
- Developing the Zone of Choice.
- Connecting Tshwane to the Knowledge Economy.
- Working Infrastructure Programme.
- Moving Tshwane Initiative.
- Vibrant Capital.
- Quality Public Spaces.

The aim of this Chapter is to develop a conceptual framework of an investment strategy for the City of Tshwane. At the core of the conceptual framework lies the 8 lead-in initiatives of the CDS, which are primarily focused on the development of infrastructure within Tshwane. In order to establish a developmentally sound and politically viable approach to compliment the initiatives' developmental effort, it is also necessary to seek interventionist public sector investment towards growing the urban economy. It is thus of critical importance to identify and evaluate potential investment opportunities in relation to the CDS's 8 initiatives.

The City of Tshwane needs to catalyse the development of new business opportunities (i.e. agri-industry) as well as to expand its existing businesses (i.e. automotive manufacturing) and retain the businesses that are considering relocating outside Tshwane in order for the CTMM to realise its vision of: "The City of Tshwane to be the leading international African Capital City of excellence that empowers the community to prosper in a safe and healthy environment, through its world class, sophisticated manufacturing, specialised

The principle mentioned above is also referred to as BDRE (Business Development Retention and Expansion). Experiences around the world specifically point to the critical importance of developing and maintaining the economic infrastructure in anticipation of entrepreneurial/business activity. This would include physical infrastructure, the enhancement of the general business environment and the quality of human capital in support of economic development as disseminated by the CDS. The principle of BDRE is also applied in the identification and evaluation of potential investment opportunities in relation to the CDS's 8 initiatives.

In addition to BDRE, the success of the businesses is also based on three attributes as referred to by Porter in his Cluster Theory. These 3 attributes explain what creates regional and competitive advantage, and it reveals the environment in which industries innovate and upgrade. Subsequently the 8 initiatives of the CDS are discussed in terms of the 3 attributes known as:

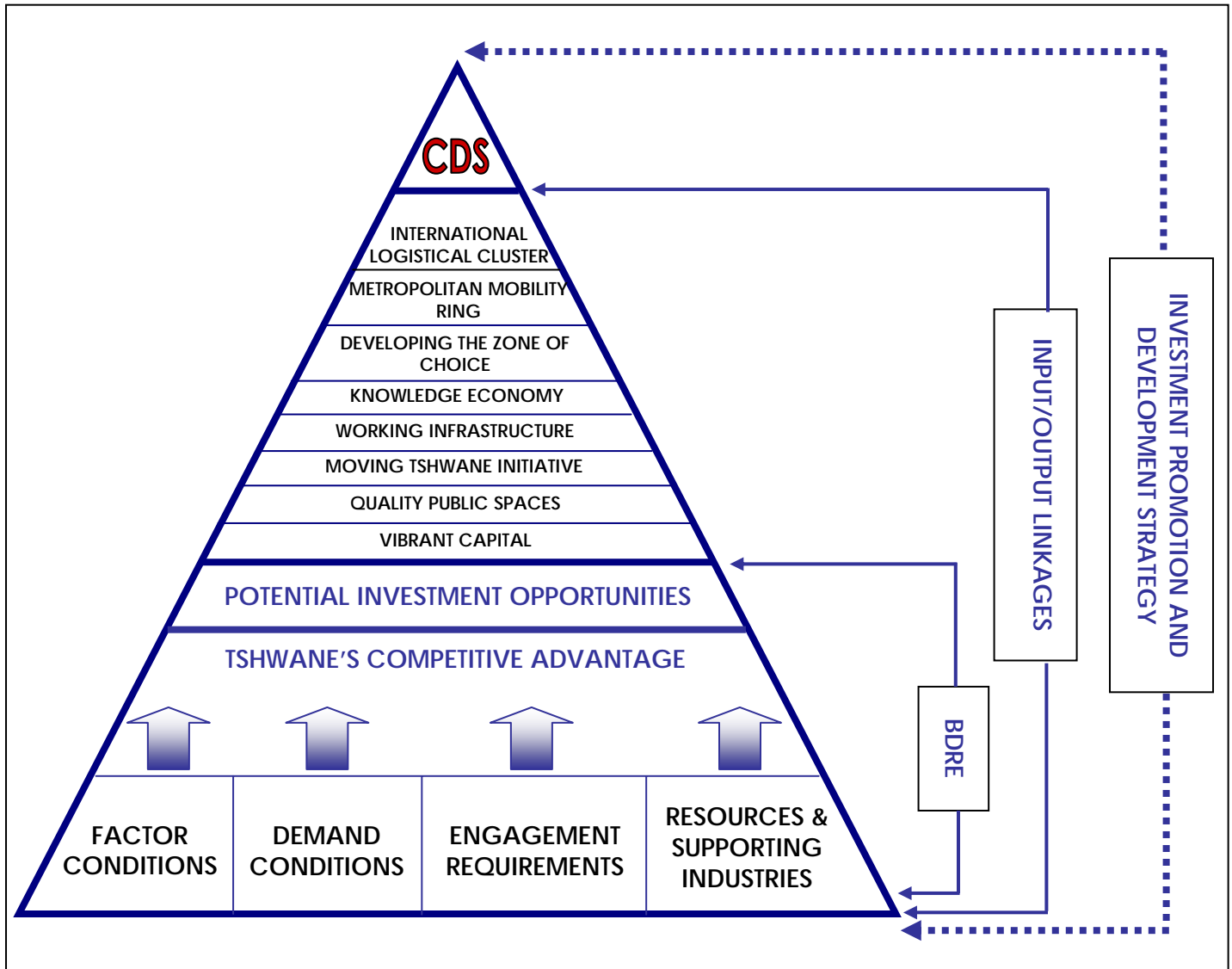
Factor conditions are the basic inputs required to compete in an industry, such as labour, land, natural resources, infrastructure, telecommunications, skills levels and capital. Most of these factors are not inherited but created by a region.

Demand conditions are the presence of demanding local customers who pressure industries to innovate and whose needs foreshadow needs elsewhere. This is based on the theory that differences rather than similarities in customer preferences among regions and nations drive innovation in competitive success.

Resources and supporting industries represent the group whereby competitive advantage is strongly influenced by the presence of home-based suppliers and related industries in those products / components / machines / services as well as vertical connections between industries. The competitive advantage gained through clustering for example is based on the provision of cost-effective inputs in an efficient, early, rapid and preferential way. Another

advantage includes the proximity if fostering close working relationships, exchange of ideas, and mutual pressure to progress. The conceptual framework for an investment strategy is simplified and provided in Figure 65.

Figure 65: Conceptual Framework of an IPDS for the City of Tshwane



In the following Sections, each CDS lead-in initiative will be discussed in terms of: contents of project; factor and demand conditions; resources and supporting industries; and businesses to be developed, retained and expanded.

10.1 CREATING AN INTERNATIONAL LOGISTICAL CLUSTER

10.1.1 DESCRIPTION

10.1.1 ENGAGEMENT REQUIREMENTS FOR INVESTMENT

10.1.2 DEMAND CONDITIONS

10.1.3 RESOURCES AND SUPPORTING INDUSTRIES

10.1.4 DEVELOPMENT STRATEGY

10.2 COMPLETING A METROPOLITAN MOBILITY RING

10.2.1 DESCRIPTION

10.2.2 ENGAGEMENT REQUIREMENTS FOR INVESTMENT

10.2.3 DEMAND CONDITIONS

10.2.4 RESOURCES AND SUPPORTING INDUSTRIES

10.2.5 DEVELOPMENT STRATEGY

10.3 DEVELOPING THE ZONE OF CHOICE

10.3.1 DESCRIPTION

10.3.2 ENGAGEMENT REQUIREMENTS FOR INVESTMENT

10.3.3 DEMAND CONDITIONS

10.3.4 RESOURCES AND SUPPORTING INDUSTRIES

10.3.5 DEVELOPMENT STRATEGY

10.4 CONNECTING TSHWANE INTO THE KNOWLEDGE ECONOMY

10.4.1 DESCRIPTION

10.4.2 ENGAGEMENT REQUIREMENTS FOR INVESTMENT

10.4.3 DEMAND CONDITIONS

10.4.4 RESOURCES AND SUPPORTING INDUSTRIES

10.4.5 DEVELOPMENT STRATEGY

10.5 WORKING INFRASTRUCTURE PROGRAMME

10.5.1 DESCRIPTION

10.5.2 ENGAGEMENT REQUIREMENTS FOR INVESTMENT

10.5.3 DEMAND CONDITIONS

10.5.4 RESOURCES AND SUPPORTING INDUSTRIES

10.5.5 DEVELOPMENT STRATEGY

10.6 MOVING TSHWANE INITIATIVE

10.6.1 DESCRIPTION

10.6.2 ENGAGEMENT REQUIREMENTS FOR INVESTMENT

10.6.3 DEMAND CONDITIONS

10.6.4 RESOURCES AND SUPPORTING INDUSTRIES

10.6.5 DEVELOPMENT STRATEGY

10.7 VIBRANT CAPITAL PROGRAMME

10.7.1 DESCRIPTION

10.7.2 ENGAGEMENT REQUIREMENTS FOR INVESTMENT

10.7.3 DEMAND CONDITIONS

10.7.4 RESOURCES AND SUPPORTING INDUSTRIES

10.7.5 DEVELOPMENT STRATEGY

10.8 QUALITY PUBLIC PLACES PROGRAMME

10.8.1 DESCRIPTION

10.8.2 ENGAGEMENT REQUIREMENTS FOR INVESTMENT

10.8.3 DEMAND CONDITIONS

10.8.4 RESOURCES AND SUPPORTING INDUSTRIES

10.8.5 DEVELOPMENT STRATEGY

11 PRELIMINARY INVESTMENT PROMOTION AND DEVELOPMENT GUIDELINES

WORK IN PROGRESS

11.1 VISION, GOALS AND TARGETS

“The City of Tshwane to be the leading international African Capital City of excellence that empowers the community to prosper in a safe and healthy environment, through its world class, sophisticated manufacturing, specialised research, finance & business and government services.”

- To be ranked by global players as the prime investment location in Africa, and a leading location in the Southern hemisphere.
- To advance black economic empowerment and achieve a more equitable distribution of income and wealth.
- To align, co-ordinate and co-operate more closely TISA' strategy
- To move the region towards a knowledge based economy
- To attain a superior quality of life for all segments of society
- To attract quantifiable investment into key sectors, on a pro-active basis.
- Investments should imply direct jobs per year on a targeted basis.
- To identify at least 25 marketable projects and opportunities per year.

11.2 COMPETITIVE ADVANTAGES

The City of Tshwane's competitive advantages can be summarised as follows:

- Highly competitive factor costs for foreign (First World) investors – labour, land, accommodation, utilities, types of infrastructure, and services;
- A well-developed physical infrastructure and a sophisticated personal, financial, business and government services infrastructure;
- A well educated and easily trainable labour pool, compared to the Gauteng and the rest of South Africa (well-developed and specialised R&D facilities);
- Strategic location at the nexus of north south and west road and rail connections. Main rail linkages between east and west coastal ports and north south movement through the sub-

continent runs through Tshwane (Gateway to Africa);

- Time-zone is compatible with Europe;
- A broad sector base of the local economy, with an wide range of sector-investment opportunities for individual local as well as foreign (SME) investors;
- A unique natural environment – with 17 different conservation areas – with favourable climatic conditions;
- A world class tourism destination – with a multi-cultural life style;
- English as medium; and
- Location of the head offices of most national departments/government bodies/institutions as well as all international embassies.

11.3 TYPE AND PROFILE OF INVESTORS

- Higher end services and goods, focussed on producing products and services for the international African market.
- Investments dependant on the medium and higher skill categories.
- Investors from the industrialised economies, where a first world operating environment is important.
- Incorporating potentially the elements of innovation, quality and design.
- Investments where factor costs are less sensitive and lifestyle/environmental/labour considerations may be more important.

11.4 BRANDING AND POSITIONING

The City of Tshwane's position in the national, provincial and regional economy includes:

- Tshwane's ability to undertake world-class, cost efficient production.
- The City's strong skills base and its strategic focus on the expansion of its knowledge bases.
- The strength of the Manufacturing (e.g. automotive parts, medical equipment) and Wholesale & Retail sectors, the high-value processing of these products and the exploration of new niches in these sectors.
- The large services sector (Finance & Business and Government).

- The increasing significance of the tourism sector, with its strong links to the eco-industry and leisure-related investments.
- The strength of the logistical, digital, agricultural and educational hubs.
- The strength of the potential medical, sports, political and legal clusters.

11.5 CRITICAL REQUIREMENTS OF EACH MARKET SEGMENT

It is clear that the investment strategy should determine the focus of the marketing strategy for the City. Sectors should be analysed in order to ensure that all the tools are employed to identifying the opportunities being for example:

- (i) Supply chain analysis (identifying missing gaps in the analysis)
- (ii) Analysis of the abovementioned clusters
- (iii) Identification and development of ad-hoc opportunities that may arise)

It is also important to be clear on the potential types of investment (joint ventures, partnerships, etc.), as well as the differential sectoral impact by factors such as freight costs, labour legislation, trade agreements, incentives, etc.

11.6 PRODUCTS, DISTRIBUTING CHANNELS AND PROMOTION TECHNIQUES

The following components represent the key areas of operation, and percentages in brackets indicate the broad allocation of operational resources to be applied to each.

11.6.1 RE-ACTIVE MARKETING, INVESTOR AFTERCARE, RE-INVESTMENT, AND RETENTION (20% OF RESOURCES)

- Investment Promotion Agency (IPA)
- Dealing with investor walk-ins
- Foreign delegations
- Foreign office / TISA delegations
- Inward missions
- Enquiries
- Forum to interact with foreign companies located in region

11.6.2 BROAD SECTOR MARKETING APPROACH (50%)

Five broad sectors are put forward as the general marketing message and thrust. These sectors would cover most of the areas that may be of interest to a foreign investor. This is a

general message that will be put out to investors, who can investigate the numerous fact-sheets and intelligence behind these. These are long-term, and should be reviewed and refined on an annual basis.

The following potential sectors have been identified:

- Tourism and leisure infrastructure
- Smart manufacturing (automotive components and precision engineering)
- Research and Development
- Transport and Communication
- Finance and Business Services

In order to determine a degree of emphasis to be placed on the activities it is necessary to give an overview of the City's main economic sectors in accordance of the following:

- Relevant sub-sectors
- Recent sector development trends
- International competitive advantages
- Typical international investor profiles and requirements
- Countries particularly to target
- Proposed promotional tools

Activities will typically include:

- Information (fact sheets, databases)
- Information on general environment
- Production and dissemination of marketing material
- Investor sensitivity through contact with tourists
- Developing package of incentives (using local or provincial government)
- Facilitating investor orientation
- Conferences (e.g. at ICC in Centurion)
- Exhibitions (e.g. exhibition cubicle at JIA)
- Sector focussed outward missions

11.6.3 STRATEGIC PROJECT MARKETING APPROACH (20-30%)

This encompasses a pro-active approach to identify and market projects and opportunities. A more refined project database of some 50-100 opportunities should be developed over the next three years. The list of projects should be reviewed on a regular basis, and a "top ten" approach is advocated, whereby project teams (both IPA of Tshwane and external) are formed to scope key opportunities and to target potential investors.

It is also recommended that an evaluation committee be established comprising local and provincial government, Tshwane's IPA, labour and private sector representatives to evaluate key projects, progress and priorities. It will be desirable for this committee to meet on a quarterly basis.

Activities may typically include:

- Basic project packaging/scoping
- Investment targeting process
- Conferences and trade focus (sector specific)
- Project/focussed sector specific trade missions
- Managing the database of projects

11.6.4 BUILDING REGIONAL CONFIDENCE (5%)

- Functions/events/conferences
- Information provision
- Publications
- Private sector involvement

11.7 THE INVESTMENT PROMOTION AGENCY (IPA)

Centralising many of the functions of government relating to foreign investment promotion and facilitation within a single agency is a popular method of organising and implementing a government's strategic investment promotion policies. The life cycle of an IPA can be summarised as follows: (1) image building; (2) investment generation; and (3) linkage promotion. At the same time, the IPA needs to serve two additional functions at each stage of the life cycle: (a) information dissemination and investment facilitation; and (b) policy advocacy.

11.7.1 CHARACTERISTICS OF A SUCCESSFUL IPA

Has the IPA been given sufficient resources and funding? Does it enjoy adequate political support? Is the structure and role of the IPA regularly reviewed with a view to ensuring its continued relevance in the face of new economic challenges and opportunities?

Tshwane's IPA must have active support at the highest political level if it is to convince investors that it can meet its commitments and if it is to be able to overcome turf wars with various line ministries. The IPA must also be staffed with qualified and motivated employees, ideally with private sector experience.

The size of the IPA will also matter – small agencies are not really effective in attracting FDI. A minimum budget is essential if promotion is to yield results. The OECD (2002) found that IPAs can help countries to attract FDI: every one per cent increase in the IPA budget yields and increase in FDI of 0,25 per cent.

11.7.2 INVESTMENT FACILITATION AND THE ONE-STOP-SHOP

Has the government sought to streamline administrative procedures or considered the one-stop-shop approach? In its capacity as facilitator for investors, does the IPA place sufficient emphasis on the needs of established investors?

A one-stop-shop will deliver substantial savings in time and costs for users by providing seamless, integrated and easily accessible points of contact. The CTMM can thus alleviate the administrative burden on potential investors through a one-stop-shop (whether an office or a website), which provides information on the necessary steps to start a business in the City of Tshwane. – in effect a “tourist office for investors”.

But the one-stop-shop is not all about helping firms navigate administrative barriers. Once Tshwane starts to attract the interest of investors, the process of the following must all be provided in a professional way to the investor:

- Country visits
- Negotiations
- Advice
- Legal and regulatory matters
- Visits with existing investors
- Financing
- Location choice
- Property
- Recruitment
- Training
- Post-investment facilitation

It is important to bear in mind that potential investors often seek out existing foreign investors, particularly from their own country or sector, to ascertain their experience in the host economy. It is thus recommended that Tshwane's IPA should also facilitate ongoing operations and expansion by existing investors. This point is for example proved by the extensive survey of investment promotion in sub-Saharan Africa done by UNIDO in 2003. UNIDO found

that investors indicated that they were far more likely to be attracted to a location based on the recommendation of an existing investor. (UNIDO, 2003:66). For this reason, the CTMM should take the lead in satisfying existing investors and placing them at the “centrepiece of any promotion strategy”.

11.7.3 IMAGE BUILDING

Image building is a foundation block in the process of attracting FDI. Its role is primarily that of focusing investor interest on the location and overcoming negative perceptions. Indeed, it has been argued that “the perceived investment climate is as important as the actual one and so addressing negative perceptions is an important part of encouraging investment”.

Image building does not only involve “grand plans” but can also involve addressing more basic “quality of life” issues, such as the quality of services by immigration authorities and agencies responsible for granting visas – where Tshwane has a comparative advantage in the sense that all international embassies are located within the City.

11.7.4 POLICY ADVOCACY

Does the IPA have a mandate to promote the benefits of investment within government and civil society? To what extent does it maintain effective dialogue mechanisms with investors? Is it consulted by government authorities on regulations having an impact on investment?

An IPA (one-stop-shop) is not a substitute for regulatory reform. It can nevertheless serve as a useful exercise by indicating to the host government the extent to which business licensing requirements are cumbersome or redundant. It can also send valuable signals to foreign and domestic investors that the government is serious about reform and promoting investment. A more direct approach to simplifying procedures would be to improve the efficiency of each individual ministry responsible for particular aspects of investment approval.

Successful investment promotion is an exercise in persuasion: persuading foreign firms to invest and to seek out local partners; local consumers and workers to accept the presence of foreign firms; and convincing all branches of

government of the advantages of less and more efficient regulation to act as the chief advocate for foreign policymakers on the concerns of foreign investors.

11.7.5 INVESTMENT PROMOTION THROUGH SPECIFIC INCENTIVES

What mechanisms have been established for the evaluation of the costs and benefits of investment incentives, their appropriate duration, their transparency, and their extra-jurisdictional consequences?

The usage of financial and other specific incentives directed at attracting foreign investors is no substitute for pursuing the appropriate general policy measures (and focusing on the broader objective of encouraging investment regardless of source). In some circumstances, incentives may serve either as a supplement to an already attractive enabling environment for investment or as a compensation for proven market imperfections that cannot be otherwise addressed. However, when the CTMM engages in incentive-based strategies they will be faced by the important task of assessing these measures’ relevance, appropriateness and economic benefits against their budgetary and other costs, including long-term impacts on local allocative efficiency.

The OECD (Organisation for Economic Co-operation and Development) has developed a checklist, which can for example be utilised by the CTMM to assess the costs and benefits of using incentives to attract FDI; to provide operational criteria for avoiding wasteful effects and to identify the potential pitfalls and risks of excessive reliance on incentive-based strategies. The checklist (see Table 27) and its application to considerations of investment incentives can have a positive effect in minimising potential harmful effects of incentives both for those that employ them and for the CTMM seeking to attract foreign investment.

Table 27: The Checklist for FDI Incentive Policies

<p><i>The desirability and appropriateness of offering FDI incentives</i></p> <ul style="list-style-type: none"> • Are FDI incentives an appropriate tool in the situation of Tshwane under consideration? • Are the linkages between the enabling environment and incentives sufficiently well understood?
<p><i>Frameworks for policy design and implementation</i></p> <ul style="list-style-type: none"> • What are the clear objectives and criteria for offering FDI incentives? • At what level of government are these objectives and criteria established, and who is responsible for their implementation? • In areas with multiple jurisdictions, how does one prevent local incentives from cancelling each other out?
<p><i>The appropriateness of strategies and tools</i></p> <ul style="list-style-type: none"> • Are the linkages between FDI attraction and other policy objectives sufficiently clear? • Are effects on local business of offering preferential treatment to foreign-owned enterprises sufficiently well understood? • Are FDI incentives offered that do not reflect the degree of selectiveness of the policy goals they are intended to support? • Is sufficient attention given to maximising effectiveness and minimising overall long-term costs?
<p><i>The design and implementation of programmes</i></p> <ul style="list-style-type: none"> • Are programmes (i.e. CDS's 8 lead-in initiatives) being put in place in the absence of a realistic assessment of the resources needed to manage and monitor them? • Is the time profile of incentives right? Is it suited to the investment in question, but not open to abuse? • Does the imposition of spending limits on the implementing bodies provide adequate safeguards against wastefulness? • What procedures are in place to deal with large projects that exceed the normal competences of the implementing bodies? • What should be the maximum duration of an incentive programme?
<p><i>Transparency and evaluation</i></p> <ul style="list-style-type: none"> • Have sound and comprehensive principles of cost-benefit analysis been established? • Is cost-benefit analysis performed with sufficient regularity? • Is additional analysis undertaken to demonstrate the non-quantifiable benefits from investment projects? • Is the process of offering FDI incentives open to scrutiny by policymakers, appropriate parliamentary bodies and civil society?
<p><i>Extra-jurisdictional consequences</i></p> <ul style="list-style-type: none"> • Has the CTMM ensured that their incentive measures are consistent with international commitments that their country may have undertaken? • Has the CTMM sufficiently assessed the responses that their incentive policies are likely to trigger in other jurisdictions?

Source: OECD, 2006

11.7.6 FACILITATING LINKAGES

Does the IPA have a mandate to promote the benefits of investment within government and civil society? To what extent does it maintain effective dialogue mechanisms with investors? Is it consulted by government authorities on regulations having an impact on investment?

At the broadest level, the benefits from inward investment depend on the enabling environment. Open trade and investment regimes combined with an active competition policy generally provide a fertile environment for technology transfer. The underlying assumption is that the more a firm is forced to compete, the more technology it will have to transfer to the affiliate in order for it to be competitive in that market. At the same time, CTMM can undertake measures to improve the absorptive capacity of the local economy in order to enhance technology transfers, such as through education and training and investments in human capital. A city that succeed in continuously fulfilling the evolving skills needs of industry will have a very strong competitive advantage in attracting new investment and moving up the skill and value chain in the type of industry attracted.

Policy makers are seeking more and more to promote 'natural' linkages, as for example, through electronic databases aimed at facilitating business partnerships. In the past, linkages were mandated through local content, local equity or joint venture requirements and sometimes even direct technology transfer obligations. This not only led to poor results associated with enforced linkage policies, but also left the firm with little incentive to transfer the latest technology to their affiliates.

For example: when Kodak invested in China, it as allowed only one wholly-owned subsidiary, while the rest of its affiliates had to form joint ventures. The result was that Kodak invested six times more in its wholly-owned affiliate than in the joint ventures, and the former ended up producing its most advanced film and camera technologies (World Bank, 2004).

Recognition should be given the vital role that SMMEs play in Tshwane's economy. These usually account for over 95 per cent of the business population, driving innovation, and underpinning sustainable economic growth and job creation. Conversely, they also tend to suffer most when the policy framework for investment

is weak, they have more difficulties gaining access to credit, and they often lack the capacities required to develop relevant linkages with customers and suppliers. For these reasons, it is critical for the CTMM to increasingly formulate strategies and policies that take into account the needs of SMMEs and that promote SMME development. By doing this, the principle of business development, retention and expansion can be realised.

However, there are key facts which need to be kept in mind by the CTMM. They include the following:

- Linkage programmes are expensive;
- An IPA needs to have strong powers within the government to shape and implement policy in Tshwane;
- Tshwane has to have a large pool of skilled workers and of small firms with the capacity to become suppliers to foreign affiliates;
- Active and willing collaboration of existing investors is needed; and
- Financing and organisational support should be provided to the foreign investor.

11.7.7 IPA CAPACITY BUILDING

Has the CTMM explored and made use of various international and regional initiatives aimed at building capacity with respect to investment promotion, such as those offered by FIAS, MIGA and UNCTAD? Will the IPA join regional and international networks?

Various international organisations participate in capacity building with regional IPAs. In addition, the World Association of Investment Promotion Agencies (WAIPA) provides networking opportunities among IPAs and facilitates the exchange of best practice. WAIPA could therefore also assist the CTMM's IPA in advising their respective governments on the formulation of an appropriate investment promotion strategy.

The Foreign Investment Advisory Service (FIAS) within the World Bank Group can also be to benefit to the CTMM in the sense that it provides investment climate diagnostic studies at request of host governments. These studies look generally at the legal and regulatory environment in the study area, as well as competition policy, market structures and privatisation. They also examine investment promotion policies and institutions and direct and indirect taxation

regimes, including investment incentives. In addition, FIAS investment promotion assistance consists of recommendations for a combination of policy, regulatory and procedural reform; institutional frameworks for investment promotion; and methods for monitoring effectiveness.

Recognising the many challenges faced by IPAs in their outreach efforts to investors, the Multilateral Investment Guarantee Agency (MIGA) developed the 'Investment Promotion Toolkit'. The toolkit is designed to support investment promotion that can for example be used by the CTMM's IPA. More in-depth information on the toolkit can be found at the following web address:

<http://www.fdipromotion.com/toolkit/user/index.cfm>

12 The Way Forward: Remaining Steps of the Project to be completed

Terms of Reference	Proposal	
(Phases)	(Steps)	Comment
5 - implementation strategy/plan as to guide the implementation of IPDSs	9- Investment strategy & marketing plan: the integration of the different components and formulate an investment strategy with an associated investment guide and marketing plan adhering to the nodal development strategy. The purpose of this component of this strategy is to develop guidelines for the successful implementation of the investment strategy.	A preliminary conceptual framework has been compiled and provided in the draft document
	10- Implementation plan: the formulation of an action plan (in an MS Project format) for the implementation of the Investment Strategy and effective facilitation of investment in projects. A Performance Management Framework will also be developed which will guide performance in terms of implementing the strategy.	Still in process.



ANNEXURE A:

**Socio-Economic Profiles of the 18
Zones in the City of Tshwane
(In alphabetical order)**



ANNEXURE B:

Schematic Outlay of the Database Framework

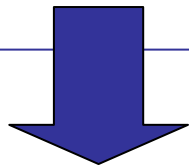
THE BUSINESS ENVIRONMENT	
Investment Incentives	List
Start-up Procedures	Business Laws
	Minimum Foreign Capital Requirement
	Establishment of Enterprise
	Commencement of Business
	Annual Returns
	External Company
Industry Information	Government Policy
	Business and the Law
	Attitude to Private Investment
	Investment Guarantees
	Advantages of locating in Tshwane

ABOUT THE CITY OF TSHWANE		
DEMOGRAPHIC PROFILE		
Year	1996	All
	2001	Total Population
	2004	Population Growth Rate
Sub-place	Akasia	Age and Gender Distribution
	↓	Levels of Education
	Temba	Occupation Levels
ECONOMIC PROFILE		
Year	1996	All
	2001	Total Population
	2004	Population Growth Rate
Sub-place	Akasia	Age and Gender Distribution
	↓	Levels of Education
	Temba	Occupation Levels
INFRASTRUCTURE		
Year	1996	All
	2001	Water
	2004	Sanitation
Sub-place	Akasia	Electricity
	↓	
	Temba	Telephone

BUSINESS DATABASE	
Sub-place	Industrial Sector
-All-	-All- (As per SIC)
Akasia	Agriculture
Atteridgeville	Mining
Centurion	Forestry
Ga-Rankuwa	Fisheries
Hammanskraal	Manufacturing
Knopjeslaagte	Retail and Wholesale
Mabopane	Building, Construction and Estate
Mamelodi	Transport and Telecommunication
Nellmapius	Finance and Business Trade
Olievenhoutbosch	
Pretoria (Central)	
Pretoria (North)	
Pretoria (East)	
Pretoria (East)	
Pretoria (West)	
Saulsville	
Soshanguve	
Temba	

PROJECT LIST

Project Number	Country	Forum	Title	Submission Date

**General Information**

Current Line of Business

Current Markets

Inputs to be provided by Local Partner

Forms of Collaboration

Production Inputs Locally Available

Country:
Investment Forum:
Date:
Economic Sector:
Project Summary:
Location (sub-place):
Address:
Telephone:
E-mail:
Contact Persons:

Products to be Produced

Name	Estimated Quantity	Installed Capacity
Annual Turnover		
Sales (US\$ equivalent)	Export (in % of sales)	

Local Markets

Estimated size of local market for company's products

Estimated market share of the company

Marketing Instruments (Yes/No)

Separate Marketing/Sales Dept (Yes/No)

Trade Marks

Export Markets

Annual Exports

Marketing Instruments

Special Trade Conditions

In-kind inputs (plant, machinery, equipment)

Cash (Loans, direct investment, local budgets)

Land

Other

Machinery and equipment to be purchased locally

Technical Know-how

Labour

Raw Materials

Infrastructure available at proposed site

	Yes	No
Transport Facilities	X	
Electricity	X	
Fuel		X
Water	X	
Waste Disposal		X

Joint Venture

X

Loan

Market Access

X

Sub contracting

X

Buy-back Arrangement

Equipment Purchase

Management Expertise

Technical Expertise

Marketing Expertise

Technology Transfer

Joint R&D

X

Other



ANNEXURE C:

**List of Persons interviewed at
Operational Units of the CTMM and
Representatives Present at SC Meeting**

**PERSONS OF THE CTMM'S OPERATIONAL
UNITS INTERVIEWED:**

PERSON(S):	OPERATIONAL UNIT:
Kestell Serfontein	City Planning
Howard Rakosa	Investment and Tourism Marketing
Riaan Labuschagne	Investment Marketing
Lutz Johannes & Marvin Tlhagale	Roads and Stormwater
Thabo Mokebe	Arts and Culture
Johannes Magoro	Libraries
Zelda Breytenbach	Sport and Recreation
Janet Loubser	Environmental Management
Andile Skosasana	IDP Office
Pierre Mondreaan	HIV/AIDS Projects
Nomgqibelo Mdlalose	Enterprise Development
Kganare Lefoka	Chambers of Commerce and Industry SA
Mike Krynauw	Transport Development
Rick Krogh	Geomatics
Wim du Toit	Tshwane Agricultural Business Chamber
Amanda Jacobs	Special Mayoral Projects
Zondhi Mathe-Chale	Tourism
Bernard Hanekom	Inner City Unit
Alene Birckenstock and JP Smit	Tshwane Metropolitan Police (Strategy Development)
Marius Nadel	Gautrain Development Opportunities
André Gouws	LED: Policy and Information
Eugene van der Berg	Housing Development
Belinda van der Merwe	IDP Office

**REPRESENTATIVES PRESENT AT THE
SC MEETING OF 18 JANUARY 2006:**

PERSON(S):	OPERATIONAL UNIT:
Kestell Serfontein	City Planning
Riaan Labuschagne	Investment Marketing
Mehboob Babamia and Lenitia Findlam	Roads and Stormwater
Andile Skosasana	IDP, CDS & OP
Dennis Baloyi	Transport Development
Rick Krogh	Geomatics
Amanda Jacobs	Special Mayoral Projects
Zondhi Mathe-Chale	Tourism
Bernard Hanekom	Inner City Unit
JP Smit	Tshwane Metropolitan Police (Strategy Development)
André Gouws	LED: Policy and Information
Eugene van der Berg	Housing Development
R Rall	Service Delivery – Water and Sanitation
P van Heerden	Social Development (ICD)
Hein Wiese	Local Economic Development
CJC van der Wath	Local Economic Development
Hendrik Kleynhans	Local Economic Development
Benny Mahlangu	Service Delivery – Electricity
Trevor Netshiombo	Local Economic Development
Russell Aird	Kayamandi Development Services
Ben van der Merwe	Urban-Econ (Development Economists)
Ilse Louw	Urban-Econ (Development Economists)