



Alderman James Vos Mayoral Committee Member: Economic Opportunities and Asset Management

PROJECT ITHUBA LAUNCH

INTRODUCTION

The word “**Ithuba**” means opportunity in Xhosa. The theme fittingly links in with the City’s IDP objective of being an Opportunity City, and with the name of the newly established portfolio, which it is my privilege to champion.

The main objective of Project Ithuba is to expand opportunities throughout the city for all, by supporting the high growth sectors of the economy.

The project is aimed at igniting the key economic sectors within the newly established Economic Opportunities and Asset Management directorate, to achieve growth.

Economic Opportunities and Asset Management has been established as a result of the alignment of the previous Enterprise and Investment portfolio with the Facilities, Fleet and Property Management portfolios to facilitate service integration and strategic alignment.

In my role as Mayoral Committee Member, my focus is to ensure that this new portfolio delivers on its potential to ensure that Cape Town continues to be the go-to city on the African Continent and globally for, business, trade and tourism.

We are blessed to have a diverse economy that is creating jobs and keeping unemployment low, against the national trend. As the City of Cape Town, our main objective is to continue to build on this success by working with industries and communities to invest in projects and programs that will drive demand and make business sense.

Project Ithuba is the tool to ensure we keep track of the short term foci and key deliverables as well as deliverables which span multiple budget cycles and endure beyond political terms.

The strategic alignment, through the Project Ithuba lens, informs the review and refinement of the Integrated Development Plan and serves as a portfolio management and delivery implementation tool.

The financial alignment facilitated by this project will ensure that current spend is interrogated and the needs identified. Additionally, it will assist with the review and preparation of input into the budget process by identifying gaps.

The preparation and input for 2019/20 budget submission will allow us to confirm the forward spend and track multi cycle expenditure.

The project is aimed to assist with planning and integration, measure delivery, identify resource gaps, challenges and needs, highlight finance imperatives and risks and clarify / adapt the portfolios transversal approach and strategic alignment.

WHY EO-AM

Economic Opportunities & Asset Management value proposition through the Ithuba lens;

The key purpose of the EO-AM portfolio is to position Cape Town as a city with an efficient environment that is conducive to economic growth, entrepreneurship and sustainable employment.

We have the opportunity to implement quicker, simpler and cost effective solutions through the provision of professional, economic development services based on sound analytical research and expert knowledge, this includes;

- The leveraging of appropriate City immovable property assets throughout the asset life cycle management, in coordination with other public asset owners in the City.
- Enterprise and Investment's continuing focus is on creating an enabling environment for investment and economic activity in pursuit of inclusive economic growth and job creation.
- Strategic Assets portfolio will act as an enabler and leverage in the City's tourism, travel, events and investment strategies for commercial benefit and thus optimize income.
- The Directorate is also responsible for the key corporate functions namely Fleet (moveable assets) and Facilities Management.

Project Ithuba will solidify our capabilities and use this window of opportunity to focus on;

- Investment to facilitate access to jobs
- Tourism diversification to drive demand
- Sector support to enhance competitiveness
- Supplying skills for economic growth
- Asset Management to unlock value and efficiencies

I will now take this opportunity to expand a little on each aspect;

INVESTMENT OPPORTUNITY

By championing the **#InvestCapeTown** initiative, which continues to position Cape Town as a globally competitive business destination.

The INVEST CAPE TOWN promotional platforms include a world class website, dedicated LinkedIn account, social media activations, event leveraging, article placement in international publications and targeted advertisements.

Amazon is a practical real world example of our recent successes. The team secured the Amazon investment into the three data centres which are being built in Cape Town. This investment represents apparently the largest single investment into South Africa since 1994 and will total a R20 billion spend on the three data centres

The marketing of the newly designated Atlantis SEZ internationally through INVEST CAPE TOWN and our partners at Greencape, will allow us to build renewed capacity in our Atlantis Facilitation Office to assist more potential investors land their investments.

As part of our current commitment to giving effect to our I MEAN BUSINESS philosophy, the Investment Facilitation Unit is working with other departments to implement the incentive policies

that allow the City to cut red tape and provide incentives to businesses investing in Atlantis green tech hub and Cape Town per se.

Real time interventions; by accelerating building plan applications, establishing an electricity demand curtailment program to mitigate load-shedding, have facilitated the investment of PF non-wovens. This enterprise equates to a R1.3billion Investment in 2018 for the construction of a non-woven textile factory in Atlantis.

This is one of the biggest investments into this area in recent years and will eventually provide 200 jobs by the end of Phase 3. The plant is currently in commissioning phase and is expected to start production mid-2019.

On a global and continental front, we will continue to enhance the investment attractiveness of Cape Town through our funding of the Air Access Project creating more passenger and cargo connectivity with Cape Town.

Particular emphasis has been and will continue to be placed on securing a North American route. In fact, we have recently had the privilege of announcing the anticipated direct flight between Cape Town and Newark Airport, the flights will be operated by United airlines and provide much welcomed access to the North American market.

Additionally, Project Ithuba will promote the new Investment Incentives Policy and designate the five new industrial areas where these will apply. This will be done in the second half of 2019 by obtaining council support for these five new areas and strategically important investments that qualify for these incentives.

TOURISM OPORUNITY

Even though, Cape Town has continued to retain our international and national visitor numbers, the right moment to conclude the development and implementation of a refreshed **Tourism Development Framework** (TDF).

The TDF has five specific focus areas, designed to encourage inclusive and sustainable tourism business practices. The draft framework, having been exceptionally well received by the leading market players, is currently going through a consultative process designed to stimulate meaningful input and engagement from all parts of the sector.

Growing the depth and diversity of hospitality products and participants in Cape Town, links in with my personal passion. The interventions we will include will emphasize the need and rewards of training in travel technologies and platforms that enable ease of access to previously inaccessible markets.

Cape Town was recently acknowledged at the Africa World Travel Market (held earlier this month) and we are indeed very fortunate to be able to continue to secure tourism revenue streams which is a major contributor to job creation in Cape Town. Over the last decade the sector has annually contributed between 2% and 3.5% to the local economy.

Currently the tourism economy in Cape Town sustains around 150 000 jobs in total, making it the sector with the highest growth and employment potential. And from this base we have set our sights on delivering the industry projected target of 2 million jobs by 2030!

As the City, we know that our work goes beyond providing basic services and we are committed to working with all sectors to promote investment. When it comes to tourism, we need to constantly improve our product offering to tap into new markets and grow existing markets so that this business can continue to create jobs.

Tourism is also the sector that has all the factors to attract young people and make a meaningful dent in youth unemployment. Our young people have fresh ideas and are on top of trends that

industry leaders and experienced tourism professionals need to tap into to meet the demand and the tastes of travelers.

Tapping into this energy is one of the reasons we have decided to appoint a Destination Marketing Organisation (DMO) for three years.

This approach allows the City to create longer term interventions designed to market the region internationally and domestically in a considered and consistent manner. A new focal area of the mandate will be conversion, the point at which potential visitors make the decision to visit.

The DMO will also play a more active role in the management of destination experience through initiatives around visitor safety, new product facilitation and the provision of visitor information services.

SKILLS OPPORTUNITY

With the undeniable necessity for Capetonians to be competitive and market ready, we have the opportunity to continue to create the circumstance in which to increase the scale of our sector skills programmes.

We have achieved stellar results from the skills programs that have been undertaken in the high growth Business Process Outsourcing (BPO) sector. The focus is simple; placement into work opportunities, avoiding training for trainings sake.

Project Ithuba will ensure the crowding in of our support of partners, in particular private companies active training in those sectors, to ensure there are employment opportunities.

This is one of the achievements that I am very proud of, being the work we are doing with the catalytic sectors where we fund and work with special purpose vehicles to attract investment, create jobs and skills opportunities. We will continue to fund bodies such as **Wesgro, GreenCape, BPESA, Clotex**, the **Cape Craft, Design Institute** and the **Cape IT Initiative** who all work in high growth sectors.

Since the 2012/13 financial year, the City has funded a total of R169.2million to these bodies to facilitate investment, job creation and training opportunities for residents of Cape Town.

In return R17.98billion worth of investment has been attracted since 2012/13 through working with Special Purpose Vehicle companies and other partners in key growth sectors.

Over 29 000 jobs created and over 10 600 received skills development opportunities through City funding between 2012/13 and till March 2019 by catalytic sector partners.

We will continue the roll-out of the outcomes based workforce development tender awarded to Lulaway, which has already seen 2000 young unemployed people being placed in work opportunities over 18 months of the programme.

Hand in hand, we will maintain a comprehensive and functional work-seekers database that is able to track and communicate with work-seekers in order to better place them in work opportunities. This database is being constantly updated by Lulaway and currently sits on over 20 000 people.

ASSET MANAGEMENT OPPORTUNITY

The amalgamation of the assets portfolio with economic opportunities provides space for a new lease on life to unlock the potential of our assets of high social, economic, environmental and heritage value that require an asset specific management model.

The creation of a dedicated directorate, known as **Strategic Assets**, will ensure that the appropriate management of strategic assets provides a competitive advantage, enhances the profile and position of INVEST CAPE TOWN on a global platform.

Our precious assets need to act as enablers and leverage tourism, travel, events and investment strategies, while hosting our communities and showcasing our myriad of cultural and sporting talent.

In preparation of the new department, which will officially be established 1 July 2019, we have established working groups under the oversight of Project Ithuba that will oversee the drafting of a business improvement program to address the optimizing of the **Good Hope Centre, City Hall, Grand Parade** and **Athlone Stadium**.

We will also be developing synergies to unlock value within the City owned property portfolio to increase corporate accommodation while reducing 'leased in' costs.

In addition, and to this end we plan to grow the portfolio of corporate buildings owned by the City to deal with the shortage of corporate office space (like for example acquiring a refurbished office building within the Voortrekker Corridor).

BUSINESS DEVELOPMENT AND SECTOR SUPPORT OPPORTUNITY

Giving full effect to our stated mantra of, I MEAN BUSINESS, Project Ithuba provides the impetus to the opening of a walk-in **Business Service Hub** in the Strand Concourse in mid-2019.

This Center will offer facilitation services for small businesses interacting with the Municipality as well as provide business support services through a network of partners.

By taking the hub to the community, in the form of mobile activations in communities, we will be building on the City's Virtual Business Hub helpdesk which responded to 1 129 enquiries from Small to Medium Enterprises and entrepreneurs during the 2017/18 financial year.

Over 88% of these enquiries were resolved/ actioned within 2 working days.

In addition, strategically drive the City's role in applying BBBEE codes and encouraging enterprise and supplier development. The City is currently developing a new BEE strategy led by Enterprise and Investment, opening up new opportunities for participation which will be piloted with the new fleet tender being run by the fleet management department.

An essential part of executing our intent to drive demand, the funding Enterprise Development across all priority sectors of the Cape Town economy through agencies and partners is for us, essential.

Examples of this include Craft and Design Institute, from working with crafters to upscale their businesses to Sarebi helping to incubate new enterprises in renewable energy. This adds to the depth and breadth of economic opportunities within a sector.

We will continue to enter into business relationships with SPV's, external agencies, industry associations and specialist organizations.

By this collaboration and utilising our specific strengths, yet combined effort, we are able to signal that Cape Town is open for business and ready to work with our partners across Africa and globally.

Partnerships, in every diverse facet of our economy, help to build connections, from cottage industries, to startups, through to global technology and innovation giants.

These ongoing collaboration that will not only build our economy, but that will also see us finding lasting solutions for creating a prosperous Africa.

We anticipate that investment promotion with strategic partners will result in achieving between R3bn - R3,5bn worth of investments and 5000 direct jobs. With training and placement of over 3000 beneficiaries in priority sectors, i.e. Green tech, BPO etc.

By way of example, Project Ithuba will endorse our targeted sector support strategy regarding the Cape Town clothing sector.

We will commission a clothing and textiles sector study to measure and analyse the economic contribution of the clothing, textile, fashion, leather & craft industries to the City economy as well as determine interventions.

We anticipate that by adapting to global trends, we can re-establish Cape Town as the clothing capital, to lead the industry revival in clothing, textile and fashion, taking advantage of our inherent skills base and strong retailer presence.

CONCLUSION

In closing, I would like to thank the Executive Mayor for trusting me with this *growing* task.

The Executive Director Mrs Kelcy Le Keur for her support and enthusiasm.

The EO_AM directors who lead her highly qualified and motivated team I have no doubt we will very soon reach our goals and perhaps beyond!

I trust you are as excited about Project Ithuba as I am, through this lens we aim to accelerate the key economic sectors within Cape Town through;

- diversifying tourism,
- supplying skills,
- optimizing asset management,
- building sector support and facilitating investment.

Thank you for joining us and we hope you will partner with us along this journey by spreading the word.... Ithuba / Opportunity, join us.

ENDS

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