

# URBAN AGE JOHANNESBURG CONFERENCE JULY 2006

HSBC RESERVE BANK OF SOUTH AFRICA

Miriam Altman

Executive Director, Human Sciences Research Council of South Africa

ALTERNATIVE DISPUTE RESOLUTION

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# Labour Markets & Work Places: the case of Alex's Labour Force

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Dr. Miriam Altman  
Executive Director  
Employment, Growth & Development Initiative  
Human Sciences Research Council

# Alexandra township: thinking about economic activity

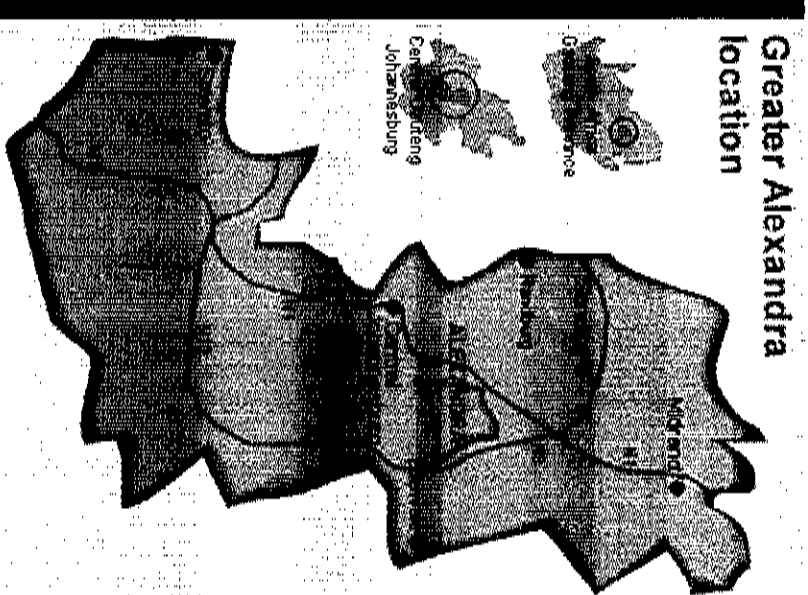
- "Alex" is a small concentrated location in the
- covers an area of over 800 hectares and has a population estimated as approximately 350 000 people

- Alex differs from other SA "townships":  
resisted removals: is older & more established centre

Established 1912, through Apartheid, 1960s  
hostels, political clashes

long term existence within major urban centre  
Core settled population, mixed with migrants,  
emotional link for many former residents

More economically active than usually found in  
SA townships



# Labour Force

- Unemployment rates = higher than for Gauteng and at about national average

At most 1/3 to 1/4 of Alex workforce are employed in Greater Alex sub-region

formal sector = 23,000

Informal sector = 3,000

About 2/3 to 3/4 (50,000 to 90,000) work in *other* areas such as the CBD, Sandton & Midrand

## Male occupations in the informal sector

68% = low skill workers (eg. packer, delivery person, driver, manual labour)

33% = trades (eg. plumbers, carpenters, painters etc. mainly men)

16% = sales

17% = administrative

10% = professional

24% = domestic workers (mainly women)

24% = entrepreneurs (mainly women)

8% = service sector

# Business profile

## Industrial area

Widely built (mostly) tenement over by squatters

Wynberg (west): Kew & Bramley (south) = viable industrial & commercial centres

about 2000-3000 workers employed in manufacturing & engineering

Pan Africa (west) = former industrial area

2,000 workers in 100 formal manuf & transport firms

900 workers in 556 informal firms: mainly retail & personal services

## Residential area

Alex = about 2,000 working in 755 informal firms

Mostly retail, personal services, then transport and a bit of manufacturing

Most lack training & accreditation that would qualify them for the markets

Limited access to appropriate land and services

# Diminishing value for city & residents

strenghts, where there is inherent but unrealised potential that correspond to growth opportunities

- Integration into wider urban fabric
- build on the strategic location of Alexandra within the Gauteng economic triangle
- Improve functionality and stability of sub-region
- Build relationships, and make area more cohesive



# Theoretical development options

## Project/Urban Regeneration Node - Presidential Lead

Project/Urban Regeneration Node, as from 2001

### LED objective:

- Deconstruct current participation (reduce unemployment?)
- Raise realisable value of property

### ■ Possible options?

Secure area, give title, hope that developers buy up properties & redevelop

Build on current strengths & capabilities of area & residents for more organic development; with de-densification

For residents: LED, but also improve access to wider employment & business opportunities

# Thinking about economic opportunity

people, relative to wider growth opportunities  
for the business &

Alex development strategy = services strategy

Strong pressure to focus on manufacturing

Over the past 30 years, majority of new employment found in services

Services account for about 70% of SA GDP & employment

Large portion of Alex residents already work in services



# The Clusters

## Sectors chosen on basis of:

- linked to existing and/or high growth sectors (public & private)
- already have presence in area
- location could offer competitive advantage
- services have greater job creation potential

## Focusing on:

- Construction
- Auto & transport services
- Retail & personal services
- Business Process Outsourcing
- Tourism & culture
- "Care" hub (social services, public & private)

# Wynberg/Kew

## Wynberg District

- Improve quality of services
- Maintain low rates & rentals
- Avoid laager mentality
- Help organise business forums
- Help support retention & expansion of existing business
- Result: zero vacancy rate; indication that some current property owners may redevelop



# Pan Africa

and a high level of profitability (R25 – 50/sq/m) services, high profitability (R25 – 50/sq/m) Busv., but little development and very disorderly

## Investment

## Improve dynamic linkages to Wynberg & Alex

## Immediate action:

Public safety

## Informal trade management

Rautenbach-Watt road link

## Branding Pan Africa

Promote orderly agglomerations around  
 formation of multi-level housing facility



# Alexandra

Community Development Strategy

Illegal business removed

Small retail & personal services

2000-2005

BEE band & business ownership

Supported by improved road network

Dirty business moved into hives nearby

Development of institutions to deliver:

business services

skills matching services



Businesses, desire to apply, by means

# Biases in SA urban development

## Conceptual development

- ✦ 'first' vs '3rd' world conceptualisation
  - ✦ 'high road' vs 'low road'
- Commercial interests & impact on development models
- Manufacturing bias in industrial promotion
- Tensions in govt mandates
- Limited community 'voice'