



GEGDS

GAUTENG EMPLOYMENT GROWTH
AND DEVELOPMENT STRATEGY



Department of
Economic Development

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EXECUTIVE SUMMARY

THE GAUTENG EMPLOYMENT, GROWTH
AND DEVELOPMENT STRATEGY (GEGDS)

Executive Summary

1. The 2009-2014 Gauteng Medium Term Strategic Framework (MTSF) – approved by the Gauteng Executive Council in mid-2009 – outlines the strategic priorities and programmes for the provincial government for the five year term of office ending in 2014. The MTSF states that the Gauteng Provincial Government (GPG), in line with its electoral mandate, will make a “commitment to place the creation of decent work and sustainable livelihoods at the centre of its policies and programmes”. The first strategic priority of the MTSF is therefore to “*create decent work and build a growing, inclusive economy*”.
2. This Gauteng Employment, Growth and Development Strategy for 2009-2014 (GEGDS) focuses on this first strategic priority in the Gauteng MTSF. It outlines a set of strategic choices and programmes that will build towards a strong and sustainable Gauteng economy in which all can access economic opportunities and enjoy decent work. While it focuses on the first priority in the MTSF, this GEGDS does also refers to other strategic priorities to the extent that they also contribute to the overall agenda to build a strong and inclusive economy.
3. Gauteng is a microcosm of South Africa. Like the country as a whole it has seen considerable growth over the last decade, followed by very difficult conditions during the recession that started in late 2008. Unemployment had fallen by 8,1 percent between 2002 and 2007, while economic growth was an average 5,0 percent per annum over the same period. This was better than the national unemployment and Gross Domestic Products (GDP) statistics, and no small feat given the scale of the challenges facing our society. Despite the successes, the unemployment rate has remained stubbornly high, many would-be economic players are still marginalised from the economy, and many with formal wage employment are vulnerable and poorly paid. These are symptoms of deep structural weaknesses in our economy.
4. Gauteng's economy was originally based on the mining sector, due to a wealth of natural resource endowments. Over the last century mining has provided a platform for strongly-growing manufacturing, trade and finance sectors. Today, Gauteng is predominantly a tertiary economy, with some of the strongest and most advanced financial and business institutions globally, and a trade sector that is unparalleled in Africa, serving the needs of both local citizens and international visitors. While tertiary industries predominate, the province also has a large manufacturing base, producing a wide range of goods from basic steel products through to advanced mining machinery, automotive and aerospace outputs.
5. Gauteng is responsible for the bulk of South African trade, with the rest of the world, contributing around 60 percent to the national trade balance.
6. However, export composition is still weighted towards the mining sector, coupled with strong imports of capital machinery. This, combined with other factors, has meant that Gauteng is therefore a fairly open economy, with the recent economic recession impacting the province significantly. Employment has fallen sharply over the downturn, with more than 330,347 jobs lost between the fourth quarter of 2008 and the fourth quarter of 2009. In percentage terms the most seriously affected sectors have been agriculture and mining. Mining alone shed a third of all jobs in the province in a year. In terms of number of jobs lost manufacturing and trade have been the worst affected, losing 97,307 and 101,155 jobs respectively. Only the finance and business services sector continued to grow jobs.
7. Just over 25 percent of the labour force was unemployed at the end of 2009. Despite average economic growth of 5 percent through much of the 2000s, and 6,3 percent between 2005 and 2007 (the highest growth phase for the province in many years), the unemployment rate never fell below 20 percent. Nearly 3 million people in the province have no income. Additionally, more than a third of the population in the province have highest educational attainment levels between grades 0 and 9. Inequality, measured through the Gini co-efficient is 0,65, and the HDI is 0,68. These factors highlight the very uneven distribution of income and opportunities in the province.
8. Low labour absorption rates, low levels of education, high income poverty and persistent inequality all stem from apartheid. But it is fair to say that the nature of economic growth in South Africa over the last decade has not been able to address the legacy. These structural weaknesses have simply been exposed and exacerbated by the recent global economic crisis.
9. An additional challenge is that Gauteng's growth has always depended on wasteful use of resources, 'dirty' energy and insufficient attention to post-extraction and production environmental rehabilitation, especially in the mining industry. The limits of this wasteful approach are becoming clear, raising urgent questions about the long term sustainability of the economy.
10. While there have been great strides forward since the end of apartheid, there remains significant, structural challenges that need to be addressed on the road ahead. A primary imperative is the need to ensure more inclusive and sustainable economic growth going forward. The vision of this Gauteng Employment, Growth and Development Strategy is therefore: “*An inclusive and sustainable Gauteng City-Region that promotes a developmental and equitable society*”.

10. In trying to reach the destination of being an inclusive and sustainable economy, Gauteng will need to tread a particular path. This “growth path” will be one that necessitates profound structural changes in the provincial economy. Gauteng envisages that the economy will need to shift, as rapidly as possible, to an *endogenous* economic growth trajectory that is based primarily on “*innovation*”, “*green growth*” and “*inclusivity*”. To elaborate further, Gauteng will not have an economy that provides decent work and economic opportunities for all, unless it can become:

- an *innovating*¹ economy, which ensures that economic energies are unlocked, that existing resources are used more productively, and that the knowledge-based economy is continually strengthened and intensified. ‘Innovating’ is used in the broad sense of the word.² It is necessary to encourage science and technology innovation, socio-economic innovation, environmental innovation and even the innovating spirit of the everyday entrepreneur in both formal and informal sectors of the economy.
- a *green*, environmentally friendly economy, which capitalises on the enormous economic value to be gained by investing in green processes and products, and which uses existing resources in a more efficient and sustainable manner, thus reducing the carbon footprint of Gauteng. Gauteng needs an economy based on green technologies, green jobs, green energy and green production processes that reduce the ever higher input costs stemming from unsustainable resource use.
- an *inclusive*³ economy, that dramatically expands access to economic opportunities to all historically marginalised and excluded economic actors, either as workers or entrepreneurs. An inclusive economy depends on a number of factors. An example is community-led local economic development that stimulates and affirms the entrepreneurial energy and spirit in communities, thereby enabling the economy to grow ‘from the bottom up’. However, *above all else*

1 Innovation (*innovating*) is used very broadly and not in the narrow economic context of science and technology in high value added economic sectors. Innovating refers to all types of innovation activities including: science and technology innovation; socially-oriented innovations that focus on supporting communities (i.e. through satellite schools or other similar interventions) especially in rural areas, townships and informal settlements; and environmentally oriented innovations; and innovating ideas by entrepreneurs to allow them to engage in the economy.

2 Gauteng has historically relied on science and engineering based growth in the mining and manufacturing sectors. Through the mining clusters, there are opportunities to focus on the skills and knowledge capabilities in these sectors and harness the knowledge and expertise to benefit other sectors of the economy as well as downstream economic activities and therefore jobs.

3 *Inclusive or inclusivity*, in italics means *the people in the province are brought closer together and included in the province, regardless of location*. This is achieved through the strategic, socio-economic and bulk infrastructure investments, that create the network of services in the province that allow people in areas where they have been excluded from accessing services in the province, to now ‘connect’ through the infrastructure network to participate in the economic activities and opportunities with greater ease and at lowered costs. This then allows people to, through the entrepreneurial spirit and energy in the economy, to create sustainable, economically vibrant communities, households and livelihoods (whether formal or informal) and ultimately creates jobs, job opportunities, and eventually decent work.

an inclusive economy depends on the accessibility, connectivity and interaction made possible by *infrastructure investments*⁴ that are: *strategic* (including transport and ICT); *socio-economic* (relating to education and health); and *bulk* (energy, water, waste and sanitation, transport and rail, information and communication technology, and so forth). Infrastructure, understood in this way, will make the largest impact in creating opportunities for work, access to income and economic participation.

Failure to encourage an *innovating, green and inclusive economy* will result in a slow-growing, long-term financially unviable, costly, environmentally degraded and exclusionary Gauteng.

11. This GEGDS explains the strategic interventions by which Gauteng will work to make this innovating, green and inclusive economy a reality. The strategic interventions spelled out in this document are organised into 5 ‘strategic pillars’. The five pillars are:

- Transforming the provincial economy through improved efficiency (economic dimension);
- Sustainable employment creation (economic dimension);
- Increasing economic equity and ownership (equality dimension);
- Investing in people (social dimension); and
- Sustainable communities and social cohesion (social dimension).

These 5 pillars are designed to ensure convergence between the economic and social strategies of government, underpinned by environmental strategies to ensure sustainable resource usage. The pillars assume a strong, developmental state able to intervene to shape the economy that the province needs. Amongst other things a developmental state means strong cooperative governance and coordinated government policies that deal effectively with complex, overlapping mandates that wrap services around the people in the province who need government to work cohesively on their behalf. This GEGDS takes for granted that other policies and strategies being generated in the province address social development, environmental sustainability, and state capacity and co-operation in more detail. This strategy does not displace these other policies and strategies. However, some of the pillars refer to what is expected from other strategies in order for the province to achieve the right kind of economic development.

4 *Infrastructure investments or infrastructure networks* are often used inter-changeably in the document and is one of the core components on an *inclusive economy*. *Infrastructure network* is defined more broadly than just access to the internet and communications or broadband technology. The infrastructure network comprises every type of service that is in the span of control of government that ensures people are connected or linked or brought closer together. Therefore the *infrastructure network* is a strategic, socio-economic and bulk infrastructure investment and includes: transport and logistics (including roads, rail and air), Information and Communication and e Technologies, schools, hospitals, clinics, libraries, universities (if applicable), electricity services (energy), water reticulation services, sewage and sanitation services, waste management services, and so forth.

12. The GEGDS uses the term “drivers” to refer to various dynamic government interventions through which the Gauteng Provincial Government will act on the economy. The drivers are said to be ‘dynamic’ in the sense that they are built to ensure constant feedback into the original strategy, so that a culture of learning is entrenched and any unintended consequences swiftly addressed.
13. Each of the drivers spelt out in this strategy is located as part of one or other of the 5 strategic pillars. Each driver’s placement under a specific pillar speaks to what it is meant to achieve. It is also relevant to how it will be co-ordinated and managed, since different members of the elected leadership of the GPG will take charge of particular pillars.
14. There are 7 drivers that, while they are each located under a particular strategic pillar like the others, are a special case, in that they are likely to be the drivers that will have a very large transversal impact over a range of pillars. These 7 key cross-cutting drivers are: Green Economy and Sustainable Energy Usage; Innovation and the Knowledge Economy; Infrastructure – Strategic, Socio-economic and Bulk; Green Jobs; Community-led Local Economic Development; Skills Development and Capacity Building; and Spatial Planning.
15. The main economic agenda of the GEGDS is to create decent work, through an inclusive, growing economy. It is important to note that the GEGDS tries to strike a balance in its interventions between:
 - the role of the state *and* the role of the market;
 - the formal *and* informal sectors of the economy;
 - the first *and* second economy;
 - mining and manufacturing sector development *and* services sector growth;
 - developing new sectors with high-valued added goods and services, *and* supporting existing sectors that contribute to growth but are dwindling labour-absorbing sectors;
 - supporting highly urbanised areas with a high concentration of people and existing services already present, *and* more peripheral rural areas and informal settlements where there are limited services available; and
 - focusing on both top-down interventions *and* bottom up community-led growth initiatives.
16. The GEGDS also strikes a balance between initiatives that are essential in the *short- and medium-term*; in particular to urgently address the impact of the global economic crisis on both established businesses and communities. Key short- to medium-term interventions include:
 - Increased *public employment programmes* that target people excluded from mainstream economic activity or formal employment, particularly in rural areas, informal settlements and townships, contributing towards an employment safety net and a form of an employment guarantee.
 - *Youth employability programmes*.
 - Active *industrial and sectoral development strategies* to support labour absorbing sectors (upstream and downstream) and sectors in distress, while encouraging exports as well as localisation.
 - Financial and non-financial support to *SMMEs and cooperatives* in the *formal and informal sectors* of the economy.
 - Pilot projects that focus on *green jobs and green technology investment in the areas of* energy efficiency, waste management and rural agricultural development and food security.
17. In the *medium- to long-term* the GEGDS will address the structural challenges of the economy through initiatives that shift it onto the *endogenous growth* path outlined above. Key initiatives include:
 - An *active industrial and sectoral development* strategy that promotes and encourages the development, investment and support of various sectors aimed at promoting:
 - (Decent) employment creation;
 - Export-oriented growth;
 - Localisation;
 - Infrastructure investment;
 - Innovation and the knowledge economy;
 - Energy efficiency (green), renewable energy and sustainable resource utilisation;
 - Support to both large, highly industrialised sectors as well as those that have smaller, less industrialised producers;
 - Enterprise development (including access to Finance through other government agencies) by encouraging both the formal and informal sectors as well as the first and second economy through SMMEs and Cooperatives; and
 - Skills development and training.

This approach will ensure endogenously-driven growth in these sectors through the more efficient and productive use of existing resources, therefore lowering input costs and increasing the competitive advantage of the sector (and provincial) economy. The Transport and ICT sectors are relatively important as they play a crucial role in developing the infrastructure networks which reduce the input and transaction costs, and so in turn barriers to entry, of economic activity or participation. These two sectors, coupled with water (and sanitation) and electricity, need to become progressively more green as they play a pivotal role in the way they are used as inputs in the production of goods and services, having an

impact on the carbon footprint⁵.

- Increased *strategic* (sector specific), *socio-economic* and *bulk infrastructure* investment, encouraging infrastructure-led growth and effective spatial planning that unites the economy. The infrastructure investment needs to focus on developing the necessary networks that bring people in the province closer together. Furthermore, it needs to address the backlogs in service delivery (especially in rural and outlying areas, townships and informal settlements of the province) therefore stimulating the entrepreneurial spirit at community level, from the bottom of the economy, through the ease and reduced cost of economic activity or participation.
- Continued investment in *public employment programmes*, acting as an employment safety-net or and employment guarantee.
- Enterprise development by focusing on *financial and non-financial support to SMMEs* and *Cooperatives* also facilitated through *Community-led local economic development*.
- *Strategic procurement*, especially for government, and a revised Broad Based Black Economic Empowerment approach to encourage ownership, increase equity and support localisation. This also has the benefit of supporting SMMEs and Cooperatives whether formal or informal.
- Continued and increased investment in *quality basic education*, with special emphasis on tertiary education financial support for the short- and medium-terms and Early Childhood Development through to tertiary education for the long-term.
- Continued and increased access to efficient, cost-effective *quality healthcare* to ensure a productive labour force.
- Continued *social protection* (comprising *social assistance and social insurance*) to provide an income safety-net for poor households. The safety net will be linked to public employment programmes that aim to provide stepping stones to decent work for those people excluded from mainstream economic activity.
- Increased *community safety*, which is fostered through adequate infrastructure provision.
- *Rural and agricultural development* with special emphasis being placed on *food security* which through some of the green technologies, can play a vital role in creating employment while building up economic activities in communities.

⁵ The current transport infrastructure contributes to the high carbon footprint for the province and country

18. The drivers are highlighted in the table below.

Executive Summary Table 1: Table of Pillars and Drivers of the 2009-2014 GEGDS

PILLAR	PILLAR 1: Transforming the Provincial Economy through Improved Efficiency	PILLAR 2: Sustainable Employment Creation	PILLAR 3: Increasing Economic Equity and Ownership	PILLAR 4: Investing in People	PILLAR 5: Sustainable Communities and Social Cohesion
Cross-cutting/ Supporting drivers	Innovation and the Knowledge Economy	Green Jobs	Community-led Local Economic Development	Skills Development and Capacity Building	Spatial Planning
	Green Economy and Sustainable Resource Usage (Energy Efficiency, Water and Waste Management)				
	Infrastructure – Strategic, Socio-Economic and Bulk				
Ordinary Drivers	Industrial and Sector Development	Direct Employment Creation – CWP, EPWP II and YEI	Support to SMMEs and Formal Business	Social Assistance and Social Insurance	Sustainable Mobility
	• Transport and Logistics	Labour-absorbing Sectors	Support to Coops and Informal Business	Access to Health- care	Safe Communities
	• ICT	Preventing Job Losses in Distressed Sectors	B-BBEE	Quality Basic Education	Rural and Agricultural Development and Food Security
	Ease and Cost of Doing Business	-	Strategic Procurement	Socio-economic Infrastructure	-

19. The drivers will change over time which is part of the dynamism of the process. Each driver has a lead department that is responsible for ensuring the successful implementation of the strategy. Finally, there are three overarching targeting which aim to achieve:

- An increased economic growth rate;
- A decreased unemployment rate; and
- A decreased poverty rate, especially the percentage of people living below the Minimum Living Level per annum.

20. The target rates are not determined in this document. The achievement of final targets depend on interactions with and support from a range of stakeholders including national government departments, municipalities, parastatals, business, labour and financing institutions. The success of the GEGDS is largely dependent on the development of a social compact or social partnership. This requires the establishment of NEDLAC-type structures where stakeholders engage in social dialogue and develop

partnerships that bring the GEGDS to life, moving the province onto a new growth path. The Growth Path document will follow shortly, which will model the drivers and programmes, and assesses their impact on economic growth, employment and poverty.

21. In summary, the Gauteng Provincial Government, in consultation with stakeholders, has defined a common vision for ***“an inclusive and sustainable Gauteng City-Region that promotes a developmental and equitable society”***. This GEGDS outlines short-, medium- and long-term interventions, in the form of a set of drivers organised by five strategic pillars, to set Gauteng on an endogenous growth path that will ***create decent jobs and enterprise opportunities in an economy that is innovating, green and inclusive.***



SECTION 1

INTRODUCTION

1. INTRODUCTION

The 2009-2014 Gauteng Medium Term Strategic Framework (MTSF) – approved by the Gauteng Executive Council in mid-2009 – is a framework outlining the strategic priorities and programmes for government that give effect to the electoral mandate in Gauteng for the five year period ending in 2014. ‘*Working together to build a better future for all*’ is the overall stated aim of the MTSF. The MTSF states: “The renewal campaign, under the slogan, “*Kuyasheshwa! Get Gauteng Working!*” encompasses a range of initiatives to renew public service delivery and democracy in general. It further highlights the central imperative of increasing the employment levels in Gauteng, as a prerequisite for a better quality of life for all.”⁶

The MTSF builds on the foundations laid by a long-range strategic planning and scenario building exercise called *Gauteng 2055*. According to the long term visions and scenarios set out by *Gauteng 2055*, the MTSF outlines a series of short, medium and long-term priorities.

The 2009-2014 Gauteng MTSF focuses on improving the living conditions of the people in Gauteng and so contributes towards building a better South Africa. The MTSF places the creation of *decent work* and sustainable livelihoods at the centre of Gauteng’s policies and programmes. “Through the 2014 Gauteng MTSF, Gauteng intends to harness its resources to minimize the impact of the global economic recession and stimulate inclusive and equitable economic growth including the identification of new opportunities for growth.”⁷

In order to provide a better life for all, protect the poor and the vulnerable, and increase the number of better quality, sustainable jobs, the MTSF sets out the following strategic priorities for the 2009-2014 term of office:

- Creating decent work and building a growing, inclusive economy;
- Promoting quality education and skills development;
- Better healthcare for all;
- Stimulating rural development and food security;
- Intensifying the fight against crime and corruption;
- Building cohesive and sustainable communities; and
- Strengthening the developmental state and good governance.”⁸

The Gauteng Growth, Employment and Development Strategy 2009-2014 (GEGDS), to be led by the Gauteng Provincial Department of Economic Development (GDED), focuses primarily on the first priority of the MTSF namely,

creating decent work and building a growing, inclusive economy. According to the MTSF the outcome statement for this priority is: *To stimulate redistributive economic development to create decent work, sustainable livelihoods and reduce income inequality*.

It needs to be clarified that the GEGDS is *not* an elaboration of strategies for all aspects of the MTSF. In this sense it is different from the Provincial Growth and Development Strategy (PGDS) of 2005. Certainly this GEGDS addresses the primary focal area of the MTSF, namely decent work and sustainable livelihoods as a means to improving living conditions and contributing towards a better life for all in the province. But other strategies, led by other departments, will address other MTSF priorities listed above. The GEGDS therefore needs to be understood as *one* of the *core* strategies called for in the 2009-2014 MTSF and is *not* the single transversal and overarching strategy addressing all aspects of the MTSF, or the work of all provincial departments.

That said, given the importance of decent work and sustainable livelihoods for Gauteng (identified as Strategic Priority 1), the GEGDS obviously considers *some* of the *other* MTSF priorities to the extent that they contribute to decent work, inclusive economic growth and sustainable livelihoods.

As a result, the GEGDS begins with the seven provincial priorities as a starting point showing that as the various provincial departments focus on their priorities (independently) they will be contributing towards growth and development. Moreover, each provincial priority results in a set of relevant outcomes which in turn lay the foundations and so determine the characteristic and demographic nature of the province at present. The strategic priorities (and their impact on the outcomes) form the *foundation or platform* for creating decent work, inclusive growth and sustainable development.

The GEGDS has 5 strategic pillars which the various government departments, through relevant social compacts with business, labour, community stakeholders and NGOs, will collectively work together through a series of interventions or *drivers* (policies, programmes or strategies). The *drivers* are the tools used to *progressively* create decent work and build a growing, inclusive economy.

Economic growth, development and employment creation have always been key priority areas for government since 1994. Great strides have been made over the last fifteen years to address the underlying poverty, unemployment and inequality, through massive social assistance programmes, skills development and capacity building policies, and public works programmes that focus not only on infrastructure but include economic, social and environmental services. The key driving force influencing policies in the past has always been one of stimulating economic growth, which (it is believed) would significantly crowd-in job creation and in so doing, reduce unemployment, alleviate poverty and inequality and promote sustainable development. However, even at the peak

6 2009-2014 Gauteng Medium Term Strategic Framework as approved by the Gauteng Executive Council in 2009., page 2.

7 2009-2014 Gauteng Medium Term Strategic Framework as approved by the Gauteng Executive Council in 2009., page 5.

8 2009-2014 Gauteng Medium Term Strategic Framework as approved by the Gauteng Executive Council in 2009., page 5.

of Gauteng's average annual growth rate of 6,4 percent between 2005 and 2007, the unemployment rate did not fall below 20,2 percent.

Thus, the 2009 ANC Electoral Manifesto, and the National and Gauteng provincial priorities have emphasised the importance of job creation, especially *decent work*, and inclusive economic growth. Government efforts have not had the desired effect on employment creation and unemployment in the past. Hence, the GEGDS reflects the *renewed* emphasis in overall government policy on the *creation of decent work opportunities through inclusive economic growth*. This in turn, builds on successes of the past 15 years however various government programmes now focus on an era of renewal which "encompasses a range of initiatives to renew public service delivery and democracy ... [and] further highlights the central imperative of increasing the employment levels in Gauteng, as a prerequisite for a *better quality of life for all*."⁹

The sections that follow will try to set out the characteristic nature of the Gauteng economy coupled with its strengths and weaknesses, highlighting what government can leverage or what it needs to bolster and address by 2014, in order to create decent work and build a growing, inclusive economy. This stresses the importance of Gauteng in contributing a third to national GDP, coupled with a high concentration of people or about a fifth of the national population residing in the province. Moreover, as the economic heart beat of the nation Gauteng has historically relied on natural resources and a sophisticated mining sector to develop the manufacturing and tertiary services sectors over a period of time. The declining role of mining and manufacturing as a result of global changes means that the avenues for growth and investment will not come from the traditional areas of the past, but new sectors need to be supported and encouraged to growth, thus creating a competitive and comparative advantage facilitating economic and export growth.

The GEGDS, over time, aims to transform the Gauteng City-Region by moving the provincial economy onto a new growth trajectory, underpinned by *endogenous* growth and moving away from historical exogenous growth driven by the natural mineral and resource endowments of the province. To achieve the ultimate objective of the GEGDS, as stipulated above, there are five key strategic pillars, which address the economic and social aspects necessary to transform the economy, underpinned by environmental factors of sustainable and efficient use of natural resources. It is important to address these three areas if a cooperative, sustainable and developmental state is to be achieved.

The 5 strategic pillars are:

- Transforming the provincial economy through improved efficiency;
- Sustainable employment creation;

- Increasing economic equity and ownership;
- Investing in people; and
- Sustainable communities and social cohesion.

Under each pillar, there are a series of government policies or strategies termed *drivers*. *Drivers* are dynamic by nature and are the tools used by government to create decent work and build a growing, inclusive economy. There are seven *cross-cutting drivers* that have been placed under each of the different pillars for ease of implementation. However, it is important to note that they have cross-cutting qualities and affect each pillar to a greater or lesser degree. The remaining drivers that are not cross-cutting drivers are called *pillar-specific drivers*. Each *pillar-specific driver* needs to incorporate the elements of the *cross-cutting drivers* when designing, developing and implementing each driver (whether it is a policy, programme or project). For example, each of the sector strategies being developed under the industrial strategy for the province needs to take into consideration the following *cross-cutting drivers*:

- The extent to which the green economy and the sustainable utilisation of natural resources can be entrenched by promoting the use of more energy efficient methods, managing the demand for energy and water, reducing waste and reducing the carbon emissions in the provincial economy.
- The use of technical, social or environmental innovations that will allow existing resources to be used more efficiently.
- The nature and type of *strategic infrastructure* required in the sector as well as the *socio-economic and bulk infrastructure* (which talks in part to the *network economy*).
- The number of *green (decent) jobs* that can be created.
- The extent to which *community-led local economic development* can be encouraged and supported.
- The type of *skills* that will be *developed* and *capacity built*.
- The impact on *spatial planning* by integrating communities into the provincial economy.

There is a need to encourage *community-led local economic development*¹⁰ aimed at stimulating the entrepreneurial energy and spirit in communities that allows the economy to grow from the bottom up. The GEGDS does this largely by supporting *inclusiveness* stemming from: socio-economic and bulk *infrastructure investment* including transport and ICT networks; support to informal cooperatives – focusing on retail, marketing and production – and SMMEs; socially-oriented and environmentally-oriented (green) innovations; all of which encourage economic activity and participation that ultimately can

⁹ 2009-2014 Gauteng Medium Term Strategic Framework as approved by the Gauteng Executive Council in 2009., page 2.

¹⁰ This definition is broader than just the type of interventions used by metros and municipalities to support some form of economic activity in the municipality (these will be called Local Economic Development and not community-led local economic development. Community-led Local Economic Development (CLED) is about stimulating economic activity in local communities – either through the provision of some type of *infrastructure investment* (see footnote 3) by government allowing individuals to participate in some form of economic activity by hooking into that infrastructure and opening up the opportunities for economic opportunity (albeit informal).

promote independent, vibrant and cohesive communities. However, it is not possible to achieve this all at once. Therefore, the GEGDS tries to balance the choices by phasing the interventions or drivers in the short-, medium- and long-term, ultimately moving the economy onto a new growth path because of the long-term growth choices of the strategy.

The short-, medium and long-term interventions aim to promote decent work and create a growing, inclusive economy. The short- to medium-term interventions deal with the current *structural* challenges facing the provincial economy which include high levels of unemployment and unequal access to services and opportunities, coupled with the effects of the global economic crisis. The primary short-term interventions or drivers relate to: increased *public employment schemes* (that directly create employment, particularly for people that are excluded from the formal or mainstream economy); a *youth employability initiative*; *labour-absorbing industrial sector development*; preventative initiatives that focus on *sectors in distress*; and *green job programmes* focusing on communities.

The *medium- to long-term growth* path goals of the GEGDS will aim to transform the provincial economy by progressively migrating towards an *endogenous* economic growth trajectory that focuses on creating *decent work through an innovating, green and inclusive economy*. Therefore, the long-term goals of the new endogenous growth path, which progressively foster decent work and sustainable economic growth and development, are:

- an *innovating*¹¹ economy, which ensures that existing resources are used more productively.
- a *green*, environmentally friendly economy, which uses existing resources in a more efficient and sustainable manner.
- an *inclusive*¹² economy that brings people, throughout the province, closer together through *infrastructure investments*¹³ that are strategic, socio-economic and bulk in nature.

The long-term aim of the GEGDS is also to *build partnerships* between Gauteng and the surrounding provinces through the backward and forward supply-chain linkages, which promote growth in those areas, making them economically viable and reducing the degree of migration to Gauteng. Similar partnerships could be developed with the neighbouring countries in the Sub-Saharan region.

The *medium- to long-term* interventions aim to transform the economy and address the structural impediments by focusing on: *an active industrial and sectoral development strategy* that promotes and encourages the development,

investment and support of various sectors; increased *strategic, socio-economic and bulk infrastructure* investment; continued investment in *public employment programmes*, acting as an employment safety-net and employment guarantee; enterprise development by focusing on *financial and non-financial support to SMMEs and Cooperatives* also facilitated through *Community-led Local Economic Development*; *strategic procurement* especially for government and a revised *Broad Based Black Economic Empowerment* approach; increased investment in *quality basic education, quality healthcare and social protection*; and *rural and agricultural development* with special emphasis being placed on *food security*.

It is necessary to encourage a *green, innovating and inclusive economy* in the long-run, as these lead to lower input costs (as dirty resources attract higher taxes and penalties), increased profitability, increased employment and increased competitive and comparative advantages. Hence the shift to a green economy is necessary and presents an *opportunity* right now that will give Gauteng a competitive advantage in the national and global economy. Gauteng can become a leading green manufacturing economy, while utilising resources in a sustainable fashion.

1.1. Aims of the GEGDS and the Structure of the Document

This document highlights the key aims of the GEGDS, which is to:

- Provide a framework within which relevant government departments can develop and/or refine their strategic policy interventions or drivers, while creating decent work and building a growing, inclusive economy. The framework aims to promote a green, networked economy that is underpinned by innovation and the knowledge economy.
- Identify effective interventions for provincial government to mitigate the impact of economic crises while initiating programmes that can maximise (decent) employment creation in the medium term.
- Address inequality through the investment in people and the progressive realisation of decent jobs.
- Support social cohesion through interventions that *directly* contribute towards employment creation and a healthy, well nourished and safe labour force. Government interventions that indirectly affect employment creation have not been addressed in the document.
- Highlight the need for effective monitoring, reviewing and evaluating of the various interventions or drivers.
- The GEGDS is the framework that leads to the Gauteng Growth Path. The Growth Path is the living or real implementation of the GEGDS, which materialises through a social coalition or compact between various stakeholders including: relevant national, provincial and local government departments; organised business; organised labour; academia; non-profit and community-based organisations; to mention a few.

¹¹ See footnote 1 in the executive summary.

¹² See footnote 2 in the executive summary.

¹³ See footnote 3 in the executive summary for the definition of *Infrastructure investments* or *infrastructure*.

In outlining the GEGDS, Section 2 highlights the underlying characteristics of the Gauteng economy that provincial government can leverage, to drive the strategy forward and promote decent work through inclusive economic growth. In addition, the challenges or constraints facing the people in the Gauteng economy that require special interventions or attention in implementing the strategy are also addressed.

Section 3 outlines the framework of the GEGDS and how the entire strategy with its many components converges. As a starting point, the 7 provincial priorities (as stipulated in the 2009-2014 Gauteng MTSF) frame the baseline nature of the economy that needs to be moulded into an economy that reduces unemployment and stimulates redistributive economic development by promoting and creating decent work.

Section 4 addresses each of the drivers in detail and their impact on the creation of decent work and building a growing, inclusive economy. The GEGDS drivers under each of the five pillars have been developed to some extent or even finalised during the past 12 months. Some of the drivers are the result of older strategies or policies that have been re-evaluated and/or refined. With the change in governance and leadership structures in government as a result of the 2009 elections, a whole basket of policies, strategies, programmes and projects needed to be reconfigured so as to align with the electoral manifesto that has filtered through to national and provincial government as priorities. This is particularly the case for GDED and the crafting of the GEGDS. The strategies that inform the GEGDS and that have been approved by the Gauteng Executive Council are attached in the appendices to this document.

Section 5 highlights the lead departments per driver coupled with the identification of supporting stakeholders. This is not a comprehensive exposition of the roles and responsibilities, but merely a guide as to who is responsible for

developing and implementing the relevant driver and contributing towards the achievement of the goals or objectives of the pillar.

Section 6 highlights the need to monitor, review and evaluate the impact of the GEGDS to ensure effective implementation of the strategy.

Section 7 addresses the way forward and the importance of the social compact. Section 8 concludes the GEGDS.

In summary, the GEGDS is an *overarching framework* that aims to *progressively promote* decent work and the development of a growing, innovating, green and inclusive economy. This document sets out the high level pillars of the strategy and the key policy or strategic drivers, and is by *no means comprehensive*. The GEGDS, focuses on developing a strategy that addresses Strategic Priority 1 of the 2009-2014 Gauteng MTSF, with some overlaps with other strategic priorities that have a direct bearing on decent work and inclusive economic growth.



A photograph of a male worker in a blue shirt and safety glasses, focused on operating a large industrial machine. He is wearing white gloves and is using a tool to work on a large, metallic, curved component. In the background, another worker wearing a blue and white hat is visible, also working. The scene is set in a factory or industrial environment with various equipment and structures.

SECTION 2

Economic Overview - Setting the Scene for the Gauteng Employment, Growth and Development Strategy

2. Economic Overview - Setting the Scene for the Gauteng Employment, Growth and Development Strategy (GEGDS)

This section highlights the demographic and characteristic nature of the Gauteng as well as the challenges or constraints faced by the province. This evidence will in turn shed light on the where the strengths and weaknesses exist in the province coupled with the potential interventions that can contribute towards decent work and building a growing inclusive economy.

2.1. The Fifteen Year Review

The elections of 2004 won the ruling party an overwhelming majority with a mandate to create a 'better life for all' and build on the progress of the first decade of freedom. To ensure that progress was systematic and strategic, government created a road map called the Medium Term Strategic Framework (MTSF). The MTSF defined for government at every level, identifies the following objectives:

- To grow the economy; and
- To promote the involvement of the marginalized in the mainstream economy.

Improvement in the performance of the state, the campaign against crime and South Africa's international relations were identified as imperatives.

The 15 Year Review done by The Presidency assessed the objectives, targets and indicators that were set and influenced by both the Millennium Development Goals (MDGs) and the country assessment of South Africa conducted through the African Peer Review Mechanism (APRM). The first key objective of the MTSF was measured through the performance of the state or 'governance', while the second objective was to assess the performance of the economy in terms of sustainable and inclusive growth.

2.1.1. Performance of the State

The 15 Year Review provides evidence of significant progress in crime reduction, improvement of provincial and local level of government efficacy (particularly in terms of financial management), and the start of a huge turn-around in critical departments such as Home Affairs. Significant achievements related to the social assistance programme of government which was the second largest programme in the world targeting approximately 11 million beneficiaries at the time. In addition, the social assistance grants contributed significantly towards poverty alleviation experienced by households. Less than desired achievements were evident in health and education provision and resulted in changes in policy approaches and implementation from the 2008/09 financial year onwards.

The 15 Year Review identified and critiqued cooperative governance and the need for a more participatory political culture between government departments. In addition, capacity at all levels of government (with about a fifth of government posts, particularly at local level, vacant at any given time) were also critiqued, coupled with bureaucratic decision-making processes.

A key priority going forward regarding the performance of the state must be to build a *developmental state* that is able to mobilise society towards a compelling vision and through programmes of ongoing change. Attention must be paid to developing the necessary organisational and technical capacity in government in order to translate key objectives into practical programmes which achieve the desired vision and outcomes.

2.1.2. Performance of the Economy

Significant progress has been achieved in shifting South Africa to a more rapid economic growth path and removing infrastructural constraints relating to economic growth. Macroeconomic stabilization has created the space for enhanced economic growth. The sustained levels of economic growth coupled with education and skills development strategies resulted in many more people having access to jobs and other economic opportunities.

Economic growth remained uneven with sustainable job creation proving to be somewhat more elusive. Income and asset inequality, discounting the impact of the 'social wage' provided by free government services, has not changed materially over the last fifteen years.

More needs to be done to create decent work opportunities and broaden access to the economy and the benefits of economic growth for the entire province. It is clear that during the 2009-2014 period changes are required in: education; health; and in the economy through interventions that promote economic growth, increased employment, and opportunities for the economically marginalised. Government also needs to invest in creating more participatory channels to bring the people closer to the decision-making, promoting social solidarity and collective responsibility for the governance of the country.

The 15 Year Review looks more broadly at national developments. In the

sections that follow, the characteristic nature of Gauteng will be spelt out, highlighting the strengths and weaknesses of the province and where the GEGDS needs to address the bottlenecks that impede the creation of decent work by building a growing, inclusive economy.

2.2. A Demographic Overview of Gauteng

This section addresses the demographic nature of the provincial population in some detail, including migration.

2.2.1. Population in the Province

Currently, South Africa has an estimated population of 49,3¹⁴ million people living in approximately 12 million households¹⁵. Economic production is centred in the six urban centres, namely: Johannesburg as the financial and services hub; Pretoria representing the administrative seat of government;

Ekurhuleni which has historically focused on manufacturing; Cape Town as the heart of tourism and the seat of Parliament; Durban as a trade port and a base for automotive manufacturing; and Port Elizabeth comprising comparatively smaller industrial and services sectors.¹⁶ In Gauteng alone, nearly one-fifth of the population or approximately 10,4¹⁷ million people reside in the province.

Table 1: Population by Race and Gender in Gauteng

Gender	Population group	Gauteng			National
		Population (numbers)	Racial Percentage within the Gender Category (%)	Racial Percentage relative to the Total Population (%)	Racial Percentage relative to the Total Population (%)
Male	Black	3,926,625	75.6%	37.6%	38.0%
	Coloured	186,919	3.6%	1.8%	4.4%
	Indian or Asian	137,987	2.7%	1.3%	1.3%
	White	942,635	18.1%	9.0%	4.7%
	Total	5,194,166	100.0%	49.7%	48.3%
Female	Black	3,929,479	74.7%	37.6%	40.9%
	Coloured	203,269	3.9%	1.9%	4.7%
	Indian or Asian	143,608	2.7%	1.4%	1.3%
	White	981,195	18.7%	9.4%	4.9%
	Total	5,257,552	100.0%	50.3%	51.7%
Total	Black	7,856,104	75.2%	75.2%	78.9%
	Coloured	390,188	3.7%	3.7%	9.0%
	Indian or Asian	281,595	2.7%	2.7%	2.6%
	White	1,923,830	18.4%	18.4%	9.5%
	Total	10,451,717	100.0%	100.0%	100.0%

Source: Statistics South Africa – Community Census, 2007.

¹⁴ Medium variant of population estimates.

¹⁵ Based on Statistics South Africa 2009 mid-year population estimates for the metropolitan areas and district municipalities.

¹⁶ Abrahams L, and T. Pogue (2010). "Innovation System and Inequality: The Experience of South Africa." Article published through the LINK Centre at the University of the Witwatersrand and the Institute for Economic Research and Innovation (IERI) at the Tshwane University of Technology, page 1.

¹⁷ Based on Statistics South Africa 2007 Community Survey on population per province.

Comparing the population statistics for Gauteng with those of national, there is a very high concentration of whites in the province (18,4 percent), which is nearly double the percentage of whites in the national population (9,5 percent). Coloureds are significantly under-represented as a population group in the province, while Blacks are also under-represented, but to a lesser degree. There is a slight over-representation of males relative to females in Gauteng, when compared to national proportions. Much of the explanations for the unusual concentration of males and whites might have to do with the fact that Gauteng's historical development was driven by the mining sector, followed by manufacturing, coupled with high levels of urbanisation and a growing demand for high skills in the science, engineering, tertiary financial services and knowledge sectors. Apartheid's exclusionary policies are directly responsible for the unusual demographic distribution in the province.

The high demand for labour stemming from the then-growing mining and manufacturing sectors has drawn people into the province. As Gauteng became the economic heart-beat of the country, more and more people were lured to the province in search of employment opportunities. Based on the 2007 Community Census, from 2001 to 2007, more than 2,3 million people migrated to, or within various parts of Gauteng. This means the inter- and intra-provincial migration between 2001 and 2007 is 33,9 percent – which affects municipal service delivery. Migration from the rest of the country between 2001 to 2007 represents about a third of the total migration or 8 percent (or 778,680 people) of the total population in Gauteng. These migrants come predominantly from the Limpopo province (165,528 people), Kwa-Zulu Natal (101,242 people) and the North West (100,374 people). These high levels of inter- and intra-provincial migration place additional pressure on the existing infrastructure and public service delivery, resulting in a mismatch between supply and demand. These changes are probably driven by employment opportunities and unemployment or retrenchments that place individuals and households in distress.

The role of government: One-fifth of the national population resides in Gauteng, while it contributes a third to national GDP. The sheer numbers of people, if productively employed can contribute significantly to GDP. The provincial government needs to harness this opportunity and also ensure that this can be sustained in the future. GPG can use the concentration of people in the province to develop an infrastructure network in the province by focusing on the benefits of economies of scale. Furthermore, this supports the argument that the Gauteng City-Region should not just focus inwardly but also at ways in which the surrounding provinces can be supported through various partnerships or cooperative agreements that sustain those provinces and in turn reduce the pressure on Gauteng to provide jobs.

2.2.2. Education Levels in the Province

Based on the 2007 Community Survey, nearly 40 percent (or 4,7 million people) of the Gauteng population have completed primary or secondary schooling levels. However, 3,6 million people in the province have highest educational attainment levels between Grades 0 and 9 (or ABET 4 equivalent). Thus, more than a third of the population have inadequate levels of skills.

Levels of skill differ across different parts of the province. If the percentage of people with “no schooling” and “only primary schooling attainment” are added then the City of Tshwane has the lowest level of ‘little or no skills’ in the province, at 30,8 percent of the city's population¹⁸. By contrast, Metsweding, the West Rand and Sedibeng have “no schooling” and “only primary schooling attainment” levels closer to 40 percent.

When looked at in numerical terms the numbers are daunting. One million people in the City of Johannesburg have no schooling or primary schooling only, followed by Ekurhuleni with 771,709 people, then the City of Tshwane with 630,559 people. Metsweding, the West Rand and Sedibeng, collectively have nearly 500,000 people with no schooling or only primary schooling.

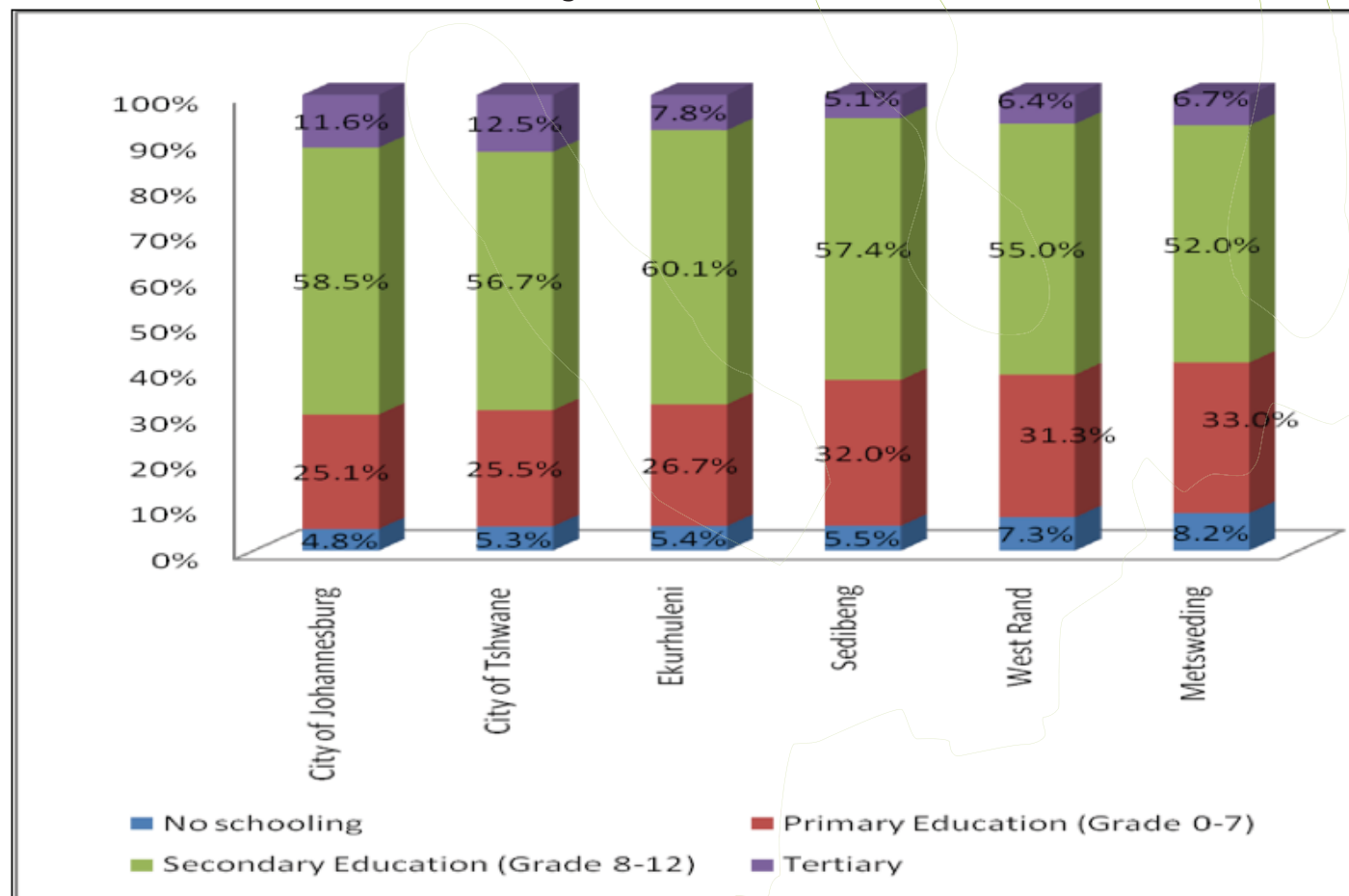
On the other hand, 10 percent of the Gauteng population (or 914,247) have either a: certificate or diploma with Grade 12; a Bachelors or BTech Degree; a postgraduate diploma; an Honours degree; a Masters degree; or a PhD. The Cities of Tshwane and Johannesburg have in excess of 11,5 percent (each) of these highly skilled people, compared with: only 5,1 percent in Sedibeng; 6,4 percent in the West Rand; 6,7 percent in Metsweding; and 7,8 percent in Ekurhuleni.

Furthermore, for Gauteng as a whole, only 5,8 percent have completed undergraduate or postgraduate degrees. The Cities of Tshwane and Johannesburg respectively have 7,4 percent and 7,2 percent of people with degrees, while the remainder of the districts have between 2,4 percent and 4,0 percent of their population groups with degrees. This can possibly be linked to the rural/urban divide between districts. People with degrees are generally drawn to urbanised and formalised sectors where the demand for their skills is driven by the expanding high value-added sectors of the province.

¹⁸ Note that from this population number per district excludes institutions, unspecified amounts and children under the age of 5, who are out of scope.

Figure 1 below illustrates the relative educational composition (and therefore the implicit skills levels) of the Gauteng population in each of the districts¹⁹. The high skills and education attainments are clearly visible in the City of Tshwane, followed closely by the City of Johannesburg.

Figure 1: Educational Levels for the Six Gauteng Districts



Source: Statistics South Africa – Community Survey, 2007.

The role of government: Gauteng benefits from the proportionately high skills levels. Government can harness the available skills in the province by developing a sophisticated *infrastructure network (or inclusive economy)* coupled with sectoral development strategies (through spatial planning initiatives) to ensure that industries are developed in areas where the requisite skills are located. As a result, any strategy aimed at creating

decent work needs to address the current challenges faced by individuals who have low skills levels.

With about 3,6 million people having low skills levels in the province alternative employment creation opportunities are necessary. Therefore, a

series of *short-term, direct employment creation interventions*, followed by a series of *medium to long-term interventions*²⁰ have the potential to develop a high-value economy that increasingly promotes decent work through an inclusive digital, low transaction, low cost economy.

In *summary*: There is a need to leverage the current high skills in the economy, as well as tackle the pressing challenge that a very large

19 Based on Statistics South Africa 2007 Community Survey on population per province.

20 These include some of the following interventions: sectoral development strategies; skills development and capacity building; promoting an *innovating*, environmentally friendly *green* economy that uses natural resources more efficiently and sustainably; and the development of a sophisticated *infrastructure network*.

number of opportunity-seekers have little or no skills to participate in the economy. Short-term interventions need to up-skill the latter group of people while directly creating work opportunities through expansive public works programmes that act as an employment safety-net. With one-fifth of the national population living in Gauteng, this can be turned into an opportunity, by leveraging on the sheer numbers to promote infrastructure development, through economies of scale. More importantly, the Gauteng City-Region needs to develop the surrounding provinces through inter-dependent backward and forward linkages, which creates greater stability in Gauteng, the surrounding provinces and neighbouring countries. There is an important role for Gauteng to play, not just as a gateway economy in the country and continent, and this should not be neglected.

2.3. An Economic and Social Overview of Gauteng

This section addresses the social and economic elements of the province that affect the design of the GEGDS.

The performance of the South African economy has been affected by persistent levels of structural unemployment. This impedes the province's economic performance in terms of employment creation, poverty alleviation and faster economic growth. The high numbers of people with no schooling or primary schooling has already been addressed in the demographic section. Table 2 below highlights the key indicators for both South Africa and the Gauteng province.

Table 2: South African and Gauteng Macroeconomic and Social Development Indicators

South Africa	Indicators					
	2002	2003	2004	2005	2006	2007
Gross Domestic Product (percentage change)	3.7	3.1	4.9	5.0	5.4	5.1
Gross Domestic Expenditure (% change)	4.9	5.2	7.9	5.7	9.2	6.0
Unemployment rate (percentage change)	27.2	27.1	24.7	23.9	22.6	22.3
Employment growth rate (percentage change)	-0.9	-1.3	2.0	4.1	5.2	2.0
Percentage below Minimum Living Level	47.9	47.2	47.5	47.0	46.8	46.5
Gini Coefficient	0.66	0.67	0.67	0.67	0.67	0.67
Human Development Index (HDI)	0.59	0.59	0.60	0.60	0.60	0.59
Gauteng Province	Indicators					
	2002	2003	2004	2005	2006	2007
Gross Geographic Product (percentage change)	2.4	4.9	3.6	6.7	6.0	6.6
Gross Geographic Expenditure (% change)	4.8	7.0	7.2	6.7	11.7	8.8
Unemployment rate (percentage change)	28.3	28.1	25.5	21.5	21.4	20.2
Employment growth rate (percentage change)	-0.8	0.6	4.4	2.5	3.8	7.6
Percentage below MLL	28.1	27.7	27.9	27.6	27.3	27.0
Gini Coefficient	0.64	0.65	0.65	0.65	0.65	0.65
Human Development Index (HDI)	0.69	0.69	0.69	0.69	0.69	0.68

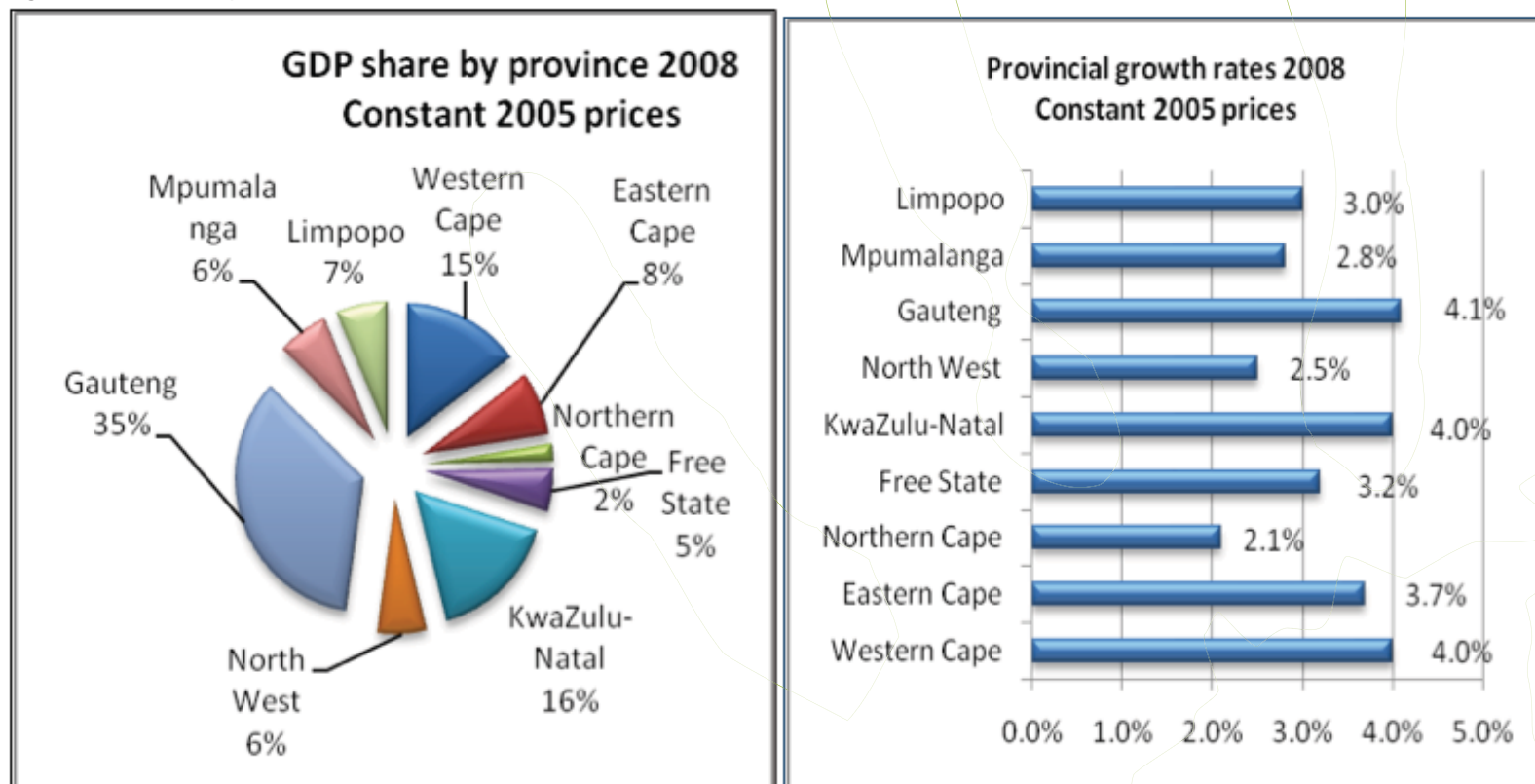
Source: Global Insight, BMR, South African Reserve Bank Quarterly Bulletin, Labour Force Survey, and own calculations performed by University of Pretoria in developing the GEGDS and GASGI for GDED.

2.3.1. Gross Domestic Product and Gross Geographic Product

In Table 2 above, it is clear that growth rates in Gauteng are generally higher than the national economic growth rates. Gauteng also represents about a third of the national GDP as can be seen in Figure 2 below and plays a significant role in the economic profile of the country. Figure 2 highlights the contribution of each province to national GDP for 2008. Gauteng contributes

nearly 35 percent to GDP, which is more than the Kwa-Zulu Natal and the Western Cape provinces combined. In 2008 Gauteng grew by 4,1 percent with the onset of the global economic crisis, while Kwa-Zulu Natal and the Western Cape each grew by 4,0 percent. The Eastern Cape, grew by 3,7 percent. Lower economic growth in Limpopo and the North West provide some insight as to why there is migration into Gauteng from these provinces.

Figure 2: GDP Share per Province and Provincial Growth Rates - 2008



Source: Statistics South Africa – Gross Domestic Product – 2009.

Table 3 below highlights the sectoral composition (from an output perspective) of the Gauteng province, and how this has changed over time. Sectors that have shown significant real growth from 2000 to 2008 include the Construction sector (growing at 123,4 percent – driven by the FIFA World Cup Soccer in 2010, no doubt); Financial and Business Services (75,6 percent); and

Transport, Storage and Communications. The Mining sector has shrunk by 22,5 percent while Agriculture has grown by 10,6 percent, in real terms, over the 8 year period. Clearly, the traditional sectors, including manufacturing, have not grown at the same levels as the tertiary services sectors have.

Table 3: Sectoral Composition of the Gauteng Economy – GDP at constant 2005 Prices (R millions)

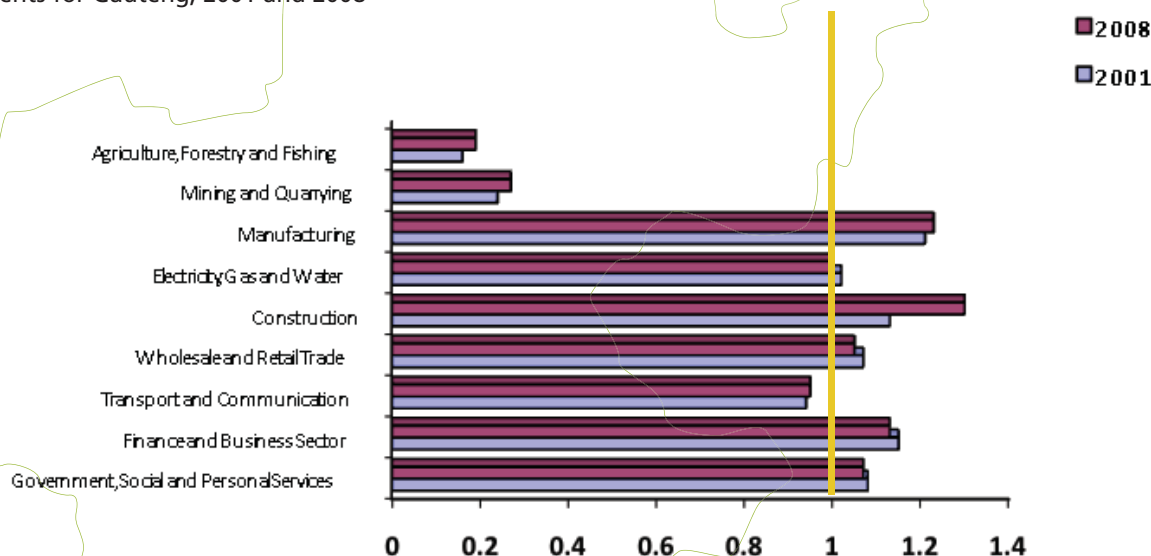
SIC	2000	2001	2002	2003	2004	2005	2006	2007	2008	Real Growth between 2000-2008 (%)
Agriculture, forestry and fishing	2,047	1,913	2,099	2,039	2,035	2,292	1,985	2,048	2,264	10.6%
Mining and quarrying	14,900	13,194	13,436	12,619	12,539	13,683	12,505	12,553	11,548	-22.5%
Manufacturing	89,332	92,056	95,130	93,883	98,485	105,281	112,317	117,835	121,597	36.1%
Electricity, gas and water	9,631	9,145	9,509	9,898	10,603	11,194	11,595	12,010	12,136	26.0%
Construction	9,901	9,875	10,997	12,606	13,985	15,736	17,586	20,241	22,115	123.4%
Wholesale & retail trade; hotels and restaurants	56,394	57,393	58,990	61,209	64,780	69,639	74,046	78,422	79,442	40.9%
Transport, storage and communications	32,323	34,465	37,520	39,912	42,617	44,449	46,881	49,788	51,713	60.0%
Finance, real estate and business services	83,849	90,669	99,676	103,546	110,260	113,556	126,336	136,463	147,243	75.6%
Personal services	17,658	18,079	18,544	19,646	20,029	21,007	22,004	23,268	24,159	36.8%
General Government Services	75,301	74,269	74,806	77,782	79,529	83,093	85,583	89,006	92,745	23.2%

Source: Statistics South Africa – November 2009 - GDP-R for Gauteng.

It is also important to understand the comparative advantages that Gauteng has from a sectoral perspective. This can be described using a Location Quotient, which simply provides a relative indication of whether a sector is competitive in relation to the rest of the South African economy. Location Quotients for Gauteng are provided in Figure 4 below. Figures that lie above the yellow line (indicating the number 1) are relatively more competitive in Gauteng than South Africa. Figures that lie below the line are less competitive. Gauteng

has five strongly competitive sectors – these are Manufacturing, Construction, Wholesale and Retail Trade, the Finance and Business Sector, Government, Social and Personal Services. At the same time, the two obviously weak sectors within the economy are Agriculture, Forestry and Fishing, along with Mining and Quarrying. Other sectors, such as Electricity, Gas and Water, or Transport and Communication, are very close to competitive levels with the rest of the country.

Figure 4: Location Quotients for Gauteng, 2001 and 2008



Source: Socio-Economic Review and Outlook, 2010, Gauteng Treasury

Gauteng is also responsible for more than 50 percent of the country's National Trade account. Most of the import and export items are predominantly related to mineral products and precious and semi-precious stones. This is closely related to Gauteng's history as a mineral rich exporting region. In addition there is an opportunity for the province to focus on the export of base metals, and articles of base metals. The largest single item imported by the province is Machinery and Mechanical Appliances. This is naturally due to the large concentration of manufacturing that takes place within the province, which highlights a natural opportunity to support this industry, through additional capacity within Capital Equipment manufacturing.

The role of government: Gauteng plays a crucial role in the South African economy. The analysis of economic growth has highlighted that the mining and agricultural sectors are declining with competitive advantages being evident in the following sectors: Manufacturing; Construction; Wholesale and Retail Trade; Finance and Business Services; and Government, Social and Personal Services. Furthermore, the Construction sector has growth tremendously as has the Finance and Business Services sector as well as Transport and Communication. Gauteng plays an important role in the export market for mineral products, contributing to the national balance of payments account. However, with mineral resources gradually being depleted, Gauteng needs to find new areas in which to compete globally, gain a competitive advantage and thus continue to contribute to the national trade account. This is a necessary long-term objective and government needs to be bold, with a vision for the future in order to ensure that Gauteng can maintain its contribution to the trade account, albeit through a different set of goods and services.

The long-term goals of creating decent work by promoting an innovating, green and inclusive economy can certainly create opportunities for the development and enhancement of new competitive sectors. From a short-term perspective, it is necessary to look at stimulating labour-absorbing sectors (upstream and downstream) as well as supporting sectors in distress (preventative). There is also a need to foster growth by encouraging localisation in order to export (rather than import semi-processed South African raw materials at a third of the cost compared to semi-processing the same raw material locally). Thus, the active industrial sector development strategies need to take cognisance of the shrinking mining sector and support new sectors and initiatives that have similar if not better economic benefits.

2.3.2. Unemployment and Employment

Gauteng plays a significant role in the national economy. Therefore, during economic upturns, the unemployment rates are lower and the employment rates higher for Gauteng, compared to the national rates. Similarly, in economic downturns, Gauteng is hardest hit and experiences higher unemployment

rates than the rest of the country and lower employment rates. Thus the provincial responses are amplified through the economic business cycles, when compared to the national rates of unemployment and employment. Looking at the impact of the recent global crisis, the Quarterly Labour Force Survey (last quarter of 2009) shows that Gauteng has in fact shed over 330,000 jobs since the second quarter of 2008. The Gauteng unemployment rate in the fourth quarter of 2008 was 20,7 percent (compared to 21,9 percent for the country) and increased by five percent to 25,7 in the fourth quarter of 2009 (compared to an increase of 2,4 percent to a 24,3 percent unemployment rate nationally).

The average annual unemployment rate from 2001 to 2009 has decreased by 1,5 percent for Gauteng and only 0,6 percent nationally. Only Limpopo has an average annual decrease in the unemployment of 1,8 percent, which is higher than Gauteng's for the period 2001 to 2009. It is important to note that the development of and support to the automotive sector in Gauteng has also benefited automotive manufacturing, components and related goods in both Kwa-Zulu Natal and in the Eastern Cape. This is an excellent example of partnerships linked to backward and forward value chains that have benefited the Gauteng City-region and resulted in the economic development and sustainability of other provinces in the rest of the country.

The role of government: Government needs to find ways in which to address the impact economic downturns have on the provincial economy. This can be addressed by short-term interventions aimed at providing support to distressed sectors and becoming pro-active by preventing retrenchments in sectors or by promoting re-skilling to assist workers in the transition away from dwindling sectors into new or more viable sectors. A sophisticated *infrastructure network*, through an *inclusive economy* also ensures that the correct market signals are sent to the suppliers and demanders of labour thus ensuring a more appropriate match between these. Furthermore, partnerships with other provinces to develop the forward and backward supply chains, will ensure that Gauteng can take the semi-processed good from neighbouring provinces with the high-value being added in Gauteng (due to high skills levels) and therefore reduce the extent of migration into Gauteng from neighbouring provinces (and countries).

2.3.3. Income, Poverty and Inequality

According to the 2007 Community Survey, 2,9 million people in Gauteng have *no income*. Of these just over 1 million reside in the City of Johannesburg, followed by Ekurhuleni with nearly 600,000 people. Nearly 85 percent of the total people earning no income are Africans. The Survey shows that 47 percent of households in Gauteng lived on less than the international poverty line of USD2 per person per day, or around R1,600 a month in 2007, compared to 66 percent in the country as a whole. Furthermore, 27 percent of the people in Gauteng live below the Minimum Living Level (a dollar a day) which is indicative

of extreme poverty compared to nearly 47 percent in the country. Moreover, only 2,1 percent of the population earn more than R25,601 per month.

These figures are not surprising given the high numbers of people that have low levels of educational attainment. As a result, employment remains unusually low by international standards, resulting in poverty and inequality. The share of the working population with jobs in Gauteng was 52 percent in the third quarter of 2009. This is significantly higher than the national average of 41 percent, and only marginally lower than the Western Cape at 53 percent. This is much lower than the international level, according to the ILO, which is 64 percent. The ILO places South Africa as a whole amongst the ten countries with the lowest share of adults employed in the world.

Unemployment disproportionately affects Africans, young people and women, with similar trends for those earning no income. In spatial terms, joblessness is highest in the informal settlements and townships. High unemployment rates go hand in hand with poverty, although this is less severe than in the former Bantustan regions. However, Gauteng is affected by inequalities in income and wealth.

Looking at inequality, Table 2 above, depicts the Gini coefficient for South Africa as 0,67 and 0,65 for Gauteng. The Gauteng Gini is only marginally better than the national Gini. Regardless of racial group, the Gini coefficient (a measure of inequality) has worsened in South Africa over the last fifteen years. Leibbrandt, Woolard, Finn, and Argent in the 2010 OECD paper argue that this is due to the rising levels of intra-racial inequality. The Gini coefficient for Asians, Africans and Coloureds is worse than Gini coefficient for whites, indicating gross racial inequalities as a result of the apartheid legacies. Table 4 highlights the national per capita income rates as well as the per capita income rates for various racial groups relative to the white per capita personal income. Of all the racial groups, Africans are worst off, followed by Coloureds and lastly Asians. White per capita income is nearly eight times that of African incomes. Alternatively, African per capita personal income represents 13 percent of white per capita personal income. Asian per capita personal income is 60 percent of white per capita personal income, while Coloureds have a relative per capita personal income of 22 percent when compared to white income levels.

Table 4: Per Capita Income in constant 2000 rands and relative per capita personal income

Year	Whites	Coloured	Asian	African	Total
Per capita income in constant 2000 rands					
1995	48,387	9,688	23,424	6,525	12,572
2000	56,179	12,911	23,025	8,926	16,220
2005	-	-	-	-	-
2008	75,297	16,567	51,457	9,790	17,475
Relative per capita personal incomes (% of White level)					
1995	100	20	48.4	13.5	26

2000	100	23	41	15.9	28.9
2005	-	-	-	-	-
2008	100	22	60	13	23.2

Source: OECD 2010, Leibbrandt, M., Woolard I., Finn A., and J. Argent.

The economic downturn has probably increased inequalities, since the worst affected are those who are already poor, namely those in the informal, domestic and agricultural sectors.

2.3.4. Informal and formal economies

The international economic crisis that started in late 2008 has had a significant impact on Gauteng, resulting in a slowdown in economic growth coupled with considerable numbers of job losses (as has already been discussed). The crisis has proven particularly severe for the mining value chain and the auto industry, both of which are centred largely in Gauteng. Employment shrank most in proportional terms for young people, the informal sector and domestic workers. The third quarter of 2009 exhibited very high job losses in the formal sector, particularly manufacturing.

South Africa's output from the informal sector, excluding agriculture, was estimated in 1995 as representing only 5,4 percent of total GDP²¹. A comparison of informal and formal sector employment trends for the period 1995 to 2009 shows that income is earned largely in the formal sector of the economy, with around 2 million 'jobs' in the informal sector²². "The composition of informal sector employment for the same period is dominated by trade, followed by community services, construction and manufacturing, and limited work in the finance and transport sectors.²³ Informal sector employment as a percentage of total employment is currently at 15,7 percent. This is low even by comparison with a number of other African countries such as Egypt, Uganda or Tanzania (Figure 5). In Egypt and the southern African countries of Uganda and Tanzania, informal sector activity developed alongside the formal economy, taking up the gaps that arose in the formal and public sector supply side. In South Africa, the restrictive economic practices pursued by the apartheid government from 1948 through 1994 closed off many opportunities for informal sector trading and services by preventing activities such as street trading and informal trading in city centres or along national and arterial roads."²⁴

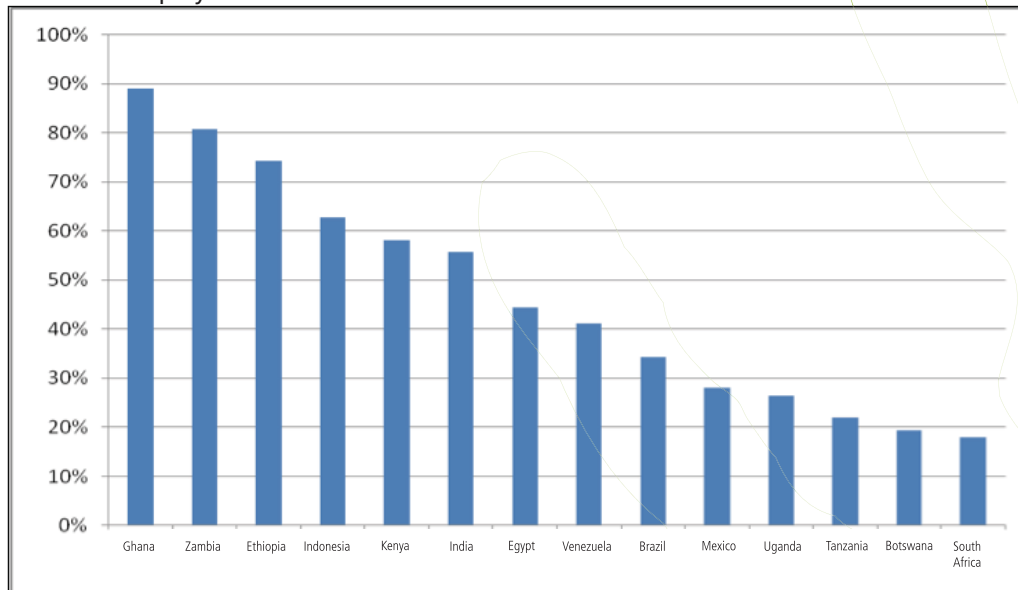
21 Jütting and de Laiglesia, 2009, taken from the Abrahams L., and T. Pogue 2010, page 26.

22 Kingdon & Knight, 2005, p.8 and the Labour Force Surveys, taken from the Abrahams L., and T. Pogue 2010, page 26.

23 Trends in informal sector employment are based on an analysis of Statistics SA's Labour Force Surveys.

24 Abrahams L., et. al., 2010, page 26-27.

Figure 5 - Informal Sector Employment as a Percentage of Total Employment



Source: Charmes (2004) and calculations based on StatsSA's Labour Force Survey estimates – from Abrahams L., et al., 2010.

Thus, the GPG should encourage the informal sector as a means of contributing towards income generation for people who have access to no income.

However, it is equally important to focus on the formal sector, by supporting enterprise development and SMMEs and even formal cooperatives. Access to financial services and non-financial support is necessary to ensure that new businesses remain viable in the medium to long-run. The success rates of start-up businesses are very low for the first year, with a large majority not making it past three years. There are also constraints affecting financial investment in research and innovation. Data on investment provided by the annual KPMG and SAVCA *Venture Capital and Private Equity Industry Performance Survey of South Africa* shows low levels of private equity investment (approximately one to two billion USD per annum) between 2000 and 2006. The composition of private equity investments is highly variable, with retail, manufacturing and mining leading investment and infrastructure taking a more prominent role in 2008. There is a need to support innovation through venture capital investment funds. Developing countries may exhibit a greater need for venture capital to finance their emerging innovation systems. As regards the composition of venture creation investments, it is predominantly for the start-up and early-stage commercialisation phases, with extremely limited seed capital funds.²⁵ From a business perspective, it is apparent that large businesses dominate access to financial capital, where the SMME sector with enterprises of between

5 and 100 employees is vibrant in terms of innovative activity, with about 52 percent of the innovation being conducted in-house. Support to SMMEs will also increase ownership and equity.

Thus, poverty and inequality plague the South African economy and Gauteng hence the strategic priority to provide decent work and build an inclusive economy, which achieves the stated outcome in the MTSF.

The role of government: High unemployment, poverty and inequality in the midst of a relatively dynamic, middle-income economy are the result of the deep-seated apartheid strategies intertwined with the growth in mining, particularly in Gauteng, which have scarred the national and provincial economy and its people for decades. Since the transition to democracy, government programmes have done much, but not enough, to redress this legacy. At the same time, the need to address the deprivation left by apartheid imposes hard choices around the provision of infrastructure and other government services required to enhance overall economic productivity. Apartheid saw the systematic dispossession and deprivation of the majority of South Africans. African people were pushed into townships that were relatively far away from the main areas of employment and economic activity. They were systematically denied adequate education and healthcare and were prevented from accessing core economic systems, in particular the financial sector, training and marketing institutions.

25 Abrahams L., et al., 2010, page 24-25.

Thus, the impact of apartheid is indicated by the differences in access to basic municipal services and educational levels (and their resultant income and wealth levels) by different racial groups. Therefore, the GEGDS needs to address these through a series of immediate employment creation interventions including support to the informal sector while longer term strategies address education, skills, infrastructure and access to government services. Support to the formal sector is equally important especially regarding financial and non-financial support to SMMEs and Cooperatives, which increases ownership, reduces inequality and promotes redistribution. However, if an innovation driven society is to be developed, promoting endogenous growth, then it is necessary to support innovation through Venture Capital Funding. These all contribute towards creating decent work and building an inclusive economy.

2.3.5. The Human Development Index and Access to Services

South Africa was ranked 129 out of 182 countries with a Human Development Index (HDI) of 0.683 in 2007, occupying a lower country position for life expectancy at birth and stronger positioning on adult literacy rate, combined gross enrolment ratio and GDP per capita (UNDP, 2009).

HIV/AIDS is a significant factor influencing population trends and it is estimated that 5,2 million people are currently living with the virus. In addition, the skills base is unfortunately being eroded firstly by the emigration of skills but also by the HIV and AIDs pandemic, with approximately 20 percent of the population being HIV positive. The absolute number of AIDs-related deaths is increasing. This has a negative impact on productivity in terms of skills retention. Enterprises continually have to invest in training new staff.

Furthermore, medical aid coverage varies considerably across racial groups, with an average of 66 percent of white households having medical aid coverage between 2002 and 2006, compared to only 8 percent of Africans with coverage. This disproportionate participation in medical aid cover is due to Africans participating in lower income sectors such as agriculture, certain services sectors, SMMEs and in the informal sector.

The quality of health and wellbeing promotes a productive labour force allowing people to participate actively in the labour market. In South Africa, inequalities regarding access to primary and tertiary healthcare and to education diminish the capacity of the country to build a robust services sector, grow the knowledge economy, enhance skills and expertise and contribute consistently to GDP. "These inequalities, particularly the low participation rate in higher education (15 percent) (NACI, 2008, p.6) and post-graduate studies, creates a major barrier to the ability of the current and future generations to participate in the evolution of an innovative productive system with the potential to increase household income and per capita GDP."²⁶

26 Abrahams L., et. al., 2010, page 26-27.

The role of government: Clearly, there is a need to continue investing in people and ensure that people in Gauteng have access to education, skills development and capacity building programmes, early childhood development and school nutrition programmes, adequate health care, and so forth. These services bolster the social wage and decrease the burden placed on households to provide for these privately. More importantly, this contributes towards the need for continuous investment in socio-economic and bulk infrastructure as a means of building up the *infrastructure network*²⁷ and so develop an *inclusive*²⁸ economy and thus reduce the direct and indirect costs to transact and participate in the economy (either formally or informally).

2.3.6. The Carbon Footprint

Finally, economic growth of the Gauteng economy can largely be attributed to high polluting industries. This is because many of the historical sectors that resulted in a very affluent Gauteng are traditional carbon-emitting sectors, relying on dirty energy sources contributing towards carbon emissions. South Africa as a whole, based on the 2006 annual carbon emissions released by the International Energy Agency in 2009, ranked 13th in the world with 414,6 million metric tons of carbon emission per annum, representing 1,5 percent of the world's total carbon emission but competing with countries like China (ranked first), the United States (ranked 2), Russia (ranked 3rd) and India (ranked 4th). The per capita carbon emission is 8,59, which would require nearly a 50 percent decline in carbon emissions by 2025 to meet the targeted per capita carbon emission requirements.

The Gauteng economy was shaped by mining, which in turn formed a central consumer for South Africa's coal-based electricity industry. In 2008, Gauteng accounted for around 28 percent of electricity distributed by Eskom²⁹. Paradoxically, between 28 and 33 percent of the households in Westonaria, Kungwini and Nokeng tsa Taemane use wood, coal or paraffin for cooking³⁰, which are even worse for the environment. In addition, the province is heavily dependent on road transport for commuters and freight, which exacerbates the carbon emission problem. It is important to note that much of the resulted carbon emissions are partly to support industry but also to support one-fifth of the population that resides in the province. Hence the current energy sources for lighting and heating are derived from dirty energy sources, which have become increasingly more costly as there is pressure on the existing resources. Thus, there is a need to focus on renewable energy and focus on energy efficiency.

Looking at water resources, Gauteng generates a small proportion of the country's water resources. There is insufficient water sources projected for the

27 See footnote 3 in executive summary.

28 See footnote 2 in executive summary.

29 Sourced from StatsSA's interactive database on economic and social series (section on electricity).

30 Based on the CPS 2007 also downloaded from the interactive database on the Statistics SA website.

province by 2025/2030. Thus, there is a need to look at better management of water sources and the minimisation of biological and chemical pollution of water sources. Failure to address the water suppliers and the management and treatment of waste, will affect the cost of living in the province by 2025 as well as the health and well-being of the people in the province.

The role of government: Government needs to ensure that natural resources are used more effectively and to focus on more sustainable ways to use these natural resources. The GPG needs to start addressing energy efficiencies and the sustainable use of energy and water, while preventing air and water pollution. Thus, at this stage, given that South Africa has committed to reducing the carbon footprint at Copenhagen, Gauteng can leverage on this and use this opportunity to progressively reduce the cost of inputs through efficient and sustainable renewable energy sources, thus increasing the longer-term competitive advantage of the Province. Failure to do so will hamstring businesses through exorbitant input costs and carbon emission taxes. The effects of these can already be seen with the excessively large successive increases in energy prices per unit by Eskom in 2009 and 2010. Moreover, the lack of consistent and regular energy supply has adversely affected production and output in the economy. This presents an opportunity for the GPG, through the GEGDS, to innovate around green technologies, stimulate the development of new sectors, create employment and also support sectors that will be adversely affected by affording people in the displaced sectors opportunities to re-skill and move into these new, green sectors.

Thus, to summarise, the Gauteng province plays a significant role in the South African economy, by contributing significantly to national GDP, national trade and sectoral development. Thus, the province leads growth and employment during economic upswings and is hardest hit during recession times. Despite contributing significantly to national GDP, there are still inequalities and high poverty levels that affect mostly Africans, the youth and women. Although much has been done in the past, this has not been enough, and there is a need to ensure that there is greater investment in socio-economic infrastructure, direct and indirect support for enterprise development in the formal and informal sectors, and *community-led local economic development*. To get Gauteng to grow however, there is a need to harness endogenous growth through an *innovating, green and inclusive* economy. This should result in the more productive use of existing resources, the efficient and sustainable use of natural and other resources and an economy that is closely integrated through infrastructure investment. Although these are achievable in the medium to long-run, the short-term interventions need to focus on active industrial and sectoral policies that target labour-absorbing sectors and sectors in distress, as well as direct employment creation initiatives through public works programmes. Collectively, these interventions should increase the number of employment opportunities and through time progressively realise the decent work outcome.



An aerial photograph of a city skyline at dusk. The sky is a deep blue with some light clouds. The city is filled with numerous high-rise buildings, many of which have their windows lit up, creating a warm glow. A semi-transparent map of the Gauteng region is overlaid on the image, with a yellow line indicating a specific area of interest. The map is positioned in the upper right quadrant of the image.

SECTION 3

Vision, Targets and Overview of the Gauteng
Employment, Growth and Development Strategy

3. Vision, Targets and Overview of the Gauteng Employment, Growth and Development Strategy

This section highlights the vision of the strategy, the core provincial priorities, the pillars of the strategy as well as the drivers or interventions aimed at achieving the first strategic priority as defined in the 2009-2014 MTSF, which is *creating decent work and building a growing, inclusive economy* through the short-, medium- and long-term. The MTSF statement outcome is to *stimulate redistributive economic development to create decent work, sustainable livelihoods and reduce income inequality*. Moreover, the levers, challenges and risks will also be addressed.

3.1. The Vision and Objective of the GEGDS

The **vision** of the Gauteng Employment, Growth and Development Strategy is:

An inclusive and sustainable Gauteng City-Region that promotes a developmental and equitable society.

The 2008 ANC Manifesto, and the national and provincial priorities, all raise the importance of decent work and inclusive economic growth. This is due to the relatively high poverty and inequality levels when compared to international standards, despite pro-poor policy shifts since 1994. Even though economic theory points to positive correlations between economic growth and employment, where it is argued that small increases in growth lead to more than proportional increases in employment, this has not been realised in South Africa, largely due to the inherent structural anomalies that characterise the labour market as a result of apartheid. Thus, there are strong pointers to unemployment being structural, with most of the labour-force being unskilled and often operating in the survivalist and informal economies. It is for this reason that special emphasis has been placed on decent work and inclusive economic growth.

Decent work is defined by the 2009 ILO Convention as follows:

- Fundamental principles and rights at work and international labour standards which centre on promoting the organisation of workers, ending discrimination and forced labour and ensuring health and safety at work.
- Making employment and income opportunities available for all.
- Providing social protection and social security outside the workplace.
- Supporting and protecting social dialogue and tripartism.

This definition, as a compendium of workers' rights, extending beyond the workplace by providing social protection and social security and protecting social dialogue, has been adopted by GPG.

The role of the provincial government is to build an economy which combines

employment with social justice. The "formal economy" does not create the number and kind of jobs required by the Gauteng province, partly because the provincial economy is capital and skill intensive. *Decent work can only be created through the gradual transformation of the provincial economy.*

It is important to note that this is the strategic objective of the GEGDS, and can only be achieved by bold changes in the policy arena and the way that government has tried to promote an enabling environment for business and labour. Government needs to focus on a series of direct interventions that transform the Gauteng economy into a *green, networked and innovating* economy over time. In addition, it is necessary for government to also focus on the more formalised sectors of the economy where it is necessary to create an enabling environment for business and labour (since business is predominantly responsible for creating employment). Thus, through the GEGDS, the provincial government commits itself to progressively create decent work and build an inclusive, growing economy. This in turn facilitates the achievement of the vision for the province that is an inclusive and sustainable city-region that promotes a developmental and equitable society.

3.2. What does the GEGDS aim to achieve?

Employment is identified as the key focus area of the GEGDS as it is the key to poverty alleviation and equitable economic growth. All relevant policies and strategies should be aligned³¹ and if necessary, redesigned to directly target employment creation. In other words, the current focus of targeting higher economic growth to create employment should be replaced with strategies targeting increasing employment in order to create higher economic growth. The proposed interventions will focus on the supply-side. This entails:

- Removing obstacles and bottlenecks that impede the efficient operation of a networked economy.
- Encouraging innovation, research and development and the knowledge economy.
- Increasing capacity and capabilities which in turn increases opportunities for increased income.
- Strengthening localised factors of production and economic development to ensure increased competitiveness and productivity.
- Ensuring optimal resource reallocation and sustainable resource usage.

The Gauteng provincial economy has grown in the past as a result of the natural mineral endowments, which has in turn stimulated, over time, the manufacturing and also the services sector. International developments and global competition has adversely affected manufacturing and mining in the 1990s and 2000. The global economic crisis has further contributed to the shrinking manufacturing sector resulting in excess capacity in these industries,

³¹ Alignment means the alignment between the three spheres of government, their respective departments and implementation agencies.

while the mining sector has seen sky-rocketing commodity prices for gold and platinum. With mineral endowments progressively being depleted over time and the actual cost of mining increasing, the mining sector faces long-term sustainability challenges. This means that Gauteng and therefore South Africa need to relook at sectors that will be able to create jobs, stimulate economic growth and development, contribute towards export growth and a positive balance of payments for the province, thus promoting economic sustainability.

Gauteng has increasingly relied on carbon-based energy to stimulate employment, economic growth and development. The use of *dirty energy* will progressively become unsustainable and more and more costly in the long-run. The declining role of mining and manufacturing as a result of global changes means that the avenues for growth and investment will not come from the traditional areas of the past.

In trying to reach the goals of the GEGDS, Gauteng will need to tread a particular path. This “growth path” will be one that necessitates structural changes in the provincial economy. Gauteng envisages that the economy will need to shift, as rapidly as possible, to an *endogenous* economic growth trajectory that is based primarily on “*innovation*”, “*green growth*” and “*inclusivity*”. To elaborate further, Gauteng will not have an economy that provides decent work and economic opportunities for all, unless it can become:

- an *innovating*³² economy, which ensures that economic energies are unlocked, existing resources are used more productively, and that the knowledge-based economy is continually strengthened and intensified. ‘Innovating’ is used in the broad sense of the word.³³ It is necessary to encourage science and technology innovation, socio-economic innovation, environmental innovation and even the innovating spirit of the everyday entrepreneur in both formal and informal sectors of the economy.
- a *green*, environmentally friendly economy, which capitalises on the enormous economic value to be gained by investing in green processes and products, while using existing resources in a more efficient and sustainable manner, thus reducing the carbon footprint of Gauteng. Gauteng needs an economy based on green technologies, green jobs, renewable energy, and green manufacturing sectors that reduce the ever higher input costs stemming from unsustainable resource use.
- an *inclusive*³⁴ economy, that dramatically expands access to economic opportunities to all historically marginalised and excluded economic actors, either as workers or entrepreneurs. An *inclusive economy* depends on a number of factors. An example is *community-led local economic development* that stimulates and affirms the entrepreneurial energy and spirit in communities, thereby enabling the economy to grow ‘from the

bottom up’. However, *above all else* an inclusive economy depends on the accessibility, connectivity and interaction made possible by *infrastructure investments*³⁵ that are: *strategic* (including transport and ICT); *socio-economic* (relating to education and health); and *bulk* (energy, water, waste and sanitation, transport and rail, information and communication technology, and so forth). Infrastructure, understood in this way, will make the largest impact in creating opportunities for work, access to income, and economic participation.

Failure to encourage a *green, innovating, and inclusive economy* will result in a slow-growing, long-term financially unviable, costly, environmentally degraded and exclusionary Gauteng,

It is important to note that the GEGDS tries to *strike a balance* in its interventions between:

- the role of the state *and* the role of the market or private sector;
- the formal *and* informal sectors of the economy;
- the first *and* second economy;
- mining and manufacturing sector development *and* services sector growth;
- developing new sectors with high-valued added goods and services, *and* supporting existing, dwindling labour absorbing sectors with low and medium value-added goods;
- supporting highly urbanised areas with a high concentration of people and existing services already present, *and* more peripheral rural areas and informal settlements where there are limited services available; and
- focusing on both top-down interventions and bottom up community-led growth initiatives.

The GEGDS also *strikes a balance* between initiatives that are essential in the *short- and medium-term*, to address structural unemployment and the effects of the passing global economic crisis on both established businesses, and communities. Key short to medium-term interventions include:

- Increased *public employment programmes* that target people excluded from mainstream economic activity or formal employment, particularly in rural areas, informal settlements and townships contributing towards an employment safety net and a form of an employment guarantee.
- *Youth employability programmes*.
- *Active industrial and sectoral development strategies* to support labour-absorbing sectors (upstream and downstream) and sectors in distress, while encouraging exports as well as localisation.
- Financial and non-financial support to *SMMEs and cooperatives in the formal and informal sectors* of the economy.

32 See footnote 1 in the Executive Summary.

33 See footnote 2 in the Executive Summary.

34 See footnote 3 in the executive summary.

35 See footnote 4 in the Executive Summary.

- Pilot projects that focus on *green jobs and green technology investment in the areas of energy efficiency, waste management and rural agricultural development and food security.*

In the *medium- to long-term*, the GEGDS, will address the structural challenges of the economy through initiatives that transform the economy onto the *endogenous growth* path outlined above. Key initiatives include:

- *An active industrial and sectoral development strategy* that promotes and encourages the development, investment and support of various sectors aimed at promoting:
 - (Decent) employment creation;
 - Export-oriented growth;
 - Localisation;
 - Infrastructure investment;
 - Innovation and the knowledge economy;
 - Energy efficiency (green), renewable energy and sustainable resource utilisation;
 - Support to both large, highly industrialised sectors as well as those that have smaller, less industrialised producers;
 - Enterprise development (including access to finance through other government agencies) by encouraging both the formal and informal sectors as through SMMEs and Cooperatives; and
 - Skills development and training.

This approach will enhance endogenously-driven growth in these sectors through the more efficient and productive use of existing resources, therefore lowering input costs and increasing the competitive advantage of the sector. The Transport and ICT sectors are relatively important as they play a crucial role in developing the infrastructure networks which reduce the input and transaction costs, and so in turn barriers to entry, of economic activity or participation. These two sectors, coupled with water (and sanitation) and electricity, need to become progressively more green as they play a pivotal role in the way they are used as inputs in the production of goods and services, having an impact on the carbon footprint³⁶.

- Increased *strategic* (sector specific), *socio-economic and bulk infrastructure* investment, encouraging infrastructure-led growth and effective spatial planning that unites the economy. The infrastructure investment needs to focus on developing the necessary networks that bring people in the province closer together. It should address the backlogs in service delivery (especially in rural and outlying areas, townships and informal settlements of the province), therefore stimulating the entrepreneurial spirit at community level, from the bottom of the economy, through the ease and reduced cost of economic activity or participation.

- Continued investment in *public employment programmes*, acting as an employment safety-net.
- Enterprise development by focusing on *financial and non-financial support to SMMEs and Cooperatives* also facilitated through *Community-led local economic development*.
- *Strategic procurement*, especially for government, and a revised Broad Based Black Economic Empowerment approach to encourage ownership, increase equity and support localisation. This also has the benefit of supporting SMMEs and Cooperatives whether formal or informal.
- Continued and increased investment in *quality basic education*, with special emphasis on tertiary education financial support for the short- and medium-terms and Early Childhood Development through to tertiary education for the long-term.
- Continued and increased access to efficient, cost-effective, *quality healthcare* to ensure a productive labour force.
- Continued *social protection* (comprising *social assistance and social insurance*), to provide an income safety-net for poor households. The safety net will be linked to public employment programmes that aim to provide stepping stones to decent work for those people excluded from mainstream economic activity.
- Increased *community safety*, which is fostered through adequate infrastructure provision.
- *Rural and agricultural development* with special emphasis being placed on *food security*, which through some of the green technologies, can play a vital role in creating employment while building up economic activities in communities.

Put more simply, the GEGDS, through short-, medium- and long-term strategies will be implemented with the aim to progressively transform the economy through *endogenous growth* aimed at achieving *the long terms goals* of this growth path which is to *create decent jobs through an inclusive, innovating and green economy*.

3.3. GEGDS Overarching Targets

The overarching targets relate to the complementary manner in which the drivers interact through the various pillars to achieve the desired strategic objective, vision and outcome for the province. Thus, the overarching broad targets of the GEGDS are to achieve:

- An increased economic growth rate.
- A decreased unemployment rate.
- A decreased poverty rate, measured through the percentage of people living below the Minimum Living Level per annum.

³⁶ See footnote 5 in the Executive Summary.

The targets rates have not yet been determined. The intention is to finalise action or implementation plans for each of the drivers of the GEGDS and then, through more rigorous modelling and sensitivity analyses, determine robust and credible targets. This will allow the GDED the ability to identify the targets based on the roles or partnerships of a wide range of stakeholders, including national and provincial government departments, government agencies and parastatals, not to mention the role of business and labour. All these parties play a crucial role in the success of the GEGDS.

The Gauteng Growth Path addresses the service delivery and implementation aspects of the GEGDS stemming from a modelling exercise that will enable the department to set a series of targets that are dependent on the interactions and support from various stakeholders including government departments, agencies and the parastatals thus determining the potential impact these programmes have on economic growth, employment and potentially poverty.

3.4. Structure of the GEGDS

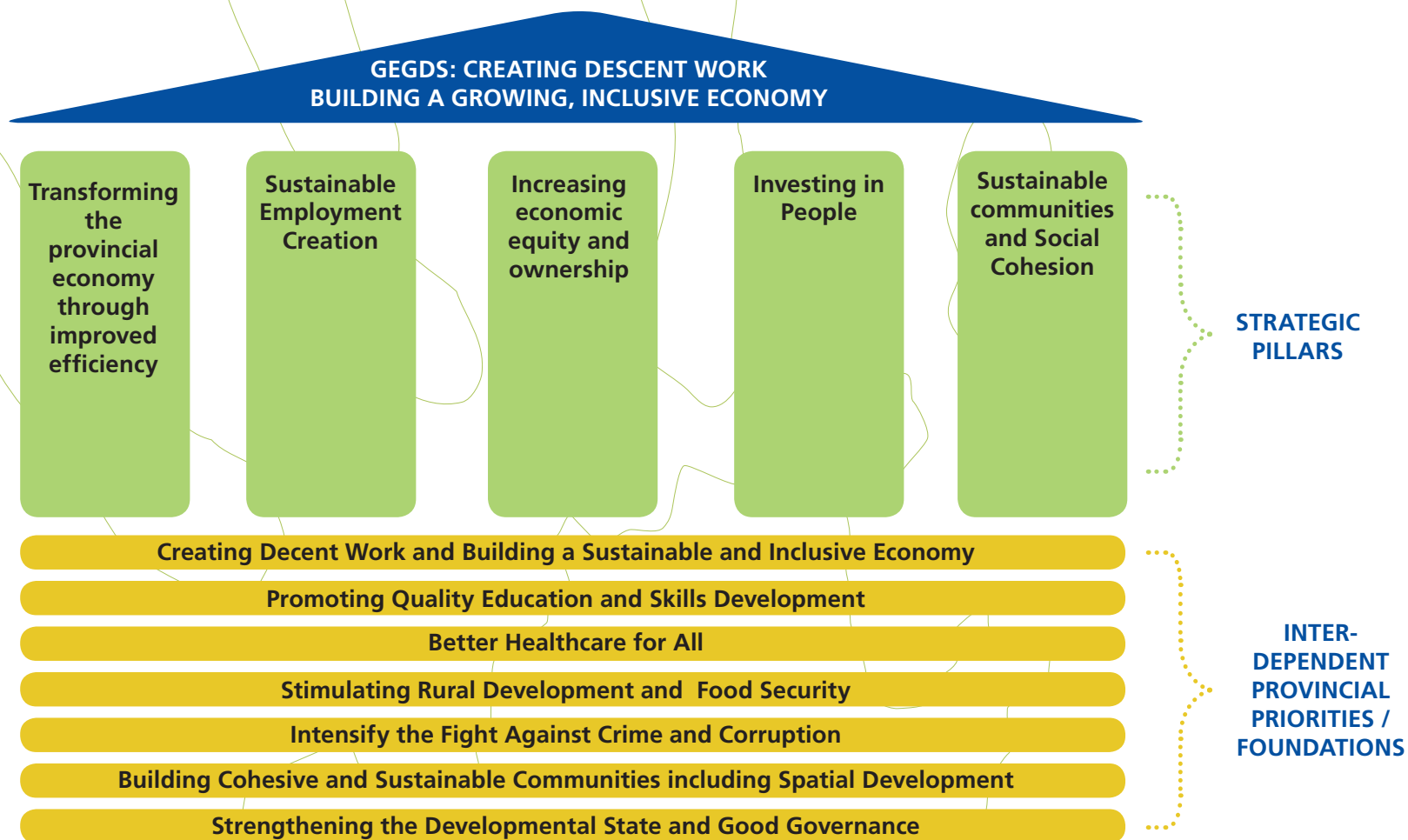
In order to achieve the GEGDS vision for the province, it is necessary to focus on the long-term strategic objective, which is to promote decent work and build a growing, inclusive economy. This ultimately addresses sustainable livelihoods,

promotes redistribution and reduces inequality. Therefore, in developing the GEGDS, there are three integral components that make up the strategy. They are:

- The seven “*foundational provincial priorities*”;
- The five “*strategic pillars*”; and
- The “*drivers*” or interventions (either policies, strategies, programmes or projects) developed by various government departments and agencies in collaboration with communities and local municipalities, academia, business and labour (as may be required). There are two types of drivers, which will be discussed in detail below. These are: core cross-cutting drivers and pillar-specific drivers.

Figure 6 below highlights the inter-linkages between each of the components of the GEGDS. The details of each of the drivers will be discussed in more detail in Section 4, however, the overarching drivers will be depicted graphically in Figure 7.

Figure 6: Diagrammatic Representation of the Various Components of the GEGDS



3.4.1. Foundational Strategic Priorities: Strategic Interdependent Provincial Priorities

The strategic priorities form the foundational base of the GEGDS. This is due to the fact that they dictate or determine the demographic nature of the economy at present and through time. Thus, achievements in the past relating to education and skills development, for example, determine the labour force profile and dictate where government needs to stimulate the economy to provide jobs at present and in the future. Hence, these strategic priorities, as approved by the Gauteng Executive Council, and spelt out in the MTSF, are inter-dependent, and have constant feedback loops. The GPG strategic priorities or foundations of the GEGDS are:

- Creating decent work and building a growing, inclusive economy;
- Promoting quality education and skills development;
- Better healthcare for all;
- Stimulating rural development and food security;
- Intensify the fight against crime and corruption;
- Building cohesive and sustainable communities; and
- Strengthening the developmental state and good governance.

These inter-dependent strategic provincial priorities form the base or foundation of the strategy, with some of the priorities being more prominent than others. Collectively, and hence the need for good governance and strengthening the developmental state, these contribute to the success of the GEGDS. Each GPG department plays a crucial role in the entire process and collectively they contribute towards the long-term strategic objective of promoting decent work and building a growing, inclusive economic growth, therefore contributing towards achieving the GEGDS vision for the province. For example, promoting quality education is crucial in promoting sustainable employment creation while poor quality education has longer term impacts on the ability for government and the economy, whether directly or indirectly, to create decent work. Similarly, safe communities and individuals, a healthy work force, cohesive and sustainable communities, food security and so forth all play a role in facilitating inclusive economic growth and sustainable development.

These priorities result in a series of outcomes for the province regarding the status of employment, growth, education, health, wellbeing, access to services, equality, poverty, and so forth. Hence, the current status of these abovementioned factors will determine the type of action or intervention required by government to improve employment, growth, education, health, wellbeing, access to services, etc. This therefore represents the base or foundation. Improvements are achieved through the drivers (or government interventions), which hopefully improve the base level and therefore raise the platform or foundation. The drivers, through the various strategic pillars, raise

the outcomes and therefore feedback into a new cycle where the foundations are at a different level and require a different series of interventions in order to drive the outcomes.

For the successful implementation of the GEGDS, it is necessary that the foundational strategic priorities be deeply rooted in strong, coherent and clear strategic policies and programmes, efficient utilisation of government resources, effective administration and service delivery. It is imperative to have a *strong government administration*, because this increases the *base* or the outcomes pertaining to the strategic priorities identified for the province. Foundational priorities that are ineffectively implemented will result in a weak platform and exacerbate the challenges and undermine the successful outcomes of the GEGDS both in the short through to the long-run.

From the above analogy, the foundational priority is *static* and thus relates to what the current status quo is regarding the demographic, financial and characteristic nature of the provincial economy. The foundation therefore defines what can be achieved immediately and in the short- to medium-term and also highlights what requires urgent attention. On the other hand, when a “priority” moves into the driver category as well (as highlighted in Figure 9 and section 4), then the driver, which is dynamic, aims to progressively change the status quo through the short-, medium- and long-term strategic interventions which either improve the current status or address an existing gap in the provincial outcomes. This in turn feeds back into the foundational priorities, raising them even higher and the drivers, through the pillars, need to be refined.

3.4.2. Strategic Pillars

There are five strategic pillars that structure this GEGDS. The five pillars are:

- Transforming the provincial economy through improved efficiency;
- Sustainable employment creation;
- Increasing economic equity and ownership;
- Investing in people; and
- Sustainable communities and social cohesion.

These 5 pillars are designed to ensure convergence between the *economic* and *social* strategies of government, underpinned by *environmental* strategies to ensure sustainable resource usage. The pillars assume a strong, developmental state able to intervene to shape the economy that the province needs. Amongst other things a developmental state means strong cooperative governance and coordinated government policies that deal effectively with complex, overlapping mandates, and aims to *wrap services* around the people in the province who need government to work cohesively on their behalf. This GEGDS takes for granted that other policies and strategies being generated in the province address the social development and environmental sustainability

through the relevant GPG departments. This strategy does not displace these policies and strategies but rather makes reference to them. However, some of the pillars refer to what is expected from other strategies in order for the province to achieve the right kind of economic development.

The pillars represent a clustering of the drivers (policies, programmes or projects) developed by government to achieve the strategic objective of the GEGDS, the vision and so too the ultimate statement objective of the MTSF. The drivers have been refined and redeveloped by the DED and other government departments, to ensure alignment between the needs of society and the strategy/driver. The needs of society have been articulated by national and provincial government – as reflected in the seven strategic priorities for the current ANC government for the next five years. The drivers or government strategies that have been redefined by the GDED are attached as appendices at the end of this document. However, each driver will be addressed in detail in Section 4.

3.4.3. Dynamic Drivers

Each pillar contains a series of government interventions, termed *drivers*, which are what will be done to implement this strategy. The drivers are policies, programmes or projects that have been aligned to the national and provincial priorities. They will be implemented by various government agents.

The drivers are said to be dynamic to ensure constant feedback loops into the original strategy, project or programme so that a culture of learning is entrenched and the unintended consequences thereof addressed swiftly. Some of the drivers are cross-cutting and have a bigger or smaller role to play in each pillar. The pillar-specific drivers fall predominantly under one pillar, however, the driver might have other salient features that address other pillars indirectly.

Thus, there are 7 cross-cutting drivers that have been located under a specific pillar that is most relevant in order to ensure effective implementation of the

strategy. However, it is important to remember that these are cross-cutting drivers and each pillar-specific driver needs to develop plans around these cross-cutting drivers to ensure that they include these themes or goals in the specific driver. These are the:

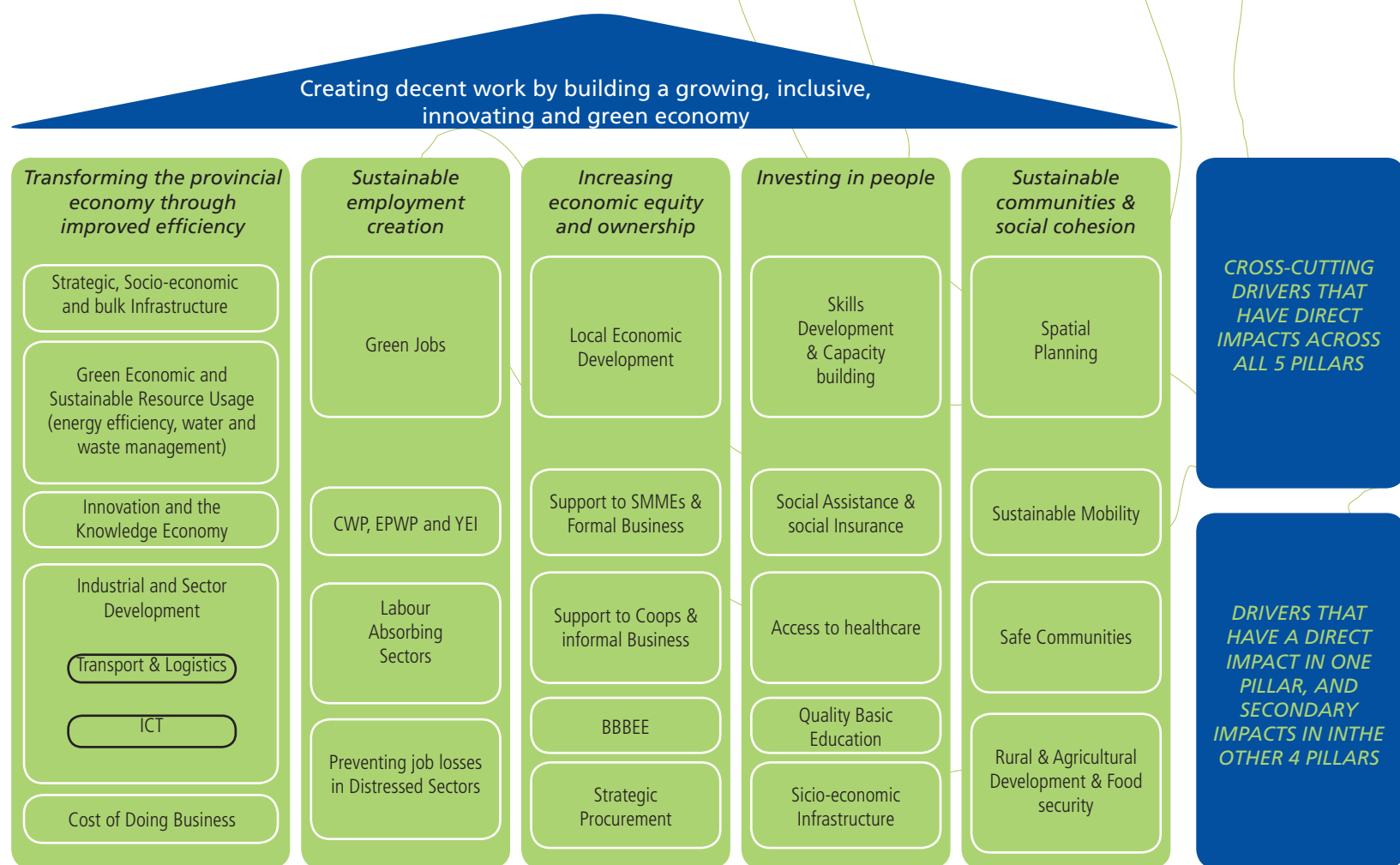
- Green Economy and Sustainable Energy Usage;
- Innovation and the Knowledge Economy;
- Infrastructure – strategic, socio-economic and bulk;
- Green Jobs;
- Community-led local economic development;
- Skills Development and Capacity Building; and
- Spatial Planning.

Thus, the cross-cutting drivers are also inter-dependent, for example, the green agenda or innovation cannot be excluded from the strategic infrastructure driver or even spatial planning. Similarly, skills development and capacity building affects green jobs, strategic, socio-economic and bulk infrastructure as well as local economic development, and so forth.

The GEGDS has lots of *pillar-specific drivers* that fall entirely under one pillar and only have indirect effects on other pillars. Many of the drivers have been realigned to meet the needs of the people, as has been identified through the 2009 ANC Electoral Manifesto. The drivers are constantly changing (and hence dynamic) to meet the changing needs of the economy and its people. Hence there is a need to ensure that the drivers are constantly being monitored in terms of their outcomes and refined according to the needs of society.

The allocation of the drivers under each of the pillars is based primarily on the direct impact the driver has on that strategic pillar. These are illustrated in Figure 7 and discussed in detail in Section 4, below.

Figure 7: Diagrammatic Representation of the Core Cross-cutting and Specific Drivers within each Pillar



Thus, this section highlights the various interdependent components of the GEGDS and how they play out to promote decent work and a growing, inclusive economy.

3.5. Levers available to GPG in Developing Interventions

The levers represent the tools available to provincial government, which through the drivers, allocated to a particular pillar, contribute towards the creation of *decent work* and build a growing, *innovating, green and an inclusive economy*. Provincial powers are derived from the Constitution, giving provinces predominantly concurrent powers only, with virtually no control over macro-economic policy. Furthermore, the Constitution has been developed in such a way that economic policies and strategies require collaboration between the three spheres of government, namely national, provincial and local. At the same time, Gauteng is in a peculiar position, since any policies implemented at a provincial level significantly impact the country, which in turn give the provincial government some leverage with national government. Thus, the core functions of the provincial state with respect to economic development are:

- To ensure appropriate education, health and housing, which are primary competencies for the province.
- To identify key provincial infrastructure needs and mobilize local government, national departments and State-Owned Enterprises to meet them.
- To ensure efficient and effective regulation where it falls within the provincial scope, mostly around licensing certain activities (gambling, liquor, and others) and managing environmental impact assessments, in addition to supporting cost-effective regulation by both local and national agencies within the province.
- To identify opportunities for new economic activities that will support more inclusive growth and especially employment creation, while mobilising both public and private stakeholders to take advantage of them.
- Develop sectoral strategies through a series of financial and regulatory tools to assist in supporting initiatives that have a macro or micro impact on the economy.

The GDED plays the following roles in the province:

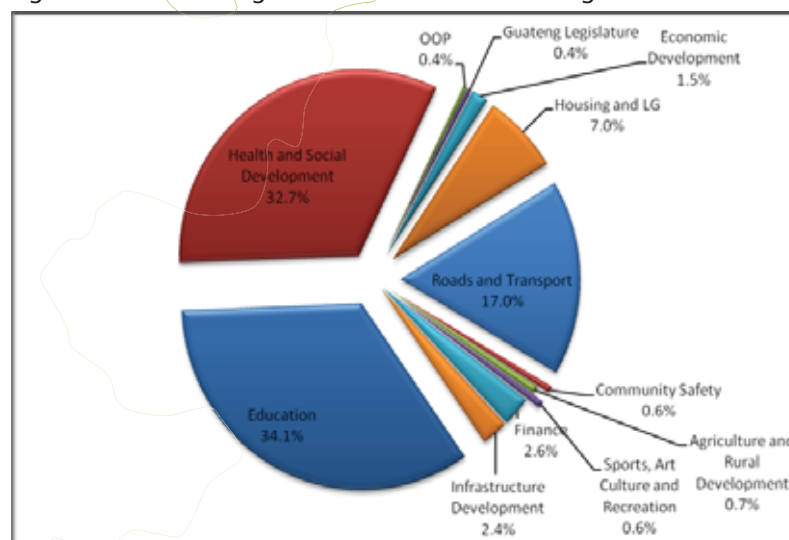
- Developer of the policy framework and sector strategies.
- Facilitator that clears economic bottlenecks that hamper economic growth and development, by bringing together key stakeholders in the economy (public and private).
- Supporter, by assisting businesses, both large and small to improve operational efficiencies.
- Coordinator, from both a strategic policy development perspective as well

as from a service delivery perspective.

- Driver of new strategies and frameworks that inform and guide the development of policies directly within the department or across other departments.
- Deliverer of services.
- Regulator, with oversight over sector behaviour (liquor, gambling), environmental impact assessments, coupled with being a monitor and evaluator of current policies and their impact on the economy.
- Leader in promoting long-term, sustainable, inclusive growth and economic development of the Gauteng Province.

The other GPG departments also perform several of these functions, specific to their areas of engagement. Thus, provincial governments have quite a bit of scope to effect changes in the province, despite the way in which the Constitution has been developed. One of the most powerful levers for provincial government relates to the provincial budget. Figure 8 below highlights that two thirds (or R39,1 billion) of the total provincial budget allocation of R58,5 billion for 2009/10 was dedicated to the two departments, namely Education, and Health and Social Development. Transport and roads absorb 17 percent of the remaining provincial budget allocation. The majority of the provincial allocations in the equitable share are dedicated to health and education, followed by transport and roads, followed by housing and bulk infrastructure with very little being allocated elsewhere to stimulate economic development, for example.

Figure 8: 2009/10 Budget Allocations in the Gauteng Government



Source: Gauteng Department of Finance, MEC's 2010/11 Fact Sheet.

From this standpoint, Gauteng is in a peculiar position: on the one hand, it dominates the national economy, while on the other its economy is largely dependent on electricity, logistics and related infrastructure that are controlled by national agencies. Its influence over decisions on core infrastructural agencies - notably Eskom, Transnet, Sanral and the telecommunications companies - is somewhat limited. Conversely, Gauteng has considerable power over decisions on education and other social services, housing and provincial infrastructure, even though many of these policies and strategies are designed and developed within the national sphere of government. It is critical that the GEGDS be realistic about the province's ability to work with and influence other spheres of government. The "toolbox" or levers available to the provincial government to support the GEGDS include, but are not limited to:

- The development of simple time-bound strategies that are *phased* in over time, with clear indicators for key priorities, as the basis for its own targeted interventions.
- Mobilising other actors, by playing a coordinating or facilitative role.
- Using the provincial budget to stimulate and support the GEGDS and encourage certain behaviour through financial support or regulatory intervention.
- The allocation of provincial procurement to promote community led local economic development and localisation.
- Influence over decisions and resource allocation by local and provincial governments, including sustainable resource usage.
- Engagement with non-state actors especially organised business and labour as well as communities within the province, to remove obstacles that impeded economic growth and development.

3.6. Challenges, Risks and Obstacles

The province faces a series of challenges that will impact the way in which the GEGDS is designed and ultimately implemented. The Gauteng economy displays the strengths and weaknesses of the national economy. An advantage of the province is that it is relatively highly developed, since it forms the mining, manufacturing and financial crux of the national economy. However, there are three primary challenges that impact the province significantly. Firstly, by international standards, the unemployment rate (aggravated to some extent by migration into the province) is very high, as are the inequalities of income and wealth. The international crisis has exacerbated these inequalities coupled

with the slowing growth of heavy industry. Secondly, the Gauteng provincial economy is largely built around emissions-intensive industries. Thirdly, one-fifth of the population resides in the province and the financial requirements to develop the infrastructure networks are very costly, unless innovative ways are looked at in order to address this problem.

The main risks for the GEGDS include:

- The possibility of a weak global recovery or even a further downturn in the next three to five years. The assumption in this document is that a moderately strong recovery will begin by at least mid 2010 and will remain moderately strong over the medium term.
- The failure to provide equal economic stimulus in the rest of South Africa, leading to accelerated in-migration and demands on provincial resources as programmes succeed.
- The fiscal constraints on the state in light of the recent crisis, putting financial pressure on the fiscus's ability to raise revenue from taxes. For the next two years at least, the province will as far as possible have to fund new programmes by reducing funding to lower priorities.
- The limited provincial functionalities as determined in the Constitution regarding the concurrent functions of provinces, despite Gauteng's powerful role as a key driver of the South African economy. The inability to leverage on the latter could have unintended consequences on the decent work outcome of the GEGDS.

It is important to note that the above mentioned list is not an exhaustive one, but certainly one that raises some of the core issues that require special attention.

To summarise Section 3, there are three components that make up the GEGDS, namely the foundational provincial priorities, the 5 strategic pillars and the dynamic drivers. The GPG has a series of levers in the toolbox, which explains the mechanisms or programmes available to the provincial government departments to affect the drivers of the strategy. Finally, there are three overarching, cross-cutting targets, which that focus on increasing the economic growth rate, reducing the unemployment rate and reducing the poverty rate, particularly the percentage of people living below the Minimum Living Level.





SECTION 4

The Strategic Pillars and Dynamic Drivers of the GEGDS

4. The Strategic Pillars and Dynamic Drivers of the GEGDS

Section 4 outlines the various dynamic drivers within each pillar available to provincial government departments, government agencies and local government to achieve the long-term strategic objective of the GEGDS and therefore the vision for the province. The importance of the social compact or social partnerships with business, labour and government – across all three spheres – cannot be stressed enough. Although not explicitly mentioned it underpins the programme development, design and implementation, making the GEGDS a reality.

4.1. Core Cross-Cutting Drivers

The main aim of the GEGDS is to create decent jobs. There are seven cross-cutting drivers that are pivotal to the GEGDS and they relate to the growth path choices of promoting an *innovating, green and inclusive economy*. For example, in developing a strategy on the ease and cost of doing business, it is necessary to ensure that the strategy:

- Encourages *Community-led Local Economic Development* (which includes local government's Local Economic Development) through local government, communities and local organising committees.
- Improves and enhances the *strategic, socio-economic and bulk infrastructure* requirements of the province.
- Promotes *skills development and capacity building*.
- Enhances *green jobs*: reducing carbon emissions; encouraging non-carbon energy efficiency; promoting sustainable resource utilisation; and ensuring the use of renewable energy.
- Ensures cohesive *spatial planning* aimed at uniting the province.

The section that follows will detail each of the cross-cutting drivers. However, bear in mind that they are technically located under each pillar, thus ensuring ease of implementation.

4.1.1 Driver: Green Economy and Sustainable Resource Usage

It is necessary for Gauteng to utilise resources in a sustainable and efficient manner. While addressing the problems of today, without cognisance of the consequences for tomorrow, Gauteng will become an uneconomical and unsustainable place to live in the future. Therefore, in the programmes and strategies that the GPG creates, it is necessary to ensure that they are developed in an environmentally-friendly manner that ensures sustainable and healthy communities, and in a way that creates opportunities for future generations, as opposed to challenges

In order for society and an economy to function, it is necessary to convert natural resources into useful commodities. However, the difficulty is that resources are, for the most part, limited in their availability. These limits may

relate to the total available volume, such as the net amount of produced power that Gauteng can access. They may also be limited in time where, for example, there is only so much water available in a given season, and availability or supply is variable and inconsistent. Lastly, they may simply be purely non-renewable, for example coal used in power stations.

It has become clear in recent years that a sustainable society and economy is only possible if there is an increase in the efficient use of resources, and, where possible, an increase in the use of resources that cannot be depleted. In addition, progressively transforming the structure of the economy from the inefficient use of carbon fuels towards greater efficiency and more responsible use of our natural resources provides an unprecedented opening for Gauteng to create significant employment opportunities.

The green agenda is believed to be one of the most important drivers in developing the economy and promoting endogenous growth in the long run, allowing the economy to progressively transform into a more sustainable consumption of natural resources. The pro-green strategy will create stresses and opportunities for the Gauteng economy and will require government to act decisively in using its entire arsenal of regulation, subsidies, penalties and pricing to promote long-term sustainable development through an efficient and optimal utilization of scarce resources. This strategy also supports innovation in industry and ensures that the cost of doing business or transacting, is reduced. In response to the need to create a low carbon economy for the province, GPG has developed a Gauteng Integrated Energy Strategy and the Gauteng Green Economic Development Strategy.

The Gauteng province intends to use the green agenda as an opportunity to stimulate new industries and create new forms of economic activity, by collaborating with business, labour and civil society. This is to ensure that environmentally-sustainable energy efficient options can be linked to job creation, poverty alleviation, and the development of a diverse and resilient economy. Internationally, the green agenda has been at the centre of the global recovery as is demonstrated by countries such as South Korea where investment in the green economy is a proportion of their anti-recession economic package. Energy shortages and rising costs in Gauteng have resulted in firms shifting towards more energy efficient production methods. Following the recommendations of the National Response Framework, emphasis is being placed on:

- Creating a renewable energy sector that enhances sustainable green job creation;
- Ensuring the promotion and facilitation of investment in local renewable energy technology for manufacturing facilities;
- Ensuring increased investment in programmes and projects that will create large numbers of 'green' and decent jobs by both the province and municipalities;

- Focusing on community-orientated waste management and recycling programmes; and
- Establishing a green corps that assumes responsibility for the management of an environmental rehabilitation programme.

Ultimately, this will achieve many benefits for the province, including

- Support sustainable employment creation, as well the development of sustainable communities.
- Long-term sustainability of economic growth, both through more efficient economic processes, but also by becoming a preferred destination as a “clean, green” locale.
- Protecting the basic requirements of human beings (food, water, etc) and promoting overall health.
- Technologies that make it possible to do more with less, including reduced energy inputs per unit of output, reduced carbon emissions and a more efficient use of primary resources.

In order to achieve these benefits, a number of strategies have been developed that address different aspects of the overall challenge:

- A Developmental Green Economy for Gauteng: A green economy is one in which business processes and infrastructure are reconfigured “to deliver better returns on natural, human and economic capital investments, while at the same time reducing greenhouse gas emissions, extracting and using fewer natural resources, creating less waste and reducing social disparities.” Thus a green economy “grows by reducing rather than increasing resource consumption” These economies have also been termed low-carbon economies. The green economic agenda, aims to change the way in which energy and natural resources are being used, gradually inducing changes in the economy that promote sustainable economic development, thus ensuring that future generations are not burdened with degraded natural resources and the unsustainable utilisation of environmental resources.

Green economies not only create direct and indirect employment opportunities, they also protect existing jobs by addressing the increasing costs and challenges that undermine traditional economic growth, such as increasing food and energy prices by relying on progressively on unsustainable and scarce resource utilisation. It will be up to Gauteng as the economic heart-beat of South Africa to drive these goals and create sustainable jobs through the sustainable use of resources and a reduction in carbon intensity. To achieve these goals, the economic focus needs to be on creating institutions that are able to foster the evolution of new technologies and processes. These institutions are the key to unlocking green potential, by creating skills and programmes that drive a low-carbon agenda.

More importantly, to ensure cohesion with the various pillars of the GEGDS, the industrial strategy needs to devise short, medium and long-term interventions that can address immediate needs using the current carbon driven energy sources, in the absence of an energy efficient green innovation strategy. The medium-term strategy needs to straddle carbon driven energy and pro-green energy approaches, progressively phasing-in pro-green energy efficient, renewable energy sources over the medium to the long run.

The green agenda, aims to change the way in which energy and natural sources are being used, gradually inducing changes in the economy that promote sustainable economic development, thus ensuring that future generations do not inherit pollute, degrade, poison the environment that rely on unsustainable and costly utilisation of environmental resources. As a result, this strategy aims to promote energy efficiency, energy and resource security through the use of renewable resources.

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The green economic development strategy for Gauteng (complimented by the Integrated Energy Strategy for the province as well as the pro-green national energy and water strategies) focuses on the importance of food security, energy efficiency, waste management, water management and transport mobility as a means of creating jobs, potentially promoting decent work by encouraging a low carbon economy that ensures the responsible and sustainable utilisation of natural resources.

- Integrated Energy Strategy and Energy Efficiency: An Integrated Energy Strategy has been developed and approved by the Gauteng Executive Council. This strategy seeks to direct the way that energy is supplied and used within the Gauteng province over the foreseeable future, in an integrated and comprehensive manner. The strategy aims to improve Gauteng’s environment, reduce Gauteng’s contribution to climate change, and tackle energy poverty, whilst at the same time promoting economic growth and development in the province. Ultimately, the Integrated Energy Strategy sees a Gauteng province that is powered by a low carbon economy with a significant share of national “green jobs”, and accessible and affordable energy services that do not impact on the health of people or the environment. Focusing on energy efficiency requires bold steps to be taken by provincial government that:

- Promote solar water heaters; This includes fitment, installment, maintenance, local production and training; with a potential energy subsidy to incentivize a change in behavior. Business needs to be engaged, to support the growth and development of this sector together with the SETAs and the FET colleges.
- Concentrated Solar Power: The Gauteng government (together with the relevant national government departments) should use its power, based on the importance of the province in the national economy, to broker a legally binding agreement with ESKOM, GPG and local industrial players to purchase green energy. An investment consortium is to be negotiated that will pay for the construction of a solar power plant that GPG can sell to local municipalities and business thus competing with Eskom by increasing the supply (and therefore reducing the cost) of green energy.

- Waste Management and Sanitation: Through sustainable technologies and innovation, waste can be deployed and re-used to create energy as well as other by-products, in particular methane, water and nutrient content, which that have major job creation potential. Recycling initiatives coupled with sorting at source are an excellent mechanism to clean townships, while promoting employment and encouraging a clean and green environment. Furthermore, there is a need to introduce a dual supply system of waste management so that toilet flushing is diverted away from heavier waste and channelled separately with low cost grey water. This would be linked to neighbourhood-level treatment systems, which have the potential to create many jobs at community and local levels of the economy. Key drivers:

- Mandatory recycling efforts;
- Development of composting initiatives to create compost from organic waste;
- Waste minimization clubs to help waste producers reduce or share reusable waste;
- Waste to energy programmes to convert gas from landfills or organic waste into electricity;
- Green procurement with low waste results;
- Multi-faceted landfill sites with low-carbon delivery infrastructure; and
- Repair and upgrade deteriorating sanitation systems.

Partnerships between provincial and local government, business and labour are necessary to grow and develop this sector.

- Water Demand and Supply Management: Water demand and supply management is technically managed at a national level through the Water for Growth and Development Framework of 2009. The focus for water is three fold, and relates to the supply of water, the management

of water demand and water pollution. All these areas have the potential to provide employment, however it should be noted that the numbers are relatively small and they are more likely to be decent jobs in the formal sector. Some interventions include: reviewing the adequacy of long-term water supply planning; addressing and reducing water which is unaccounted for; focusing on mining and major industrial establishments by promoting self-sufficiency via water recycling; reviewing the current approved water demand targets and setting penalties for levels of non-compliance; identifying key pollution hotspots and implementing urgent remedial actions (mainly mining activities, major steel production and either non-existent or badly maintained sanitation services); improving storm water infrastructure and management; improving sanitation in low income communities and identifying regulatory interventions and ensuring policing thereof, including the role of the Green Scorpions. Partnerships between the three spheres of government and business are necessary to protect scarce water resources in the province while managing demand.

- Sustainable Mobility: Transport contributes significantly to excessively high carbon emissions, especially given the vast distances between places of work and residence, and an incomplete and unreliable public transport system coupled with a strong reliance on private forms of commuting. Transport mobility is addressed separately under the Transport and Logistics Driver in the Economic Efficiency pillar. More importantly, this contributes towards an *inclusive economy*, through the infrastructure network and is one of the most important factors in linking people to places, markets, goods and service, and even information. It is imperative the transport infrastructure in Gauteng becomes more environmentally-friendly and ultimately *green*, by focusing on increased public transport and rail for moving goods and people.

4.1.2. Driver: Innovation

Innovation represents the ability of society to identify new and more efficient ways to solve their problems and challenges, and provide for their needs. Traditionally, innovation has been viewed exclusively in the realm of science and technology, and the importance of socially and environmentally oriented innovations have not been recognised. At the same time, public service delivery should focus on innovation support or venture capital support. Government should investigate socially-oriented innovations in order to promote service delivery (including bulk infrastructure services) in a more cost effective and efficient manner.

Innovation is simply the process of finding new and better solutions to the challenges faced by society using the existing resources, more productively. The definition of an innovating society, used in the GEGDS, relates to an innovating energy that stimulates the entrepreneurial spirit in the economy. It is about finding more efficient and smarter ways to live, to do business, and to organise

society. When innovation is understood in this much broader manner, then its importance across all areas becomes easily recognised. It is possible to find better ways to promote social cohesion, reduce the cost of doing business, and create programs that to support employment – in fact, every program that is a new attempt at solving the challenges faced by the citizens of Gauteng represents an innovation. Therefore, it is critical that an environment that promotes innovation and that fosters and cultivates innovative behaviour be created within the province.

In order to accelerate the benefits of an innovative society, the GDED is actively driving a strategy to promote an innovating Gauteng province. By widening the understanding of innovation, the strategy seeks to drive the creation of new and valuable knowledge in the following areas:

- Technological innovation related to clean technologies and industries.
- Social Innovation related to the provision of healthcare and education.
- Environmental innovation related to green technologies for energy efficiency, water and waste management, transport mobility, and so forth.
- Public service innovation around improving service delivery for the provincial government.

To achieve these outcomes, a number of basic factors that drive innovation need to be strengthened and supported. They are:

- Improving the exchange of information and knowledge between the public sector, private sector, academia, and the citizens of Gauteng.
- Creating specific spaces for innovation, and an *innovating* energy, through supporting cluster and precinct developments focused on driving innovation.
- Financial support for venture creation and other innovations.
- Support social and public sector innovation.

A number of specific programmes have been identified that may contribute towards driving these basic factors. They are currently under development. Research is being undertaken to determine the feasibility of interventions such as:

- Creating a Green Technology Industry Cluster;
- Establishing a Government Innovation Procurement mechanism;
- Establishing a robust Smart City-Region concept with the various metropolitan and district municipalities;
- Creating support structures for social innovation and entrepreneurship; and
- Implementing financial support for innovation, research and development in targeted areas.

4.1.3. Driver: Strategic Economic, Socio-economic and Bulk Infrastructure

Infrastructure, in all its forms, is a fundamental pre-requisite for medium- and long-term economic growth. Although it can, and has, been used in short-term economic recovery interventions, the real benefit in infrastructure development is its ability to evolve an economy if undertaken strategically. This supporting driver is critical in building up the *infrastructure network* economy, which ultimately reduces the transaction costs to individuals, making it far more viable to participate in the economy.

By understanding the infrastructure needs of a region and developing or addressing the infrastructure requirements appropriately, structural challenges faced by a society can be minimised. For this reason, infrastructure as a whole is a cross-cutting measure that contributes to decent work through inclusive economic growth.

This strategy recognises three broad forms of infrastructure: strategic or economic, socio-economic, and bulk. Strategic economic infrastructure relates directly to the various forms of infrastructure used actively in the pursuit of economic objectives. It includes developments such as industrial clusters and precincts, transport and freight networks, as well as electronic infrastructure systems like information, communication and broadband networks. Hence, it is infrastructure investment that is sector specific. Socio-economic infrastructure (often times provided for by government) includes schools, universities, hospitals, clinics, libraries and so on. These respond to the 'social goods' required by society, and are critical for a healthier, more skilled and cohesive social system. Bulk infrastructure represents the underlying set of utilities, such as water reticulation, electricity provision, telephone access, road and rail infrastructure, and so on. The delineation between the three is not always that clear, and not mutually exclusive. However, the reason for the different types is to ensure that infrastructure development includes the provision of socio-economic infrastructure such as schools, clinics and bulk infrastructure (where roads, rail, electricity and water are both bulk and strategic).

- *Strategic economic infrastructure:* Public infrastructure planning processes for the development and maintenance of infrastructure need to be strategic and should focus on mandates for service delivery with a medium and long term mindset. GPG is currently conducting an economic impact assessment of the historical provincial infrastructure spend between 2006 and 2009.

In addition, GPG is developing a Gauteng Infrastructure Investment Framework. The objective of the exercise is to ensure that the government's planned spending on social and economic infrastructure is leveraged to both stimulate economic recovery and to address job creation and broader economic challenges in the short-term, while positioning the province for growth and the creation of decent work in the medium to long-term.

Areas of focus include ICT and transport logistics, public transport facilities and roads, engineering, health and educational facilities, housing and bulk infrastructure services, to mention a few.

The modelling part of the project, has developed several scenarios that will look at investment in heavy capital sectors and in the more socially responsible sectors such as housing. It will also assess the impact of additional infrastructure on output, employment and investment for 23 provincial output sectors of the economy as well as for the national (aggregated) economy. Furthermore, the results highlight the implications that infrastructure spending has on poverty and inequality. Investment in infrastructure, promoted by infrastructure-led growth, has created employment, crowded in private investment and contributed towards the reduction of poverty and inequality. Second round multiplier effects or benefits of the investment in infrastructure is realised through the reduction in the cost of doing business, which results in increased profitability and improved operational efficiencies.

- **Socio-economic and bulk-infrastructure:** Socio-economic and bulk infrastructure are combined because they both contribute to the upliftment of society and enhance the *infrastructure network* and inclusiveness of the economy. Socio-economic infrastructure contributes to the *inclusive* economy indirectly and has long-term benefits through education and health, which ensure that people have the capacity and capabilities to access and participate in the economy. In advancing the 7 strategic priorities of the province, the Department of Infrastructure Development developed a strategic plan for 2009 – 2014, which includes socio-economic and bulk infrastructure provision. This is because the apartheid legacies have resulted in large scale backlogs regarding socio-economic and bulk infrastructure. This type of infrastructure is a focal area of infrastructure spending. This strategy intends to ensure coordination to maximize the impact and roll-out of such services across the province. The three spheres of government, and the private sector, invest millions of Rands in infrastructure development. Systemic weaknesses in the coordination of this investment reduce the effect of undoing the historical backlogs associated with this type of infrastructure. GPG is of the view that collaboration and harmonisation of activities between the three spheres of government, coupled with the pooling of resources with the private sector, encourages economies of scale and addresses the capacity needs across the province. This type of investment in infrastructure services provides people in communities with access to running water, electricity, or toilets in their dwellings, along with improved road, rail and ICT, and so progressively developing a sophisticated *inclusive* economy in the future.

The need to move towards a low-carbon economy and society is also recognised, and there is a core strategic thrust to integrate green building principles and concepts within the provincial standards as part of the contribution towards e

Over the next three years GPG's investment in infrastructure projects will be around R40 billion. The provincial government intends to accelerate the roll-out of infrastructure, especially for schools, clinics, and in the establishment of mixed income settlements, sports and recreation facilities, and Early Childhood Development (ECD) centres. It is important to leverage private sector investments in the provision of sound and economical infrastructure.

A key focus area, relates to accelerating the implementation of the EPWP II, led by the Department of Infrastructure Development, as an intervention aimed at job creation, infrastructure investment and improved service delivery. This is expected to be a major stimulus for economic growth and development and could reduce the impact of the economic downturn at both provincial and local levels of the economy, while promoting sustainable communities. A special focus on localisation at this level will also increase equity and ownership. Proper management of fiscal resources and appropriate prioritisation of expenditure by departments is an important factor that will determine the success of the provincial government's interventions.

4.1.4. Driver: Green Jobs

The Green Jobs driver is addressed in Section 4.1.1: Green Economy and Sustainable Resource Usage. Green jobs are embedded in the green economy, which will create employment opportunities in the newly evolving sectors. Furthermore, there are a series of projects and strategies that create will create formal and informal jobs. These include: solar water heaters, concentrated solar power (create jobs in the plant); waste management and recycling; even food security (as this is deemed to contribute towards the green agenda).

4.1.5. Driver: Community-led Local Economic Development

Community-led Local Economic Development (CLED) is about local people working together to achieve sustainable economic growth that brings economic benefits and quality of life improvements in the community. It is broader than the Local Economic Development (LED) programmes implemented in various local municipalities. *CLED*, as a driver for economic growth, has become more prominent over the last few years and has gained attention from government and policy makers, as one of the key anchors of economic development bringing services right down to communities. This is achieved through community participation, together with various public works programmes (i.e. the Community Works Programme, the EPWP II, etc...), stimulating the entrepreneurial energy and spirit in communities that foster growth in communities from below. The challenge of *CLED* is to support growth patterns that produce clear benefits for the poor by impacting their living conditions either directly or indirectly.

Local and regional economies need to perform well in order to contribute to reduced poverty. Healthy and vibrant local economies are typically evident from characteristics such as:

- Growth in tradable goods, Low to Medium (high) Value-Added products and exports out of the local economy;
- Growth in investment from the private and public sectors;
- Growth in the number of start-up enterprises coupled with improved survival rates; and
- Increased competition and rivalry.

Gauteng's metropolitan municipalities attract job seekers from other districts, provinces and outside South Africa. The metros are characterised, in general, by superb economic infrastructure, while districts tend to lag behind. As a result, districts attract only a very small part of investment into Gauteng. Thus, it is necessary to develop these economic *infrastructure networks* in local communities so that they can access these *networks* with ease, in order to reduce transaction costs, attract job seekers, and promote employment.

CLED's success in Gauteng will depend on bringing the right stakeholders together in the right pattern of roles, which are based on the specific skills / capabilities and interests of the different stakeholder groups (including national and provincial departments, state owned enterprises (SOEs), development agencies and special purpose vehicles (SPVs), private institutions, organised business and organised labour. These contribute significantly to the local economic development of metros and district municipalities. In ensuring that CLED is able to contribute to the attainment of the provincial goals, the province has adopted The Gauteng Local Economic Development Strategic Framework to guide LED practices and systems in Gauteng. The Framework contains six programme areas which will be implemented across the province. These are to:

- Promote sound LED strategies and initiatives by employing smart catalytic initiatives that achieve greater impact.
- Strengthen information supply in support of sound LED.
- Strengthen capacity of key LED stakeholders.
- Strengthen multi-stakeholder LED systems / learning networks.
- Monitor and evaluate LED performance to inform learning processes.
- Change Management Support to Municipalities to achieve LED effectiveness.

CLED programmes should be coordinated to ensure support for both the local and national programmes within the borders of the province, while encouraging the promotion of the decent work agenda. Core tasks here include firstly, monitoring infrastructural and skills needs and ensuring that they are met by the relevant government agencies. This often requires close collaboration between different spheres of the state. Central to this is the issue of how municipalities can establish and leverage greater capacity to effect change

and execute these initiatives. Secondly, there is a need to identify projects that can contribute to economic development, with an immediate focus on employment creation, while encouraging stakeholders to support them. It is therefore necessary to coordinate LED and CLED with the various programmes of national and provincial government that are being implemented at the local level such as, the Community Works Programme, the Expanded Public Works Programme II, along with support to SMMEs and cooperatives through strategic local procurement at municipal level.

With enhanced capacity and support to local government, coupled with a learning culture through monitoring and evaluation of programmes and projects being implemented, CLED can become a very powerful implementing and service delivery arm of government. It promotes decent work through inclusive economic growth, while building sustainable communities and improving economic efficiencies at the micro level of the economy (that counts the most). It achieves this while trying to address poverty and inequality stemming from the historical planning of apartheid that focused on direct racial privileging policies regarding the labour market, education, health, social services as well as human settlement.

4.1.6. Driver: Quality Education, Skills Development and Capacity Building

Skills development and capacity building is a crucial cross-cutting driver relevant to each of the 5 strategic pillars. The apartheid legacies have paralysed the South African economy from achieving substantial economic growth and development as a result of racial privileging policies. As a result, South Africa has amongst the highest levels of poverty and inequality in the world. Thus, in order to address poverty and inequality, shorter term solutions need to focus on skills development and vocational training, capacity building and re-skilling (especially for sectors in distress). For the medium- to long-term emphasis needs to be placed on quality early childhood development, primary, secondary and tertiary education, if poverty and inequality are to be reduced materially.

Education and skills development is necessary for ensuring a more inclusive and productive economy and for enhancing social mobility. Clearly, the focus on skills development is a strategy aimed at addressing the current mismatch of skills supplied relative to those demanded and the lack of skill and work readiness for school leavers. Quality education underpins the success of all government strategies as skills and capacity play a crucial role in an effective and highly productive labour force. Quality education is a challenge currently facing the Gauteng province. This in turn has long term repercussions for the economy's ability to absorb the magnitude of people with low skills levels, implying that unemployment will continue to affect the national and provincial economy.

In the global economy, especially for a small open economy like South Africa, there is a need for a contemporary society to adapt to fast changing national and international market forces. To do this, firms need to access a skilled workforce that can acquire the new skills and so compete in the global arena. The competitive dynamics that arise from globalisation and the rising knowledge economy make it necessary for South Africa, and therefore Gauteng, to educate, train, and develop skills and capabilities of the existing and future workforce.

Education is one of the most critical factors contributing to a *better life for all* and the need to bolster the quality of primary and secondary education is critical if more and more school leavers are to migrate onto tertiary education, thus developing a highly skilled and productive workforce. The ever present skills mismatch has affected the Gauteng province as the economy has moved from being predominantly a resource-based economy towards a knowledge-based one, thus raising the need for semi-skilled, skilled and especially highly skilled workers.

As a result, education, training and skills development initiatives need to focus on:

- Strengthening schools to not only provide basic skills to support the economy but to develop support to them (schools). This is especially true of schools in extremely poor communities (often informal settlements) that require special targeted resource support.
- Ensuring that Model C schools and tertiary institutions increasingly accept learners based on merit rather than ability to pay or place of residence.
- Strengthening the major universities and research agencies within the province and encouraging them to address the economic and scientific challenges, particularly in ensuring more inclusive and sustainable growth. This means that bursaries and scholarships that are affordable are necessary to support Historically Disadvantaged Individuals (HDIs). Gauteng needs to focus on a special fund of this nature, possibly developing a partnership with relevant SETAs and Corporate Social Responsibility Funds, to assist HDIs. Special attention should be paid to science and technology scholarships and bursaries for graduate and post-graduate education.
- Enhancing access to FET colleges in ways that also address the artisan needs of the economy.
- Ensuring that the industrial strategies and programmes of government include a skills development and training component aligned to relevant sector education and training authorities, FET colleges as well as universities and even business. Forging strong linkages between business, educational (academic) institutions and SETAs can ensure greater matching of labour demand and supply per sector.
- Re-skilling and supporting distressed sectors through the National Training Layoff Scheme together with business, SETAs and the relevant educational (academic) institution promotes employment sustainability in the medium to long term.

- Promoting entrepreneurship through training and mentoring programmes. As skills levels increase over time, it is possible to increase the number of jobs in the formal economy and therefore promote decent work.

4.1.7. Driver: Spatial Planning

Whilst the Gauteng Spatial Development Perspective, 2007 (GSDP) provides an immediate strategic response to the key challenges facing Gauteng, a spatial visioning process calls for a more detailed, medium to long term spatial framework to guide decisions relating to the location and nature of physical development in the province. The provincial Spatial Development Framework therefore indicates the desired development patterns for the province and to contribute towards redressing past spatial imbalances in development.

In addition, the following criticalities that the Gauteng City-region faces need to be accounted for in a provincial spatial development framework:

- Accommodation of rapid population growth both from within South Africa and sub-Saharan Africa in an environment that can effectively accommodate communities and a population estimate of 25 million people by 2055.
- Stimulation of economic activity ensuring that it is sustainable, equitable and inclusive, with a particular focus on becoming more globally competitive and attractive to investment, while encouraging a trade-based economy that has already been identified as fundamental to the growth prospects of Gauteng.
- An emphasis on pollution reduction and efficient patterns of energy consumption.
- An urban structure based on public transport as a priority over private mobility (which is acknowledged to be unsustainable, given the high cost to the user, fuel as a non-renewable and rapidly depleting energy resource, and the contribution to global warming).
- Being responsive to existing settlement patterns and focusing on the integration of marginalised areas into the urban structure.
- Optimised re-investment into existing infrastructure and its management, including maintenance and upgrade.
- Sustainable patterns of new infrastructural investment.

In order to proactively manage these challenges, the Gauteng Spatial Development Framework is being finalised within the GPG. It offers a spatial structure that addresses these challenges by describing a polycentric model anchored by nodes of different sizes. These nodes serve dedicated functions appropriate to their position in the urban system, set within strongly-configured urban corridors.

A long-term spatial vision should guide infrastructural investment and the management of activity patterns towards:

- Integration of the apartheid fragments, the municipalities in the province and the municipalities in the wider Gauteng City-region.
- Safe, affordable and sustainable public transport, in contrast to the focus on private-mobility on which the present provincial structure is focused.
- Quality of life and living, implying proximity to, or easy and affordable access to quality open space and social and cultural facilities.
- Shared, sustainable and inclusive economic growth, ensuring that everyone in the province can get access to economic opportunities and contribute to and share in the economic development of the province.
- Protection and enhancement of the natural environment, ensuring the sustainability of natural systems and the fauna and flora habitats within these and their connectivity and bio-diversity enshrined in a comprehensive system of green corridors and spaces, effectively forming a 'lattice' upon which urban development grows as the movement and infrastructural layers on which quality urban life depends.
- Choice, enabling individuals and communities to decide within an overarching framework regarding what works for them, where opportunity presents itself and where to locate within the urban system without incurring inordinate premiums.
- Creativity and innovation whereby the province can adapt to change in constructive ways.

4.2 Pillar 1: Transforming the Provincial Economy through Improved Efficiency

In order to lay the basis for more decent work and inclusive growth, the state must seek to transform the economy which will enhance and improve the underlying efficiencies associated with transacting in the economy. This calls on it to use some of its core functions – the provision of infrastructure, support for skills development and the regulatory framework – in ways that reduce costs to business without impinging on broader social aims. In other words, the GEGDS has to encourage the state to foresee and address bottlenecks in infrastructure, healthcare and skills, and to continually monitor, evaluate and enhance the regulatory framework in ways that reduce the cost of doing business. As discussed in more detail below, fundamentally it means recognising that in a market economy, *a core function of the state is to make business work better*. This is done by removing bottlenecks and facilitating processes that reduce the cost of doing business and increase the ease of economic participation. It requires that the state respond urgently where unnecessary costs impede economic efficiency.

In some instances, the structure of ownership can also raise costs across the

economy - whether it's because companies are too small to produce efficiently or because of the opposite - as large companies impose monopoly pricing. Where companies are too small to be effective, the state may seek to work with clusters through a sector strategy. Where monopoly pricing affects basic necessities or inputs – for instance around food or basic industrial goods like steel or chemicals - the state can try to ensure more competitive markets or to influence pricing decisions. As noted below, most of these measures require collaboration with national government.

The core issues for Gauteng around economic efficiency include:

- Logistics, including both the movement of people and goods. This is also related to the efficiency of cities and the geographic positioning of economic centres when compared to residential areas of the working class.
- Electricity supply, which falls to Eskom and local government.
- Skills requirements – the province can foresee skill needs and work with the SETAs and FET colleges to meet them.
- Support for industries and sectors that are able to efficiently meet the strategic objectives of the province.
- Access to networks – transport, rail and ICT (and *infrastructure networks* more broadly).
- Driving innovation across all the various sectors of society, and creating new and more efficient means of addressing social, economic and environmental needs.
- Creating a sustainable and resource-efficient society that is able to decouple economic activity from resource usage, and ultimately from environmental impact.
- The overvaluation of the currency as a result of short-term inflows, which has severely affected both manufacturing and mining, lie at the heart of the Gauteng economy. Although this falls entirely outside the competence of the province, a clear position by the provincial government might enable it to influence national decisions.

4.2.1 Driver: Industrial and Sector Development

GPG has identified the need for an active industrial policy in the province. GPG needs to actively support industry and rekindle the investment in manufacturing. In addition, the aim is to move onto an industrialization trajectory that is responsive to:

- The promotion of more labour-absorbing industrial sectors with emphasis on tradable goods and services and economic linkages that catalyse productive employment creation.
- The promotion of a broader-based industrialization path characterized by greater levels of participation of historically disadvantaged people and marginalized regions.

The industrial policy has a strong focus on understanding the relationships between different sectors, in particular the backward and forward linkages between sectors. A sector with strong backward linkages means that increased demand for that sector has potentially strong stimulating effects on output across the economy as a whole. In addition, employment multipliers allow us to identify sectors with the strongest stimulatory impact on employment across the economy.

The active industrial policy needs to look at those sectors that can be stimulated to create jobs by encouraging a *green* economy, an economy that is *innovating*, promotes the knowledge economy, and builds a sophisticated *inclusive* economy. Therefore, the Industrial Sector strategy assesses where growth will come from in the future as well as the competitive advantage for exports to support the national trade account. Research has shown that these sectors include: Transport and equipment; Wood; Paper; Publishing and printing; Textiles, Clothing, Leather and footwear; Food, beverages and tobacco; Other non-metal mineral products; and Construction. There are also a number of input sectors that deserve policy attention so as to minimize bottlenecks and imported inputs to expanding downstream sectors. These include: Metals and metal products; Machinery and equipment; Petroleum; Chemicals; Rubber and plastic products; Government services; Wholesale and retail trade; and Finance and business services.

Importantly, key new areas have arisen that have the potential for significant economic activity and employment creation. These are as a result of the move towards a low-carbon economy – as a response in itself to the energy crisis and effects of global climate change. The Gauteng Industrial Policy is cognisant of the importance of these developments with regards to industrial policy. The areas identified below will receive significant attention in future:

- Renewable energies;
- Green technology and jobs (solar water heating, concentrated solar power etc.);
- Waste recycling and management; and
- Supporting the new low carbon economy.

The role of these new areas for developing technologies, increasing efficiencies, ensuring sustainability, carving a new growth path and creating employment opportunities is critical and the Provincial Industrial Policy will ensure that such is achieved.

With this programme the aim is to promote economic recovery over the medium to long-term, with some short-term interventions. However, the main benefits will only accrue to the economy over time as the underlying characteristics are gradually changed to support *inclusive* economic growth coupled with the gradual change in the formal economy to ensure that it can create decent jobs over the long-run.

GPG, through the GDED, has taken a decision to contribute to the Competitive Supplier Development Programme (CSDP) Working Group. This group, an initiative of the Department of Public Enterprises, seeks to develop local industries in supplying State Owned Enterprises such as Eskom and Transnet with high-quality, globally-competitive goods and services by pursuing a fleet-procurement model.

The Working Group is critical in that it allows GDED to pro-actively influence and align with the policy interventions at a national level. These interventions aim to find ways in which to:

- Foster strong backward domestic linkages by facilitating long-term partnerships between large assembly companies and their multiple suppliers;
- Put in place supply-side support measures at company and cluster level, such as supplier benchmarking initiatives, and programmes aimed at improving technology and productivity;
- Provide accurate and reliable information to industry about long-term infrastructure investment plans provincially, nationally and globally; and
- Re-establish industries that have ceased to exist by setting up collaborative supplier forums.

As a result of low expenditures or investment by the government over the last 30 years and lack of foreign capital due to economic sanctions, the domestic supply market lost key capabilities and skills, and did not adequately invest in plants and technology to meet both the SOEs and government's requirements. There has also been a break-down of relationships within and between elements of the supplier community and the SOEs, which led to serious supply-side constraints and the introduction of cheap imports, particularly from Asia.

The public sector infrastructure investment programme is expected to substantially increase the demand for infrastructure inputs, including construction materials, transport and capital equipment and skills. The programme presents an opportunity for GPG and Gauteng-based suppliers to collaborate in driving a localisation agenda and charting the provincial industrialisation trajectory. This will reduce import leakage and successfully leverage SOE procurement and promote local content, which in turn increases ownership and equity. The objective of the localisation agenda is focusing on, but not be limited to:

- Increased demand for local infrastructure inputs;
- Industrial development of labour absorbing and growth potential sectors such as capital goods, and transport equipment, steel and metals, etc.;
- Crowding in of private investment through more effective infrastructure;
- Original Equipment Manufacturers (OEMs) and first tier supplier commitment to localisation and development of second and third tier

suppliers into the project value chain and development of supplier parks (including the extension of value chains into other provinces);

- Backward economic linkages to SMMEs and B-BBEE companies with export capacity; and
- Technology transfer to create and revive vanishing clusters in the capital equipment sector.

Following on from the work of the industrial policy, various sector specific strategies will be undertaken on the back of this. This will allow individual strategies to be developed, taking into account the very specific environmental factors affecting that particular industry. This will ensure that sector development is aligned with the broader industrial policy, to ensure that a coherent and holistic set of outcomes can be derived. Some of the sectors that have been focused on include:

- Automotive and components;
- Tourism;
- Clothing, textile, leather and footwear;
- Heavy capital equipment (metals, etc.);
- Furniture;
- BPO-O;
- Construction;
- The knowledge economy;
- Mining and beneficiation;
- Agriculture and agro-processing;
- Petro-chemicals;
- Services;
- **Transport:** The transport sector is singled out due to the important role this sector plays in supporting the economy while reducing the cost of moving goods and people around the province. It is important to incentivise the industry to focus on green technologies and innovations that will ensure that the infrastructure put in place is complemented by the local transport manufacturing sector. The industrial sector strategy for transport needs to be guided by the future vision for the province and aligned accordingly. More information is available on this sector as it relates to cost-cutting measures.
- **ICT-E:** The ICT-E sector has also been singled out, for similar reasons to the Transport sector, namely that the ICT-E sector supports the evolving digital-network economy, which is the way of the future. Moreover, this sector plays a crucial role as an input cost for businesses and is progressively becoming an important cost-driver for many formalised businesses and SMMEs. Moreover, the digital-network is increasingly being used to market and sell goods. Thus, the industrial strategy needs to look at the

appropriate interventions to support and grow this sector, which includes the further roll out of broadband across the province. Innovation in this sector is equally important, and the provincial government, together with national, need to look at ways to unlock the potential growth of this sector. Some of the interventions might only be regulatory by nature. Not only could expansion in this area benefit the province, but the neighbouring provinces and countries and the network skill and expertise is used to expand into the rest of the continent, networking not just the whole of South Africa, but the continent as a whole. The ramifications of this strategy could have many backward and forward linkages that can be capitalised on by the global economy as they try and tap into the African market, using Gauteng as a gateway portal.

The strategies will address the following cross-cutting issues as well:

- Skills development and training;
- Job growth and decent work;
- Economic growth;
- Formal versus informal sectors, SMME and Cooperatives;
- Investment;
- Clean development mechanisms (green);
- Competitiveness and trade;
- Infrastructure and logistics; and
- Short, medium and long-term interventions by looking at the backward and forward linkages that promote an inclusive economy and decent work not just in Gauteng but in the neighbouring provinces as well.

It is important to analyse value chains per sector and identify the areas in which government can unlock potential. Multi-party stakeholder partnerships, like the one in the automotive sector in the province, hold the key to building sectors strategically in the province, while promoting employment, investment, localization and exports.

It is important to note that the Industrial strategy will target as a priority, sectors that have strong employment multipliers with strong backward linkages. Second round sectors include those with strong employment multipliers with weak backward linkages, followed by those with weak employment multipliers but strong backward linkages. Strategic interventions will be required as they may be necessary in sectors that have weak employment multipliers and weak backward linkages.

4.2.2 Driver: Ease and Cost of Doing Business

The reduction in cost and improved ease of doing business in Gauteng province is a critical objective to strive for. This will result in accelerated economic activity within the province, as well as promoting both domestic and foreign direct investment.

One of the mechanisms used in improving the ease and cost of doing business, The Business Environment Assessment Report, seeks to identify and assess bottlenecks and barriers to:

- Business investment;
- Growth in selected geographic areas; and
- Growth in selected economic sectors.

The findings are extensive, spanning issues such as transport, road and rail, provision of services, spatial planning, government access to land, inter- and intra-governmental coordination, the lack of skills (including the public service) and many other challenging areas. The study broadly recommends:

- Improving transport infrastructure with particular focus on improvement and maintenance of road infrastructure and improved public transport;
- Improving interaction between business and government;
- Coordination across government and clarifying areas of overlapping authority;
- Improving the efficiency of approval processes;
- Procurement policies and processes – greater transparency and accountability; and
- Implementing measures to eradicate corruption.

4.2.3 Driver: Transport and Logistics

Transport and Logistics affects the basic efficiency around moving people and goods from one place to the next. The transport network in Gauteng is under severe pressure in all respects, from road to rail to air traffic. Specific measures to address the transport needs of the province have already been undertaken, with projects such as the Gauteng Freeway Improvement Plan, the Gautrain, and expansion of various airports around the province, such as Lanseria and Wonderboom. A number of specific strategies have been implemented, or are in the process of being finalised, including:

- The Gauteng Transport Master Plan;
- The Gauteng Freight Strategy; and
- Gauteng Public Transport Integration Plan.

4.2.4 Driver: Information, Communication and Technology

Much has been said about Information, Communication and Technology, and the network economy. Even though it is part of the Industrial Strategy, it plays a pivotal role in allowing a free flow of information between the various sectors of society and is also an important cost driver in business, especially given the changes in information flows and the paperless environment. This allows for easier and smoother business operations and reduces the transaction costs associated with economic participation.

It is now widely accepted that the future development of advanced economies will be based on their connectedness to human and financial resources (which may reside at a distance from local markets for labour and finance), as well as their connectedness to markets where goods and services are in demand. For Gauteng, at the southern base of the African continent, distance from the major global markets is so great that it has the potential to undermine efforts to integrate into a changing, highly competitive world economy. Concomitantly, low levels of gross national income undermine the ability of a country to improve the quality of life of citizens and to significantly reduce poverty. This apparent disadvantage can be reduced by connecting the Gauteng economy to a continental resource base and to global markets in products and services, via electronic networks, thus setting the pace for a digital future. Already, Gauteng is connected – through its banking and financial system and through increased utilisation of the Internet as a tool for business, from agriculture to tourism. This forms the basis of the ICT strategy for Gauteng Province.

4.3. Pillar 2: Sustainable Employment Creation

Within the paradigm of decent work, the ability of the state to support employment creation changes over time. In the very short-run, it can only work through a wage subsidy or through direct public employment schemes that it funds directly. In the medium-term, it can support more labour-absorbing industries, essentially in agriculture, light industry and the services sectors. In identifying industries, the key challenge is to understand those that are sustainable – where there is sufficient demand for the output and where local production can compete. In the longer run, as full employment is achieved, the economy must shift to more knowledge-based production in order to compete internationally and continually improve conditions and welfare.

Provincial government has undertaken a process of reinforcing the focus of its interventions on the creation of decent work opportunities by focusing on sectors with strong backward and forward linkages and high employment multipliers. There is a time lag for these interventions to take effect. Whilst these interventions are being developed, it is necessary to ensure that people can be employed on a meaningful scale to ensure that regular income is received by unemployed households. In summary, the employment creation pillar requires:

- Immediate expansion in public employment opportunities, mostly through the Community Works Programme, but also focussing on youth employment;
- The development of strategies to support more knowledge-intensive activities so as to lay the basis for future growth, without letting support for these activities, which often prove expensive, crowd out the government capacity and resourcing needed to encourage more labour-absorbing sectors and

- Providing support for industries that are in distress, understanding which sectors will in future be under pressure, and providing support to them.

The potential for creating more employment through strategies for the green economy similarly varies in the short-, medium- and long-run. In the very short-run, most jobs come from services and construction; in the longer run there should be a shift to production of new technologies, especially for local and regional use.

It is obvious that the industrial and sector development drivers, section 4.2.1, are closely related to the development of labour-absorbing sectors. The co-development of these strategies reflects the understanding that employment and industrial success are inseparably linked. The cross-cutting drivers, including the *green* agenda, should not be ignored (these drivers have been discussed in section 4.1.).

4.3.1 Driver: Preventing Job Losses in Distressed Sectors

This driver has been included here in order to address the impact of the recent global economic recession. This driver is only relevant to future sectors that might become distressed as technology changes and the demand for their products are displaced. GPG is establishing partnerships with: the Industrial Development Corporation (IDC), Small Economic Development Agency (SEDA), relevant national departments, SETAs, local government, the DBSA and other key role players, to identify distressed companies that can access financial support and re-skilling programmes. The IDC works closely with the industry associations, labour and government to develop mechanisms to assist the ailing industries. The IDC has the ability to provide loans to temporarily struggling industries. Companies seeking such financial assistance should be committed to job retention and creation.

Furthermore, in forging a strong partnership with the IDC, it is possible to ensure that distressed firms within the manufacturing sector are identified at the provincial level, and that interventions have a spatial dimension to take into consideration the affect that distressed sectors have in areas where they are concentrated. The provincial government also seeks to support such distressed companies, where possible, through procurement processes.

In order for the provincial government to function as a responsible partner in supporting industry, it is critical to know who is in need of support. In light of this, the provincial government intends to establish a Distressed Company Database, which will provide appropriate information to relevant partners in order to facilitate and support these companies. Such a database will be voluntary. It will provide a quick access point to a range of government support services, such as facilitation with appropriate SETAs, the IDC and other Development Finance Institutions; as well as other national and provincial government agencies that provide financial and business support to business entities.

4.3.2. Driver: Community Works Programme

The Community Works Programme (CWP) is a direct employment creation programme aimed at addressing the current high levels of unemployment while addressing some of the structural employment characteristics underpinning both the South African economy as well as the Gauteng provincial economy. The CWP aims to create jobs in communities, which also assists in building up communities and improving access to services and infrastructure. This in turn acts as a trigger for expanding business formation and increasing incomes in the poorest of areas.

The focus on direct employment creation initiatives by government represents a significant departure from the approaches taken in the past, which have focused on creating an income stream to the poorest. The CWP is based on a methodology that promotes stable and predictable income streams as a basis and anchor for developing opportunities, by trapping and recycling these income streams in the community in which they are earned.

The standard model for the programme is to offer two days of work per week (or 100 days a year) with income amounting to R100 per day. Approximately 1,000 people can be employed per site and the CWP has the potential to increase to 4,000 people over the medium term. Instead of providing access to fulltime employment for defined periods, the CWP aims to provide participants with access to a minimum level of regular employment on an ongoing basis. More importantly, this programme works within the ward structures at community level. Ward structures identify the type of work that needs to be done and who should do this work. As a result of this, the by-product of this initiative is to enhance and strengthen ward structures of local government. The CWP identifies projects that have 65 percent labour intensity and a strong skills development component. Typical programmes include:

- A strong focus on food security;
- Home-based care;
- Care of orphans and vulnerable children;
- Environmental rehabilitation and maintenance;
- Informal settlement upgrading; and
- Partnerships with schools to provide maintenance, labour for food gardens, unemployed matriculants to supervise homework classes, recreation activities etc.

While the priority is to target the most marginalized areas first, the potential exists for the CWP to reach every municipality in the Province. The programme supplements other livelihood strategies rather than replacing or displacing them. The CWP uses community development approaches to identify useful work at the local level, which helps to build community participation in local development planning and to fast track the delivery of priorities identified

at community levels. There are two potential benefits stemming from these opportunities. Firstly, increased spending by the new income earners supports retailers and therefore supply, and creates consumption-driven multipliers. Secondly, this may give rise to the development of different businesses and co-operatives against the security of this new, reliable income stream. In other words, now that there is a reliable income stream, it may reduce the risk in these communities to engage in new economic activity.

This flagship programme can be significantly scaled up. It has the potential to create thousands of jobs in the short term. In the State of the Province address, the Premier stated that 100,000 jobs will be created through the CWP by 2014. This contributes towards the target aimed at reducing the unemployment rate, while it stimulates economic activity.

4.3.3 Driver: Expanded Public Works Programme II

Similar to the CWP, the EPWP II aims to address high and rising unemployment, while targeting youth, women and people with disabilities. The programme aims to provide 1 million employment opportunities by 2014. In addition, in trying to promote decent work opportunities, contracts will be awarded based on the Minimum Labour Content Principles. This programme enhances economic development by means of utilizing localized suppliers and cooperatives where possible. Service delivery in communities is improved (particularly for bulk infrastructure) through special emphasis on the maintenance of these services. Furthermore, this programme focuses on socio-economic infrastructure required in local communities. As a result, the EPWP II develops the necessary skills in the construction sector to ensure effective service delivery at a local level. Key deliverables in this area are:

- Service delivery intensification to be rolled out through EPWP's Massification programme.
- Develop intensification programmes on behalf of other government departments leveraging their budget allocations for public works, early childhood development, economic services, tourism, environmental and social infrastructure related programmes/projects.
- Identify other sectors to expand EPWP, coupled with EPWP job opportunities in the non-state sector.
- In establishment of project sites, ensure that one person per household is employed for 100 days a year.
- Provide on-the-job training and skills development programme.
- Rigorous monitoring and evaluation of projects as well as jobs created through EPWP II.

4.3.4 Driver: Youth Employability Initiative

It is clear that structural unemployment affects young people disproportionately. The GEGDS identifies the need to focus on this important area of the labour

market by intervening more directly. The longer a school-leaver remains unemployed, the more difficult it is to get employed. If school leavers are not employed within the first two to three years after leaving school, the probability of them ever getting a job diminishes dramatically. Youth between the ages of 15 and 35 represent nearly 70 percent of the total unemployed. Therefore it is necessary to focus more proactively on young school leavers, thereby preventing them from becoming structurally and joining the long-term unemployed. Furthermore, there is a need to create bridging programmes and encouraging school leavers (through financing bursaries) to migrate into tertiary education, as the benefits are greatest here.

GPG is concerned about the rise in youth unemployment not only because of the direct economic cost but also the social impact. This manifests in increased crime, mental health problems, violence, drug abuse and social exclusion. Proposed policy responses include:

- Training programmes (including ABET) that include collaboration with other government departments and key stakeholders such as SETA's and Finance and Development Agencies. There is a need to work closely with the Department of Higher Education and SETA's to provide skills and educational support to the youth.
- Bursaries and scholarships.
- Training and up-skilling of youth in various productive sectors, as well as services, the green sectors and green technology, and the digital sector. These can assist school leavers.
- Up-skilling of post-matric students is vital.
- Absorption of youth into direct employment creation programmes, such as the EPWP II and the CWP are worthwhile programmes that enhance their skills, experience as well as future employment opportunities and exposure.
- Placing retrenched youth by re-skilling through the National Lay-Off Scheme offered by the Department of Higher Education.
- Promoting youth entrepreneurship.

The aim of a school leavers programme, is to increase their employability and connect them to the job market as soon as possible and therefore increase their prospects of employment or encourage their further skills development, training or migration into tertiary education. Several projects have been developed, including a special GDED programme, that intends to link school leavers by leveraging partnerships with placement agencies and also connecting school leavers to jobs through the network of government programmes available to promote employment.

4.3.5 Driver: Labour Absorbing Sector Employment

Macro-economic stabilization may have given some lift to industrial productivity

and brought in foreign investment, but this has been largely limited to capital intensive industries. This has not created sufficient employment opportunities for the citizens of Gauteng. Thus, the province is faced with the challenge of not only absorbing new entrants into the job market, but also clearing the backlog. In Gauteng about 40 percent of the labour force in all economic sectors combined (formal and informal) is either illiterate or educated below the primary level. As a result, the labour force has a disproportionate number of relatively unskilled labour. The immediate challenge is therefore providing employment for low-skill labour.

Prior to the recession, labour absorbing sectors in Gauteng (forming part of the Industrial Strategy) have been facing stiff challenges emanating from increased global competition. Sectors across the manufacturing landscape have been shedding jobs. An increasing focus is the secondary sector, which is potentially a major employer of low and semi-skilled labour (this is the area of highest structural employment). That being the case, interventions to support the secondary sector in the province will need to be at the heart of driving a labour absorbing sector. These interventions must play a role in further enhancing Gauteng's downstream manufacturing and beneficiation capabilities.

The province is looking at a number of measures to increase labour absorption. Policy effort is being made to steer the province on a labour absorptive growth trajectory through the Green Development Strategy, the Gauteng Industrial Policy, and others. Furthermore, the public sector expenditure programme is being looked at to stimulate employment growth in the economy through an Infrastructure Investment Framework that seeks to inform infrastructure delivery in a way that enhances job opportunities.

Sectors with a high labour absorptive rate potential have been identified through research conducted for the industrial policy. This is based on the number of backward and forward linkage created, as well as the ability within the sector itself if labour intensive processes are applied. The following are identified:

- Construction;
- Capital goods and transport;
- Tourism and leisure;
- Agriculture and agro-processing;
- Food and beverages;
- Manufacturing (consumer and tradable goods, including clothing and textiles, furniture, paper products, etc.);
- Green economy (Solar water heating production and installation, Recycling and environmental rehabilitation); and
- Finance and business services and BPO-O.

Interventions in these sectors will then be based on these programmes:

- *Competitiveness Programme:* The programme will enable the manufacturing sector to compete sustainably and effectively against international competitors in both the domestic and the export markets. The firm level competitiveness will be improved substantially. The manufacturing sector lags behind their international competitors in terms of conversion efficiencies and other key indicators of world class manufacturing principles of which quality, cost and delivery are the main drivers.
- *Globally competitive skills:* The programme is involved with upgrading of skills in the sector. A lack of succession plans in the sector has resulted in very few young graduates joining the industry. Most of the captains of industry are beyond retirement age and there are no skilled personnel to take over.
- *Audit of manufacturing:* This programme covers the audit of the capacity and the technology currently in the manufacturing industry. Through the intelligence gathered the programme will then explore the possibility of consolidating the manufacturing sector where companies will focus on different products, thereby assisting them into the mindset which looks at specialization.
- *Innovation and technology:* Manufacturing in Gauteng is largely utilizing antiquated technology that reduces productivity and has a negative impact on competitiveness as is reflected in delivery time and quality. Both of these are key drivers in improving the competitiveness of Gauteng's manufacturing sector. Innovation systems developed have to support the manufacturing sector's competitiveness drive.

4.4 Pillar 3: Economic Ownership and Equity

Creating full employment is a critical step to enhancing overall economic equity. However, an inclusive economy also requires broader ownership and decision making. There are two core routes to achieving this aim:

- Gradually changing the structure of ownership to support both small and micro enterprise and collective ownership of larger entities. Small, medium and micro enterprises (SMMEs) can only flourish in labour-absorbing industries. Capital-intensive sectors exhibit economies of scale in the core activities and thus tend to exclude SMMEs. Collective ownership of larger companies can take various forms: public ownership; employee and community ownership schemes, which form part of broad-based BEE; retirement-fund ownership, where the fund trustees actively consult with and represent members; and cooperatives.
- Broadening access to quality education and ensuring that higher education is based on merit rather than income. This is a very long term strategy but is ultimately critical for ensuring social mobility and legitimacy as well as broader economic equality.

The broad-based BEE strategy recognises collective ownership as an important form of BEE. The provincial government can use its procurement preferences and engagements directly with provincial business to encourage broader ownership.

Enhancing social capital through community and public sector ownership also broadens access to assets. Gauteng should audit social capital in the province and develop a strategy to ensure it contributes more to community cohesion and voice in the economy.

Finally, education and skills development provide a critical platform for greater equity and social mobility in the long term. Currently, however, the inherited apartheid inequalities largely prevent poor children from access to a quality general education and ultimately to higher education. In part, this reflects the reliance on fees to determine access to former Model C schools and to tertiary education coupled with inadequate infrastructure and resources in schools. Unless this situation is addressed, it will be difficult to improve economic equality in the longer term.

4.4.1 Driver: Support to SMMEs and Formal Businesses

SMMEs located in the province should be better able to contribute to and benefit from sustained economic growth by becoming more profitable, competitive and by creating more and better employment opportunities. Towards this end the SMME Development Strategy has been crafted to provide a set of action-oriented, measurable and strategically focused interventions. The strategic objectives for SMME development are:

- To ensure national, provincial and local actors from the public, private and community sectors work in a collaborative, integrated and coordinated manner.
- To provide SMME development services that are accessible, sustainable, business-like, equitable and responsive to the demands of clearly defined target groups.
- To improve the competitiveness of Gauteng's business environment, including its constituent local business environments.
- To promote entrepreneurship, innovation and technology transfer in the provincial SMME sector.
- To ensure that the growth of the SMME provincial sector and its contribution to provincial, local and national development goals are monitored and assessed.

4.4.2. Driver: Support to Cooperatives and Informal Businesses

A co-operative is an autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically controlled enterprise. Historically, cooperatives have arisen all over the world as a corrective force when

deficiencies arise in the market or government. Today, cooperatives in South Africa live up to this legacy, combating the negative implications of apartheid, including poverty, inequality, and underdevelopment.

GPG recognizes cooperatives as a driver for inclusive economic growth, a means to combat the high levels of unemployment in the province and, more importantly, an instrument to eliminate the culture of dependence by communities on government. Cooperative development is consequently a key aspect of the provincial strategy aimed at mobilising and empowering the marginalized and impoverished members of local communities. Furthermore, cooperatives are a means of spreading the economic pie and they act as a vehicle for ordinary and highly skilled persons to share the risks and rewards of entrepreneurship. Cooperatives can operate in any sector of the South African and Gauteng economy, even becoming part of the global economy through the export of products or rendering services to multi-national organizations.

The challenge facing cooperatives in the province is largely due to fragmentation and underdevelopment. The majority of cooperatives have a presence in the formal economy but also operate in the informal or township economy.

One of the purposes of developing cooperatives is to propel economic growth in the province through the creation of employment opportunities, thereby encouraging existing as well as emerging cooperatives to access national and global markets. However, given the shortcomings of the sector at present, government will have to institute the required steps to catalyse and stimulate the productive capacities of cooperatives so that they can operate and compete effectively. Emphasis should be placed on retail and marketing cooperatives, not just productive cooperatives that allow people to benefit from lowered cost of fixed and variable input costs. Research has shown that retail cooperatives are more sustainable than productive cooperatives.

The Gauteng province will be employing demand side incentives by ensuring that various GPG sector departments procure goods and services from cooperatives in order to build demand for local production. This strategic use of procurement is explored further in Section 4.4.3. Since 2007, a Provincial Cooperatives Development Policy has been in place and there is currently a Draft Gauteng Integrated Cooperatives Development Strategy which will address the challenges as follows:

- Increase educational materials that are accessible to cooperatives and facilitate the continued training of members in specific skills and production methods.
- Encourage the vertical and horizontal integration of cooperatives;
- Foster an atmosphere of trust and discourage corruption within cooperative enterprises;
- Guarantee that cooperatives receive support for physical assets that are necessary for effective operation;

- Increase the access that provincial cooperatives have to capital;
- Ensure adequate skills training in business formality, technology, and finances so that cooperatives are prepared to compete in markets;
- Facilitate integration of cooperatives into the supply chains of major local firms;
- Increase the level of competitiveness of cooperatives;
- Encourage retail and marketing cooperatives, not just productive cooperatives; and
- Make sure that government officials are knowledgeable on the actual, on-the-ground operations of cooperatives.

Lastly cooperatives are a means to developing social capital, which has a positive impact on economic development, incomes and standards of living. Communities with a high degree of social capital formation are more prosperous than those with a low degree of social capital and are therefore cohesive communities.

4.4.3. Driver: Strategic Procurement

Public sector infrastructure projects in South Africa are mostly delivered using a traditional, pre-planned approach to construction, which requires that the design and specifications be adequately developed and approved by clients before tenders are invited. This model works best when:

- The public authority has adequate in-house capabilities and capacity to either undertake the design or to brief consultants and to oversee the design process; and
- There is adequate time to complete the design and associated documentation before tenders for construction are invited.

The GPG is aware that the procurement of infrastructure needs to be conducted in a fair, equitable, transparent, competitive and cost effective manner that promotes sustainable development objectives. These include: the minimisation of the harmful effects of development on the local environment; the use of environmentally sound goods, materials and construction technologies; and the participation of targeted enterprises that increase employment.

As a result, over and above working with industry, the provincial government will be fostering a change in procurement practices in key provincial departments, municipalities and SOEs, to move away from short-term relationships with strategic suppliers towards longer-term relationships that promote both competition and collaboration. This is regarded as a stepping stone towards strengthening the competitiveness of Gauteng-based firms and focusing in particular on SMMEs and cooperatives. This will be done through the utilisation of a range of targeted procurement procedures developed in South Africa by government's Procurement Reform Task Team. This will include possible changes in the regulatory framework to promote localisation and B-BBEE.

In his 2010 State of the Nation Address, the President reiterated the importance of the national infrastructure investment programme:

"Underpinning our strategy for economic recovery and growth, is our capital investment programme. Over the next three years government will spend R846 billion on public infrastructure".

Almost all of this spend will be in specific sectors where there are specific public bodies accountable for the delivery and management of infrastructure. Current best practice indicates that delivery of infrastructure is most effective when there is a comprehensive infrastructure plan and where this is reinforced with a clear sector-wide procurement strategy identifying from whom and on what basis different components of the infrastructure spend will be procured by the accountable public body.

Against this backdrop, the provincial government will be seeking the assistance of the Business Trust's Support Programme for Accelerated Infrastructure Development (SPAID) in formulating and implementing a sector specific infrastructure procurement and contracting strategy for the province's sector departments involved in the provision of infrastructure such as Health, Roads and Transport, Local Government and Housing, and Education. The rationale for developing a sector procurement strategy is to guide the allocation of resources in a more rational fashion and, in this instance, direct the most appropriate and best value procurement approach. SPAID is investigating innovative means to accelerate and improve infrastructure delivery through the mobilisation of private sector resources and expertise.

The GPG will also be engaging the National Treasury for the purpose of being included in the Infrastructure Development Improvement Programmes (IDIP) to address the problem of under-spending on infrastructure and to alleviate the chronic backlog in health services, classrooms, and maintenance. The IDIP is managed by the National Treasury in collaboration with the Development Bank of South Africa, National Department of Public Works, and the Construction Industry Development Board. Its objective is to ensure that departments function as a system and move away from silo approaches and crisis management as well as aligning the infrastructure planning and budgeting that reflect the provincial priorities.

4.4.4. Driver: Broad-Based Black Economic Empowerment

The GPG Broad-Based Black Economic Empowerment (B-BBEE) is an integrated and coherent socio-economic strategy that will directly contribute to the economic transformation of South Africa by significantly increasing the number of black people that contribute to the management, ownership and control of the country's economy. This therefore is a central component of government's efforts to reduce income inequalities.

The Strategy was crafted and approved in 2006 and set for a review at the end

of term in 2009. The Strategy was meant to substantially increase GPG's impact on B-BBEE in Gauteng. Consequently, it aimed to generate economic benefits and promote shared growth. The strategy aligned GPG activities to the Broad-Based BEE Act 53 of 2003, the *dti* Codes of Good Practice on B-BBEE and the transformation charters. Therefore, GPG would be able to meet objectives as outlined in the Act and therefore give impetus to the GEGDS and the policy imperatives of the GPG. The strategy aims to:

- Increase the number of black people that manage, own and control enterprises and productive assets;
- Facilitate ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
- Promote human Resource and skills development;
- Achieve equitable representation in all occupational categories and levels in the workforce;
- Promote preferential Procurement; and
- Invest in enterprises that are B-BBEE compliant.

4.5 Pillar 4: Investing in People

Social protection is critical both to address poverty immediately and to let people in the economy take risks and accept change. Social protection may take the form of dedicated funds or measures to assist communities to show solidarity. Unless the state provides some protection against the impact of job losses and other economic risks, the burden will be pushed onto poor households, as they have the least resources to deal with the crisis. The results are conflict between workers and employers and between communities over scarce resources – something seen more clearly in the rise of xenophobia in the poorest and least organised communities.

At the same time, in order to build a sustainable society across the short-, medium- and long-term, it is critical to ensure that the two drivers of education and healthcare are adequately provided to all members of society. The importance of these two drivers cannot be underestimated in ensuring a healthy and skilled population as they impact directly on the overall economic development of the province. This pillar therefore contains three fundamental factors:

- Ensuring that the most vulnerable members of society are provided with an income safety net, thereby securing their basic needs and requirements.
- That quality education is supported through every means possible in order to provide a sustainable, economically valuable labour force in the short- to long-term.
- That access to affordable and quality healthcare is ensured for the citizens of Gauteng, thereby promoting not simply a healthy community, but also directly impacting on the employment security and economic *potential of the province*.

4.5.1. Driver: Social Security (Assistance and Insurance)

Social insurance for unemployed households through the UIF provides temporary income relief, while the Compensation Fund provides temporary incapacity financial assistance or permanent assistance regarding permanent disability as a result of injury at work. The EPWP supports unemployed individuals to some extent; however the income relief is also temporary in nature and targets those with low skills levels.

The South African Social Security Agency (SASSA) will continue to provide grants to deserving citizens. In the absence of an economy that is shedding jobs and has high unemployment rates, grants remain the most effective form of alleviating absolute poverty. Currently, 716 000 caregivers receive child support grants on behalf of 1.5 million children in Gauteng. Social assistance therefore provides longer-term income support (except in the instance of temporary disability), albeit at really low levels. Although the province is affected by the levels of access to these programmes, they are essentially a national competency. Nonetheless, the province can take several important innovative steps.

The role for the province regarding social protection relates to the ability of the provincial government departments, metros, IDZs, nodal cities and local municipalities, to encourage cooperative governance and create the necessary linkages for poor and vulnerable members of society. Needs assessments can identify the requirements of the households and communities through their wards and can channel these needs to the relevant government departments. Ultimately, government departments in the province should be able to effectively coordinate their services and wrap these services around the individual, whether it relates to accessing education, a grant, health care services, the need for a job (by linking up to SETAs, the CWP, EPWP II and YEI programmes, for example), financial and non-financial support to emerging entrepreneurs, SMMEs and cooperative owners. This can significantly address the needs of individuals by ensuring that the public can effectively access government services. However, this requires a responsive government administration at the provincial, metro and local municipality levels.

Investing in people therefore allows government to promote social assistance where necessary and applicable. More importantly however, it aims to encourage economic participation by providing the relevant assistance to support the individual or households through the balance of services offered by government that promote decent work through inclusive economic growth and sustainable economic development.

The GPG recognises the importance of support to distressed households and communities predominantly due to the recent recession, having identified the following interventions to address the impact thereof:

- Income Support to Distressed Households: SASSA and the Gauteng Department of Health and Social Development (through social workers assessing whether households are in distress), approve and therefore provide Social Relief of Distress grants to households in distress. In order to respond to those families in a serious state of hunger, Food Banks (warehouses) will be established, where both public and private sectors support the storage and purchase of food items for distribution to poor families.
- Establishing an Unemployment Database: The development of an unemployment database will assist the government in enhancing and implementing its policies and realising an inclusive economy. Since there is no individual specific data on the unemployed in Gauteng, especially at a local level, the development of the unemployment database will assist in targeting poor and distressed households, beyond economic downturn. This is especially useful for programmes like CWP, EPWP II, YEI, LED and IDZ initiatives as the database can also identify the relevant skills sets that are currently not being effectively employed. For example, if a community is building a school, the unemployment database can identify individuals within a particular radius to work on that project, provided they are unemployed and have worked in the construction sector before.
- Consumer Protection: Current and retrenched employees who were extended credit by financial institutions whilst in employment are faced with challenges of repaying their creditors. A set of interventions have been put in place by government and their respective agencies to alleviate the plight faced by such individuals. The following three priority areas have been identified as necessary initiatives for potential support to distressed families:

Initiate a Consumer Awareness campaign to provide consumers with relevant information and advice. Consumers will be assisted in making informed decisions when they are confronted with the potential or actual loss of employment and subsequent income. Consumers will be made aware of: UIF and the application process, risk awareness in cancelling for example retrenchment insurance policies; awareness of the existence of credit life policies; and awareness of debt counselling services.

Provide specific assistance through debt counselling to consumers who experience/d job loss or income reduction. Credit providers will be approached and engaged to come on board to assist distressed households in debt re-arrangement processes.

Initiate special measures to protect primary residential properties from foreclosures. The National Debt Mediation Association (NDMA) will have to play a pivotal role in strengthening its association rules with banks, in order to enhance its facilitative role between debt counsellors and credit providers.

4.5.2 Driver: Access to Healthcare

Health is critical for the productivity, growth and socio-economic development of the province and the economy. South Africa has poor health care outcomes despite a high health share to GDP ratio of 8.3 percent. Moreover, Gauteng province spends 32.7 percent of the total budget on Health and Social Development. It is important to note that primary health care resides in the provincial and local government spheres and private health care has not been factored in here, where expenditure in this regard is significant. A key challenge for the province in this context is to ensure quality healthcare for all. Poor health is a factor that pushes working-class families into poverty. This is particularly important because HIV/AIDS can push people out of work and their families into poverty, if left untreated. To address the provision of health care and therefore promote greater equity (as HIV impacts poor households most), the following areas require intervention by the province:

- Training and skills development of nurses and doctors – as there are severe shortages of skills practitioners in the health care environment. More importantly, this requires that poor working conditions be addressed and more support be given to re-opening many of the nurses training colleges.
- Strengthen the District Health System.
- Ensure effective hospital management.
- Implement a dual queuing system for working individuals who need to go to the hospital, thus reducing the time spent at the hospital.
- Accelerate the implementation of the HIV, AIDS and TB strategic plans.
- Provide support to small children, especially through school-feeding schemes.
- Promote solidarity with the poor and unemployed through the CWP, food gardens and allotment schemes, which contribute to better nutrition and therefore better health.

4.5.3 Driver: Quality Basic Education

Quality basic education has to some extent already been discussed under the Quality Education and Skills Development cross-cutting strategy in section 4.1.6. Quality education is necessary if the province wants to achieve a highly skilled workforce in the long-run.

4.6 Pillar 5: Sustainable community and social cohesion

Social and economic development requires increased trust and solidarity across communities and society as a whole. However, social mobilization does not occur in a vacuum. Rather, people require structures that enable them to engage collectively and individually in making and implementing core economic and social decisions. The challenge is to establish structures that are

effective and do not degenerate into debating shops. Central to that is both a clear vision as the basis of leadership by the state and measures to ensure that the state actually responds to demands that arise from these structures.

Many of the drivers that have been described above in fact have an impact on building sustainable communities, and driving social cohesion. For example, the focus on a green economy, local economic development, access to healthcare and increased economic opportunities all contribute either directly or indirectly towards building a sustainable and cohesive society. The following drivers have very specific outcomes in mind.

4.6.1 Driver: Rural and Agricultural Development and Food Security

The objective of the Rural Development Strategy, which is in the process of being approved at the Executive Council, is to provide a strategic framework that will facilitate the co-ordinated implementation of sector policies and strategies concerned with the development of rural communities. In particular the Rural Development Strategy will support the implementation of poverty alleviation mechanisms and create a development environment that will enable rural communities and households to achieve sustainable livelihoods.

In parallel, efforts have been made to protect agriculturally zoned land in Gauteng for the advancement of land transformation. This is to be achieved in part by ensuring that decisions about land-use reflect the opportunity cost of land transformation with respect to the interests of broader society. Key objectives of the policy include: preventing the inappropriate sub-division of high-potential agricultural land, preventing the fragmentation of this land, contributing towards food security in the province, promoting emerging farmers.

Much of the strategic thinking behind other areas and strategies is around food security. This is a cross-cutting item, as it is influenced by a range of items such as industrial development, spatial planning and so on. However, while these generally refer to large scale food production, much of the rural support policies and strategies describe mechanisms to support the most vulnerable through food security in land development.

Research has shown that the most significant contributor to green economic development and job creation is the focus on food security and local agricultural production. Local production reduces the reliance on produce imported from other provinces and therefore reduces carbon emissions, while creating employment in the province. Key interventions include:

- Promotion of food gardens, especially in city centres, to alleviate food insecurity and create jobs in the short-term.
- Efforts to increase the availability of land for agricultural production, especially high-yielding land in the province as well as arid land in rural

communities for the Moringo Oleifera project (and the potential derived by-products).

- Promotion of skills development and management training necessary for small scale sustainable farming with the agricultural sector education and training authority in collaboration with farm schools.
- Extension of agricultural and investment services to support small scale (subsistence) farmers coupled with possible funding leveraged from relevant government agencies – aimed at increasing capitalization for these farmers.
- Revival of agricultural expos.
- Support for *CLED* initiatives in agriculture.

4.6.2 .Driver: Safe Communities

Safe communities are one of the most basic needs of society. This safety requirement extends from individuals to businesses to entire communities. A conceptual framework has therefore been developed to firstly provide an integrated framework for the implementation and delivery of social crime prevention by Provincial and Local Government in Gauteng. Secondly, it provides strategic direction for social crime prevention based on research, practice and principle. Lastly, it provides guidelines on the processes and structures for social crime prevention delivery by service providers. Safer communities ultimately reduce the cost of business which in turn drains disposable income. Improving infrastructure and networks will complement the work of community safety.

A provincial social crime prevention strategy is necessary to remove the impediments to effective provincial delivery from a conceptual, programmatic, operational and institutional approach. This conceptual framework, which is being developed, will lead to a more targeted social crime prevention strategy.

4.6.3 Driver: Sustainable Mobility (and the Green approach)

One of the most subtle yet powerful legacies of the apartheid planning system was the separation of the working class from centres of economic opportunity. The lack of public mobility that provides affordable and safe transportation choices for the poor to reach centres of economic opportunity has a negative economic impact on our society. For lower income groups, a disproportionately large amount of household income is spent on transport. This income could have otherwise been used for services such as healthcare, education and basic necessities. Without easy, affordable access to transport, many low-income workers are disproportionately affected.

At the other end of the spectrum, high income earners use virtually no public transport, thus contributing significantly towards greenhouse gas emissions and pollution.

Current modes of transport are largely environmentally unsustainable, and

particularly costly to those using them. This is not sustainable, affordable or economically viable in the long-run. The implementation of mass transit systems, and the integration of various transport modes, is essential. It will achieve numerous social benefits, in addition to obvious economic ones.

In order to move towards this, a number of specific strategies have been identified that begin to address these issues. The Gauteng Department of Transport has developed a Gauteng Transport Master Plan aimed at improving the transit system. The Public Transport Integration Plan seeks to promote public transport by integrating all road-based modes of public transport (minibus-taxi, taxis, buses, rail and cyclists) into a single network, offering accessible, safe and affordable services so that public transport can become the mode of choice. The intervention programmes seek to identify key public transport corridors or routes in partnership with the municipalities, NDoT, PRASA and private operators.

Sustainable mobility should entrench a pro-green approach, thereby promoting a cost-effective and viable transport system across the province that brings people closer together while reducing the overall cost of economic participation and transaction costs. This is one of the pivotal components of promoting an *inclusive and green economy* by developing the *infrastructure networks*.

In summary, section 4 highlights the various drivers under each of the pillars that are necessary to promote the long-term strategic objective of the province, which is to promote decent work through inclusive economic growth and sustainable development. It is necessary to look at each pillar and develop an overarching measurable objective, coupled with key targets and indicators per driver that ultimately culminate in achieving the following:

- Increased economic growth;
- Reduced unemployment; and
- Reduced poverty, especially for those poor households that live under the MML per annum.



SECTION 5

Responsibility for Implementation



5. Responsibility for Implementation

This section focuses on the responsibilities for implementation of the GEGDS. It highlights the role of the various government departments in leading various areas of the strategy forward and engaging with the relevant stakeholders. Although not explicitly mentioned, partnerships through a social compact are critical to the successful implementation of the GEGDS. Government needs to engage organised business, organised labour and other relevant stakeholders

when implementing the *drivers*. The tables below summarise the roles and responsibilities of relevant departments in terms of building the relevant pillars, focusing on the specific drivers and thus achieving the strategic long-term objective and vision for the province. Table 6 highlights the key departments and the strategic partnerships that need to be fostered to ensure success of the GEGDS.



Table 4: Roles and Responsibilities for Key Cross-cutting Drivers (Applicable to all 5 pillars but located under the relevant pillar) for the GEGDS

Pillar	Strategic Driver	Lead Department	Strategic Partners / Stakeholders	Relevant / Supporting Documents
Supporting Driver – Applicable to all 5 Pillars but located under Specific Pillar				
Transforming the provincial economy through improved efficiency	Green Economy and Sustainable Resource Usage	DED and DHLG	DARD, GDT, SOEs, GPC, DID, Private sector companies and investors, Eskom, CSP exports, CDM	<ul style="list-style-type: none"> • A Green Strategic Programme for Gauteng (underway). • Blue IQ Transport Logistics Paper • Gauteng Transport Master Plan • Gauteng Freight Strategy • Gauteng Public Transport Integration Plan • Gauteng Strategy for Sustainable Development (GSSD) • Climate Change Strategy for Gauteng
	Innovation	DED	Blue IQ, Science and Technology, academia, other GPG departments	<ul style="list-style-type: none"> • Gauteng Innovation Strategy (draft)
	Strategic, Socio-Economic and Bulk Infrastructure	DID and DHLG	GDT, DED, GDE, GHSD, DHLG, DARD, SOEs, GPC,	<ul style="list-style-type: none"> • Infrastructure Scenarios Modelling Paper (work in progress). • Gauteng Industrial Policy Framework. • IPAP II • Infrastructure Investment Framework (draft) • Gauteng Green Strategic Programme • Maize Triangle Plan • Agriculture Mechanization guidelines (draft)
Sustainable Employment Creation	Green Jobs	DED and DHLG	DARD, GDT, SOEs, GPC, DID, Private sector companies and investors, Eskom, CSP exports, CDM	<ul style="list-style-type: none"> • Gauteng Green Strategic Programme Blue IQ Transport Logistics Paper • Gauteng Transport Master Plan • Gauteng Freight Strategy • Gauteng Public Transport Integration Plan • Gauteng Strategy for Sustainable Development (GSSD) • Climate Change Strategy for Gauteng
Increasing Economic Equity and Ownership	Local Economic Development	DED	District municipalities	<ul style="list-style-type: none"> • Gauteng LED Framework • Gauteng Rural Agriculture Development Plan • Agricultural Economic Review • Rural Development Strategy • GADS • Protection of High Potential Land
Investing in People	Skills Development and Capacity Building	Department of Higher Education (national) and SETAs	GDE	<ul style="list-style-type: none"> • National Skills Development Strategy • Gauteng Economic Recovery Plan • Cost of Doing Business Study and Reform Agenda
Sustainable Communities and Social Cohesion	Spatial Planning	GPC	DED, DARD, DID, GDT	<ul style="list-style-type: none"> • Gauteng Spatial Development Framework • Policy on Protection of High Value Potential Agricultural Land in Gauteng

Table 5: Roles and Responsibilities for Pillar 1 of the GEGDS

Pillar	Strategic Driver	Lead Department	Strategic Partners / stakeholders	Relevant / Supporting Documents
Transforming the provincial economy through improved efficiency	Industrial and Sector Development	DED	Relevant GPG departments, GPC, national departments (dti, public enterprises) and institutions of higher learning, SETAs, sector expert, IDC, DBSA	<ul style="list-style-type: none"> Gauteng Industrial Policy Framework. IPAP II Special focus on: Clothing, Automotive, Tourism, ICT -E, Transport, Furniture, etc... GDARD - GADS SA Agriculture Sector Policy (DAFF document) CASP Agro Processing Strategy Biotechnology Strategy
	Transport and Logistics	GDT	DED, Blue IQ	<ul style="list-style-type: none"> Blue IQ Transport Logistics Paper. Gauteng Transport Master Plan. Gauteng Freight Strategy. Gauteng Public Transport Integration Plan Gauteng Strategy for Sustainable Development (GSSD)
	ICT	DED and Communication	Blue IQ, G-link	<ul style="list-style-type: none"> Gauteng Industrial Policy Framework. IPAP
	Ease and Cost of Doing Business	DED	Other GPG departments	<ul style="list-style-type: none"> Cost of Doing Business Economic Recovery Strategy A Strategy for a Developmental Green Economy for Gauteng. Blue IQ Transport Logistics Paper. Gauteng Transport Master Plan. Gauteng Freight Strategy. Gauteng Public Transport Integration Plan Gauteng Strategy for Sustainable Development (GSSD).
	Localisation and Local content	DED	Other GPG departments, national departments (the dti, public enterprises) and institutions of higher learning, SETAs, sector expert, IDC, DBSA.	<ul style="list-style-type: none"> Gauteng Industrial Policy Framework Special focus on: Clothing, Automotive, Tourism, ICT -E, Transport, Furniture, etc... GDARD - GADS SA agriculture sector policy (DAFF document) CASP Agro processing Strategy Biotechnology Strategy Biotechnology
	Energy Efficiency and Waste management	<ul style="list-style-type: none"> See Green strategy – subset of the Green strategy 		

Table 6: Roles and Responsibilities for Pillar 2 of the GEGDS

Pillar	Strategic Driver	Lead Department	Strategic Partners / stakeholders	Relevant / Supporting Documents
Sustainable Employment Creation	Community Works and the Expanded Public Works Programme	DED and DID and EPWP sector lead departments	DHLG, GDT, DARD, GDF, GPC	<ul style="list-style-type: none"> Gauteng CWP Roll-out EPWP 2 Illima Letsema programme Comprehensive Agricultural Support Programme (CASP) guidelines & framework Agro processing Strategy and Agro processing Plan Biotechnology Strategy and Biotech plan Illima Letsema guidelines Agricultural Hubs A-Plan Agro processing Strategy
	Youth Employability Initiative (YEI)	DED	Gauteng Youth Unit, HSRC, SETAs, Youth Development Agency, Private sector placement agencies	<ul style="list-style-type: none"> YEI proposal – HSRC (work in progress)
	Labour absorbing sector employment	DED	Relevant GPG departments, GPC, national departments (dti, public enterprises) and institutions of higher learning, SETAs, sector expert, IDC, DBSA.	<ul style="list-style-type: none"> DED Industrial Sector Strategy Document for Gauteng. IPAP II Special focus on: Clothing, Automotive, Tourism, ICT -E, Transport, Furniture, etc... GDARD - GADS SA Agriculture Sector Policy (DAFF document) Agro processing Strategy
	Preventing job losses in distressed sectors	DED	Blue IQ, National Department of Higher Learning, SETAs	<ul style="list-style-type: none"> National Skills Development Strategy Gauteng Economic Recovery Plan AIDC and Blue IQ strategic inputs in response to the recession. Gauteng Agriculture Development Strategy (GADS) Proactive Land Acquisition Strategy LRAD Trend Analysis of the Agriculture Sector (developed by DED) Sector Performance Review

Table 7: Roles and Responsibilities for Pillar 3 of the GEGDS

Pillar	Strategic Driver	Lead Department	Strategic Partners / stakeholders	Relevant / Supporting Documents
Increasing Economic Equity and Ownership	Support to SMMEs and the formal sector	DED	DARD, DID, DHLG, Agencies that support SMMEs	<ul style="list-style-type: none"> • Draft SMME Strategy and SMME Package of Interventions • Gauteng Economic Recovery Plan • A Strategy for a Developmental Green Economy for Gauteng • Revised Plans and Targets for Emerging Framers' Skills and Development and support • Implementation of the Gauteng Agro-Processing Strategy • Gauteng BBBEE Strategy • Provincial AgriBEE implementation plan • Land and Agrarian Reform programme • Agriculture Sector Plan
	Support to Cooperatives and the informal sector	DED, DARD	Other GPG Departments, DED Agencies, municipalities	<ul style="list-style-type: none"> • Gauteng Integrated Cooperative Development Strategy • Economic Recovery and Response to the Recession papers • A Strategy for a Developmental Green Economy for Gauteng • Strategy for the Maize Triangle in Gauteng • Gauteng Rural Development Strategy and the Revised Agricultural Development Strategy • Implementation of the Gauteng Agro-Processing Strategy • DARD to identify other relevant documents • Agricultural Cooperative guidelines & framework • Agriculture A-Plan • CASP
	Strategic Procurement	DED and GDF	GPG departments	<ul style="list-style-type: none"> • SMME and Cooperative Papers • Economic Recovery and Response to the Recession papers
	Broad Based Black Economic Empowerment	DED	GPG departments and municipalities	<ul style="list-style-type: none"> • DTI BBBEE strategy • DED BBBEE Strategy • Identify other relevant documents • AgriBEE Framework

Table 8: Roles and Responsibilities for Pillar 4 of the GEGDS

Pillar	Strategic Driver	Lead Department	Strategic Partners / stakeholders	Relevant / Supporting Documents
Investing in People	Social Security (Assistance and Insurance)	DHSD, Department of Labour (national)	DID and EPWP sector lead departments, the dti, SETAs	<ul style="list-style-type: none"> • Social Assistance Act • UIF Act • COIDA • National Skills Development Strategy
	Access to healthcare	DH&SD		<ul style="list-style-type: none"> • All Health related Acts and Strategies • District Health System
	Quality basic education	GDE	National Department of Basic Education	<ul style="list-style-type: none"> • All Education related Acts • Early Childhood Development Strategy • Norms and Standards in Education
	Socio-Economic Infrastructure	GDE and DH&SD		<ul style="list-style-type: none"> • Education and Health strategies to increase infrastructure for schools, clinics, hospitals etc...

Table 9: Roles and Responsibilities for Pillar 5 of the GEGD

Pillar	Strategic Driver	Lead Department	Strategic Partners / stakeholders	Relevant / Supporting Documents
Sustainable Community and Social Cohesion	Sustainable mobility (and the Green approach)	GDT	DED, Metros, Private sector investors, Blue IQ, National Department of Transport	<ul style="list-style-type: none"> Gauteng Green Strategic Programme Blue IQ Transport Logistics Paper. Gauteng Transport Master Plan. Gauteng Freight Strategy. Gauteng Public Transport Integration Plan Gauteng Strategy for Sustainable Development (GSSD). Climate Change Strategy for Gauteng (underway).
	Safe communities	Community Safety	Local communities	<ul style="list-style-type: none"> All crime prevention, community safety and policing acts and strategies.
	Rural and Agricultural Development and Food Security	DARD		<ul style="list-style-type: none"> Gauteng Green Strategic Programme Gauteng Economic Recovery Plan A Rural Development Strategy for Gauteng. Review and Implementation of the Gauteng Agricultural Development Strategy Implementation of the Gauteng Agro-Processing Strategy Policy on Protection of High value potential agricultural land in Gauteng. A Rollout and Implementation Plan on Homestead and Community Food Gardens Biotechnology Strategy Mechanization Plan West Rand Training Centre Plan Gauteng Integrated Food Security Strategy

It is important to note that the table above is by no means a comprehensive list. In time progresses, each lead department as well as supporting departments will continue to address the gaps in the economy in order to ensure that the long-term strategic objective is achieved. Therefore, more strategies will likely be added to this list from all spheres of government.

Although not always explicitly mentioned, the role of business and labour (through the unions) play a critical role in promoting inclusive economic growth and sustainable development. Therefore, lead departments need to be mindful when implementing their drivers, to consult these two primary stakeholders and elicit their support when implementing their drivers. The inclusion of businesses is critical in achieving growth. The challenge for the province's government departments is to develop a rational and balanced approach to restructuring that maintains growth without compromising the goal of greater equity. Central to that, is the need to work with business to encourage them to maximise long-term benefits for themselves and society, rather than focusing on immediate profits at the cost of social, economic and

Tables 4 through 9 merely provide a guide to helps lead departments identify key stakeholders and existing documents It encourages cooperative governance and cohesion between government departments.



SECTION 6

Monitoring and Evaluation of the GEGDS

6. Monitoring and Evaluation of the GEGDS

The GEGDS is a strategy that has one common vision for the Gauteng province: To promote *an inclusive and sustainable Gauteng City-Region that promotes a developmental and equitable society* that is achieved through a single common long-term strategic objective, which is to create decent work and through endogenous growth, build a growing, *innovating, green and inclusive economy*. By achieving the long-term objective and vision for the province, Gauteng will in the future become one of the most vibrant cities in the world, but more importantly, people in the province will experience a better life, improved service delivery, greater equity and a clean and sustainable economy. The complexity of the GEGDS is that it is actually a *multi-stakeholder strategy* and therefore every Gauteng provincial department, every metro city and every district municipality, including organised business, labour and other stakeholders, which are too many to mention, is one important *cog of the entire strategy*.

As a result, the strategy's success depends on a collective vision for the entire province. In order to achieve this, special institutional arrangements need to be put in place to ensure the success of the strategy (similar to the NEDLAC structures, but for the province).

Once the targets have been set through the Growth Path paper (to follow), coupled with a complex set of multiple stakeholders implementing various parts of the strategy, there will be a need to carefully monitor progress in terms of achieving the amended targets. The GDED will track progress and monitor each of the departments in terms of their role in achieving the GEGDS and therefore progress in achieving the three overarching targets.

After two years, the GDED will evaluate the progress in terms of assessing whether the strategy is on track and implement the necessary measures to fast-track those projects that are adversely affecting the achievement of the targets, the long-term strategic objective and the vision for the province.

In summary, to ensure the successful implementation of the GEGDS, which is a multi-stakeholder strategy operating in all spheres of the public service and with the private sector, it is necessary to ensure that the strategy is effectively monitored and evaluated. After two years, a review will be necessary to address the backlogs and fast-track the successful implementation of the GEGDS targets by 2014.



SECTION 7

Way forward and Social Compact

7. Way forward and Social Partners

The GEGDS was approved by the Gauteng Executive Council in May 2010. The next step is to ensure economy-wide stakeholder engagement as part of the development of a social compact. The social compact represents a multi-party partnership between the business community, the labour community and the government community. Consultation and partnership building are crucial to the successful implementation of the strategy and will result in Gauteng being able to move onto a new endogenous growth path. The aim of the social compact is to leverage the skills, expertise, knowledge and resources that exist in the province across government, labour and business (as well as academia, NGOs and communities) that will enable the GEGDS to become a living reality by moving the province onto a new growth path. The final compilation of the Growth Path, which stems from the GEGDS, will translate the drivers into deliverables that will highlight the impact that the drivers will have on economic growth, employment and poverty (as per the three targets).

- Consultation or partnerships with the following stakeholders are crucial:
- The Presidency and the Planning Commission at the Presidency;

- The Economic Development Department (national);
- The Department of Trade and Industry;
- The National Treasury (especially regarding its role on Energy Efficiency, Greening the Economy etc.)
- The Department of Environmental Affairs;
- The Department of Water Affairs;
- The Department of Higher Education and Training (and therefore SETAs);
- The Department of Public Enterprises;
- Business;
- Labour (through COSATU);
- Academia;
- Gauteng Metros and Local Municipalities (through the IGR, possibly supported by National Treasury);
- Communities, Ward Committees and Non-Government Organisations; and SOEs, where relevant

SECTION 8

Conclusion



8. Conclusion

The Gauteng Employment Growth and Development Strategy (GEGDS) is a multi-stakeholder strategy with a vision of creating an *inclusive and sustainable Gauteng City-Region that promotes a developmental state and an equitable society*. To achieve this, there is only one complex long-term strategic objective for the province, which is to create decent work through endogenous growth *by building a growing, inclusive economy*. This strategic objective is derived from the 2009-2014 Gauteng Medium Term Strategic Framework (MTSF), which is aligned to the Gauteng vision for 2055. Thus, it is important to note that the GEGDS is one of the overarching strategies for the province that talks to the first strategic objective in the MTSF. Similarly, there are six other strategic priorities that together make up the MTSF for the province. The GEGDS also links several of the other strategic priorities as they are necessary and relate directly to the creation of decent work and building a growing, inclusive economy. The outcome statement as stipulated in the MTSF is: *To stimulate redistributive economic development to create decent work, sustainable livelihoods and reduce income inequality*.

To measure the successful implementation of the GEGDS, three targets have been adopted, and these relate to the Millennium Development Goal targets adopted by the national and provincial government, which are to:

- Increase the economic growth rate;
- Reduce the unemployment rate; and
- Reduce the poverty rate, especially for those poor households that live under the Minimum Living Level per annum.

Because the GEGDS derives its mandate from the MTSF, its starting point is in fact the seven foundational strategic priorities that have been tabled in the MTSF. It is important to note that the other strategic priorities are interdependent strategies focused on achieving the outcomes for their particular priority, while also contributing to decent work and a growing, inclusive economy. There are five strategic pillars designed to ensure convergence between the economic and social strategies of government and promote a developmental state through the GEGDS. The pillars combine a series of economic, social and environmental factors to ensure cohesion between sustainable economic development, poverty alleviation and social protection, thereby ensuring synergy and promoting a developmental state through cooperative governance.

The drivers or government interventions play a critical role in steering the GEGDS in the desired direction. The drivers are dynamic and can adjust to meet the changing needs of society. So what will the GEGDS really do? The 2009-2014 GEGDS starts to gear the economy to move onto a new growth path by focusing on endogenous growth theory with the aim of creating jobs – both in the short term and the long-term.

The GEGDS has a host of short-term interventions aimed at addressing the impact of the recent recession and structural unemployment plaguing the province. There are also a series of medium to long-term drivers or interventions that will progressively transform the economy and move it onto a new growth path that creates decent work by building a growing, *inclusive, green and innovating economy*. These three concepts form the long-term goals of the economy and highlight the mechanism through which growth and employment will be created. The emphasis on the short-term goals highlights the direction of the growth path but not to the exclusion of the long-term goals.

Thus, the first goal focuses on an *innovating economy* with the role of unlocking a more productive economy through more efficient and productive use of existing resources, which contributes to employment creation, economic growth and development. The *innovating economy* looks at innovations that are: scientific (traditional), social and environmental. Moreover, it entrenches the notion of stimulating the entrepreneurial spirit and energy to build the economy from below (at community level). The *innovating economy* therefore reduces input costs and allows more people avenues to participate in the economy without requiring large capital sums to access scarce and costly resources/assets. The social innovation will reduce the cost of infrastructure delivery in communities. Part of the challenges here is that there is not enough financial support to innovators, nor are there channels to harness their innovations into marketable goods and services of scale. Oftentimes innovations are developed and remain exciting projects and ideas that are never taken further due to a lack of financial support or venture capital. Schooling should entrench a culture of innovation and entrepreneurial spirit.

The second goal of the GEGDS entrenches the need for a *green economy*. This is necessary to ensure the long-term sustainability and viability of the province by shifting away from increasingly unsustainable and very costly input costs. Failure to transform the current *dirty* economy into a green clean one in the long term means that it will become unsustainable, unhealthy and very costly to live in Gauteng. Government needs to commit to a green agenda focused on sustainable use of environmental resources, energy efficiency, and renewable energy. Other green strategies look at water efficiency, waste management and sanitation, coupled with innovations to convert waste into energy. The easiest way to encourage a green agenda is to start with government buildings. *The green economy* will lead to the creation of new sectors; however, attention should be given to displaced sectors to ensure that people are re-skilled and channelled into the newly evolving sectors. Fundamentally, the green economy will reduce the cost of natural resources by using the existing resources more sustainably and focusing on resource efficiency. This creates significant scope for employment creation opportunities as the input cost is reduced, access is increased due to a focus on renewable energy and new sectors are developing.

The third goal is to create an *inclusive economy* – a definition used very broadly which talks to connecting people by bringing everyone in the province closer together. An *inclusive economy* relies primarily on *infrastructure investment* (see footnote 3) in the economy by focusing on strategic (sector-specific), socio-economic and bulk infrastructure. Extensive infrastructure investment increases the infrastructure network that connects people across the province, bringing them closer together by linking them through increased access to services, such as road, rail, ICT, energy, water, sanitation and waste, schooling and healthcare facilities, libraries, and so forth. This *inclusive infrastructure network* reduces the cost of transacting and facilitates the ability to participate in the economy. Therefore, the GEGDS capitalises on the concentration of people in the province and focuses on providing the necessary infrastructure (bulk and socio-economic) to improve the linkages through infrastructure in the economy. The individuals and markets can connect in reality or virtually. This *inclusiveness* through the *infrastructure networks* plays a crucial role in opening the pathways to the economy and economic participation (and hence jobs). Apartheid robbed people of these opportunities and the abilities to sustainably rely on and use these networks to support themselves and their households.

To achieve an *inclusive, green and innovating economy*, government must use the various drivers available to it to address the current challenges facing the economy and progressively, through phased strategies, transform the economy to improve efficiency. Current drivers geared towards creating decent work and building a growing and inclusive economy include:

- *Direct employment creation* initiatives, through the CWP and the EPWP II (both are linked) focus on addressing current unemployment rates and high levels of inequality and limited access to services, socio-economic and bulk infrastructure in communities (predominantly short-term with some medium- to long-term benefits).
- Encouraging the *employability of youths* by increasing their networks and preparing them for the workplace (predominantly short-term with some medium- to long-term benefits).
- *Preventing job-losses in distressed sectors* is a proactive way for government to ensure that people are not retrenched but are re-skilled and channelled into newly evolving sectors (predominantly short-term with some medium- to long-term benefits).
- *Community-led local economic development* aimed at encouraging participation and the provision of goods and services through partnerships between government and communities, and at stimulating the community (predominantly short-term job creation benefits with medium- and long-term transformation benefits).
- A revised, active *industrial sector development strategy* that focuses on: all sectors of the economy and encourages the development of labour-absorptive sectors: a green agenda, innovation, strategic infrastructure and ways in which to grow the knowledge economy; and the tertiary services sector. The traditional mining and agriculture sectors can no longer be relied on for sustainable growth in the future. New growth avenues are necessary, coupled with financing mechanisms and strategies that consistently support sectors (predominantly short-term job creation benefits with medium- and long-term transformation benefits).
- *Strategic, socio-economic and bulk infrastructure* looks at the latest technologies, and ensures the provision of socio-economic infrastructure while providing bulk infrastructure, especially in areas where there is poor service delivery. Infrastructure contributes to a green economy and will be targeting economic sectors that contribute the most to employment, output and Foreign Direct Investment (short-, medium and long-term intervention).
- *Cost of doing business* looks at ways in which to improve the ease and reduce the cost of doing business and thus increases employment (predominantly short-term job creation benefits with medium and long-term transformation benefits).
- Special attention is placed on *Transport and the ICT sectors* because of their impact on the network economy and the ability to reduce the cost of economic transactions (short-, medium- and long-term intervention).
- *Energy efficiency and waste management* are both part of the Green Strategy for the economy and will be implemented in a way that the maximum number of jobs can be created, while promoting energy efficiency and encouraging pro-green behaviour in the economy (predominantly short-term job creation benefits with medium- and long-term transformation benefits).
- Create green job opportunities as a result of newly evolving sectors (predominantly short-term job creation benefits with medium- and long-term transformation benefits).
- *Support SMMEs and Cooperatives both financially and non-financially*, thereby increasing access to finance, which increases ownership and equity in the province. Support is to both the formal and informal sectors of the economy (predominantly short-term job creation benefits with medium- and long-term transformation benefits).
- Strategic procurement is aimed at promoting localisation, especially through government supply chain processes and the BBBEE strategy to promote equity and ownership (short-, medium- and long-term intervention).

- *Skills development* means that government should focus on building current skills sets, while channelling education so that future skills sets can be used effectively to support a green, innovating network economy. This means that a series of skills sets will be required for the innovating network economy, and the correct signals should be sent through to schools and universities (predominantly short-term job creation benefits with medium- and long-term transformation benefits).
- *Social insurance and social protection* are short-term measures aimed at alleviating poverty for the elderly, people with disabilities and primary care-givers of children and foster children. It is necessary to wrap social and economic services by government, thus ensuring that people identified as being in distress can be assisted. Assistance can be provided through a social assistance grant and thereafter referred to employment programmes such as the CWP, the EPWP and the National Training Layoff Scheme, or by adding names to a database of unemployed people according to requisite skills levels (short-, medium- and long-term intervention).
- *Access to health care and basic education*, including ECD, is crucial to developing a healthy economy that sustains the services sector adequately in the medium to long term and is a critical strategy to get right for medium to long term decent work creation and building a growing, inclusive economy. Linked to this is the socio-economic infrastructure needed to ensure that people have access to schools, universities, hospitals and clinics (short-, medium- and long-term intervention).
- *Spatial planning* is linked to building a sophisticated network economy that integrates all parts of the province and effectively reduces the transaction costs (short-, medium- and long-term intervention).
- *Sustainable mobility* is about green transport, freight and logistics (reducing the carbon footprint), which contribute towards a well-networked economy and reduce the cost of transporting commuters or goods and services (short-, medium- and long-term intervention).

- *Safe communities* result in lowered costs and a more productive economy (short-, medium- and long-term intervention).
- *Stimulate rural and agricultural development and food security* as a means of stimulating local communities in rural areas, while increasing incomes to the area, reducing poverty and alleviating malnutrition while promoting a redistribution economy (predominantly short-term job creation benefits with medium- and long-term transformation benefits).

These strategies are developed as a means of addressing: the current economic crisis; the high unemployment rates; low skills levels; little or no income sources for more than a third of the population; high levels of inequality and access to services; poor infrastructure networks and the exclusion of a large number of people from the first and second economies; the down-turn in key sectors such as agriculture and mining and therefore future exports; unsustainable resource usage and the constant increases in electricity prices.

It is important to note that this strategy, will be circulated more broadly, for public consultation and debate, followed by the formulation of a social compact between the business community, the labour community and the government community. Other important parties include academia, non-profit organisations and civil society, to mention a few. The intention is to set up a NEDLAC type structure that will bring the GEGDS to life and move the economy onto a new growth path. The GEGDS is the base document informing the Growth Path for Gauteng for 2009-2014.

The successful implementation of the GEGDS relies on one common vision in the province and the need to work together to achieve ***“An inclusive and sustainable Gauteng City-Region that promotes a developmental and equitable society” by promoting equity through decent work and engendering endogenous growth through an innovating, green and inclusive economy that leads a sustainable developmental economy.***

Notes



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