



# **DEPARTMENT OF ECONOMIC DEVELOPMENT**

## **BUSINESS PLAN 2014/15**

*Final Draft*



a world class African city

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## 1. INTRODUCTION

The vision for economic growth for the City of Johannesburg as per the Joburg 2040 Strategy is “an economy that is inclusive, liveable and prosperous for all”. As detailed in the City’s Integrated Development Plan, economic development and growth is critical because the City of Johannesburg is regarded as the commercial and economic hub of South Africa (and, indeed, southern and eastern Africa) and contributes 47% of the provincial economy. The City therefore strives to promote economic growth and sustainability through the meaningful collaboration and mobilisation of all who work and live in it.

The Department of Economic Development is mandated to provide strategic economic direction to the City and seeks to steer the City in the pursuit of its vision of an inclusive, job-intensive, resilient competitive economy. In so doing, the Department, in conjunction with the rest of the City’s Economic Growth Cluster, champions the City’s approach in transforming the economy of Johannesburg and in addressing the triple challenges of unemployment, poverty and inequality.

Of the City’s ten Strategic Priorities (referred to as Priority Implementation Plans), the Department of Economic Department is responsible for delivering on three (3) of them, namely:

- ✓ SMME and Entrepreneurial Support;
- ✓ Investment Attraction, Retention and Expansion and
- ✓ Green Economy.

### 1.1 Mayoral Lekgotla - Economic Roundtables Conference

The City’s three-day Mayoral Budget Lekgotla was held from 11-13<sup>h</sup> February 2014. The key objective of this Budget Lekgotla was to resource the City’s strategic programme, with specific focus on defining the City’s economic trajectory.

On the first day of the Lekgotla, the Executive Mayor hosted the “*Economic Growth Roundtables Conference*”. The discussion was amongst the City’s leadership, experts, analysts, academia and NGOs/CBOs. This conference’s objective was to support the City in its endeavour to develop an Economic Strategy Roadmap, by incorporating city analysis and

plans through a consultative process. This process would enable the City to achieve the following outcomes:

- ✓ To identify economic priorities for the City;
- ✓ In consultation with the experts/knowledgeable partners and stakeholders, explore which of these priorities should have higher weighting in the action plan based on economic transformation impact, practical relevance to the function of the city, alignment with the GDS2014 and IDP, financial impact/affordability, etc.
- ✓ Consider these priorities sequentially: short, medium and long term;
- ✓ Explore partnerships and other collaborations to support implementation and
- ✓ Contribute towards a formal review and update of the City's Economic Development Strategy.

The Economic Roundtable Conference covered all key aspects of the City economy, with a specific focus on the following topics:

- ✓ Leveraging the City's capital expenditure to promote the development of competitive local supply chains
  - ✓ Strengthening Johannesburg's overall competitiveness
  - ✓ Attracting investment into specific programmes and interventions
  - ✓ A Green Economy in a Green City
  - ✓ Informal Economy
  - ✓ Promoting Developmental Service Delivery (with particular focus on community involvement)
- ✓ The outcomes of the abovementioned six topics were consolidated to a City-wide Fifteen Point Plan (below):

❑ Agenda 1: Improve overall competitiveness of City

1. Benchmarking City processes and efficiencies against key competitors – identify where and by how much City must speed up its approval processes to meet or exceed benchmark best practice
2. Fast-track process on City decision-making wherever appropriate on key portfolio of economic projects
3. Ensure effective research/ intelligence gathering and investment decision-making criteria to target identify and prioritise capex that contributes to wealth creation
4. Integrate community co-production to generate jobs and incomes, and adopt cost-effective extension of service/ infrastructure/O&M

❑ Agenda 2: Undertake specific industrial-spatial economy programme

1. Ensure Johannesburg has competitive suppliers. City to sufficient volumes of demand for networks/ clusters of producers located within the City. Initial focus on green economy.
2. Explore improved City regulations for green economy, buildings, housing and infrastructure – this must also link demand and city-wide business and industrial development
3. Focus economic development efforts on specific value-chains and ensuring linkages across the value chains
4. Adopt a sector strategy and investment portfolio approach to the spatial plans, zoning and release of parcels of land (precinct-based)
5. Establish long-term investment strategy and “financing mechanism” (early stage and development financing partnership)

❑ Agenda 3: Enhance institutional arrangements for effective implementation

1. Ensure interventions are in accommodated within MFMA and City-wide procurement/ SCM strategy/ investment incentives.
2. Seek co-management approach with key economic stakeholders
3. Develop joint programmes with universities, HEIs and science & technology centres within Johannesburg
4. Strengthen economic strategy coordination across the City departments and entities
5. Ensure active City-business forums, with senior level participation and a focus on a key portfolio of projects
6. Establish a Competitiveness Council (City, business, key role-players)

## **2. STRATEGIC ANALYSIS**

### **2.1 High level Economic Overview**

Whilst there is a plethora of policy that defines government’s economic development trajectory, the following documents in particular have guided the development of this business plan:-

- ✓ *The National Development Plan (NDP)* – seeks to develop an economy that serves all South Africans with particular emphasis placed on expanding economic opportunities through investment in infrastructure; innovation; private investment and entrepreneurialism.
- ✓ *The New Growth Path (NGP)* –intends to maximise the creation of decent work opportunities focused on job creation, equity and environmental outcomes. The key sector of the NGP are on infrastructure, knowledge and green economy, social economy and public services, labour-absorptive sectors (agriculture, mining and manufacturing) and rural development.
- ✓ *The Industrial Policy Action Plan (IPAP)* – focuses on automotive; business process outsourcing; plastics and pharmaceuticals; clothing, textiles, footwear and leather; agro-processing and creative industries.
- ✓ *The Joburg 2040* – a City's growth and development strategy seeks build an inclusive economy and drive global competitiveness.
- ✓ *The City's Economic Overview* – highlights the fact that the City's population has grown to 4.4 million people; Soweto, Region G, and Region C are contributing less to the overall City's economic output, and finance and community services dominate the City's economy with trade growing fast and agriculture being the slowest growth sector.

### **Brief Profile of the economy of Joburg**

- ✓ Johannesburg constitutes 47% of Gauteng's economic output and 17% of the total SA output;
- ✓ Johannesburg's economy is dominated by Finance and Community services sectors, which contribute 28.7% and 21.7% respectively to the economic output. However, these sectors are not the fastest growing sectors;
- ✓ Currently, Trade is growing relatively faster than the rest of the sectors and Agriculture is the slowest growing;
- ✓ Most of the unemployed Johannesburg residents reside in Regions A, G, and parts of Regions C and D;
- ✓ The City's current official unemployment rate is 25%; and,
- ✓ Region E is the City's largest region in terms of Gross Value Add while Region G is the smallest.

## **Challenges facing the economy**

The most pressing challenges facing the economy of Johannesburg are the same as those facing the rest of the country, namely:

- ✓ *Inequality*: As the City attracting the most migration remains the biggest concern for all (With a Gini coefficient of 0.62), the City has the largest income inequality compared to other South African Metros;
- ✓ *Skills shortage*: Majority of Joburg citizens lack skills. In view of formal education, 57% of the citizens aged 15 and above have only acquired Matric or less as their highest qualification.
- ✓ *Persistent unemployment*: unemployment is still very significant in the City, more so in Region D where 43% of the economically active people are unemployed.
- ✓ *Poverty*: 22% of the City's population is living in poverty and Region G is most poverty stricken region in the City

## **SWOT Analysis**

The department is in the process of reviewing the City's Economic Development Strategy, its internal administrative processes and procedures and is completing its personnel placements and filling of vacant positions in order to improve departmental operational efficiencies. Highlighted below are the SWOT elements that would have an impact on the effective implementation of these interventions:

<b>Strengths</b>	<b>Weaknesses</b>
<ul style="list-style-type: none"><li>• Supportive city policies and plans, including the GDS 2040 and Economic Transformation Policy;</li><li>• A cluster positioned to deliver on the City's economic development aims;</li><li>• The capability to conceive economic development projects with potential to transform the economy;</li><li>• Ability to mobilise resources from the private sector, DFIs and other spheres of government;</li><li>• Renewed strategic focus to become</li></ul>	<ul style="list-style-type: none"><li>• Lack of integrated planning that leads to duplication, isolation and misalignment with other clusters;</li><li>• Lack of investor friendly policies;</li><li>• Lack of branding of Joburg as an investment destination;</li><li>• Dependency on City departments /MEs resulting in delays in implementation of economic interventions;</li><li>• Low staff morale due to uncertainty and rapid changes in leadership and the</li></ul>

<p>SMME centric and to implement sectorally driven and spatially focused interventions.</p>	<p>institutional environment;</p> <ul style="list-style-type: none"> <li>• The lack of critical capacity to conduct research.</li> </ul>
<p><b>Opportunities</b></p>	<p><b>Threats</b></p>
<ul style="list-style-type: none"> <li>• National and provincial development plans that support the City's GDS2040 and incentives for SMME development, job creation, youth employment and green economy.</li> <li>• A large stock of City assets that can be leveraged to attract investment and to create opportunities for SMME, entrepreneurs, and the green economy;</li> <li>• A high speed, high capacity broadband that makes Joburg competitive with other international investment locations;</li> <li>• The City's procurement spend as leverage to expand opportunities for SMME and to drive economic transformation;</li> <li>• Better intra and inter-cluster coordination to align economic activities and economic development programmes throughout the City</li> </ul>	<ul style="list-style-type: none"> <li>• Lack of economic infrastructure, including SMME incubators and support centres, SMME trading spaces and industrial parks demarcated special economic zones;</li> <li>• Lack of an investor friendly legislative framework and business climate;</li> <li>• Continued rise in poverty and unemployment, inequality and youth unemployment and the perceived lack of service delivery; resulting in stakeholder frustration and antagonism, civil strife and xenophobia;</li> <li>• Rapidly rising costs of doing business due to hikes in administered prices and the perception of lack of service delivery</li> <li>• Ongoing budget constraints and the resulting constraint on the ability to implement large scale programmes</li> <li>• Lack of clarity on the City-wide division of labour related to informal trading management.</li> </ul>

## 2.2 Reflection on the previous financial year

### Key highlights from 2013/14:

- ✓ *Investment Attracted* – the City has attracted over R2b worth of investment by mid term of 2013/14 financial year;
- ✓ *Economic development roundtable conference* – aimed at developing an economic; development strategy for the City. The City resolved to take forward a Fifteen Point Plan.
- ✓ *Green Economy programme drafted and under implementation;*

- ✓ *Developmental CoJ EPWP Framework* - Approval of the Implementation framework for a focused public works programme in line with the successes of the CoJ EPWP;
- ✓ *City continues to far exceed national government EPWP targets for metro;*
- ✓ *Reconfiguration of the ICPS Model* – The challenges in rolling out the Inner City Property Scheme necessitated a model reconfiguration. An interdepartmental review process was initiated at the beginning of the financial year which culminated in the reconfigured model being presented and approved by the Mayoral Committee in December 2013. The reconfigured model presents the City with a strategic pathway to address the challenge presented by dilapidated properties;
- ✓ *SMME promotion* - The City's funding for the first SMME hub in the Inner City was finalised. Dozens of cooperatives supported including in new green programmes such as Pikitup's Separation at Source project. Funding arrangement with commercial bank to provide funding to construction SMME suppliers of the City.

### **Key Challenges**

<b>Challenge</b>	<b>Mitigation Measure</b>
Collating City wide data on SMME support and job creation from City departments and Entities	City wide learning session on the City's SMME and Entrepreneurship development PIP including in particular, monitoring and reporting
City's SCM policy framework constraints the City from increasing the value of procurement spending from SMMEs – departments are required to procure only from the current suppliers' on the City's procurement panels.	<ul style="list-style-type: none"> <li>• The Department will propose to the City, a review of the current SCM policy framework.</li> <li>• The department will develop a competitive supplier development program that leverages the reviewed SCM policy.</li> </ul>
The City's SCM database is not adequately segmented to enable the City to track procurement from SMMEs	Work with Group Finance to re-design/enhance the Supply Chain database

### 3. 2014/15 IMPLEMENTATION AND PERFORMANCE OVERVIEW

#### 3.1 Priority Implementation Plan

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
An inclusive, job-intensive, resilient and competitive economy	Promotion and support to small businesses	Entrepreneur and SMME support	Enterprise Development Programme	Number of SMME Hubs developed		7		3	2	2		R2,5m	Economic Development	Economic Growth
				Number of SMMEs and Cooperatives Supported as part of <b>Competitive Supplier Development Programme</b> <sup>1</sup>		6500		4000	1000	1500		R2,5m	Economic Development	Economic Growth
				Number of Linear Markets developed		5 Linear Markets		Nil	5 Linear Markets	Nil	R50,6m		Economic Development/JPC	Economic Growth
	Job intensive economic growth			City wide job creation programme	Creation of work opportunities using the EPWP Incentive Grant		150 000	50 000	50 000	50 000		R36,5m	Economic Development	Economic Growth

<sup>1</sup> New approach from 2014/15: Comprehensive intermediary services that include regular visits, coaching and mentorship. Current budget is for an average of five hours consultation/ advice per enterprise.

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
				Number of jobs created through CoJ interventions <sup>2</sup>		100 000			50 000	50 000			All City Departments	Economic Growth
				Number of ICT Hub created in partnership with HEI for IT innovation and SME Incubation	Launch of a hub	1 Hub Launched	New indicators	Nil	Partnership agreement/MOA with HEI	1 Hub Launched	R10m	R10m <sup>3</sup>	Economic Development	Economic Growth
				Train students in City's ICT Operations <sup>4</sup>		2000 students	New indicator	Nil	1000	1000		R10m <sup>5</sup>	Economic Development	Economic Growth

<sup>2</sup> Includes direct and indirect jobs, but excluding EPWP

<sup>3</sup> Target based on accessing portion of R70m set aside at City Budget Lekgotla for additional 2014/15 economic development activities

<sup>4</sup> Youth working with communities to access ICT/broadband network

<sup>5</sup> Target based on accessing portion of R70m set aside at City Budget Lekgotla for additional 2014/15 economic development activities

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
	Increased competitiveness of the economy	Investment attraction, expansion & retention	Buy Sell & Invest Programme <sup>6</sup>	Increased Rand value of trade and investment and/or business transactions facilitated	Verification Letters from companies	R6.7 billion value of Investment and /or business transactions facilitated		R1,2 billion value of business transactions and/or investment attracted	R2,5 billion value of business transactions and/or investment attracted	R3 billion value of business transactions and/or investment attracted		R2m	DED assisted by Group Marketing and Communication	Economic Growth
				Number of exporters developed with their products			40 exporters developed with their products			20 exporters developed with their products	20 exporters developed with their products		?	Economic Development

<sup>6</sup> Including through roundtables, Seminars, Exhibitions (inward and outward missions).

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
				Development and Implementation of Investment Incentives Policy	Approved Mayoral committee Report				Approved Policy Document and Investment Fast-tracking Task Team	Ongoing implementation Monitoring and Evaluation city wide investments		?	Economic Development	Economic Growth
Provide a resilient, liveable, sustainable urban environment – underpinned by infrastructure supportive of a low-carbon economy		Green Economy	Green Economy Technology Hub	Development and Launch of Green Economy Technology Hub (to support local green industries)	Launch of a hub	1 Hub Launched	New indicators	Nil	Development of the Hub	1 Hub Launched		R20m <sup>7</sup>	Economic Development	Economic Growth
	Improve and expand provision of quality public transport (Metrobus and taxi Green		Green Way and mobility	Refleeting of Metrobus and minibus taxis in line with the green agenda		Metrobus refleeting done and minibus taxi refleeting programme	New indicator	Engagement, support and partnership initiated on green	Metrobus conversi on and refleeting	Metrobus refleeting programme supported		R0,5m	Transport	Economic Growth

<sup>7</sup> Target based on accessing portion of R70m set aside at City Budget Lekgotla for additional 2014/15 economic development activities

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
	refleeting )					supported		refleeting programme (e.g. metrobus refleeting , and energy efficiency , partnerships initiated with taxi industry and other stakeholders, etc)	g supported. Rea Vaya Phase 1C bus procurement process enabled	d in line with the City's green agenda				
								Minibus taxi refleeting enabled		Mini bus taxi process enabled				

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
				Buses converted to DDF		60 buses converted to DDF	2		30 Buses converted	30	tbd <sup>8</sup>		Transport	Economic growth
				Procurement of green buses (DDF Technology)		Procurement of 150 green buses			Procurement of 60 green buses	Procurement of 90 green buses	R180m		Transport	Economic growth
			Green Building Programme (city owned buildings)	% completion of green building audit and retrofit					100% completion of green building audit	Retrofitting	0	R2m	EISD	Economic Growth
				Roll out of smart meter (ARM – Automated Meter Reading)									City power	Economic Growth
				Installation of SWH									City Power	Economic Growth

<sup>8</sup> To be determined by the leading department

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
			Separation at source Reduction of waste to landfill site	Household participation rate			participation rate is 16%		50%		R25m	R85m	Pikitup	Economic Growth
				Number of buy back centres and upgraded garden sites			5 garden sites  Existing buy back centres		Construct 5 sorting buyback centres  Purchase 4 mobile buyback centre  Upgrade 5 garden sites					Pikitup
			Green Economy implementation partnerships	Number of implementation partnerships	Signed agreements	10 national and international partnerships	New indicator	Nil	5 national state, 2 green council and other non-	3 international partnerships			Economic Development	Economic Growth

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
									State,					
			Green Economy feasibility/bankability studies	Number of feasibility studies for green portfolio	Studies completed	10 feasibility studies concluded		Nil				R12m <sup>9</sup>	Economic Development	Economic Growth
				Feasibility studies for potentially viable water project		2 FS by agreement with Joburg Water	New indicators	Nil	1	1			To be confirmed by Johannesburg Water	
				Feasibility studies for potentially viable green transport projects (e.g. enhanced local production of green bus biofuel feedstock)		3 FS by agreement with Transport	New indicators	Nil	2	1				
				Feasibility studies for potentially viable power projects (e.g. enhanced)		3 FS by agreement with City Power	New indicators	Nil	2	1				

<sup>9</sup> Target based on accessing portion of R70m set aside by City Budget Lekgotla for additional 2014/15 economic development activities

Strategic alignment			City-wide metric and targets								2014/15 budget per programme		Implementing department/ entity	Lead cluster
Joburg 2040 outcome	Long-term impact (Joburg 2040 output)	Strategic priority	IDP Programme	Key Performance Indicator/s	Means of Verification	Target 2013/16	Baseline (2006/11)	Target 2013/14 FY	Target 2014/15 FY	Target 2015/16 FY	CAPEX	OPEX		
				localisation of PV inputs)										
				Feasibility studies for potentially viable waste management projects		2 FS by agreement with Pikitup or other City department/ entity	New indicator	Nil	1	1				

### 3.2 Departmental SDBIP Scorecard

Day-to-Day	Key Performance Indicator (2013/16)	Baseline (2006/11)	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible, measurable targets that fulfil requirements of being SMART)			
				Capex	Opex	Q1	Q2	Q3	Q4
Johannesburg Business Forum meetings	Number of interactions with key stakeholders	11 JBF meetings	10 JBF meetings	Nil	R120 000	3 meetings	5 meetings	7 meetings	10 meetings

Day-to-Day	Key Performance Indicator (2013/16)	Baseline (2006/11)	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible, measurable targets that fulfil requirements of being SMART)			
				Capex	Opex	Q1	Q2	Q3	Q4
Facilitating Regional Economic Development across the City	Number of Spatial Economic Development and Investment Frameworks completed	7 Mayco approved Regional Economic Development Plans	2 Mayco-approved Regional Economic Development and Investment Plans		R2m	Terms of Reference finalised  Procurement processes completed	Economic Profiles (competitive & comparative analyses) completed  Consultative processes undertaken	Spatial economic investment programme developed  Consultative processes undertaken	Two MayCo approved plans
Inner City Economic Development	National Treasury approved precinct based UDZ implementation plan	Inner City Economic Development Implementation Plan	A coordinated precinct based marketing and implementation programme for the UDZ		R1.5m	Terms of Reference finalised  Procurement processes completed	A viability/ feasibility study for a precinct based marketing and implementation plan for UDZ	A marketing and implementation plan developed (subject to the study outcomes)	National Treasury/ Mayco approved UDZ implementation plan
Shared Industrial Production Facility	Shared Industrial Production (SIPF) Facility to assist SMME's in the manufacturing and related sectors.	Establishment of Shared Industrial Production Facility for SMME's	Completion of Phase one of the SIPF	R5 million		Finalisation of the business plan and detailed architectural designs.	Appointment of the service provider	Construction of phase one commerce	Completion of phase one of the Facility

Day-to-Day	Key Performance Indicator (2013/16)	Baseline (2006/11)	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible, measurable targets that fulfil requirements of being SMART)			
				Capex	Opex	Q1	Q2	Q3	Q4
Tourism	Learnerships in Tourism and Film  a) Strategy Review b) 100 learnerships	New Indicator	Internship and Learnership impact report		R0	Primary research collection  Advertise and recruit Finalise MOU between DED and Mict SETA	Interpretation of results  Placements of students into work station	Stakeholder participation  Training and report back	Presentation of final strategy to maycomm  Internship and Learnership impact report

Day-to-Day	Key Performance Indicator (2014/15)	Baseline	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target (Tangible, measurable targets that fulfil requirements of being SMART)			
				Capex	Opex	Q1	Q2	Q3	Q4
Economic Development Advisory Council (EDAC)	Number of Meetings	New indicator	4 meetings		R2 million	1 meeting	1 meeting	1 meeting	1 meeting

Day-to-Day	Key Performance Indicator (2014/15)	Baseline	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
				Capex	Opex	Q1	Q2	Q3	Q4
Seminar series	Number of Seminars	1 seminar report per quarter	8 seminars	NIL	R200,000.00	2 seminars	2 seminars	2 seminars	2 seminars
Working paper series	Number of Publications	New indicator	4 publications		R400,000.00	1 publications	1 publications	1 publications	1 publications
Quarterly economic review	Quarterly economic performance publications	New indicator	4 publications		R500,000.00	1 publication	1 publication	1 publication	1 publication
Data repository	Regional Data repository	New indicator	4 data sets (quarterly revamped data)		R600 000. 00	Q1 economic data set	Q2 economic data set	Q3 economic data set	Q4 economic data set
Annual Economic review	Annual Economic review publication	1 publication per year.	Edited publication by June 2015		R350,000.00	Data sourcing	Q1 and Q2 data consolidation and analysis	Draft report	Publication of the edited version
Policy Development	Informal Economy Policy and Strategy	New Indicator	Approved Informal Economy Policy	Nil	R400 000	Planning - Appointment of Service Provider	*Consolidate studies conducted by other CoJ	- Consultation process –Internal and External	Approved Informal Economy

Day-to-Day	Key Performance Indicator (2014/15)	Baseline	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
				Capex	Opex	Q1	Q2	Q3	Q4
	Framework		and Strategy Framework			Literature review *Desktop Research (informal economy)	departments and incorporate their findings into the draft policy document	Stakeholders	Policy and Strategy Framework.
By-Laws Assessment and Review	Assessment report of By-Laws affecting activities in the informal economy	New Indicator	Detailed Study Report outlining the findings	Nil	R400 000	*Assessment of identified By-laws *Engagements with Departments that are custodians of By-laws	*Consolidated Report detailing the findings and recommendations		
Impact Assessment	Impact assessment, monitoring and evaluation system for citywide economic	New Indicator	An operational Impact assessment and M& E system by June 2015	Nil	R5m	Review of economic development and priority implementation plans in line with the existing institutional Monitoring and Evaluation Framework.	Develop an impact assessment, monitoring, and evaluation systems	Pilot the system/tool	Prepare technical proposals, including development of technical scopes and

Day-to-Day	Key Performance Indicator (2014/15)	Baseline	Target 2014/15 financial year	2014/15 Budget (per programme)		2014/15 target <i>(Tangible, measurable targets that fulfil requirements of being SMART)</i>			
				Capex	Opex	Q1	Q2	Q3	Q4
	development programmes and projects								cost estimates for impact assessments and M&E activities.

## 4. RISK ASSESSMENT

0	Objectives	Risk Category	Risk Name	Background to the risk	Impact	Likelihood	Inherent Risk	Current controls	Control Effectiveness	Residual risk	Impact	Likelihood	Risk Owner	Actions to improve management of the risk	Action Owner	Time scale
1	Promoting trade and investment, with emphasis on fixed direct investment by anchoring Joburg as a centre of finance, business and trade opportunities	External Environment	Failure to attract, retain and expand investors	1) Lack of friendly investor policies 2) Poor branding of Joburg as an investment destination 3) Rising costs of doing business in Joburg 4) Delays in the approval of projects 5) Failure to offer investor security 6) Lack of or poor investment strategy	Catastrophic 5	Possible 3	High 15	(1) Buy Sell Invest and Visit (BSIV) Programme for the recruitment of investment into the City (2) Executive Investment Fast Tracking Committee (3) International Investment Road Shows, seminars (4) Trade and Investment conference and Exhibition 4) Urban Development Zone (UDZ)- tax incentive for private investment (5) Inner City Investment	Fair 0.75	Medium 11	5	2.25	ED			Jun-14
2	Sector diversification through support for emerging and new sectors and retention of competitive economic sectors encouraging and supporting the creation of sustainable work opportunities	External Environment	Stakeholder Relationship Risk	<b>Intergovernmental</b> (a) Ineffective stakeholder engagement and management (b) Lack of synergy within the different spheres of government (c) Fragmented planning/ non alignment with provincial plans (d) Clash of operational mandates (e) Misunderstanding of scope of what has to be delivered	Moderate 3	Possible 3	Medium 9	(1) IGR Act No. 13: MEC/MMC IGR (2) IGR with SALGA (3) Business Forum (4) Informal Traders Forum (5) Gauteng Cooperative Movement (6) Economic Growth ClusterCommittee (7) Stakeholder consultation forum (8) Greater Alexander Chamber of Commerce (9)Regional and stakeholder summits	Fair 0.75	Medium 6.8	3	2.25	ED			Jun-14

3	Promoting trade and investment, with emphasis on fixed direct investment by anchoring Joburg as a centre of finance, business and trade opportunities	External Environment	Weak Economic Infrastructure ( Interdependency risk)	1) Ageing infrastructure e.g roads and transport system (2) Increasing urban population putting a strain on the infrastructure e. g. water, electricity, housing 3) Poor maintenance of	Major	4	Almost Certain	5	Extreme	20	1) Introduction of the Bus Rapid Transit System 2) Joburg Broadband Network to improve communication	Fair	0.75	High	15	4	3.75	ED	1) Extension the Bus Rapid Transit System 2) Investment on new infrastructure	Jun-14
4	Encouraging and supporting the creation of sustainable work	Human Capital	Sustainability of SMME's in the City	1) Financial Constraints/ access to capital and cost of capital 2) Burden associated with compliance with business regulations and legislation 3) Lack of or inadequate support for SMME's 4) Slow growth in the informal Sector 5)	Major	4	Likely	4	Extreme	16	1) SMME Training on Business management skills (Wits) 2) Provision of trading space 3) Upgrade of Linear Markets 4) SMME's incubators 5) Advisory service offered by DED	Fair	0.75	High	12	4	3	ED	1) Development of Informal Trading Policy and Trading 2) Amendment of procurement regulation to support SMME 3) Increased support for SMME's	Jun-14
5		Process	Poor implementation of strategy for the department	(1) Limited funding to implement strategy (2) Capacity constraints (3) Lack of implementation plan	Moderate	3	Possible	3	Medium	9	(1) Viable Business Plan in Place (2) Sufficient capacity to implement targeted priorities (3) Quarterly performance reporting	Good	0.40	Low	3.6	3	1.2	ED		Jun-14

6	Championing spatial economic restructuring for grown and marginal areas	Process	Inability to maximise the impact of programmes and projects	1) Failure to innovate	Moderate	3	Possible	3	Medium	9	1) Impact assessment study	Poor	0.90	Medium	8.1	3	2.7	ED			Jun-14
7	Encouraging and supporting the creation of sustainable work	External Environment	Increasing levels of unemployment in the City	(1) Failure to create sustainable jobs (2) Mismatch between skills supply and demand due to low education levels (3) Skills deficit in disadvantaged communities (4) Slow growth to employment especially amongst youth (5) Inability of	Catastrophic	5	Likely	4	Extreme	20	(1) Economic Policy Tool-Employment intensive EPWP for more work opportunities and entrepreneurial activity (2) CoJ demand led - skills development programme	Fair	0.75	High	15	5	3	ED	CoJ EPWP Programme for a long - term structured employment generation programme ( as a paradigm shift from labour intensive to employment intensive programme		Jun-14
8	Driving economic catalytic programmes and projects	Process	Possible failure of key priority projects	(1) Delays in the implementation of flagship projects (2) Delays in decision making (3) Project mismanagement (4) Lack of adequate business planning	Catastrophic	5	Possible	3	High	15	1) Project Management by the project owner	Excellent	0.20	Low	3	5	0.6	ED			Jun-14
9	Championing spatial economic restructuring for grown and marginal areas	External Environment	Rapid population growth in the City	1) Increasing migration to Joburg ( internal and cross boarder migration), migrants seeking economic opportunities and access to services	Moderate	3	Possible	3	Medium	9		Fair	0.75	Medium	6.8	3	2.25	ED			Jun-14
10	Driving economic catalytic programmes and projects	Process	Fragmented approach to economic development in	1) Fragmented planning 2) Lack of coordination between the	Moderate	3	Possible	3	Medium	9	Dedicated Economic Development Planning	Fair	0.75	Medium	6.8	3	2.25	ED			Jun-14

11	Driving economic catalytic programmes and projects	Process	Lack of economic diversity	1) Dependency on one particular sector for economic growth	Moderate	3	Possible	3	Medium	9		Fair	0.75	Medium	6.8	3	2.25	ED				Jun-14
12	Championing spatial economic restructuring for grown and marginal areas	Process	Spatial constraints of economic planning	1) Need to establish economically vital new nodes	Major	4	Possible	3	High	12	1) Spatial Economic Development Unit- for identification, planning, facilitation of intervention in marginalised,	Good	0.40	Low	4.8	4	1.2	ED				Jun-14

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ED: ECONOMIC DEVELOPMENT

## 5. FINANCIAL IMPACT

### Summary of the 2014/15 Departmental Budget

#### Operational Expenditure

The department's 2014/15 operational expenditure budget is structurally very similar to that of the 2013/14 financial year. The Salaries' budget is at 54% of the total operational budget. The department's target is to reduce the percentage of Salaries to Total Operational Budget up to 44% in an attempt to meet the National Treasury guideline of 35%.

About R32 million is allocated to general expenses and contracted services, of which R15 million is meant for rental and associated expenses. Consequently, limited funds are available for key programme. The current year's limited funding for programmes and projects operations may result in some of the planned activities being deferred for implementation in 2015/16 financial year.

The Department's main source of Revenue is the EPWP Incentive Grant. The funds are awarded on merit to Department's and ME's which have applied for funding. Projects with high number of Full-Time Equivalent (FTE) Job opportunities are prioritized.

**Table: Budget summary**

	2012/13 Budget	2013/14 Adjusted Budget	Proposed 2014/15 Budget	% increase (decrease )	% Budget spend per Quarter Projected			
					Q1	Q2	Q3	Q4
Revenue(EPWP)	1 361	8 704	*22	(394.63%)				
Expenditure	106 920	108 147	110 681	2.29%	22 137	29 514	29 514	29 516
Surplus/(deficit) before taxation and capital transfers	(105 559)	(99 443)	(110 659)	10.14%				
Capital		69 150	61 020	(13.32%)		20	20	20

Expenditure						340	340	340
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Although the Department is responsible for the Group Administration of the fund, there are no guarantees that its projects will be funded through EPWP in 2014/15 financial year hence a decrease in the Revenue budget.

### Capital Expenditure (as per CIMS)

The Department will be involved in construction of five (5) linear markets in line with the SMME and Entrepreneurial Development and Support PIP

Capital Project	Amount 000
Inner City Property Scheme (JOHANNESBURG F)	11, 000
BPO Inner City Zone Renewal Skills Development Center JOHANNESBURG F	10,000
Construction of linear market(informal trading shelter) in Alexandra Pan Africa New Informal trading Stalls ALEXANDRA EXT.4 E Ward	10,900
Construction of linear market(informal trading shelter) in Kopanong - Ivory Park New Informal trading Stalls IVORY PARK EXT.2 A Ward	10,000
Construction of Linear Market Noord Street	11,000
Department of Economic Development (DED) New Linear Markets JOHANNESBURG F Construction of linear market(informal trading shelter) in Eloff Street	10,900
Department of Economic Development (DED) New Linear Markets JOHANNESBURG F Construction of linear market(informal trading shelter) in Twist Street	7,780
Operational Capital	440
<b>Total</b>	<b>72 020</b>

### Operational Capital

EXPENDITURE	Approved BUDGET 2012/13 R'000	APPROVED BUDGET 2013/14 R'000	ESTIMATE BUDGET 2014/15 R'000	ESTIMATE BUDGET 2015/16 R'000
Computers	100	200	200	200
Furniture	100	200	200	200
Office Machines			40	70
<b>TOTAL</b>	<b>200</b>	<b>400</b>	<b>440</b>	<b>470</b>

### **Revenue and Tariff Analysis**

The department is awaiting the publication of the Division of Revenue Act whereby EPWP Revenue and other Revenues will be published. The EPWP Revenue must be utilized to create a certain number of jobs and simultaneously facilitate skills transfer and training.

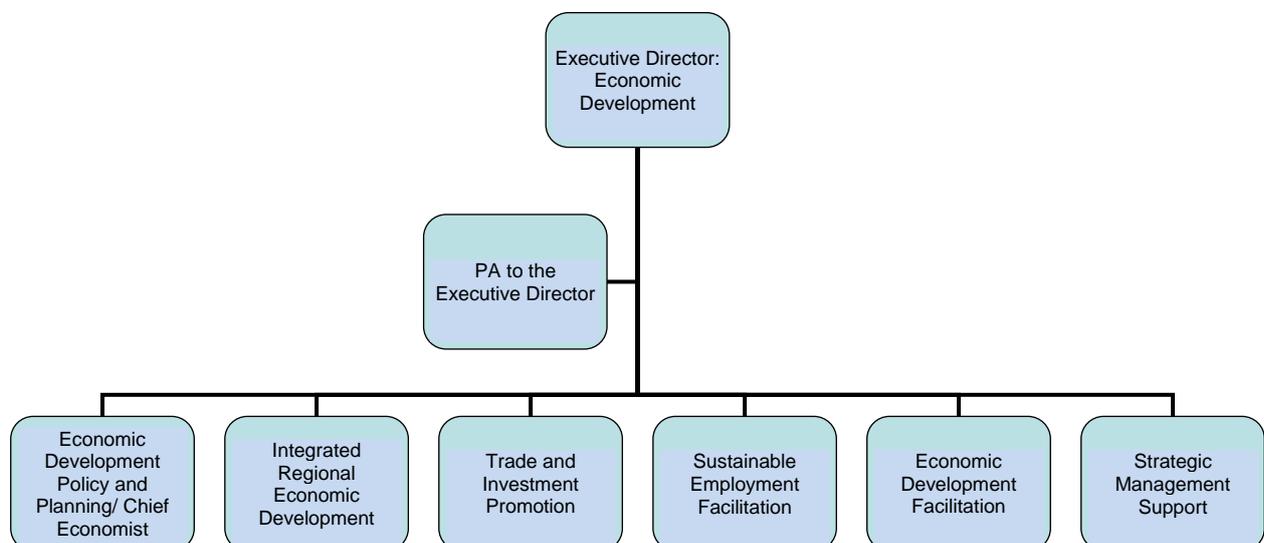
## 6. MANAGEMENT AND ORGANIZATIONAL STRUCTURES

The organizational redesign of the City of Johannesburg is meant to ensure that the structure of the municipality supports the implementation of the City's 2040 Growth and Development Strategy. This strategy is underpinned by principles of eradicating poverty, social inclusion, inclusive economy, sustainable services and settlements, resource security as well as environmental sustainability. Mayoral Subcommittees were therefore formulated in line with the City's long-term objectives and key focus areas and these are the Sustainable Services, Economic Growth, Human and Social Development as well as the Governance Clusters. The Department of Economic Development (DED) forms part of Economic Growth. Therefore the department's role becomes extremely vital in the realization of the City's 2040 GDS.

The departmental structure is aligned to the high level structure that was adopted by council in June 2012 and approved by the City Manager and Executive Mayor on 15 April 2013. **It should be noted that further work will be done to align the structure with the Department's improved delivery approach and with the concept of developmental service delivery.**

The departmental placement process for level 3 employees has commenced. The placement for level 4 downwards will be finalised at the end of May 2014. Most of the Senior Managers in the Department have more than five years experience in the Economic Development environment.

The following is the current approved departmental organisational structure:



The department consists of five (5) core directorates and one (1) support directorate.

### **Core Directorates**

1. **Trade and Investment Promotion:** To manage and lead the City's Trade and Investment attraction, expansion and retention. The Directorate also provides technical expertise in the conception, design, implementation, monitoring and evaluation of large scale economic projects that can advance the economic vision of the City through facilitation of initiatives for promotion and stimulation of investments based on the City's economic strategic direction and agenda.
2. **Economic Development Facilitation:** Responsible for impact assessment of economic development-relevant projects in the City and facilitate the development of the economy of the City of Johannesburg by encouraging the creation of a positive enabling environment to do business.
3. **Integrated Regional Economic Development:** To manage and lead the City's Regional Economic Development and Area Regeneration Initiatives. To promote and stimulation of investments and interventions in declining nodes based on the City's economic strategic direction and agenda.
4. **Sustainable Employment Facilitation:** To manage and lead the facilitation of sustainable employment targets throughout the City, with a focus on SMME and Entrepreneurship Development and Skills Development
5. **Economic Development Policy and Planning:** To formulate, review and recommend economic development policies, review the economic regulatory environment and ensure alignment of departmental projects and programmes with other spheres of government as well as assessing the economic impact of departmental projects and programmes.

### **Support Directorate**

1. **Strategic Management Support:** To provide strategic support and general administrative functions to the office of the Executive Director: Department of Economic Development in order to provide better services and to ensure that strategies of the department are implemented

## 6.1 Employment Equity

Department of Economic Development has a total staff compliment of 86 employees. There are 43 female and 43 male employees. The racial make-up of the department is as follows:

**Table: Workforce Profile**

Categories	Male				Female				Total
	A	C	I	W	A	C	I	W	
Group Head									0
Executives Directors			1						1
Directors	2				2				4
Deputy Director	11		1		5				17
Assistant Directors	9				5			1	15
Professionals	14				23	1	1		39
Managers	3			1	1				5
Technicians									
Operator									
Semi-skilled staff					3				3
Other (Unskilled)	1				1				2
<b>TOTAL</b>	<b>40</b>	<b>0</b>	<b>2</b>	<b>1</b>	<b>40</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>86</b>

To determine over or under representation in the categories of gender and race, the following criteria was used:

Regional profile of the economically active population of Gauteng is as follows:

- ✓ African – 76.1%
- ✓ Coloured – 4.2%
- ✓ Indian – 3.0%
- ✓ White – 16.9%
  
- ✓ Male – 55.2%
- ✓ Female – 44.8%

When comparing the workforce profile of the department, the following can be concluded:

- 1) There is an over representation of Africans in the department – 80%
- 2) There is an under representation of Coloureds in the department – 1.2%
- 3) There is an under representation of Whites in the department – 2.3%
- 4) There is an over representation of Indians in the department – 3.5%
- 5) Females are over represented and account for 50% of the workforce profile
- 6) Male employees are underrepresented and account for 50% of the workforce profile

**Table: Staff Movements**

STAFF MOVEMENTS	AFRICAN		COLOURED		INDIAN		WHITES	
	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
Appointments					1			
Recruitments								
Transfers	1	1						
Resignations								
Dismissals								
Retirements								
Absenteeism								
Deceased		1						