

INVESTING IN THE SMART PROVINCE

Gauteng offers countless opportunities for direct investment across the business map



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Elsewhere in this book are numerous reasons why Gauteng is a good place to invest:

- there is an enabling environment - stable politically and economically
- outstanding business services
- high quality information technology accessibility
- excellent freight of logistics available
- good quality of life
- strong financial and industrial base
- sound policy, reasonable tax rates, reasonable costs to mention a few.

But what about the opportunities? Even with the best environment in the world, direct investment requires attractive prospects that fit the potential investors expertise and strengths and offers a reasonable return on investment.

Fortunately for the potential investor, Gauteng offers countless opportunities for direct investment across the business map. And,



Nelson Mandela bridge

with agencies like GEDA, Blue IQ, Gauteng Enterprise Propeller (GEP), Gauteng Tourism Authority (GTA), and the Gauteng Film Commission (GFC), there is plenty of professional assistance readily available. The officials of these agencies are able to provide more than advice on how to start and

grow your business in the province. They can advise you on what opportunities exist, which need your particular expertise and input and who you must see to explore the possibility of a good fit between your business interests and Gauteng's investment needs.



START WITH GEDA - www.geda.co.za

The Gauteng Economic Development Agency (GEDA) is the first point of contact for smart investors and entrepreneurs who need access to unlocking new value in Gauteng. The Agency markets, promotes, supports and facilitates the economic development, investment and trade within the Gauteng Province. GEDA identifies market investment opportunities and responds to request for assistance from potential local and foreign investors. GEDA's strategy is wholly aligned with national and provincial government objectives and processes, creating an investor friendly environment.

We are positioning ourselves to be the driver of the Gauteng Economic Development Strategy (GEDS) and an important player in the provincial government quest to be the 10th largest global city region in the world by 2014.

The growth and development of our local economies is top priority for us. To that effect we are moving full steam with the implementation of the economic hubs project aimed at redesigning the local economies and positioning government as a catalyst for development with its interventionist approach in putting up

infrastructure to support local economic development and private sector participation.

OTHER KEY AGENCIES

Blue IQ - www.blueiq.co.za

Blue IQ is the appropriate name for the 'smart province'. Blue as in 'blue chip' and IQ as in smart.

The name fits the vision. But what exactly is Blue IQ?



Established in 2001, Blue IQ is a multi-billion rand initiative of the Gauteng Provincial Government (GPG) designed to deliver strategic economic infrastructure in order to stimulate sustainable economic growth and job creation; influence the composition of exports; and help diversify Gauteng's economy. To achieve these objectives, Blue IQ has narrowed its focus to four growth sectors:

- Business tourism
- High value-added manufacturing
- Logistics
- Information and Communication Technology (ICT)

One of the strategic objectives of the GPG is to reduce the provincial economy's still heavy reliance on mining and manufacturing and to facilitate the development of those industries and services that a modern, technologically advanced economy requires. If Gauteng is to maintain its status as the most important economic region in Africa and keep pace with a rapidly changing global economy, it is essential for Blue IQ to succeed in implementing its strategies that will attract private sector participation and ensure long term commercial sustainability.

The GPG is fully aware that Blue IQ cannot on its own fulfill the investment goals of the 'smart province'. Private sector investment is required to make the vision a reality. And that must encompass real, attractive investment opportunities. Blue IQ investment can kick-start projects and then, in close co-operation with GEDA, find the right fit with the private sector.

Blue IQ has, over the years, completed a number of projects which have been transferred to appropriate government agencies for management. Three others – Gautrain, Cradle of Humankind and Dinokeng – now fall within the ambit of the Private Public Partnership (PPP) unit of the Department of Economic Development.

Currently, there are five projects that Blue IQ will develop to commercial maturity.

Others may be added, which fit Blue IQ's strategy and add value to the company's balance sheet.

Constitution Hill - www.constitutionhill.org.za

With the objective of creating a human rights precinct and a world class heritage tourist attraction that will contribute to the growth of the tourism sector in Gauteng, the Constitution Hill project is already well underway. The new Constitutional Court and the Old Fort

CONSTITUTION HILL



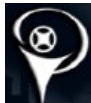
Constitution Hill

are open to the public and historic buildings like the old Women's Gaol and the Native Gaol are being refurbished. Museum, archives and libraries, offices and conference facilities are part of the overall plan.

Investment opportunities include: cultural tourism initiatives; museums, heritage sites, archives and libraries; recreational grounds, commercial and housing developments; hotels and restaurants.

Automotive Supplier Park - www.supplierpark.co.za

The Gauteng Automotive Cluster project is designed to aggregate automotive assemblers, component manufacturers and material suppliers located in the same area which, together account for some 40% of motor vehicle production in the country. The Automotive Supplier Park (ASP) is one of the components. Blue IQ has already invested over R303 million in the ASP, which has attracted an additional R63 million in private sector investment and generated more than R458 million in taxes for government. The ASP component concentrates component manufacturers and suppliers in one location adjacent to the key Original Equipment Manufacturer (OEM) assembly plants



Automotive Supplier Park

so as to enhance the efficiency of the supply chain in a fast growing industry with substantial potential for further growth to meet expanding domestic and export demand.

Automotive Industry Development Centre

www.aidc.co.za



Automotive Industry Development Centre
Your partner in becoming globally competitive

The Automotive Industry Development Centre (AIDC) is the second component of the Gauteng Automotive Cluster project. It is designed to provide world class services for automotive design and testing, automotive research and development and human resource development. The purpose of the project is to deliver support services to the industry to improve their productivity and competitiveness in the international market place. Core focus areas include skills development, supplier development and logistics development. Over 600 companies and institutions have already been impacted by AIDC projects.

Investment opportunities in the Gauteng Automotive Cluster project include: local procurement by international assemblers; technology and licensing agreements with local component manufacturers; filling gaps in local supply chains; engineering, design and testing facilities.

OR Tambo International Airport Industrial Development Zone

The OR Tambo International Airport, as the former Johannesburg International is now known, is already the busiest, most modern and most efficient passenger and freight hub in southern Africa. The purpose of the IDZ project is to make it even better. The envisaged IDZ will provide an efficient import and export duty free zone for high value-added, light manufactured



OR Tambo Airport

goods for export by air freight. The IDZ will be a marketing platform for South African goods and the location for light export-oriented manufacturing industries, together with the avionics and aerospace cluster. The external road infrastructure to provide access to the IDZ has been completed.

Investment opportunities include: electronics; ICT production and distribution; industries requiring time-sensitive air freight distribution and logistics; aerospace, avionics and related industries.

The Innovation Hub - www.theinnovationhub.com

The Innovation Hub is a strategic partnership between Blue IQ Investment Holdings, academia and the research and development community to create an enabling environment that stimulates innovation and supports technology-led business. Launched as a pilot project in 2001, the Innovation Hub took occupation of its new premises as a fully-fledged Science Park in 2005. It houses the South African FabLab, was a finalist in the international 2005 Visionary Project of the Year Award and won the bid to host the 2008 International Association of Science Parks conference for the first time in Africa. The 60-



Innovation Hub

hectare precinct near Pretoria provides residency to leading local and international companies and start-up businesses active in knowledge-intensive, hi-tech development and research in

telecommunications, IT, biotechnology, value-added manufacturing and electronics.

Investment opportunities include: hi-tech incubators; research and development facilities; corporate headquarters for hi-tech companies; and venture capital funding for start-up companies.

Blue Catalyst - www.bluecatalyst.co.za

Blue Catalyst was launched to promote the commercialisation of sustainable start-up technology and knowledge-based businesses in Gauteng. The object is to bridge the skills, funding and credibility gaps that hamper start-up enterprises, enabling entrepreneurs the opportunity to have their products and services converted in to profitable businesses in the shortest possible time. The project has two components – the portal and the matching fund. The portal helps match entrepreneurs with skills they require. The fund is designed to encourage venture capitalists to co-invest in early stage technological ventures.

Investment opportunities include co-investment in start-up hi-tech enterprises and venture capital funds.

Other projects in which Blue IQ has been involved and have now been transferred to other authorities still offer opportunities for investors, either directly or in support or related enterprises. They include:

- **Newtown** – an initiative to regenerate and promote cultural industries in the heart of Johannesburg. It is home to the Market Theatre, Museum Africa, a number of craft markets and restaurants as well as a new social housing development.

- **Kliptown** – another major urban regeneration initiative, which includes the development of the Walter Sisulu Square of Dedication and offers opportunities in housing, tourism and business development, among others.
- **Cradle of Humankind World Heritage Site** – declared a World Heritage Site in 1999, this 47,000 hectare treasure house of paleoanthropology is the scene of remarkable find over three million years old. Still in progress, it offers opportunities in tourism facilities, hospitality, conference facilities, infrastructure and scientific research.
- **Dinokeng** – development of a premier tourist attraction which will include a 'big five' game reserve, Stone Age and Anglo-Boer war sites and the historic diamond mining village of Cullinan. Within easy reach of major urban centres, it offers opportunities in lodge development, tourism facilities, hospitality services, conference facilities, manufacture of African-themed artifacts, and commercial and retail services.
- **City Deep Transport Logistics Hub** – the City Deep Container Terminal is the country's premier container depot, strategically located in the centre of the nation's industrial base. With



Maropeng, Cradle of Humankind

ready access to road, rail and air connections to all of South Africa and the region, nearly a third of all South African exports move through it. Upgrade and expanding the facility to move it to the cutting edge of the logistics industry creates opportunities for manufacturers of time-sensitive products as well as logistics, freight and transport

services and import/export activities.

- **Wadeville-Alrode Industrial Corridor** – this project aims to create a major manufacturing zone to upgrade and regenerate a traditionally heavy industry area. Close to the OR Tambo International Airport and City Deep, it provides investment opportunities in metal fabrication, food and beverages, agro-processing, containers and packaging, plastics and chemicals, transport, warehousing and distribution, among others.



Newtown, Johannesburg

Gautrain Rapid Rail Link - www.gautrain.co.za

This is the single biggest and most ambitious of all the Gauteng infrastructure projects. The 80 km mass transit system will provide speedy transportation between Johannesburg, Pretoria (Tshwane) and the OR Tambo International Airport, create over 40,000 jobs during construction and another 60,000 on completion. Servicing three of South Africa's six metropolitan municipalities, its potential is enormous. The overall cost is estimated at over R20 billion. As indicated above, management of this major project now falls under the Private Public Partnership (PPP) unit of the Department of Finance and Economic Affairs.

Investment opportunities include: provision of project finance; technology applications; feeder and distribution systems; fare



Gautrain

collection systems; rolling stock, track and station development; signaling, control and telecommunication systems; commercial property development at stations.

Gauteng Enterprise Propeller (GEP) - www.gep.co.za

GEP was established to provide both financial and non-financial support to SMMEs in Gauteng. By focusing on the SMME sector, GEP aims to help small companies get their fair share of the opportunities created by the numerous current and future public and private sector projects in Gauteng.

Gauteng Tourism Authority - www.visitgauteng.net

The Gauteng Tourism Authority (GTA) is mandated to develop, promote, co-ordinate and facilitate sustainable tourism in Gauteng. It also aims to create a world-class destination for business visitors and all other tourists to the province. Among other services, the GTA provides:

- media and trade programmes
- events listings and updates
- enterprise and tourism support programmes
- tourist guide registration

Gauteng Film Commission (GFC) - www.gautengfilm.org.za

The Gauteng Film Commission is an agency of the Gauteng Provincial Government and is tasked with the development and promotion of the audiovisual industries in Gauteng



The GFC aims to be a leader in the film and television industry through harnessing Gauteng's outstanding infrastructure,

recognized technical and creative expertise, and unique and wide-ranging locations by:

- Marketing Gauteng as a location of choice.
- Acting as a centralized industry intelligence hub and resource.
- Working with, and providing advice to industry, government agencies and other key stakeholders about the support, development and growth of a sustainable audiovisual industry.
- Promoting and celebrating an active screen culture across the province.
- Supporting the transformation of the sector into a world-class industry that is reflective of South Africa in its entirety.

The GFC is a member of the Association of Film Commissioners International.

Call Centres

This is one of Gauteng's most exciting investment opportunities. The Business Process Outsourcing (BPO) and Call Centre industry has been identified as one of the most promising for creating sustainable employment in South Africa. Estimates indicate that the BPO and Call Centre industry could create between 65,000 and 100,000 jobs by 2009.

To achieve that level of growth and employment, the following constraints must be addressed, according to the Department of Trade and Industry (DTI):

- A shortage of call centre agents and middle management skills.



- Negative perceptions of risk such as security and quality of social life.
- Ineffective marketing.
- The relative difficulty of setting up new operations in South Africa

Addressing these challenges the public and private sectors have developed five action programmes:

- Mobilizing key stakeholders and effectively marketing South Africa's potential.
- Appropriate skills development to ensure sufficient human resources.
- Adapting existing investment incentives and introducing new ones.
- Effective industry oversight to protect South Africa's competitive advantage.
- Creating institutional capacity to support industry growth and development.

GEDA's BPO/Call Centre unit is fully supportive of the broad strategy and has already facilitated the establishment of a number of Call centres in Gauteng. In total, it is estimated that 18,000 jobs were created in the industry in Gauteng in 2006/7 and that an equal number will be created in 2007/8. Gauteng has 60% of all the Call Centres in South Africa. With the new BPO incentives launched by DTI in 2007, GEDA hopes to grow this vital sector even more.

Infrastructure

Government has identified investment in new infrastructure, and the maintenance and rehabilitation of existing social and economic infrastructure as priority over the medium term. Investment in

infrastructure can underpin economic growth and development.

The Department of Public Works is the lead department in the sector. Other national departments are Transport, Housing, Water Affairs & Forestry, Public Enterprises and Education. Provinces and municipalities are the key implementing bodies for the infrastructure sector projects.



Modern roads

Approximately R15 billion will be spent over the next few years on labour-intensive construction projects. At least 174,800 net job opportunities were created in this sector during 2005.

FIFA 2010 World Cup - www.fifa.com

No discussion of investment opportunities in Gauteng would be complete without mention of the FIFA 2010 World Cup. South Africa is the first African nation to host the World Soccer Cup. It is both a source of national pride and a challenge to the country to successfully organize one of the world's premier sporting events.

The fact of the matter is that the 2010 World Cup is and will be one of the primary drivers of infrastructure development in the near term. The central government has stepped up infrastructure spending dramatically not only because the infrastructure is under heavy pressure from sustained economic growth but also because the demands of 2010 are enormous. Some 400,000 visitors are expected, who must be accommodated and moved around the



Soccer City Stadium

country to see their favourite team. Estimates of the economic impact are as high as R20 billion and as many as 160,000 jobs could be created. Demand for construction material is already causing prices for cement and other basic materials to sky rocket.

In Gauteng, Soccer City will host 8 events, including the opening and final matches and Ellis Park will host another seven. The implications of 2010 for consumer spending and investment are difficult to calculate but there is no question that countless business opportunities lay in wait – in accommodations, in transport, in food, beverages and catering, and in a variety of construction activities related to infrastructure development.

LOCAL ECONOMIC DEVELOPMENT

The Department of Economic Development assisted by GEDA, Blue IQ and the other agencies mentioned in this section have primary responsibility for planning, co-ordinating and implementing policies for growth and development in the province. However, it is important to note that Gauteng is home to three of the six metropolitan municipalities in the country – City of Johannesburg, Ekurhuleni and City of Tshwane. Each has its own development priorities and opportunities and has its own investment marketing strategies. The potential investor would be wise to examine

prospects in these three mega cities and the local and district governments as they offer a multitude of investment possibilities not necessarily articulated by the provincial agencies. See 'Gauteng, the Smart Province', for more detail on the metropolitan municipalities and main areas of economic activity.

City of Johannesburg Metropolitan Municipality - www.joburg.org.za

Ekurhuleni Metropolitan Municipality - www.ekurhuleni.com

City of Tshwane Metropolitan Municipality - www.tshwane.gov.za

GEDA - www.geda.co.za

In addition to the metropolitan municipalities where well over 80% of the Gauteng population resides, there are district and local governments who also play a role in promoting trade, investment and tourism. They should also be on the business visitor's agenda.

Gauteng has three district municipalities each with two or more local municipalities within their borders. They are:

- Sedibeng District Municipality (Emfuleni, Lesedi, Midvaal)
- West Rand District Municipality (Merafong City, Mogale City, Randfontein, Westonaria)
- Metsweding District Municipality (Kungwini, Nokeng Tsa Taemane).

