Cape Town Global Competitiveness Project

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HSRC, Economic Rise Consulting, NB Ideas & Indego Consulting
Context

• Globalisation and international competition
• Cities as active players
• Uncertain role & mandate for Cape Town CC
  • Projects and agencies, not strategy
  • Instinct & intuition vs evidence and understanding
  • Pro-poor vs pro-growth
  • FDI vs domestic companies
  • ‘World class’ vs dynamic capabilities
Purpose

• To assess CT’s international competitiveness

“its ability to attract, retain and develop firms, other entities and entrepreneurs with a stable or rising market share, while increasing the rate of economic participation and the quality of life of its residents”.

• Elements: Technology, MNEs, Local firms, human capital, institutions, benchmarking

• Interviews: 85 companies, 32 other organisations
1: The economy needs greater attention

- CTCC widely seen as disinterested, unresponsive
- Should provide strategic leadership
- Impact of core spending decisions & regulations
- Plus positive economic measures
- Plus harness collective energies
1: Recommendations

1. Champion for economic development at high level:
   - In the Mayor’s office to
     • build relationships
     • improve the business climate
     • sort out bottlenecks
   - Power to lever resources for transformative initiatives
   - Oversight of all long-term plans & by-laws re economic impact

2. Independent economic observatory
2: Position CT as an economic location

- Lifestyle image, not business reputation
- Economic inclusion, black professionals
- High cost of living, low social mobility
- Biggest economic asset is quality of life for highly-skilled and well-paid
- Creates tensions and opportunities
2: Recommendations

3. A broader & bolder economic vision & strategy:
   - Widely supported
   - Balancing jobs, household services, environment
   - Economic infrastructure, business climate
   - Human & business capabilities
   - Mainstreaming of the green economy
   - Building on existing strengths - financial services, agro-processing, BPO and retail services
   - Developing new sector strengths in creative industries, higher education, niche agro-processing
3: Improved economic infrastructure

- Competent city administration but uninspiring
- Ageing bulk infrastructure
- Transport system is very poor
- Capacity & cost of telecoms
- Development control regime
- Spatial priorities?
- Port management
- Devolution of built environment functions
3: Recommendations

4. Prioritise and coordinate planning & management of major economic infrastructure
   • Align land-use planning, transport, economic development
   • Task force to secure higher level of investment
   • Integrated public transport plan
   • Task force with province & parastatals for state land
   • Engage with Transnet on the Port

5. Finalise the integrated zoning scheme & associated policies (e.g. densification) to create a unified development control framework
4: Strengthen skills base

• Vital for productivity
• Uneven educational attainment
• Social hazard of unemployed youth
• Spatial exclusion of poor
• Labour shortages among middle management, IT staff, engineers & skilled artisans
6. Work in partnership with relevant institutions to:
   - Research skill shortages and formulate solutions
   - Integrated labour market service
   - Employability and job search skills
   - Access government funds to support work experience, e.g. Community Works Programme
   - Identifying gaps in existing provision - career guidance services; retraining redundant workers; internal training opportunities
5: Encourage more dynamic, innovative companies

- High growth companies benefit from places with:
  - High investment in research, design & development;
  - Advanced knowledge & expertise
  - Well connected business environments for learning
  - Supply of graduates
  - Active industry associations
- Agro-processing closest to a regional innovation system
- Advanced technologies patchy elsewhere
- Innovation & technological progress constrained by the absorption & use of advanced knowledge
  - Ambition, expertise, funding
- Entrepreneurial success constrained by physical, financial, procedural factors and crime
5: Recommendations

7. Hands-on support for sectoral business agencies
   • Ensure wide spectrum of services
   • Clear roles and responsibilities
   • Include informal enterprises

8. Target MNEs close to the technology frontier and embed them

9. Strengthen links between universities and local companies
6: Organise & collaborate to succeed

- Need supportive & stable business environment
- Plus boldness and opportunity-orientation
- CT’s diverse economy weakens city-wide networks & linkages
- Institutionally fragmented business organisations
- City needs to work in partnership with other local, provincial and national organisations
6: Recommendations

10. Platforms for closer engagement especially with:
   - Local business leaders
   - Business support agencies
   - Parastatals
   - Government departments
   - Events, seminars, workshops, networking
Thank you