

REPORT 4

EMFULENI LOCAL MUNICIPALITY

2015 LED STRATEGY

**ECONOMIC MODELLING AND STRATEGIC
SECTORAL ANALYSIS REPORT**

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1. INTRODUCTION

Report 4, in collaboration with reports 1 to 3, form the strategic analysis foundation of the final LED strategies as contained in report 5. Report 4 has the overall purpose to provide detailed economic modelling and economic sectoral analysis. This report consists of an overall socio-economic profile, modelling and indexes, and sectoral analysis of various economic sectors including manufacturing, infrastructure, tourism, housing, retail trade, informal sector, transport and logistics and agriculture. The area known as the Vaal-Triangle form a functional economic region and integrated planning across provincial boundaries should be encouraged and stimulated (SACN).

2. OVERALL SOCIO-ECONOMIC PROFILE (REFER TO REPORT 2)

The following key socio-economic information is provided in a summary below:

- The study area is experiencing low population growth rates since 1996 to 2013 of between 0.7% to 1.3 per annum. The growth rates are low if compared to the Gauteng Province with an average growth rate of 2.5%.
- The HDI in the study area is also lower than in Gauteng Province. The significant difference exists between the HDI of the Black population compared with the White population in the study area with HDI of 0.6 and 0.86 respectively.
- Poverty levels are high at 40.75 of the total population, if compared to the Metsimaholo area with a poverty level of 36.8%. The Black population has a poverty level of 46.1%.
- The poverty gap for the Black population has grown from 2011 to 2013 from R3 688 to R4 568 per household.
- The provision of formal housing has been at a better overall level if compared to Gauteng Province. In the study area 83.1% of households resides in formal housing while for Gauteng 78.6% resides in formal housing. The housing backlog in the study area has stabilized and major housing projects are still required as flagship projects for LED.
- The provision of basic infrastructure services in the study area are at a relatively high level with an overall index of 0.87. The overall index for Gauteng is at 0.83.
- Serious crimes have declined over the last decade.
- GDP growth in the study area has been low and 2013 even resulted in a negative growth rate of -0.5%. For the period from 1996 to 2013 the GDP growth was also low at 1.2%.

- GDP per capita in the study area is also relatively low. The Gauteng area has twice the per capita GDP of the study area and the Metsimaholo area has a five time higher GDP per capita.
- The diversification (tress index) of the local economy has improved from 2000 to 2013 by 16% to an index of 58. Gauteng province has an index of 50.
- Specialization and comparative advantages (location quotient) in the study area include sectors such as manufacturing, electricity, construction, finance, and community services.
- Unemployment levels in the study area are at 36.4% in 2013 or approximately 106 568 people.
- The total number of jobs in the study area have decreased from 183 000 in 2010 to 180 050 in 2013. The primary sector has declined as well as the secondary sector in general. The metal sub-sector has declined from 19 000 to 18 000 in 2013. The total manufacturing sector has declined from 28% of employment in 2005 to 20% in 2013. The knowledge economy has grown in the study area in terms of most tertiary sub-sectors with trade, motor trade, government, education, and health and community services with the highest increases.
- The informal sector only contributes 16% to total employment, or only 24 800 of 155 000 total employment. (Brazil, India at more than 30%). Informal trade accounts for 50% of informal jobs.
- The top 4 sectors for employment are community services, trade, manufacturing and finance.
- GVA sectors as percentage of total GVA for the study area are metal products (24.2%), real estate activities (15.3%), education (9.5%), health and social service (5.5%) and public administration (4.8%).
- The total income per capita in the study area is relatively low with slow growth at R41 924 compared to the Gauteng province at R 66 700. The Black population still lacks behind with a per capita income of R 27 700. A total of 17.7% households have no income while 45% of households have income of R 20 000 or less per annum. There is an overall decline in income levels in the study area if compared to national income levels from 1.6% to 1.3% contribution to national income.
- The trade balance in the study area has declined significantly since 2010. In 2010 the trade balance was R 3.4 billion, but decreased to – R 390 million in 2013.
- Tourism has shown growth in the study area over the last decade. Total trips to the area have increased from 250 000 trips in 2000 to 480 000 trips in 2013, relating to an overall growth in trips of 88%. Domestic tourism has however declined while international

tourism has shown strong growth. Tourism spending has shown a 312% growth from 2000 to 2013, while tourism's contribution to total GDP has increased to 7.7%.

- More key statistics are listed in the table below.

Table 1: More key comparative statistics for the region

Indicator	Gauteng Province	Metsimaholo Municipal area	Emfuleni Municipal area
Population	12 700 000	157 000	731 900
Population growth (1996 to 2013 per annum)	2.5%	1.8%	1.0%
% of people living in poverty	32%	37%	41%
GDP (R 1 000 000)	R 1 209 000	R 38 580	R 32 700
GDP Growth (1996 to 2013 per annum)	3.5	4.9	1.2
GDP growth 2013	2.2	2.2	-0.5
Number of unemployed people 2013	1 510 000	21 800	106 600
Number of employed people	4 600 000	47 700	180 050
Unemployment rate	25.0	31.0	36.4

3. INDEXES AND MODELLING

This section includes a selection of economic indexes and modelling in order to understand the local economy better.

3.1. Prosperity index:

The prosperity index is a composite index comprising of three ratio's namely a relationship between total local income growth, total local growth in employment and total local economic growth in comparison with population growth in the area. The formulas are listed below:

- Index 1: economic growth (1996-2013)/population growth (1996-2013):

$$\text{Emfuleni} = 1.2\%/1.0\% = 1.2$$

$$\text{Metsimaholo} = 4.9\%/1.8\% = 2.7$$
- Index 2: income growth/population growth (2010 – 2013)

$$\text{Emfuleni} = 15.8\%/1.0\% = 15.8$$

$$\text{Metsimaholo} = 19.4\%/1.8\% = 10.8$$
- Index 3: employment growth/population growth (2010 – 2013)

$$\text{Emfuleni} = -1.9\%/1.0\% = -1.9$$

$$\text{Metsimaholo} = -2.1\%/1.8\% = -1.2$$

3.2. Employment index:

This index provides a relationship between the total local employment in comparison with total local population. The formula is listed as $\text{Employment index} = \frac{\text{total local employment}}{\text{Total local population}}$. The index is calculated for 2010 and 2013 for Emfuleni, Metsimaholo areas and Gauteng Province.

Table 2: Employment Index

Year	Emfuleni	Metsimaholo	Gauteng
2010	25.2	32.3	36.0
2013	24.6	30.0	36.0

The index for Emfuleni has decreased slightly with a relative low index of 24.6 in 2013 if compared with the Gauteng Province at 36.0. The study area has low local employment growth and population growth, leading to a low index.

3.3. Earnings Index

This index provides a relationship between the total local earnings in comparison with total local population. The formula is listed as $\text{Earnings index} = \frac{\text{total local earnings}}{\text{Total local population}}$. The index is calculated for 2010 and 2013 for Emfuleni, Metsimaholo and Gauteng areas.

Table 3: Earnings Index

Year	Emfuleni	Metsimaholo	Gauteng
2010	0.36	0.43	0.57
2013	0.42	0.51	0.67

The index for Emfuleni has improved with a relative low index of 0.42 in 2013 if compared with the Gauteng Province at 0.67. The study area has low levels of earnings and population growth, leading to a low index.

3.4. Human development Index (HDI)

HDI is a composite development index developed by the UN. HDI takes into account life expectancy, education and GNI per capita. The index ranges between 1 and 0, with an index of 1 indicating perfect HDI, while an index of 0 indicates the lowest level of HDI. In general HDI levels have improved since 1994 and through to 2013. Emfuleni lacks behind if compared to the Gauteng province.

Table 4: HDI comparison

Year	Emfuleni	Metsimaholo	Gauteng
2001	0.61	0.59	0.67
2011	0.65	0.63	0.69
2013	0.66	0.64	0.70

3.5.Gini-Coefficient Index

The Gini-coefficient index measures the inequality of income distribution in a specific region. A Gini-index of 0 represents perfect equality in income distribution and a Gini-index of 1 represents perfect inequality in income. Emfuleni area has a better income distribution if compared to Gauteng province.

Table 5: Gini-Coefficient Index

Year	Emfuleni	Metsimaholo	Gauteng
2001	0.63	0.63	0.64
2011	0.61	0.62	0.64
2013	0.60	0.60	0.63

3.6.Economic base index (location quotient)

This index consists of two components namely the non-basic component with local consumption for goods and services and the basic component with export of goods and services which deliver income from outside the region into the region. Examples of such sectors are manufacturing exports and tourism, which attracts visitors from outside the region to the region. The Economic Base Index indicates which sectors of the local economy have high levels of specialization. A score of more than 1 indicates high levels of specialization, a competitive advantage and concentration of such industries. It also means that the region manufactures more than it could consume with respect to such sectors or industries, leading to exports. A score of less than 1 indicates that there is not enough produced for local consumption and the potential for increased production or delivery of services exists. The manufacturing sector is still the key sector in the Emfuleni area where specialization is at the highest levels. A score of 2.61 means that the region produces 2.61 times what could be consumed in the local economy. If a score is 0.20 for a sector, the region only produces 20% of what is needed in the region. The formula to calculate the location quotient = (employment per sector Emfuleni/total employment Emfuleni) / (employment per sector Gauteng/Total employment Gauteng). Import substitution in this regard is of importance.

Table 6: Economic Base Index: Emfuleni

Sector	2001	2011	2013
Manufacturing	2.48	2.58	2.61
Electricity production	1.16	1.49	1.60
Construction	0.81	0.93	0.94
Finance	0.75	1.00	1.01
Community services	0.94	0.96	1.07

3.7. Economic Tress Index

The Economic Tress Index indicates the level of specialization or levels of specialization for the local economy. A score of close to 100 indicates a specialized economy with one or a few industries or sectors dominating the economy, while a score of 0 indicates total diversification of the local economy. The Emfuleni economy has shown trends of diversification over the last 10 years, but is still too focused on one industry if compared with Gauteng province.

Table 7: Economic tress index

Year	Emfuleni	Metsimaholo	Gauteng
2001	68.54	69.54	49.38
2011	61.21	57.05	48.75
2013	57.57	48.89	50.23

3.8. Trade balance

The total trade balance index is an indication of exports less imports for the local economy in Rand value. The Emfuleni area has shown drastic decreases in exports and an urgent need exists to identify import substitutions initiatives.

Table 8: Total trade balance (R 1 000 000's)

Year	Emfuleni	Metsimaholo	Gauteng
2001	-30.8	-100.0	9886.3
2011	3381.2	426.7	57881.5
2013	-393.7	1129.2	41372.5

3.9. Shift-share analysis

This analysis focus on sectoral growth over time in a specific region regarding employment, but other economic data could also be used. The formula used = (employment in sector in 2013 – employment in sector in 2000) / (employment in sector in 2000) x 100. This analysis assists in the identifications of sectors with fast growth. The table below indicates sectors relating to the shift-share analysis. Sectors in the Emfuleni economy that have shown rapid

growth since 2000 (above 3% per annum) are electricity production, hotels and restaurants, transport, public administration, education and health/social work. Sectors with negative growth include mining, food beverages, wood products, fuel, chemicals, metal products, finance / insurance.

Table 9: Shift-share analysis, selected sectors in formal economy (growth from 2000 to 2013 per annum)

Sector	Emfuleni	Gauteng
Agriculture	2.45	5.55
Mining	-0.92	-3.88
Food, beverages	-2.01	2.21
Wood and wood products	-4.46	-0.88
Fuel, petroleum, chemicals	-0.92	0.12
Non-metallic products	1.24	2.02
Metal products	-0.45	2.19
Electricity, gas, hot water	10.7	3.86
Construction	1.32	4.66
Whole sale and retail trade	2.28	2.32
Hotels and restaurants	6.09	8.07
Transport	4.52	6.57
Finance and insurance	-2.78	-0.70
Public administration	7.62	7.39
Education	6.21	5.89
Health and social work	4.16	3.79

3.10. Development potential index

The Development Index is a subjective index comparing local resources and local capacity, with a formula, development potential = resources x capacity.

Table 10: Development capacity, Emfuleni and Metsimaholo

Resource	Emfuleni Score (between 0 and 10)	Metsimaholo Score (between 0 and 10)	Capacity	Emfuleni Score (between 0 and 10)	Metsimaholo Score (between 0 and 10)
Natural	2	5	Government	5	4
Strategic locality	8	6	Business	8	7
Labour	8	6	Infrastructure	3	2
Investment	4	5	Social services	5	5
Transport	3	3	Technology	6	6
Communications	5	4	Innovation	6	7
Industrial composition	7	6	Education	8	6
Export	4	6	Political	6	4
Government spending	5	4	Entrepreneurs hip	6	6
Markets	4	4	Size of economy	7	7
Finance	4	4	Community	7	6

			Partnerships	8	7
Average Total score	4.91 (or 49.1%)	4.82 (or 48.2%)	Average total score	6.25 (or 62.5%)	5.58 (or 55.8%)

Development potential scores (0 is minimum and 100 is maximum):

- Emfuleni area: $4.91 \times 6.25 = 30.69$ index
- Metsimaholo area: $4.82 \times 5.58 = 26.89$ index

The development potential indexes for both areas are relatively low, below 50. Areas of concern are natural resources, investment, transport, export, markets and finance, and infrastructure. Areas of positive development are strategic locality, labour, industrial composition, education and partnerships.

3.11. Input / output analysis

This section is based on the analysis done by the Vaal Research group early in the 2000's. The sectors with the highest backward linkages are the sectors that require the most inputs from other economic sectors. Tourism is the highest, followed by trade, services, construction and manufacturing. This means that an increase in demand for tourism for example and growth in this sector will result in an increase in demand for sectors supplying the tourism sector. It should be noted that trade, services and construction have high backward linkages, these sectors are there to serve the local economy and have little potential to stimulate export (low export values) and stimulate the local economy. These sectors are not considered as key sectors to stimulate the local economy. Economic sector with high input values are importing the majority of inputs and have a negative impact on the local economy. Import-substitution needs to be investigated. The sectors with the highest export values need to be supported such as manufacturing and transportation.

Table 11: Linkages in the Emfuleni economy

Sector	Backward linkages	Import / total input	Forward linkages	Export / total output
Agriculture	16.4	73.8	60.2	17.7
Mining	22.3	69.3	75.1	24.9
Manufacturing	49.1	43.7	33.5	53.9
Electricity	36.7	33.0	58.6	24.3
Construction	49.2	45.9	11.3	20.7
Trade	83.2	2.9	23.3	10.0
Transport	15.4	75.2	10.5	49.3
Financing	16.9	68.7	16.5	52.8
Services	67.9	6.6	62.0	9.0
Tourism	87.2	3.0	42.6	9.3

Source: Vaal Research Group, 2000

The table below is a summary of sectoral multipliers in the local economy. In terms of labour, an increase in the demand for products and services in the tourism sector by R 1 000 000, will lead to the creation of 14.033 additional employment opportunities in the local economy. In terms of remuneration, Turnover, income and imports, an increase of R1 in the demand for products and services in a specific sector, will lead to increase in household income in the region by the amount as listed.

Table 12: Sectoral multipliers in the local economy (top three sectors are indicated with *)

Economic Sector	Turnover	Income (GGP)	Imports	Labour (per R million)	Remuneration (household income)
Agriculture	1.217	0.240	0.861*	7.925	0.111
Mining	1.157	0.268	0.831*	4.817	0.108
Manufacturing	4.772*	0.396	0.813	5.120	0.229
Electricity/gas/water	1.325	0.785	0.586	6.191	0.404
Construction	1.198	0.434	0.813	7.172	0.270
Trade	2.073	0.867*	0.637	14.296*	0.551*
Transport	2.147*	0.293	0.860*	2.818	0.167
Financing	2.072	0.331	0.806	4.206	0.150
Services	2.500*	0.866*	0.527	20.110*	0.428*
Tourism and entertainment	1.202	0.942*	0.645	14.033*	0.640*

Source: Vaal Research Group, 2000

The top four economic sectors with the highest overall combined multipliers are Services, Trade, Tourism and manufacturing. The trade and services sectors are however support sectors and not drivers of the local economy. The two other sectors namely tourism and manufacturing are however critical sectors to drive the local economy to higher growth rates. Tourism has the potential to attract people from outside of the region and acts in the same manner as an export industry. The manufacturing sector has lower multipliers than the other 3 sectors has is the largest sector in the local economy. Even small increases in demand for these products will have substantial impact on the local economy. The tourism and manufacturing sectors are the key sectors in the local economic with the highest potential for income generation, employment creation, exports, and bringing money into the region. Rapid growth in these sectors will automatically result in the stimulation of support sectors such as trade, services, financing, transport and construction.

4. BASE LINE COMPARISONS

Table 13: Comparison of major Municipalities in South Africa with Emfuleni Local Municipality

Data component (average in brackets)	Emfuleni LM	Sedibeng DM	Midvaal LM	City of Joburg Metro	City of Tshwane Metro	Ekurhuleni Metro	Buffalo City Metro	NMBM	Mangaung Metro	Metsi LM	Ethekweni Metro	Polokwane LM	Mbom-bela LM	Rustenburg LM	City of Cape Town Metro
Size of area (sqkm)	966	4173	1722	1645	6368	1975	2536	1959	6284	1717	2291	3766	5394	3423	2440
Total population ('000)	721	916	95	4434	2921	3178	755	1152	747	149	3442	629	589	550	3740
% youth population (25.6)	25.6	25.4	23.2	23.2	23.2	24.3	26.4	25.5	26.9	26.3	25.2	30.1	29.8	24.1	24.8
Dependency ratio (per 100)(44.1)	43.80	43.8	41.9	37.6	39.0	39.4	47.9	46.0	47.5	44.3	42.8	54.3	51.6	37.9	43.6
Population growth (2.2)	0.92	1.43	3.9	3.2	3.10	2.5	0.69	1.36	1.5	2.5	1.08	2.13	2.1	3.5	2.6
Unemployment rate (29.1)	34.7	31.9	18.8	25.0	24.2	28.8	35.1	36.6	27.7	32.1	30.2	32.4	28.1	26.4	23.9
Youth unemployment rate (15-34)(38.0)	45.0	41.7	25.4	31.5	32.6	36.9	45.1	47.3	37.2	41.6	39.0	42.0	37.6	34.7	31.9
% of people over 20 with matric (31.9)	32.4	32.0	32.10	34.7	34	35.4	27.1	30.5	30.1	29.8	37.1	29.5	33.3	31.0	29.8
No of hh ('000)	220	279	29	1434	911	1015	224	324	231	46	956	178	162	199	1068
Average household size (3.1)	3.10	3.10	3.0	2.8	3.0	2.9	3.2	3.4	3.1	3.1	3.4	3.4	3.5	2.5	3.3
% Female headed households	36.3	34.7	26.3	36.2	35.8	31.3	45.8	40.6	40.8	32.5	40.0	44.8	38.9	26.4	38.2
% formal dwellings ((81.7)	85.3	84.8	80.2	81.4	80.7	77.4	72.5	87.2	83.7	83.9	79.0	89.4	92.7	68.7	78.4
% Housing ownership (51.3)	48.8	48.9	42.6	40.2	52.0	44.0	49.8	61.4	62.3	57.3	54.5	56.4	66.4	31.4	54.2
% average service provided (sewer,	85	38	71	85.4	77.8	78.0	68.3	83.8	69.3	77.8	74.8	50.5	46.0	60.2	87.8

refuse, water, elect)(70.2)															
Total revenue (R 000 000)	4207	307	638	35268	21658	24360	4398	7285	5417	655	24862	1804	1552	2774	25193
% Revenue growth per annum (2012 to 2014)	12.8	-8.8	11.7	2.8	8.1	12.4	14.6	4.4	22.8	9.9	9.1	6.9	8.9	15.1	9.5
Employee and councillor cost (growth)	864 (7.8)	209 (-5.5)	133 (0%)	8203 (6.9)	6055 (11.7)	4665 (5.8)	1147 (7.5)	1990 (2.1)	1142 (13.4)	196 (7.9)	6700 (0.4)	461 (4.9)	465 (6.7)	497 (17.3)	8084 (7.7)
Revenue surplus/deficit	431	23.7	50.8	781	192	2679	179	358	797	74	970	82	197	650	78
Capital expenditure	165	19.5	85	6591	4208	3943	839	1276	1063	54	5763	380	215	941	4207
% growth in capital exp	-28.3	10.9	51.1	41.5	17.5	298.9	105.4	3.6	40.5	-18.6	31.9	3.7	-0.9	102.7	-0.5
Total assets	1202	24	197	12152	5471	10775	3051	2650	2038	11	13138	854	273	46	9877
Total liabilities	578	82	104	11304	6526	5314	883	2015	1468	7	10171	529	701	834	8139
Total number of employees (growth)	6040 (17.6)	614 (-30.5)	632 (0.0)	6562 (13.5)	29361 (26.3)	18644 (-1.1)	5039 (-2.2)	6940 (-18.5)	6454 (22.7)	1022 (-1.5)	25000 (8.7)	3330 (88.8)	1856 (0.0)	2555 (21.4)	28217 (5.2)
% of hhs with free access to water	75.5	0	43.1	15.6	12.1	43.7	19.1	25.9	6.1	54.3	54.8	78.0	90.0	1.5	69.4
% of hhs with free access to elect.	72.7	0	3.4	15.6	12.1	21.3	26.7	19.4	6.1	60.9	6.7	14.6	6.7	1.5	38.3
% of hhs with free access to sewer	16.8	0	3.4	15.6	12.1	43.5	19.1	25.6	6.1	17.4	33.4	34.2	1.2	1.5	58.0
% of hhs with free access to waste removal	16.4	0	3.4	15.6	12.1	3.3	19.1	25.6	6.1	26.1	61.6	56.2	1.2	1.5	40.4

Source: Municipal Year Book, 2013.

Table 14 indicates GDP per capita comparisons between the study area and other major municipal areas. Emfuleni has the lowest per capita GDP and has an average GDP growth rate for the period as calculated.

Table 14: GDP comparison 2000 to 2013 at current prices per capita in Rand

Government entity	2000 GDP	2005 GDP	2010 GDP	2013 GDP	GDP growth (2000 – 2013)
Emfuleni LM	15 044	24 894	38 759	44 638	14.1
Gauteng Province	35 232	53 579	78 901	95 097	12.2
City of Cape Town	34 447	52 756	78 154	93 005	12.4
Ethekweni Metro	30 921	50 599	79 678	99 813	15.9
Ekurhuleni Metro	24 878	37 786	55 828	66 123	11.7
City of Johannesburg	48 183	71 573	101 596	123 005	11.2
Nelson Mandela Bay Metro	29 511	48 161	73 053	84 995	13.1
City of Tshwane	40 349	62 047	90 884	109 755	12.5
Mangaung Metro	24 408	38 770	54 043	65 016	12.2
Buffalo City Metro	22 920	37 015	62 974	77 517	17.1
Average GDP per capita for Metro's	32 750	50 000	74 625	90 000	13.3

Table 15 provides data regarding GDP for various municipal areas. Emfuleni has the lowest GDP as well as the lowest annual growth rates for the period.

Table 15: GDP comparison 2000 to 2013 at constant 2005 prices in R 000 000 000 (Average % annual growth in brackets)

Government entity	2000 GDP	2005 GDP	2010 GDP	2013 GDP	Average growth 1996 to 2013 (%)
Emfuleni LM	9.6 (-0.5)	16.6 (4.2)	27.3 (4.8)	32.7 (-0.6)	1.2
Metsimaholo LM	8.4 (8.7)	16.2 (10.3)	30.9 (6.8)	38.6 (2.1)	4.9
Gauteng Province	319.7 (5.7)	550.4 (5.4)	924.9 (3.4)	1208.9 (2.1)	3.5
City of Cape Town	98.3 (3.0)	170.3 (5.7)	281.3 (3.3)	353.6 (2.6)	3.7
Ethekweni Metro	94.8 (5.5)	164.8 (6.6)	271.8 (3.7)	350.7 (2.6)	3.7
Ekurhuleni Metro	59.4 (10.6)	102.5 (5.2)	169.6 (3.9)	216.5 (1.8)	2.9
City of Johannesburg	148.7 (3.7)	256.7 (4.8)	427.4 (2.8)	568.5 (2.7)	3.9
Nelson Mandela Bay Metro	31.3 (9.8)	52.9 (5.1)	84.1 (2.2)	101.4 (1.7)	3.1
City of Tshwane	84.2 (7.6)	147.3 (7.3)	252.5 (4.0)	334.4 (1.9)	4.2
Mangaung Metro	16.1 (1.8)	26.6 (3.2)	42.3 (-0.1)	50.4 (1.2)	2.4
Buffalo City Metro	16.9 (0.0)	27.5 (6.5)	47.7 (2.5)	59.9 (2.4)	3.4
Average GDP per capita for Metro's	68.7 (5.3)	118.6 (5.6)	197.1 (2.8)	254.4 (2.1)	3.4

Table 16 is a summary of Gross Value Added data for various municipalities. The Emfuleni economy is clearly dominated by the manufacturing sector, while most of the other local economies are more diversified.

Table 16: Gross Value Added comparison 2000 to 2013, sectoral share to area as % (The 2000 share is listed in brackets)

Government entity	Agri-culture	Mining	Manufac-turing	Electri-city	Construc-tion	Trade	Trans-port	Finance	Community services
Emfuleni LM	0.8 (1.1)	0.6 (0.2)	30.2 (47.0)	4.9 (3.2)	3.5 (2.0)	8.5 (7.4)	5.0 (4.4)	21.7 (13.9)	24.8 (20.8)
Metsimaholo LM	0.6 (0.9)	10.4 (1.4)	33.0 (55.5)	13.0 (14.1)	2.7 (1.3)	10.1 (5.0)	6.2 (3.9)	18.3 (10.7)	5.7 (7.2)
Gauteng Province	0.4 (0.6)	3.1 (3.3)	13.4 (22.5)	3.0 (2.7)	4.7 (2.9)	16.7 (15.2)	8.9 (8.8)	26.1 (21.4)	23.7 (22.9)
City of Cape Town	0.8 (0.8)	0.2 (0.2)	11.1 (19.8)	1.9 (1.6)	4.4 (3.5)	21.5 (16.9)	10.9 (11.2)	32.0 (30.2)	17.3 (15.8)
Ethekweni Metro	1.0 (1.5)	0.2 (0.2)	15.7 (24.9)	3.3 (3.2)	3.4 (2.6)	21.6 (16.2)	14.7 (15.1)	19.8 (18.0)	20.3 (18.2)
Ekurhuleni Metro	0.4 (0.5)	1.7 (1.0)	21.2 (34.0)	3.6 (3.2)	5.1 (2.9)	15.4 (13.2)	11.0 (10.2)	21.9 (16.7)	19.7 (18.2)
City of Johannesburg	0.3 (0.4)	2.8 (2.1)	11.5 (20.1)	3.0 (2.9)	4.5 (2.8)	18.7 (17.4)	7.9 (7.9)	30.2 (25.2)	21.2 (21.1)
Nelson Mandela Bay Metro	0.2 (0.3)	0.3 (0.2)	17.5 (26.6)	1.8 (1.8)	1.9 (1.6)	17.9 (15.0)	12.5 (12.7)	21.1 (18.4)	26.8 (23.5)
City of Tshwane	0.4 (0.6)	1.5 (0.5)	10.3 (17.0)	2.3 (1.9)	5.0 (3.1)	15.4 (14.4)	10.1 (10.7)	24.3 (21.1)	30.7 (30.7)
Mangaung Metro	2.0 (2.4)	0.8 (0.2)	1.8 (4.6)	1.2 (2.0)	2.4 (2.3)	20.1 (18.5)	10.4 (14.3)	21.7 (20.8)	39.6 (35.0)
Buffalo City Metro	0.6 (0.9)	0.3 (0.1)	13.5 (19.6)	1.2 (1.3)	2.4 (2.1)	18.7 (16.4)	8.3 (8.3)	24.7 (22.1)	30.2 (29.2)
Average GDP per capita for Metro's	0.7 (0.9)	1.0 (0.6)	12.8 (20.8)	2.3 (2.2)	3.6 (2.6)	18.7 (16.0)	10.7 (11.3)	24.5 (21.6)	25.7 (24.0)

Table 17 indicated the share of the three main manufacturing sub-sectors. The share of the metals industry still dominates the manufacturing sector although the sub-sector has shown a sharp decrease since 2000.

Table 17: Main manufacturing sub-sectors: Gross Value Added comparison 2000 to 2013, sectoral share to area as % (The 2000 share is listed in brackets)

Government entity	Food and beverages etc	Fuel, petroleum and chemicals	Metal products
Emfuleni LM	2.0 (1.9)	0.8 (1.8)	24.2 (38.1)
Metsimaholo LM	1.2 (1.1)	29.2 (50.6)	1.6 (2.0)
Gauteng Province	2.8 (2.7)	2.1 (4.7)	3.6 (5.9)
City of Cape Town	2.9 (2.9)	2.1 (4.6)	1.3 (2.1)
Ethekweni Metro	4.8 (4.2)	3.0 (6.0)	1.6 (2.4)
Ekurhuleni Metro	4.1 (3.8)	4.6 (9.5)	6.0 (9.5)
City of Johannesburg	2.5 (2.5)	2.0 (4.5)	2.1 (3.5)
Nelson Mandela Bay Metro	2.9 (2.2)	4.1 (7.3)	1.4 (1.7)
City of Tshwane	2.2 (2.2)	1.0 (2.0)	2.7 (4.2)
Mangaung Metro	0.7 (1.2)	0.2 (0.7)	0.1 (0.3)
Buffalo City Metro	4.3 (3.5)	1.2 (2.3)	1.8 (2.4)
Average GDP per capita for Metro's	3.1 (2.8)	2.3 (4.6)	2.1 (3.3)

Table 18 indicates the population sizes per suburb / township in the Emfuleni area for 2011. The Sebokeng area has the highest population followed by Evaton and Vanderbijlpark.

Table 18: Population sizes for selected areas in Emfuleni (StatsSA 2011)

Area	Black population	White population	Other groups population	Total population
Stretford	17 280	6	171	17 457
Evaton	131 772	114	966	132 852
Lakeside	7 779	3	60	7 842
Sebokeng	216 600	267	1 644	218 511
Johandeo	9 810	6	66	9 882
Emfuleni NU	2 136	1 011	42	3 189
Golden Gardens	477	0	9	486
Vanderbijlpark	40 755	52 176	2 913	95 844
Vereeniging	54 927	33 018	11 838	99 783
Tshepiso	29 028	21	222	29 271
Boipatong	22 017	21	132	22 170
Sharpeville	37 404	15	177	37 596
Bophelong	45 684	30	375	46 089
Vaal Oewer	426	264	6	696
Total	616 095	86 952	18 621	721 668

Table 19 provides data regarding employment for all the areas in Emfuleni as in 2011. Sebokeng has the highest number of employed people, but also the highest number of unemployed people.

Table 19: Employment data for selected areas in Emfuleni (StatsSA 2011)

Area	Employed	Unemployed	Discouraged-work seeker	Not economically active	Not applicable
Stretford	5 190	2 727	636	3 975	4 929
Evaton	31 269	21 204	5 670	30 588	44 118
Lakeside	2 088	1 239	237	1 767	2 511
Sebokeng	50 283	39 990	6 423	52 836	68 982
Johandeo	2 046	2 115	327	2 052	3 339
Emfuleni NU	1 191	216	45	669	1 065
Golden Gardens	243	48	0	45	147
Vanderbijlpark	38 652	6 237	903	24 126	25 920
Vereeniging	36 900	7 965	1 554	26 634	26 733

Tshepiso	7 278	5 844	855	6 462	8 829
Boipatong	6 084	3 864	900	4 488	6 828
Sharpeville	9 126	7 089	1 107	8 721	11 556
Bophelong	11 922	8 934	1 467	9 045	14 721
Vaal Oewer	270	78	15	132	201
Total	202 542	107 550	20 139	171 540	219 879

Table 20 is a summary of annual income data per household for the various areas in Emfuleni area. A total of 39 000 households have no income while 29 888 households have an income of more than R153 000 per annum.

Table 20: Annual Income data for households for selected areas in Emfuleni (StatsSA 2011)

Area	No income	R1 to R19 600	R19 601 to R76 400	R76 400 to R153 800	More than R 153 800
Stretford	717	1 146	1 647	741	518
Evaton	7 599	15 039	14 139	2 925	1 536
Lakeside	306	513	648	399	309
Sebokeng	11 406	18 312	20 454	6 063	4 554
Johandeo	444	1 155	963	141	60
Emfuleni NU	63	318	297	84	87
Golden Gardens	6	6	15	54	87
Vanderbijlpark	4 266	4 371	6 135	4 494	11 622
Vereeniging	6 624	4 998	8 022	4 614	9 438
Tshepiso	1 752	3 174	3 126	672	276
Boipatong	1 194	2 028	2 817	741	279
Sharpeville	2 067	3 864	4 446	1 155	639
Bophelong	2 544	4 938	5 358	1 002	423
Vaal Oewer	51	90	84	18	60
Total	39 039	59 952	68 151	23 103	29 888

The retail sector has shown dynamic growth over the last decade with the development of various shopping centres. The Emfuleni area could be described as a region that is well supplied with regards to retail facilities and retail choices. The retail sector in the region has grown rapidly over the last decade with wholesale trade providing in 4.5% of all jobs in the region and retail 9.4% of all jobs. Retail centres have been established and extended. Demand for more retail centres currently exists despite the rapid growth.

Table 21: Retail in the region

Retail area/centre	Size in sqm	Retail area/centre	Size in sqm
Vanderbijl CBD	200 000	Vereeniging CBD	408 680
Sebokeng CBD	41 180	Evaton centres	26 250
Boitumelo	5 410	River Square	39 610
Makro node	15 260	Riverside Boulevard	16 250

Vaal Mall	56 100	Shoprite Arcon Park	12 000
Total			953 000

5. SPATIAL ASPECTS

Spatially the municipal area has a dual appearance and character. On the one hand we have the economic active area with retail and industries in close proximity to medium and high income residential areas. On the other hand we have large low income areas which are mostly isolated from economic activities in terms of distance, resulting in lack of opportunities and high transport costs.

Spatially the land uses are focussed and specialized on basic iron and steel production, heavy metal works, engineering workshops, tertiary education, recreation and tourism, government services and retail centres.

Major planned flagship projects include the proposed River City, the proposed SEZ/logistics hub, the river front development, the regional sewer works, township regeneration projects, CBD redevelopment, urban agriculture, and housing developments.

5.1. Developmental principles

(Locality close to Johannesburg must be maximized by and utilization of Vaal River and Dam, and student impact, student city, cultural heritage.)

- Focused and concentrated development (densification) within the Sebokeng, Vanderbijlpark and Vereeniging nodes.
- Integrated development through housing projects.
- Optimal sustainable use of all local resources.
- Identification and development of nodes and corridors (R42, R82, R59, N1).
- Strong and improved linkages to townships (improved public transport).
- Township regeneration projects to stimulate economic activities.
- Diversity of land uses.
- Optimal use of infrastructure.
- Major developmental areas are the SEZ, infill development zone (the triangle formed by Sebokeng, Vanderbijlpark and Vereeniging), Vaal River development zone, and the agriculture hub zone (west of the N1).

6. SECTORAL ANALYSIS

6.1. Introduction

In the base line analysis as compiled in reports 1 to 3, various formal and informal economic sectors were identified as the main sectors affecting the economy of the Emfuleni area. These key sectors are subsequently analysed further in this section.

6.2. Sectoral characteristics

In the NDP, the various economic sectors are analysed with regard to potential to create jobs, potential to lead to economic growth and multiplier effects

Table 22: Analysis of sectoral characteristics

Economic sector	Characteristic
Mining	Good for growth, not good for jobs. Low employment multiplier and weak backward linkages.
High skills management services	Good for growth, not good for jobs
Public sector employment (EPWP)	Good for jobs, not good for growth
Retail sector	Good for jobs, not good for growth
Manufacturing (labour intensive)	Good for growth, good for jobs
Tourism	Good for growth, good for jobs. High employment multiplier and strong backward linkages.
Mid skilled services	Good for growth, good for jobs
Public sector	Not good for jobs or growth. Low employment multiplier and weak backward linkages.
Low investment	Not good for jobs or growth
Low skills services and education	Not good for jobs or growth
Transport, metals, fuels and construction	Low employment multiplier and strong backward linkages
Finance, electricity and water provision	Low employment multiplier and weak backward linkages.
Agriculture and wholesale trade	High employment multiplier and weak backward linkages.
Wood, furniture, textiles, clothing and food	High employment multiplier and strong backward linkages.

6.3. Overall SWOT analysis

- **Strengths:** Locality, size of labour force, cultural heritage, local events, water and electricity supply.
- **Opportunities:** Diversification, tourism, cooperatives, fish farming.
- **Weaknesses/Threats:** Pollution impact on environment, unemployment levels, sewer capacity, limited agricultural land, lack of marketing, large mono-use townships, poor quality of life, global impact on steel industry.

6.4. Manufacturing

6.4.1. Introduction

The manufacturing sector is a key for economic development and has been the dominating economic sector of the local economy for decades and still is. The region is still to a large extent dependant on the steel industry and more diversification is needed. The sector is internally dominated by Acelor Mittal, which has been declining in terms of production and jobs. The manufacturing sector is in need of revitalization. The sector is in need of marketing, investment promotion and incentive packages. The focus should also be, within the current economic climate to, make all effort to retain existing industries and especially the protection of Mittal.

6.4.2. Status Quo

Emfuleni's historical economic development is closely linked to the steel industry due to the original establishment of ISCOR in Vanderbijlpark and Vereeniging. This industry is under pressure locally, nationally and globally with declining prices and increased competition. The region still plays an important role in the steel industry and the steel value chain in South Africa. This sector continues to dominate the local economy and diversification is needed. The local steel industry has been struggling to maintain its competitive edge due to globalization, cheap imports and technology. The local industry has not being able to compete in value added product development. The industry has also had a negative impact on the environment. The steel industry has been shrinking and the industry has grown only 1% over the last 30 years. The steel production capacity in SA is 12mt per annum, but currently only 6mt is produced. A total of 90% is used locally and the rest exported. The steel manufacturing industry provides 13 000 jobs in SA while the converting and fabrication industry adds 85 000 jobs. Arcelor Mittal is the largest steel manufacturer (flat steel) in SA with two plants in the study area namely the Vanderbijlpark plant with a capacity of 5.0mt per annum and the Vereeniging plant with a capacity of 0.4mt per annum, with current below capacity production. DAV steel is also a local company with a capacity of 0.5mt per annum. The end users of steel are the construction industry, automotive industry, machinery, mining and agriculture. Local produced steel used for construction (25%), pipe and tube (18%), automotives (10%), and 31.7% used in the region and 29.9% exported globally. In the Sedibeng region 29% of all businesses in the secondary sector are involved in the steel industry. The steel manufacturing industry is at risk due to lack of new technology, quality of local steel and labour action. The growth of the industry is dependent on growth of downstream industries such as construction,

global supply and demand, production factors cost (raw material, transport, labour and capital), poor levels of economies of scale, exchange rates (SACN). According to “The cost of doing business study 2013, done by GEDD, Emfuleni contributes approximately R20 billion to Gauteng’s GDP, with manufacturing the main sector with 32.3% of GDP and also the most competitive sector in the economy. The Vanderbijlpark manufacturing region is one of the top five value mass production manufacturing areas in South Africa with a focus on metal productions and chemicals manufacturing. The potential exists to attract large steel using industries such as vehicle manufacturing to the region. In 2013 the metals sub-sector contributed 86.5% of all exports and 51% of all imports and had a value of R6 742 million gross value added production. In 2013 the manufacturing sector contributed to 19,9% of all jobs in the region with sub-sectors metals (9.4%), fuel petroleum (2.6%) and food and beverages (1.7%) the main contributors. The main areas where industrial uses are located are Mittal Vanderbijl, Duncanville, NW7, NE3, Powerville, and Peacehaven. Total industrial area is 4 016ha in extent, of which 454ha is vacant. Areas for expansion include CW5 Extension 3 for proposed SEZ of 896ha, Boipatong area at K45 at Frikkie Meyer Street and Boy Louw Street and also the Sebokeng industrial area. Possible detailed product products could include design based assembly, bicycle production, vehicle production and solar manufacturing.

Some key statistics for the Emfuleni manufacturing sector include:

- A location quotient of 2.61 in 2013 (2.48 in 2000) indicating strong specialization in the sector and a comparative advantage.
- The sector’s contribution to employment has decreased from 28.0% in 2000 to 19.9% in 2013.
- The metal’s sub-sector is still dominant, providing in 53.1% of all jobs in the manufacturing sector, with fuel and chemicals the second largest job provider at 11.1%.

The sector has strong backward linkages with agriculture, mining and other manufacturing activities, and strong forward linkages with manufacturing, construction, trade and services. The region has specific comparative advantages in the steel industry namely:

- The largest steel industry agglomeration in SA.
- Low traffic congestion.
- Open developable land.

- Cheap labour.
- Infrastructure
- Lower overhead costs such as rental and services costs.

For many years the Sasolburg, Vanderbijlpark, Vereeniging region was known as the “Vaal-Triangle”. The region was and still is renowned for its strong steel and metals industry with Arcelor Mittal as the leading firm, as well as the petro-chemical industry driven by Sasol. The regional economy of the “Vaal-Triangle” is still heavily dominated by these two mega industries. It is estimated that up to 80% of manufacturing production activities emanates from these two operations. In recent times, both firms have however been under pressure and have contracted in terms of economic activities such as employment and production. Recent newspaper articles have even indicated that Arcelor Mittal could close down in “9 months”. These reports were however proven to be incorrect, and Mittal is not planning to close-down, but is in a process of restructuring to be more competitive.

The global steel and metals industry is extremely competitive and Mittal struggles to compete with modern industries in China and elsewhere regarding pricing and quality. In addition, the South African government is currently investigating the possibility of the establishment of a mega steel factory in South Africa, which will compete with the Mittal operation in the Vaal-Triangle. There is no doubt that Mittal has a massive impact on the local economy and that the firm will have to be modernize to compete locally and globally to survive and to continue to drive local economic development in the Vaal. The impact of the steel and metals industry in the Emfuleni area is significant with both backward and forward linkages. The industry is responsible for approximately 86% of all exports, although large imports also occur. In terms of jobs, the manufacturing sector provides for 19.9% of all jobs with the steel and metals sub-sector providing 9.4% of all jobs in the area. The metals industry is by far the most important value added industry in the Vaal with a value of R 6.742 billion in 2013 and contributes approximately 35% to GGP. Mittal specifically supports 380 local suppliers with expenditure on these local suppliers of R1.5 billion. As part of Mittal’s social responsibility programme, R 40 million was spent on housing, health facilities and education in 2013. A total of 8700 jobs are provided by Mittal at the Vanderbijlpark and Vereeniging operations of which most is permanent employees. Mittal therefore employs approximately 5.6% of all formal jobs in the Emfuleni area. From the above figures, it is clear that Mittal and the steel industry need to be protected as it play a significant role in the economy.

In order for the local economy to grow, a strong manufacturing sector is a requirement as this sector is still the foundation for economic growth. The knowledge sector including the services and support sectors have been expanding, but it is the manufacturing sector that drives real growth and which allows other support sectors such as construction to expand. The local economy also needs to further diversify with the growth of other sectors. A key sector is the tourism sector as it attracts people to the area and acts like an export sector. The tourism sector been growing and in 2013 contributed 7.7% of GGP. Partnerships between government and local business need to be strengthened with government providing an “enabling environment” for local business to prosper. Government also needs to shift its focus to the Vaal-Triangle. The region has been neglected for decades, with large scale investments and infrastructure being made in the rest of Gauteng. The Vaal region is in dire need for massive intervention projects by government such as the regional sewer system to improve sewer capacity, public transport upgrades and the establishment of a Special Economic Zone (SEZ) in conjunction with a logistical hub.

6.4.3. Cluster development (Including the proposed logistical hub)

Cluster development has been used in various localities globally for successful economic development. A cluster development could be described as a geographically concentrated designated area with a network of industries which are supported through special arrangements and incentives not available elsewhere, that buy and sell, use the same suppliers, share markets, use shared specialized infrastructure, and benefits from agglomeration advantages. A cluster development is based on a geographic concentration of industries which leads to competitive advantages for industries located in the cluster. The types of clusters include health, IT, Transport, government, manufacturing (IDZ), renewable energy, arts and culture, retail, and tourism. The establishment of a Special Economic Zone (SEZ) is cluster development. More benefits of SEZ's are accelerated industrial development, improved coordination, a tool for implementation of incentives, skills development, technology development, investment promotion, research and development, logistics, incubation, 1 stop shop concept and infrastructure. SEZ's are a policy focus area of government and managed by DTI. The proposed site as earmarked is 986ha in extend and ready for development and close to rail and N1 freeway.

6.4.4. Policy guidelines

The NSDP states that the region has competitive advantages regarding the production of high value and diversified goods in fuel, rubber, electronics for export, and can focus on labour intensive production close to transport routes. In terms of the NGP the focus should be on manufacturing, the green economy as job drivers with enhanced value chains and value added production. The NDP indicates increased focus on exports, relaxing of regulations, improved skills base and availability of finance for business development. IPAP (DTI) supports labour intensive developments and skills development initiatives, incentives, cluster development with improved value chains, and support for industries such as automotives, green economy, metals, plastics, chemicals, rail equipment, agro-processing, clothing and textiles, leather and footwear. The DTI has identified industrialization of the key economic development driver with incentives, SEZ establishment and export promotion. The Gauteng Economic Growth Strategy identified the same sub-sectors as IDT for development but added furniture and all value added industries.

6.4.5. Outlook

Industry is under pressure due to global markets, China exports, energy crisis, transport cost, labour cost, and quality of raw coking coal. Higher exchange rates could assist exports. A new steel mill is planned by IDC at various alternative localities which will be in competition with Mittal. Rail infrastructure is required to improve transport alternatives. The main strengths in the sector is its high levels of development as a significant industrial region in SA, and a settled industrial region. Threats include global pricing and competition and the fact that the sector is declining. Opportunities include improved linkages to other sectors and export possibilities. The potential exists for re-industrialization of the region by means of incentives, infrastructure, deregulation of labour and developmental laws, and improved competitiveness.

6.4.6. Provisional strategies

- The development of a SEZ in close proximity of Arcelor Mittal and the N1 Freeway.
- Protect and retain existing manufacturing industries.
- Support and strengthen the manufacturing sector.

As this industry is well established, the focus should be on providing support and promoting the development of downstream industries and diversification. There is a significant need for enhancement of the agro-processing industry. Agro-processing

involves any action taken by manufacturing activities to convert primary agricultural products (raw products) into consumable commodities (value added products). Lastly, enhancing the skill sets of local communities would expand the human capital base for local industries. This sector is a “job driver” sector from the NGP policy.

- **Fostering an enabling environment for the development of SMMEs.**
 - Provide incentives to new businesses to locate near major industrial centres in order to establish and populate industrial clusters for the agro-processing and petro-chemical industries (clustering and specialization).
 - New industrial parks to be established in the area can facilitate the transition to cluster activities along major activity corridors.
 - Provision of infrastructure and capacity.
 - Establishment of a special cluster as a SEZ in cooperation with Mittal and other large industries in the area, with also linkages with Sasol Industries.
- **Allocate land and infrastructure to production activities.**
 - Conduct an investigation into the availability of land, factories and buildings that can be made available for production and economic activities. The possible available land should be land that cannot be used for housing and agriculture due to pollution or other locality factors. Vacant buildings or factories identified should be made available to support industries.
 - Revitalise existing industries through the improvement of infrastructure.
- **Research and development to enhance underperforming industries and support productive industries.**
 - Establish a research centre/group to conduct research in order to identify those industries with the greatest potential for growth and to locate the causes of underdevelopment or stagnant growth in other industries.
 - Develop a business retention and attraction strategy (EWS and marketing of existing industries).
 - Focus on existing demand products and services, export focus and niche markets.

6.4.7. Conclusion

The main focus of this key industry is to retain existing firms and to grow small businesses in the industry. The development of the SEZ will be a game changer for the region.

6.5. Infrastructure development

A major risk in the region is the maintenance and development of existing and new infrastructure.

6.5.1. Introduction

Infrastructure remains a huge challenge in a growing economy and developing region. Local municipalities are under pressure to supply services and semi-government institutions such as Eskom are continuously working on plans to increase capacity. In 2012 the South African Government adopted the National Infrastructure Plan. The plan has the following aims: transform the economic landscape while simultaneously creating significant numbers of new jobs, and strengthen the delivery of basic services. The plan also supports the integration of African economies. Many challenges still exist regarding infrastructure and some of the major challenges are to improve to huge backlog regarding services in the poor and rural areas.

In order to address these challenges and goals, Cabinet established the Presidential Infrastructure Coordinating Committee (PICC) to:

- Coordinate, integrate and accelerate implementation.
- Develop a single common national infrastructure plan that will be monitored and centrally driven.
- Identify who is responsible and hold them to account.
- Develop a 20-year planning framework beyond one administration.

6.5.2. Sector Status Quo

Water

- There is currently limited backlogs regarding water services; however the infrastructure is very old and maintenance and replacements are required.
- Water services are well provided, 70% of homes have running water and only 2% no water access (200m away). This is better than statistics for Gauteng.
- Current water problems include: pressure problems in some areas, aging infrastructure causing blockages and high maintenance, high volumes of water losses due to leaking pipes (39%), non-payment and incorrect billing (26% not paying and council owed R3.2 Billion in 2012), growing capacity problem.

Sewer

- Well provided for within low cost housing areas.
- Sewer management remains a major risk.
- Sewer works at 150% capacity which limits development regarding industrial, business or residential development.
- Health and environmental risk as raw sewer is leaking into river system.
- Regional sewer works urgently needed at estimated R4 Billion.
- 49 pump stations, 3 major works are all under pressure.

Electricity

- Approximately 78% of usage required by businesses / industries and 22% by households.
- From the total electricity usage, five large industries are responsible for 50% of electricity used.
- No/limited capacity for new developments.

Roads

- Major link roads in acceptable condition but many secondary and lower order roads are in urgent need of maintenance.

Rail

- The rail network has deteriorated over the last two decades.
- Urgent need exists for extension of the network to support industry.

The provision of basic infrastructure services in the study area is at a relatively high level with an overall index of 0.87. The overall index for Gauteng is at 0.83. The following section will point out some of the current capacity levels.

Table 23: Number of households without hygienic toilets

Area	2001	2011	2013
Emfuleni LM	18 654	15 748	15 801

- The Emfuleni municipal area has seen a decrease in the number of household without hygienic toilets from 2001 to 2011. However the number increased slightly over the period between 2011 and 2013.
- A considerable number of households are still at risk of waterborne and poor sanitation diseases like diarrhoea and dysentery.

Table 24: Number of households below RDP level water services

Area	2001	2011	2013
Emfuleni LM	4 729	6 608	5 602

- There is still a general increase of number of households with water infrastructure below the RDP level.
- In the Emfuleni municipal area, there was 40% increase from 2001 to 2011 and a 15% decrease from 2011 to 2013.

Table 25: Households with no electrical connection

Area	2001	2011	2013
Emfuleni LM	18 841	18 270	22 312

- The number of households with no electricity connection has been increasing from 2001 to 2013. However, between 2001 and 2011, there were some improvements as observed by the reduction in the.
- The percentage of households with electrical connection has increased from 89.8% to 92.2% for the Emfuleni area from 2001 to 2011.
- The Emfuleni municipal area registered an increase in the number of households with no electricity by 22% between 2011 and 2013.

Table 26: Number of households with no formal refuse removal

Area	2001	2011	2013
Emfuleni LM	80 409	22 796	21 622

- In the Emfuleni municipal areas, there has been a general decrease in the number of households without waste removal services between 2001 and 2013.
- The percentage of households with refuse removal has increased from 46.9% to 89.8% for the Emfuleni area from 2001 to 2011.
- There has been a general decrease in households without formal refuse removal services in the Emfuleni municipal area from 2011 to 2013.

Table 27: General household infrastructure index 2011-2013

Area	2001	2011	2013
Gauteng	0.80	0.83	0.83
Emfuleni LM	0.79	0.86	0.87

- The index has a maximum value of 1 for complete infrastructure delivery and a value of 0 for lack of infrastructure delivery.
- There has been a general improvement in the household infrastructure index between 2001 and 2013.

- The number of households with proper infrastructure has been steadily increasing in the Emfuleni municipal area over the years under review.
- In the Emfuleni municipal area there has been a 9% improvement in the infrastructure provision index between 2001 and 2011 and a 1% improvement between 2011 and 2013.
- The Emfuleni area has a higher index than Gauteng.

6.5.3. Policy Guidelines

The following section will address policy guidelines with regard to infrastructure development.

- ***National Spatial Development Perspective (NSDP)***

The policy requires government to identify comparative advantages of localities in terms of infrastructure and development potential.

- ***Development Facilitation Act principles***

The DFA lists optimal usage of resources such as agriculture, land, minerals, infrastructure, roads and social facilities as one of the main principles.

- ***District wide Spatial Development Framework (SDF)***

The Sedibeng District Municipality SDF includes having supportive infrastructure and transport services and corridors as one of its development principles.

- ***Emfuleni Local Municipality Spatial Development Framework (SDF)***

The Emfuleni SDF includes transport and infrastructure development as a spatial economic principle. The SDF lists lack of development of new infrastructure and maintenance thereof as one of the most significant threats in the SWOT analysis.

- ***Rapid Municipal Assessment***

The Rapid Municipal Assessment identifies maintenance and development of new infrastructure as a major risk in the region. According to "The cost of doing business study 2013" done by GEDD, best practice conditions from the report for LED strategy formation include transportation and infrastructure development and management. During 2014 a rapid initial assessment of the municipality was completed and the following was found:

- Main access roads are well developed and include major routes such as the N1, R59, R42, R82 etc.

- Secondary access roads are in poor condition.
- Internal roads are generally in poor condition.
- Entrances to main towns need improvement.
- There are major bulk service capacity problems and backlogs.

- ***State of the Nation Address 2014 (SONA)***

SONA lists infrastructure development as a key priority.

- ***The New Growth Path (NGP)***

The NGP lists infrastructure development and extension as one of the seven key economic sectors or “job drivers” for job creation and wants to achieve infrastructure development.

- ***The National Development Plan (NDP)***

The NDP focuses on broad issues in relation to LED and infrastructure development are listed as one of these issues. One of the main objectives of the NDP includes effective infrastructure. Improved public transport is listed as a spatial guideline and irrigation investment in infrastructure is listed as a key sector development within the agro-industrial processing sector.

- ***Industrial Policy Action Plan (IPAP2)***

The overall focus if IPAP2 is to create jobs in the manufacturing sector. Infrastructure development is listed as one of the interrelated requirements between IPAP and LED.

- ***Local Government Turn-Around Strategy (LGTAS)***

The priorities of LGTAS include improved service delivery, infrastructure and basic needs provision.

- ***Expanded Public Works Programme (EPWP)***

Infrastructure development is listed as one of the sectors supported by EPWP.

- ***Gauteng Employment and Growth Strategy (GEGDS)***

The GEGDS identifies five strategic pillars of which improved economic efficiency is listed first. Services and transport is listed as one of the priorities under this pillar. The strategy further includes seven cross-sectoral drivers and economic, social and bulk infrastructure is listed under this section as priority. The GEGDS is based on active industrial and sectoral development that promotes job creation, export, infrastructure development etc.

- ***Gauteng Employment and Growth Strategy (GEGDS)***

The GEGDS identifies five strategic pillars of which improved economic efficiency is listed first. Services and transport is listed as one of the priorities under this pillar. The strategy further includes seven cross-sectoral drivers and economic, social and bulk infrastructure is listed under this section as priority. The GEGDS is based on active industrial and sectoral development that promotes job creation, export, infrastructure development etc.

- ***Gauteng Township Economic Revitalization Programme (GTERP)***

The GTERP was launched to boost economic development and one of the sectoral focuses includes infrastructure development.

- ***Gauteng SMME Policy Framework (GSMMEPF)***

The GSMMEPF identified focus areas for transport development.

- ***Special Economic Zones (SEZs)***

SEZs attract investment by means of identifying special incentive areas. Infrastructure provision is one of the incentives that can be used. One of the purposes of a SEZ includes development of infrastructure to support the industrial uses.

- ***Provincial SONA***

A 10 pillar programme was presented by the Premier in order to allow for radical transformation, modernization and re-industrialization in the province and public transport infrastructure forms one of the pillars.

- ***Sedibeng Growth and Development Strategy***

Improved infrastructure is listed as one of the main aspects of this strategy.

- ***Emfuleni IDP and 2014/2015 Budget***

Infrastructure development has been specifically listed in the budget.

- ***LED Visions and Approaches***

Infrastructure has been listed as a LED vision focus area to ensure support of business and customers. Infrastructure for improvement of economic opportunities has been identified as one of the economic plan pillars.

- ***Creating an Enabling Environment***

Infrastructure development and maintenance is considered as a key factor to creating an enabling environment.

6.5.4. Outlook

This section will outline the possible opportunities/strengths and weaknesses/threats for the area as well as risks.

Opportunities and Strengths

The Emfuleni Municipal area has many opportunities regarding development, however without infrastructure availability and upgrade this opportunity might be lost.

Weaknesses and Threats

The Emfuleni Municipal area has the following weaknesses and threats regarding infrastructure:

- Loss of new investment in the form of new developments;
- River pollution due to lack of sewer capacity and maintenance of pump stations;
- Loss of water due to old and under maintained water pipes.
- Electricity theft in informal areas.

Risks

The Emfuleni Municipal area has the following potential risks regarding housing development:

- Damage to tourism sector if persistent sewer leaks continue.
- Non-payment of service remains a risk.
- Loadshedding affect business development.
- Lack of capacity will lead to lack of development.

6.5.5. Provisional Strategies

Infrastructure development

As part of the creation of an enabling economic environment, the provision of physical developmental infrastructure is important. This strategy should focus on hard infrastructure such as roads, electricity networks, water provision, sewer systems, storm-water, and communication infrastructure. Infrastructure capacity allows for economic opportunities. Lack of capacity is a stumbling block for economic development. The provision of infrastructure must also be linked to provision of basic services to the poor. The district with municipalities, don't have integrated master services plans.

Provision of regional infrastructure networks

- Compilation of services masters plans for the municipal area.
- Prioritization of identified projects which have the largest impact on economic development, job creation and improvement of quality of life.
- The regional sewer and water works are key for the development of the area.
- Analysis and improvement of ICT in the region to allow better communication.
- Research on provision of best practice rural, “off-the-grid” electrical networks and eventual implementation of such systems in rural areas in need of electricity.

Construct, maintain and improve key infrastructure

Monitor, construct, improve and maintain key infrastructure required by businesses to support and increase the entrepreneurial activity in the region. This should include, but not be limited to infrastructure in certain corridors where trading has high potential and infrastructure is required by start-up businesses, especially fully equipped sites, at a reasonable rent price.

Improve and strengthen institutional structures and arrangements

Successful LED strategies and implementation is dependent on efficient co-operation between the partners in the LED environment namely the public sector, private sector and local communities. This strategy has the aim to ensure functional institutional structures at all levels within the local environment, internally and externally. All government LED related programmes must be analysed and maximized at a local level. Set-up co-ordination structures to ensure integrated economic and spatial planning with municipalities including Sedibeng District Municipality.

Support and strengthen the manufacturing sector and residential housing sector through the provision of bulk infrastructure

Manufacturing is one of the dominant industries within the Emfuleni Local Municipality with major formal manufacturing taking place in Vanderbijlpark. There is a huge need for housing development in both the low income and higher income market, but no development is possible due to lack of capacity. The bulk infrastructure capacity of the region are in need of upgrade and national funding are required.

Construct, maintain and improve key agricultural infrastructure

- Ensure that the transport infrastructure in the region is adequate.
- Provide easy access to an off-set area (market) to enable farmers to sell their goods in their local community.
- Ensure that relevant infrastructure is available to other important sectors that support the agricultural sector.

- Ensure that efficient/effective Information and Communication Technology (ICT) is available throughout the region at affordable pricing.
- Ensure that crime, especially livestock theft, is combated at all levels with a special task teams being establish to protect our farmers and their operations.
- Ensure that the required infrastructure is available and in good condition to facilitate and promote irrigation of agricultural land.
- Ensure that infrastructure is in place to support locality development, taking into account the regional characteristics of an area.

6.6. Tourism

6.6.1. Introduction

In the modern, globalized world, tourism is recognised as one of the largest, fastest growing and dynamic economic sectors attracting external economic activities (Creaco & Querini, 2003; Reddy et al., 2014). Many developing countries and regions have managed to grow their economies and increase economic participation through the development of local tourism. Tourism is seen as a regional development tool for new local economic activities (Richardson, 2010; Vaugeois, 2000). Globally, and especially in developing countries, tourism is seen as a significant tool to promote economic development, and alleviate poverty as an alternative to industrialization (UNWTO, 2002; Vaugeois, 2000). Tourism has proven to be an alternative for economic growth allowing for diversification of the local economy, attracting foreign exchange investment leading to an improvement of balance of payments, regional development, creating employment and income and stimulating domestic household consumption (Modeste, 1995; Steiner, 2006; Creaco & Querini, 2003). Many advantaged and benefits of tourism have been identified and they include:

- Increased participation of community and other stakeholders in the area;
- Alleviation of poverty, inclusion of low skilled people and labour intensity;
- Assist in diversification of economy;
- Attract foreign investment;
- Export industry;
- Increases domestic consumer consumption and expenditure;
- Improves quality of life;
- Economic growth;
- Easy to start a business;
- Easy to enter the market;

- Support small businesses;
- Leads to improved services, infrastructure and communication networks;
- Strong cross sectoral linkages and multipliers effect.

6.6.2. Tourism Sector Status Quo

This section will highlight the current status quo regarding tourism within the Emfuleni Municipal area.

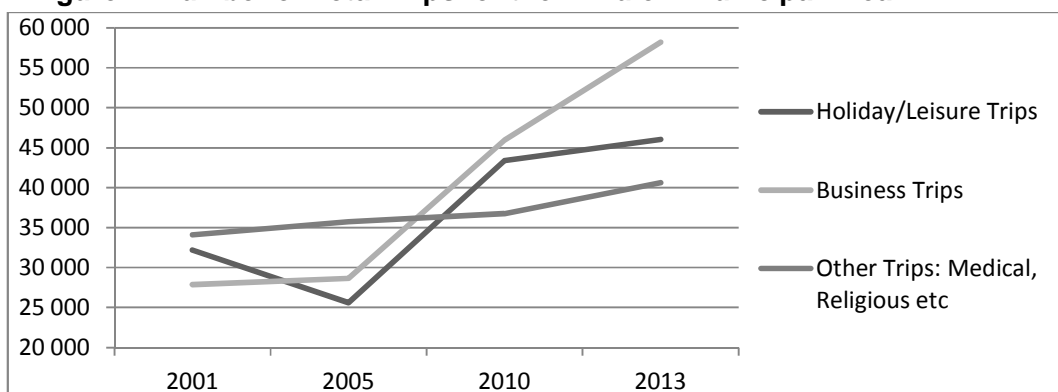
Trips to Emfuleni Municipal Area (see Table 28)

Table 28: Trips to Emfuleni Municipal Area

	2001	2005	2010	2013
Leisure / Holiday	32 185	25 595	43 402	46 052
Business	27 877	28 634	45 952	58 187
Friends / Relatives	160 652	244 818	309 287	335 785
Other Trips	34 086	35 734	36 770	40 601
Total Trips	254 800	334 780	435 412	480 625

- Trips made to Emfuleni were mostly for the purpose of people visiting friends and relatives in the area.
- During 2001, 63% of total trips made to the Emfuleni area were by people visiting friends and family and this figure grew to 69.8% during 2013.
- Leisure / holiday trips made up 12.6%, business trips made up 10.9% and other trips (medical, religion etc.) made up 13.3% of total trips during 2001.
- During 2013 leisure / holiday trips made up 9.5%, business trips made up 12.1% and other trips (medical, religion etc.) made up 8.4% of total trips made to the Emfuleni area.

Figure 1: Number of Total Trips for the Emfuleni Municipal Area



- Figure 1 shows the number of holiday / leisure, business and other trips for the Emfuleni Municipal area for the years 2001, 2005, 2010 and 2013.
- Business trips showed strong growth, while holiday /leisure and other trips also showed an increase but at a lesser gradient.

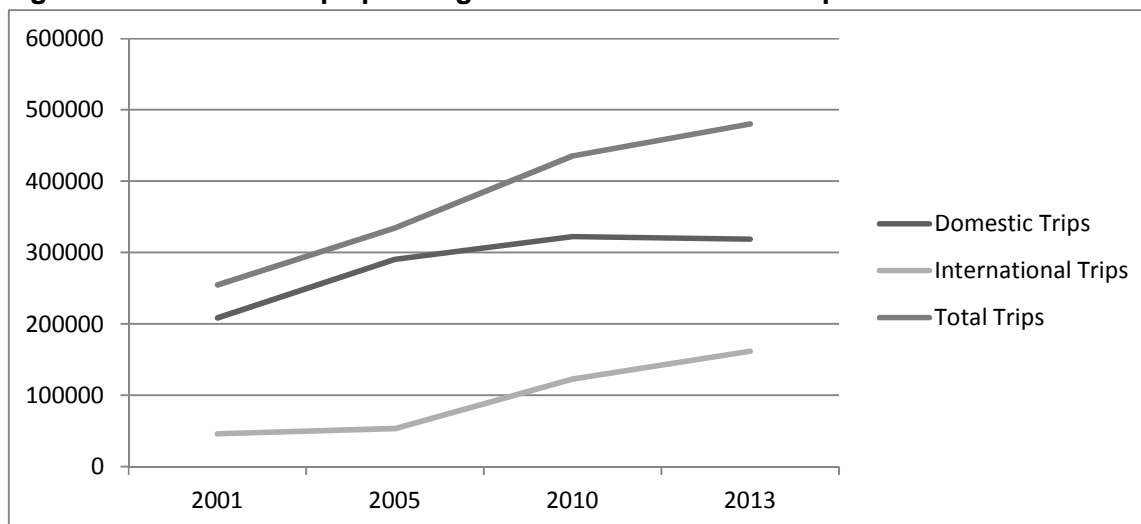
Origin of trips to Emfuleni Municipal Area (see table 29).

Table 29: Origin of Trips to Emfuleni Municipal Area

	2001	2005	2010	2013
Domestic Trips	208 621	290 466	322 653	319 011
International Trips	46 179	53 252	112 779	161 614
Total Trips	254 800	334 780	435 412	480 265

- During 2001 domestic trips made up 81.9% and international trips made up 18.1% of total trips made to the Emfuleni Municipal area and during 2013 these figures were 66.4% (domestic trips) and 33.6% (international trips).
- These figures clearly show that more international tourists visited this area during 2013 than during 2001.

Figure 2: Number of Trips per Origin for the Emfuleni Municipal Area



- Figure 2 shows the number of trips per origin for the Emfuleni Municipal area for the years 2001, 2005, 2010 and 2013.
- Both domestic and international trips per origin showed a steady increase from 2001 to 2013 however international trips showed a higher growth.

Growth in Tourism, Tourism Spending GDP (see table 30)

Table 30: Growth in Tourism by Origin

	Domestic Tourists		International Tourists		Total Tourists	
	2001-2006 (%)	2006-2011 (%)	2001-2006 (%)	2006-2011 (%)	2001-2006 (%)	2006-2011 (%)
Emfuleni LM	4.7	-0.3	4.2	17.6	4.6	4.9

- If the 6 year combined growth rates are calculated, Emfuleni LM experienced a positive growth in all time periods except in domestic tourist by origin for the period from 2006-2011.
- The highest growth rate was recorded for the period 2006-2011 of 17.6% and was from the international tourist by origin category.
- All other periods that had a positive growth rate grew between 4.2% and 4.9%.

Table 31 : Total Tourism Spending (R1000)

	2001	2005	2010	2013
Emfuleni LM	639 348	1 050 981	1 790 405	2 634 851

- During 2001 Emfuleni LM made up 3.3% of Gauteng's total tourism spending and 3.8% during 2013.
- During 2001 Emfuleni LM made up 74.8% of Sedibeng's total tourism spending and 74.7% during 2013.
- There was a steady increase in tourism spending between the years 2001 and 2013.
- There was a 312% growth rate in total tourism spending from 2001 to 2013.

Table 32: Total Tourism Spending as % of GDP

	2001	2005	2010	2012
Emfuleni LM	6.1	6.3	6.5	7.7

- Emfuleni experienced a larger percentage spending of GDP than Gauteng each year.
- There was a steady increase in tourism spending as a % of GDP from 6.1% during 2001 to 7.7% during 2012.

Table 33: Average Tourism Spending per Resident Capita (Rand)

	2001	2005	2010	2012
Emfuleni LM	991	1 579	2 538	3 286

- Emfuleni LM showed a growth in total tourist spending per resident capita from 2001 to 2013.

- Emfuleni LM experienced an increase in growth of total tourism spending per resident capita 231.6%.

6.6.3. Policy Guidelines

The following section will address policy guidelines with regard to tourism development.

- ***National Spatial Development Perspective (NSDP)***

The NSDP lists tourism as one of the categories of potential from a spatial perspective. Tourism can be measured by eco-scenery, culture, entertainment, good access, rates and high quality facilities. Indicators measuring the success of tourism include number of tourism establishments, number of people employed in the tourism sector and contribution of tourism.

- ***Emfuleni Local Municipality Spatial Development Framework (SDF)***

The Emfuleni SDF lists tourism as a major tourism and investment attraction. The SDF also lists tourism as a possible economic catalyst.

- ***Rapid Municipal Assessment***

The Rapid Municipal Assessment identifies tourism as a possible growth point as it is ideally located next to the Vaal River and in close proximity to the rest of Gauteng. According to “The cost of doing business study 2013” done by GEDD, tourism is important for economic development in the region. During 2014 a rapid initial assessment of the municipality was completed and the following was found:

- Tourism development along the Vaal River was identified as a potential and opportunity.
- Tourism was identified as an economic sector linkage.

- ***The New Growth Path (NGP)***

The NGP lists tourism and services as one of the seven key economic sectors or “job drivers” for job creation.

- ***Gauteng Employment and Growth Strategy (GEGDS)***

The GEGDS identifies five strategic pillars of which improved economic efficiency is listed first. The second pillar is employment creation and tourism development falls under both of these pillars.

- ***Gauteng Township Economic Revitalization Programme (GTERP)***

The GTERP was launched to boost economic development and one of the sectoral focuses includes tourism development.

- ***Sedibeng Growth and Development Strategy***

Tourism (heritage) attraction is listed as one of the main aspects of this strategy.

- ***Vaal 21***

The Vaal 21 vision also lists tourism (heritage) marketing and promotion as a key development factor for the area.

- ***Emfuleni IDP and 2014/2015 Budget***

Tourism development is once again highlighted as a key sector in the local economy. Renovation of tourism offices for Mandela Square zone 13 and Sebokeng zone 10 has been specifically listed in the budget. Development of green belt along the Vaal River as well as development of heritage and cultural tourism in areas such as Sharpville and Boipotong.

- ***Key Developmental Partners and Municipal Officials***

The Industrial Development Corporation (IDC) has been identified as a key developmental partner specifically in the tourism development sector. Tourism development has also been listed as a main function for LED key municipal officials.

6.6.4. Outlook

This section will outline the possible opportunities/strengths and weaknesses/threats for the area as well as risks.

Opportunities and Strengths

The Emfuleni municipal area has many opportunities regarding tourism development of which the most important features are the following:

- Vaal River;
- Wedding and conference resorts and venues;
- Golf Courses;
- Various academic institutions;
- Shopping Malls;
- Heritage and cultural background;
- Well established existing facilities;

- Good road links to the area;
- Supportive and well established business community and business chamber.

Weaknesses and Threats

The Emfuleni Municipal area has the following weaknesses and threats regarding tourism development:

- Pollution (water and air);
- Area not being well known and well marketed;
- Neglected roads and infrastructure and poor transport;
- Crime;
- Lack of integrated marketing
- No information centre exists;
- Lack key attractions.

Risks

The Emfuleni Municipal area has the following potential risks regarding housing development:

- Pollution of the air and river create a huge risk for tourism development and promotion to fail.
- If tourism policies are successful and large number of people are visiting the area, lack of infrastructure could become a risk if not managed correctly.

6.6.5. Provisional Strategies

The municipal area is well located with significant natural features, historical richness and amenities allowing for tourism development. Huge potential still exists for areas to benefit from tourism. Natural features such as the Vaal River, allow for latent potential. Types of tourism opportunities include small town rural tourism, cultural/historical tourism, eco and adventure tourism, agri-tourism, arts and craft tourism and battlefields tourism. Tourism as an economic sector is also identified as a “job driver” in terms of the NGP policy.

Institutional development (internal and external structures).

Successful LED strategies and implementation is dependent on efficient co-operation between the partners in the LED environment namely the public sector, private sector and local communities. This strategy has the aim to ensure functional institutional structures at all levels within the local environment, internally and externally. Establishment of a regional

tourism forum, linked to the local LED forum, the District LED forum, and local business chambers.

- Compile a tourism strategy including aspects such as branding, improved signage, tourism website with data base of all facilities, tourism routes, calendar of annual events, including agricultural events in collaboration with tourism operators.
- Establish tourism information centres in collaboration with tourism operators and business chambers.
- Provide training to tourism operators and assist with improved grading to tourism operators.
- Establish and strengthen the co-ordination of ensuring a clean Vaal river system with Gauteng Province by means of clean-up operations and monitoring systems.
- Introduce clean-up operations with support from Department of Environmental Affairs including paper clean-up and removal of alien plants and trees.
- Provide structures to support tourism such as parking, stalls and toilets.
- Strengthening of the LED unit at the municipality in terms of capacity, skills and position in the municipal structure. The LED unit needs to have at least one representative LED officer with skills in tourism development.

Tourism Marketing and investment plan.

- Compilation of marketing, tourism and investment plans.
- Focus on competitive advantages (manufacturing and tourism) to attract, retain and expand businesses.
- Formulation of incentives regarding land, tax rebates, etc linked to IDZs.
- Annual “early warning” (EWS) surveys to determine the needs of local businesses.
- Compilation of an annual events calendar.
- Create tourism centres (information centres) at malls and local municipalities.
- Develop a tourism map indicating cultural assets, main attractions etc.
- Create a brand for the area that people can easily associate with.

Tourism partnership formation and co-operation.

- Complete an early warning system (EWS) annually.
- Identify key businesses and do a road show to improve relations.
- Identify key private sector role players for large scale project based LED projects such as major industries including Mittal, Eskom, NWU and VUT.
- Include businesses, formal and informal in the LED forum.

- Arrange regular business engagement events.

Tourism support local townships.

- Identify and support possible tourism attractions in the local townships and train community members to make sellable crafts and products to sell at local tourist attractions and facilities.
- Involve the relevant governmental sector departments.

Research and development to enhance tourism.

- Establish a research centre/group to conduct research in order to identify those tourism activities with the greatest potential for growth.
- Develop a business retention and attraction strategy (EWS and marketing of existing industries) in order for small business stimulation within those areas.

Ensure optimal development of the green economy

The green economy has, at its core, strategies and projects that are dedicated to enhancing sustainable development of the environment. An economy that is concerned with environmentally sustainable development and practices that ensure the longevity of its natural resources is defined as a green economy. A clean environment will attract more tourism activities to the area.

Ensure public tourism facilities are maintained.

- Public facilities such as sport stadiums, parks, and communal areas must be maintained to a high quality and in a sustainable manner.

Ensure private tourism facilities are well advertised and made aware off.

- Facilities such as Emerald Casino, Ice Rink (Vereeniging), Barnyard Theatre (Vereeniging), Bon Hotel and golf facilities should be added to municipal website with proper links.
- Allow corporate business to be involved in the process as partners/sponsors.

Tourism Entrepreneurial and SMME development and support. Establish a business incubator (Business Support Centre) in the Emfuleni LM (Vanderbijlpark – VUT, NWU).

Entrepreneurial activity in a region is one of the most important job creation tools available. Special focus on tourism entrepreneurial opportunities should be made. The municipalities have control over an extensive list of factors they could influence to stimulate increased entrepreneurial activity to accelerate job creation. It is therefore extremely important in a region that a focused effort be placed on the development, support and stimulation on entrepreneurship. The following strategies are proposed:

- Transfer the relevant skills and educational components to upcoming entrepreneurs to increase their probability of success and to ensure that these businesses increase in size to stimulate job demand.
- Provide mentorship and coaching programs by making use of institutions of higher education, current successful business owners and professional business coaches.
- Facilitate the availability funding at the various stages of the business life cycle, especially tailored for individuals with no net asset value.
- Construct or provide a facility where entrepreneurs can access tools and equipment i.e. a desk with internet access, copier and fax, other IT equipment, secretarial services, boardroom accessibility etc., at a subsidized (not for free) cost to assist entrepreneurs in the start-up phase of the business life-cycle.
- Cultivate a culture of entrepreneurial support and motivation among local entrepreneurs to increase their business networking capability and therefore access to business opportunities.
- Facilitate accessibility to specialized professional services at a reasonable cost, for example, legal and audit services.
- Set-up a SMME desk.

Establish a research and monitoring (EWS) program

- Facilitate and support continuous research and monitoring in the district, through institutions of higher education, into entrepreneurial activities and the factors/variables that influence business performance in the district. This is crucial information that will be used to increase the probability of success of start-up businesses.
- Train CDWs to play a key role.

Relaxation of rules and regulations

- Amend relevant rules and developmental control regulations to facilitate the lowering of entry barriers into a market by start-up entrepreneurs.

6.6.6. Conclusion

Tourism has shown growth in the study area over the last decade. Total trips to the area have increased from 250 000 trips in 2000 to 480 000 trips in 2013, relating to an overall growth in trips of 88%. Domestic tourism has however declined while international tourism has shown strong growth. Tourism spending has shown a 312% growth from 2000 to 2013, while tourism's contribution to total GDP has increased to 7.7%. Taking this into consideration it can be seen that the area has potential to grow its tourism sector. The following policy recommendations are proposed:

- Create an enabling environment for tourism to expand;
- Provide access to funding for small business to promote tourism;
- Provide training for people within the tourism sector;
- Focus on domestic and foreign markets;
- Protect the environment and limit pollutions;
- Provide infrastructure and also maintain current infrastructure;
- Create marketing and partnership plans for the area;
- Ensure capacity building (institutions and infrastructure);
- Create events that can market the area;
- Create strong economic sector linkages, forward and backward (retail, agriculture, transport, construction);
- Improve coordination between various stakeholders;
- Stop crime and corruption;
- Promote domestic weekend and day trips;
- Reduce unnecessary regulation and red tape;
- Provide data;
- Provide grants and incentives for promotion of tourism activities.

Possible tourism projects:

- Vaal Tourism Agency;
- Vaal meander and tourist information centres;
- Sharpeville Tourism Association;
- Civic Precinct Development (Vereeniging);

- Heritage Precinct Sharpeville;
- Sports Precinct George Thabe Stadium;
- Recreation Precinct – Sharpeville Dam;
- Upgrade Dickenson Park;
- Evaton Heritage and Cultural Precinct.

6.7. Housing development

6.7.1. Introduction

Housing problems is not only limited to South Africa and other African countries. Many other cities in the world are also facing a global housing crisis. In cities around the world, millions of people live in substandard housing without clean water or adequate sanitation. Millions of homeless men, women, and children live in the streets of cities and in substandard rural conditions. Every day more people are born in or move to cities in the developing world, driving up the need for new and better housing. While many international donors have helped develop effective models for housing policies and programs, the scale of their application has not been large enough to significantly affect housing outcomes (The World Urban Forum III, 2006).

Housing is a key input in economic, social, and civic development. Many housing-related activities contribute directly to achieving broader socioeconomic development goals. Housing investment is a major driver of economic growth. Better data permits more precise estimates in developed countries, but the same overall effect is true in developing countries. Lending for housing helps develop primary and secondary financial markets. Worldwide and especially in low-income countries, housing construction creates job opportunities for migrants to cities. Legalization of informal settlements and registration of housing and other real property helps “unlock” fixed capital for productive investment and builds local property tax bases (The World Urban Forum III, 2006).

Housing can be seen as a driver of economic development due to the following reasons:

- Macroeconomic impacts of housing account for a significant portion of annual GDP;
- Housing generates expenditures outside the housing sector;
- Housing and real estate asset classification leads to greater market efficiency, stability, and liquidity
- Housing construction in low-income neighbourhoods is a stimulus to creation of small businesses;

- People are more likely to use their homes as places of employment;
- Cultural and personal value of housing;
- Microfinance for housing that may be bundled with loans for business development.

Housing development can improve poverty alleviation, health, humanitarian relief, and reconstruction in the following ways:

Poverty Alleviation

- Strong motivator for savings and investment;
- Extra income from rental housing;
- Housing may bring people to jobs;
- Asset base for rural poor with few other resources.

Health

- Healthy children need healthy homes;
- Clean housing is critical to prevention and care of AIDS, tuberculosis, and other diseases;
- Overcrowded homes are crucibles for disease.

Humanitarian Relief and Reconstruction

- Recovery from natural and man-made disasters;
- Reconstruction and economic recovery.

Housing development can aid as a foundation for democracy, governance, and security in the following ways:

Community and Public Participation

- Housing needs catalyzes civic activism;
- Stimulus for community-based organizations;
- Empowering women.

Decentralization and the Democratic Process

- Experience for elected leadership;
- Local government capacity building.

Security

- Economic security;
- Social security;
- Community stability;
- Alternative dispute resolution.

6.7.2. Sector Status Quo

- The provision of formal housing has been at a better overall level if compared to Gauteng Province. In the study area 83.1% of households resides in formal housing while for Gauteng 78.6% resides in formal housing. The housing backlog in the study area has stabilized and major housing projects are still required as flagship projects for LED.
- According to Census 2011, the percentage of home ownership was 48.9% (56.5%) in the Emfuleni area.
- Table 2.1 indicates the number of households by type of dwelling for 2001, 2011 and 2013.

Table 34: Number of households by type of dwelling unit for Emfuleni: 2001-2013

Dwelling types	2001	2011	2013
Formal	145373	181876	188392
Informal	27427	33610	34090
Traditional	1024	362	216
Other dwelling type	3874	1452	4103
Total	177698	217300	226801

- The number of informal dwellings has increased over time (from 2001 to 2013) in the Emfuleni Municipal area, as well as in the province of Gauteng and Sedibeng District area.
- From 2001 to 2013, formal dwellings in the Emfuleni Municipal area have increased by 29.6 percent, informal dwellings increased by 24.35 percent and other types of dwellings increased by 5.9 percent. The number of traditional dwellings has declined by 78.9 percent, which explains why there have been increases in other remaining dwelling types.
- Traditional settlements contain the smallest number of dwellers compared to other settlements and it has been decreasing from 2001 to 2013.

- The proportion of households occupying formal dwellings in the Emfuleni Municipal area has increased from 2001 (81.8%) to 2011 (83.7%) while in the period between 2011 (83.7%) and 2013 (83.1%) it has decreased.
- The Emfuleni Municipal area has the highest percentage of households occupying formal dwelling, if compared to the provincial level (Gauteng) and district level (Sedibeng). However, the Metsimaholo municipal area has the highest proportion of households occupying formal dwelling (85.8%) compared to all areas.
- There is plenty of land with development potential available for low cost housing and a lot of provision has already been made. There is however still a major backlog and huge demand.
- Informal housing units as a percentage of all dwelling types decreased from 23.7% in 1996 to 14% (30 375) in 2011. This shows improvement in the provision of informal housing.
- Fragmented housing development still exists in the area and this makes the improvement and upgrading of services and service delivery difficult.
- Housing development needs to be structured and planned.
- There is a huge demand for student housing in the area. Approximately 3000 units/beds servicing the students from NWU and VUT are needed. This would lead to economic growth in the area if built.
- During 2010 there were 51 164 bonded dwellings, 104 473 affordable dwellings, 7 890 flats, 5 230 townhouses, 9 502 backyard flats, 16 149 backyard shacks and 10 086 informal dwellings totalling 204 293.
- Affordable housing and low costs units added between 2007 and 2012 equalled 25 758.
- Development potential area for affordable and low cost housing include: Johandeo, Golden Gardens, Lethalong, Tshepiso, Sonland Park, Boipatong, Tshepong and Roshee.
- Development potential area for medium and high income housing include: Lochvaal, Vanderbijlpark along Vaal River.

6.7.3. Policy Guidelines

The following section will address policy guidelines with regard to housing development.

- ***District wide Spatial Development Framework (SDF)***

The Sedibeng District Municipality SDF focusses on the development of mixed use, high density development as one of its development principles.

- ***Emfuleni Local Municipality Spatial Development Framework (SDF)***

The Emfuleni SDF lists housing development as a possible economic catalyst. It also includes integration, densification and infill development as a spatial economic principle. The SDF indicates that large portions of vacant land exist with strong nodal structure and well developed corridors. This can be seen as an opportunity in the SWOT analysis.

- ***Rapid Municipal Assessment***

During 2014 a rapid initial assessment of the municipality was completed and the following was found:

- Large poor areas exist with housing and service delivery backlogs.
- Retail and housing development was identified as a potential opportunity.

- ***The New Growth Path (NGP)***

The NGP lists public works and housing projects as one of the seven key economic sectors or “job drivers” for job creation.

- ***The National Development Plan (NDP)***

Housing development in close proximity to existing corridors and nodes is listed as a spatial guideline within the NDP.

- ***Local Government Turn-Around Strategy (LGTAS)***

The priorities of LGTAS include readdressing spatial imbalances and housing development.

- ***Gauteng Employment and Growth Strategy (GEGDS)***

The GEGDS identifies five strategic pillars. The second pillar is employment creation and housing upgrades is listed under this pillar.

- ***Gauteng Township Economic Revitalization Programme (GTERP)***

The GTERP was launched to boost economic development and one of the sectoral focuses includes construction and housing development.

- ***Gauteng Industrial Policy Framework (GIPF)***

The GIPF also has a focuses on construction and housing development.

- ***Gauteng SMME Policy Framework (GSMMEPF)***

The GSMMEPF identified focus areas for construction and housing development.

- **Provincial SONA**

A 10 pillar programme was presented by the Premier in order to allow for radical transformation, modernization and re-industrialization in the province and housing and urban development forms one of the pillars.

- **Emfuleni IDP and 2014/2015 Budget**

Housing and residential developments at Johandoe phase 2, Kaalplaats, Sebokeng Ext 20, 21 and 24, Sonderwater Phase 2, Cyferpan, Tshepisa North Ext 4, Tshepong phase 3, Leeuwkuil, Golden Gardens, Bophelong Chris Hani, Rust-ter-Vaal, Lakeside Ext 4, Evaton North and Boipatong Backyards has been specifically listed in the budget.

- **Creating an Enabling Environment**

Housing development and maintenance is considered as a key factor to creating an enabling environment.

6.7.4. Outlook

This section will outline the possible opportunities/strengths and weaknesses/threats for the area as well as risks.

Opportunities and Strengths

The Emfuleni Municipal area has many opportunities regarding housing development. Some might include the following:

- Vast land available for development;
- Demand for additional housing within low, medium and higher income brackets;
- Development of facilities in area as housing opportunities increase.

Weaknesses and Threats

The Emfuleni Municipal area has the following weaknesses and threats regarding housing development:

- Lack of adequate services such as sewer, water and electricity;
- Slow approval of town planning applications;
- Lack of maintenance on older government provided housing.
- Increased demand for housing has led to “backyarder” renting resulting in over capacitation of services and health and safety risks.

Risks

The Emfuleni Municipal area has the following potential risks regarding housing development:

- If too many middle and higher income housing becomes available, market saturation could be reached.
- Facilities and job opportunities could become too few if too many housing developments fill up.
- Additional load on already pressured service networks could develop.

6.7.5. Provisional Strategies

The following section will provide provisional strategies regarding housing development. This section will also include provisional strategies regarding sustainable energy methods and recycling.

Institutional development (internal and external structures)

Successful LED strategies and implementation is dependent on efficient co-operation between the partners in the LED environment namely the public sector, private sector and local communities. This strategy has the aim to ensure functional institutional structures at all levels within the local environment, internally and externally.

- The establishment of an integrative workgroup between the LED unit, housing unit and the town planning section. Spatial planning initiatives such as the SDF need to be part of implementation.
- A local LED forum: Such structure needs to have regular meetings to consider all LED related issues within the municipal area including housing development.
- Set-up co-ordination structures to ensure integrated economic and spatial planning with municipalities including Sedibeng District Municipality.

Monitoring of illegal “backyard” dwellers

Due to lack of informal housing many owners rent out “shacks” to backyard dwellers. This adds additional pressure on the service network and also becomes a health and safety issue. These “backyard” dwellers either need to be relocated or in the case of no alternative location, proper services, sanitation and refuse facilities need to be provided.

Upgrade of services to informal settlements

Lack of proper services within informal settlements remains a problem.

- Community leaders and councillors are urged to identify opportunities where existing services can be enhanced.
- Local communities can be trained and informed on how to properly use and look after services provided in their communities.

Establishment of a human settlement plan

The availability and readiness of developable land underpin any successful housing programme. The following sub-strategies are proposed as part of the human settlement plan.

- Identifying new portions of land for formal and informal development.
- Acquiring land that is already occupied by informal settlement illegally (if possible).
- Well-located land for affordable housing remains a challenge. Identify land for informal settlements that are in close vicinity to facilities and job opportunities.
- Acquiring land that is already occupied by informal settlement illegally (if possible).
- Identify infill sites for new developments within the existing communities.
- Supply more affordable housing in the gap market. Gap market comprises people earning between R3500 and R15000 which is too much for state assistance yet too little to really partake in private market.
- Urban renewal. Additional investment in economic and social infrastructure, human resource development, enterprise development, the enhancement of the development capacity of local government and poverty alleviation.

Create a housing database

- Create a database will all beneficiaries of the housing programme and include a proper system for people on waiting lists to determine the status of their applications.

Create a Human Settlement Call Centre

- Create a call centre that can assist people with the following:
 - Housing database enquiries;
 - Housing finance related queries; and
 - General housing-related queries.

Strategies to adapt housing within the natural environment.

The use of renewable energy sources should be implemented as far as possible within the new housing units. Lower income areas should also get training on how to save, recycle and improve the general conditions in the areas.

Provide sustainable food sources

- Empower the communities to produce subsistence food gardens in order to supplement basic food provision and enhance environmentally friendly techniques.
- Establish food gardens (linked to social development) that not only enhance environmental awareness but also provide basic food for communities.

Provision of basic needs and social development

By definition, social development describes actions taken to reverse negative social outcomes such as crime, poverty, illiteracy and unsustainable economic growth and development. Social development is essential for the upliftment of local communities as it places people at the centre of development strategies. As such, LED strategies should be aimed at enhancing the standards of living within the region. In order to identify the strategies applicable to the Municipality, a Community Facility Assessment must be conducted to determine the needs of the community with regard to healthcare facilities, access to welfare services, access to basic services such as water and sanitation, education facilities (primary, secondary and adult education) and social interaction. The basic needs approach is of key importance and includes aspects such as housing, water, sewer, electricity, clothing, food and education.

- Conduct a Community Facility Assessment. A needs analysis must be conducted in order to identify the gaps inherent in the provision of the basic needs of the community. Only once the status of this has been determined can projects tailor-made to the region be identified. These projects will also differ across the municipality, as each region will have varying degrees of service provision and basic needs.
- Improve existing community development projects. Identify and improve existing community development projects and involve local CDWs to assist in the development of these projects within all regions.

- ECD and adult education facilities. Training centres can be established within each municipality in order to provide basic adult literacy and life-skills courses or skills training in the dominant economic activity of the region. These workshops/courses can be facilitated by local industries in order to enhance the available skills base for the industry.
- Provide community facilities. Provide community facilities such as sports and recreational centres, health and education facilities as well as multi-purpose centres and community centres such as town halls.
- Develop community urban food gardens. These can be established in areas where communities are struggling to obtain basic food. These projects can be linked to enhancing the green economy of the region, as well as community-led development.

6.8. Informal sector (SMME development and entrepreneurship)

6.8.1. Introduction

The support and development of the informal sector in all areas should be encouraged, especially in the secondary sector to provide economic opportunities at a lower skills and education level. Entrepreneurial activity in a region is one of the most important job creation tools available. The municipalities have control over an extensive list of factors they could influence to stimulate increased entrepreneurial activity to accelerate job creation. It is therefore extremely important in a region that a focused effort be placed on the development, support and stimulation on entrepreneurship.

6.8.2. Status Quo

The Sedibeng District wide households have retail expenditure potential of R3.0 billion per annum and net inflow of spending of R300 million per annum. Retail trade accounts for 64% of income for informal traders. Retail dominate the informal sector and requires diversification. The informal retail sector is dominated by convenience goods such as tuck and spaza shops, fruit and veg, snacks, general food. This low income trade means income and expenditure is just circulated within the poor community and do not bring new wealth and investment to the area, leading to a subsistence economy. It does not attract new income into the community from other markets. This type of retail does not generate much benefit to the community. A total of 27% of informal activities are involved in personal services such as salons, shoe repairs, day care etc. Only 5% of informal businesses are involved in construction activities as builders due to lack of skills, regulations in sector and business management. Huge opportunities exists for this sector in construction, plumbing and electricians. Only 5% are

involved in transport and vehicle repairs. Opportunities exist for delivery, freight services, repair centres. Opportunities exist for tourism activities such as lodging, tour operators, transport, travel agents, site attractions, conference. In 2009, at total of 7648 small (5344) and informal business (2304) existed. Vereeniging and Vanderbijlpark CBDs, Sebokeng and Boipatong houses most of the small and informal businesses.

Table 35: Total number of informal and formal businesses

Area	Total number of businesses	Informal %	Formal %
Boipatong (Muvhango and taxi rank)	115	88	12
Old golden highway, Evaton	70	67	33
Sebokeng	158	58	42
Sharpeville	63	100	2
Tshepiso	41	97	3
Vereeniging	344	45	55

Informal businesses are located as follows:

- Street/sidewalk: 40%
- Shack: 20%
- Business premises: 15%
- House: 15%
- Containers and other: 10%

Small and informal businesses employ on average 2.5 people. The average net monthly income per business is R3 263. Only 7% of businesses have a turnover of more than R10 000 per month and 20% less than R1000. The average age of traders is 37 years, the male/female ratio is 63/37 and 76% are main breadwinners. Total turnover of informal traders is R 108 028 000.

Stumbling blocks in informal trade include unfair competition, lack of funding, lack of facilities, a need for inexpensive space, market access, supply, transport of goods, safety, marketing, high operating costs.

Proposals for improvement and opportunities: provide formal and permanent facilities for traders in high volume localities, facilitate grouping of traders in cooperatives, identify facilities for traders outside townships and assist, promote craft industry for local unique products,

provide early learning facilities and day care facilities for use by service providers, cluster facilities, provide storage space, management plan for trade in selected sensitive areas, capacity building , training, assistance from SEDA, assist with loans and finance, market opportunities exist in fast food, catering and restaurants businesses, initial capital investment assistance, manufacturing incubators, processing cooperatives such as dairy and livestock, hydroponic projects. Manufacturing opportunities include wood making, furniture, stonework, product assembly.

Local government could provide support in terms of:

- Marketing, training, warehousing, transport, and finance.
- Linkages to “big business”.

6.8.3. Policy guidelines

Small business development is a priority in all the major national to local policy documents. In the NGP, NDP, GEGS small business development and entrepreneurship is a job driver. All of the policies also have a focus on incubator development in the townships. Specific projects include jobs development incubators, tourism opportunity support, SMME support system, local finance support and access, and entrepreneurship development. Existing but neglected projects include the industrial hive in Bophelong and the hydroponic project.

6.8.4. Outlook

Opportunities exists for the following types of small businesses to develop in the region:

- All value added activities such as bottling and drying of goods.
- Building contracts as plumbers, brick-layers, electricians etc.
- Urban agriculture.
- Hair stylists.
- Food and catering.
- Creches
- Wood and metal work such as doors, frames, fencing, coffins, furniture and gates.
- Clothing and sewing
- Garden services
- Tourism, curios, guesthouses, tours, transport, local art work, etc.

6.8.5. Provisional strategies

General strategies:

- Growth of SMME's and cooperatives through linkage and location of trading zones to formal trading areas. Providing capacity, support centre, training and facilities.
- Diversification of sectors of involvement of SMMEs and cooperatives in sectors such as agriculture, catering and construction.
- Improved enabling environment.
- Facilitate coops and finance for small business.
- Ongoing research and updated data base.
- Service centre should include mentorship, training, referrals, creating awareness, policy development and information sessions, linkages with formal businesses.
- LED overall structure with sub-structures such as an SMME support agency.
- Specific projects: mine dump rehabilitation, organic farming project,
- Procurement assistance.
- Assist with access to finance.
- Provide access to facilities, identify trading areas.
- Formulate supporting policies.
- Provide technical and business skills.
- Set-up small business support centre.
- Encourage and allow home based businesses.
- Promote linkages with formal business.
- Entrepreneurial and SMME development and support

Establish a business incubator (Business Support Centre).

- Transfer the relevant skills and educational components to upcoming entrepreneurs to increase their probability of success and to ensure that these businesses increase in size to stimulate job demand.
- Provide mentorship and coaching programs by making use of institutions of higher education, current successful business owners and professional business coaches.
- Facilitate the availability funding at the various stages of the business life cycle, especially tailored for individuals with no net asset value.

- Construct or provide a facility where entrepreneurs can access tools and equipment i.e. a desk with internet access, copier and fax, other IT equipment, secretarial services, boardroom accessibility etc., at a subsidized (not for free) cost to assist entrepreneurs in the start-up phase of the business life-cycle.
- Cultivate a culture of entrepreneurial support and motivation among local entrepreneurs to increase their business networking capability and therefore access to business opportunities.
- Facilitate accessibility to specialized professional services at a reasonable cost, for example, legal and audit services.
- Set-up a SMME desk.

Establish a research and monitoring (EWS) program

- Facilitate and support continuous research and monitoring in the district, through institutions of higher education, into entrepreneurial activities and the factors/variables that influence business performance in the district. This is crucial information that will be used to increase the probability of success of start-up businesses.
- Train CDWs to play a key role.

Empower and support black business creation and development

- Create entrepreneurial awareness among specific target groups, especially black youth, to influence them to consider being an entrepreneur as a possible career option.
- Set-up support to allow home-industries to grow and move to incubator and finally to own business.
- Formulation of a spaza shop policy.

Relaxation of rules and regulations

- Amend relevant rules and developmental control regulations to facilitate the lowering of entry barriers into a market by start-up entrepreneurs.

Improve integrated communication

- Facilitate the creation of a regional business forum that includes all relevant regional bodies to facilitate effective communication and collaborative economic development initiatives.

Construct, maintain and improve key infrastructure

- Monitor, construct, improve and maintain key infrastructure required by businesses to support and increase the entrepreneurial activity in the region. This should include, but not be limited to infrastructure in certain corridors where trading has high potential and infrastructure is required by start-up businesses, especially fully equipped sites, at a reasonable rent price.

Create “buy-local” awareness

- Create an awareness campaign for the region in which local businesses, especially large enterprises, are sensitized and motivated to procure inputs in their local district.
- Formulate municipal tender support processes to ensure that local businesses benefit.

6.8.6. Conclusion

Small business development and entrepreneurs are the driving force in economic development and job creation. All effort should be made to support small business.

6.9. Transport and logistics

6.9.1. Introduction

The transport and logistics economic sector is a major support sector for most other sectors. The sector is not well developed in the region and the potential exists for extension of the sector to the benefit of the total economy. The proposed Vaal Logistics Hub integrated with a SEZ is of critical importance for the revitalization of the Vaal economy.

6.9.2. Status Quo

In terms of transport of goods and services in SA, road transport is preferred to rail with 88% of all freight transported via road transport. Although road transport is significantly more expensive than rail, businesses are prepared to pay more for better services. Road transport is also preferred in the local region due to the above reasons and the fact that rail services are not readily available.

The exports of the Vaal region indicates that 70% of outputs are destined domestically in South Africa and 30% internationally. The import of goods indicate that 74% originate from within South Africa and the rest internationally.

The case of the proposed Logistical Hub located in the region.

- The local industrial node is one of the largest in the country and within close proximity to the Gauteng markets with strong road and rail connectivity.
- The industrial/manufacturing sector dominates the local economy and revitalization is required. The logistical hub (integrated management of goods flows), which forms part of the transport sector, could assist in this process. The logistics hub will ensure effective transport and distribution of goods. The transport sector is currently underdeveloped and the potential exists for extension of the sector. This extension will allow for the further diversification of the sector.
- The need for revitalization is needed due to a diminishing manufacturing sector, high levels of unemployment and poverty.
- The key aspects of logistics in the region are cost effectiveness, time effectiveness, scaling up, and more frequent deliveries.
- The goals of the logistical hub are to improve logistics in the region, achieve a significant shift from road to rail freight transport and to link businesses in spatial clusters and value chains.
- The proposal will require significant upgrades in infrastructure in specifically roads and rail.
- Stakeholders in the planning and development of the logistics hub include Emfuleni Local Municipality, Sedibeng District Municipality, Gauteng Provincial Government (Economic Development Department, Department of Roads and Transport), Transnet, DBSA, IDC, DTI, NWU and VUT, major businesses such as Mittal and Sasol and the local business chambers.
- The proposed hub will require major investments and subsidies from government and business.
- The logistical hub will impact positively on supply chain systems in the region and support the implementation of innovative ideas. The project will contribute to the economy in that it will create a more effective business environment, improve supply chains and creation of added value by transport businesses, and assist in removing barriers and bottlenecks.
- An integrated transport system needs to be provided with the re-development of the rail system.
- The components of the logistics hub/SEZ include a Transnet container depot, an industrial special economic zone and a possible freight airport on the long term.
- A task team needs to be established to complete an economic feasibility study, business plan, regional logistics and SEZ analysis and formulation of comparative advantages.

- The upgrade of the rail network is also required.

6.9.3. Outlook

Transport and logistics has strong linkages to all economic sectors, but specifically to industrial development. The potential exists to maximize the potential through the extension of the sector in support of the local industrial sector. The logistics hub as proposed is seen as the catalyser for this development. The extension of this sector could lead to job creation, growth in GDP. The main strength of the sector is its strong linkages with the rest of Gauteng Province. Opportunities include the upgrade and extension of public transport to a “BRT-level”, improved services to manufacturing regarding rail and road, and the eventual creation of jobs in the sector. Weaknesses and threats include poor infrastructure, poor maintenance and the levels of availability of rail services in the region.

6.9.4. Provisional strategies

The following broad strategies are listed:

- Maintenance of current transport and logistics infrastructure
- Overall master-planning for expansion of transport and logistics infrastructure
- Planning and development of SEZ/logistical hub

6.9.5. Conclusion

The transport sector is a support sector for the other economic sectors. The infrastructure in the region regarding transport has been neglected for some time and massive interventions and investments are needed. The proposed SEZ/ logistics hub must be implemented as a flagship programme and economic game changer in the region.

6.10. Agriculture and agro-processing

6.10.1. Introduction

The region is not well known for agriculture, but the potential exists for small-scale farming and agro-processing due to the well-developed manufacturing nature of the region. Agriculture plays an important role in economic development and poverty alleviation, although it only provides for less than 1% of all employment. Some agricultural land exists in the northern and eastern parts of the region.

6.10.2. Status Quo

Land reform a total of 40 farms are in the process of being transferred to beneficiaries as part of the agricultural hub area. District Land Committees (DLC) have been established as supported in the NDP section 6. Limited agricultural land exists in the region and the sector has been steadily declining over the last two decades. The sector only contributed 1.4% of GGP in 2013. The sector is however still important for job creation, export, linkages with manufacturing and food security in the region. The use of high tech methods are needed such as hydroponics. Agriculture can play a major role in poverty alleviation. 1800 food gardens already exist in the townships at households, schools and community gardens. The sector only contributes 0.8% of total labour force in the region.

6.10.3. Policy guidelines

Agriculture is also a major priority for all policy documents as analysed and is usually linked to rural development and agro-processing in the NGP and NDP. In the NDP specific activities are listed and agriculture is a priority in terms of commercial farming and small scale farming. Agriculture is one of the job drivers as part of the NGP. The NDP lists food processing, beverages, irrigation, linkage of commercial farmers with small farmers, access to markets, land reform and technology as major factors.

6.10.4. Outlook

Agriculture currently plays a limited role in the local economy and that is not expected to change over the next decade or so. Small scale farming, cooperatives and urban agriculture must assist in poverty alleviation in the poor township areas. Some limited agricultural land exists mainly in the northern and eastern parts of the municipal area. The sector can play a role in import substitution and the focus should be on high-tech processes such as hydroponics. The sector should play a larger role in household income and food security, agro-processing and poverty alleviation projects. Urban food gardens and urban agriculture are major potential projects at the household level, and at schools. Urban agriculture has many benefits including the expansion of the local economic base, job creation, entrepreneurship, food security, and greening of the area and allows for savings.

Potential and opportunities also include cooperatives, linkage to manufacturing, development of new products, close to Gauteng markets, improved usage of Vereeniging fresh produce market, and urban agriculture.

6.10.5. Provisional strategies

The following broad strategies are listed:

- Revitalize existing agricultural projects such as hydroponics at Tshepiso and Sebokeng Zone 7, Sebokeng Industrial park Zone 10.
- Accelerate the set-up of food gardens (Urban Agriculture).
- Revitalization of the fresh produce market in Vereeniging.
- Development of mini-markets.
- Establish agri-support centres and agri-villages in the area, including cooperatives.
- Initiate a skills development plan to transfer the required knowledge to start-up and established farmers.
- Initiate a research program with free-of-charge annual information outputs that will inform prospective or established farmers on agricultural specific matters to improve and strengthen their farming operation.
- Develop detailed agricultural sector plans for each respective region.
- Provide mentoring and coaching programs to relevant upcoming farmers by local experienced commercial farmers, as well as external service providers.
- Assist and facilitate in the sourcing and the availability of funding for farming equipment and other resources required to operationalize a farming setup.
- Facilitate effective communication and networking with relevant farming suppliers and potential customers, as well as among farmers, to create a support structure within their farming community.
- Develop and support current emerging farmers to enable them to increase their operational output to increase labour force demand.
- Develop and support urban agricultural activities as well as food gardens.

Construct, maintain and improve key agricultural infrastructure

- Ensure that the transport infrastructure in the region is adequate.
- Provide easy access to an offset area (market) to enable farmers to sell their goods in their local community.
- Ensure that relevant infrastructure is available to other important sectors that support the agricultural sector.
- Ensure that efficient/effective Information and Communication Technology (ICT) is available throughout the region at affordable pricing.
- Ensure that crime, especially livestock theft, is combated at all levels with a special task teams being establish to protect our farmers and their operations.
- Ensure that the required infrastructure is available and in good condition to facilitate and promote irrigation of agricultural land.

- Ensure that infrastructure is in place to support locality development, taking into account the regional characteristics of an area.

Improve the utilization of agricultural land use

- Research all the different types of agricultural land (i.e. soil potential) in the region to understand and facilitate the highest potential output that will yield the highest return on a piece of land, via a specific agricultural operation.
- Advising, facilitating and supporting start-up and commercial farmers in operationalizing farming activities that will complement the agricultural land characteristics of a region to ensure its increased utilization.

Accelerate the implementation of land reform

- Develop and implement a land reform strategy for the region to facilitate ownership transfer of land to sustainable black farming operations.
- Create awareness among specific target groups, especially black youth, to choose the agricultural sector as a career opportunity with support from an agri-business incubator in a specific area.
- Conduct a survey on the level of Agri-BEE and land reform compliance.

Develop and improve on value adding processes

- Identify and create a demand (a market within the region) for agricultural outputs that could be processed into down-stream sellable products for the region and for export.
- Facilitate the research and implementation of highly efficient and demand driven operational processes that can deliver export (to other regions in South-Africa) products at prices that can compete with globalization.
- Agro-processing will also be addressed in the manufacturing sector.

6.10.6. Conclusion

The region is not focused on agriculture, but the sector can play a role in job creation, improved food security and poverty alleviation.

7. OVERALL RISKS

Over major overall risks that could impact on the local economy include governance and partnership formation, service delivery, future of the steel industry, environment and pollution, infrastructure development and maintenance, municipal income and financial management, and political uncertainty.

8. CONCLUSION

The Emfuleni area has a strong local economy even if compared the larger metropolitan areas. A few critical stumbling blocks are however a major risk in the future success of the local economy. Some of the provisional strategies contained in this report will address these stumbling blocks. The final report in the series of 5 report of the LED strategy will contain the final strategies with projects and programmes to achieve the various strategies.