- No contact watersport should be permitted on the Orlando Dam or the Harringtonspruit Dam until the water quality conforms to acceptable standards for contact recreational sports

11.3 SMME Support Initiative

The SMME sector has been identified as the potential competitive advantage that the Baralink area should capitalise on to act as the potential catalyst to development if correctly supported in terms of necessary business support and infrastructure.

SMME development will be supported by means of:

- Promotion of multi-functional SMME facilities that combine commercial and light industrial land uses with business-support centres. These centres would include financial, educational and training facilities
- Encouraging Government specialised structures such as Khula & Ntskika to provide financial and non-financial support, particularly through existing NGO's
- Consideration of SMME needs in terms of urban planning and encourage mixed-use residential areas to enable the development of a local economy.

11.4 Institutional Support

The participation of institutional investors will be supported primarily through negotiation with interested parties on an individual basis, with the aim of establishing a partnership with business where the roles and responsibilities of each party can be agreed.

11.5 Urban Crime & Decay Initiative

The perception of urban crime and decay has been identified as being the greatest social barrier to investment in the Baralink area. In order to improve conditions in the area it is proposed that the Baralink area be divided into precincts for the purpose of establishing Business Improvement Districts (BID) as a means of managing the area. This can be done in terms of the City Improvement District Act (Act No. 12 of 1997) that outlines the legal process to establish a Section 21 company to oversee the management and upkeep of a designated area.

Visible community policing and active urban management, such as waste collection and litter prevention will improve the image of the area and provide a quality of environment that is attractive to people in terms of living, working and spending time after hours.

Given the need to promote SMME's within the Baralink area, it is proposed that the GJMC consider outsourcing functions associated with the provision of services, for example, meter reading, water, sewerage and electricity maintenance services, waste collection and community policing. This is in keeping with the proposal s for refocusing the GJMC as outlined in the eGoli 2002 document.

12 BENEFITS OF INVESTMENT

The proximity of Baralink to Soweto has raised a number of issues relating to the potential of the area for development through a combination of private and public sector investment. For the Baralink area to develop a thriving mixed-use local economy, it cannot compete with the established sectors of the metropolitan, but needs to find its own strengths with the one abundant resource it has, the local communities, and needs to focus on the SMME sector as being the comparative advantage of the South.

A SWOT analysis was undertaken to assess the existing status of the Baralink area as an investment proposition. The SWOT analysis highlights the current status of the area as an undeveloped sector, but also raises the potential investment prospects that exist.

12.1.1.1.1 **STRENGTHS** (existing)	12.1.1.1.2 **WEAKNESSES** (presently undermines investment in the area)
1. Proximity to buying power of population of Soweto 2. Access to a skilled labour force 3. Land available for release and development 4. Coherent vision and implementation strategy for the area 5. Established educational facilities for vertical integration with industry R&D 6. Proposed EDZ status to facilitate international investment and to support SMME's and export-orientated industry 7. Rates holidays and rebates supported by the local authorities	1. Perception of criminal activity in area 2. Formal economic structures not well established (banking, legal, administrative & other support services) 3. Weak public sector decision-making and a history of non-investment by the formal sector 4. No investment framework for Soweto/Baralink 5. Is a monofunctional area with limited urban infrastructure services 6. Economic growth sectors (high value-added) moving to northern areas of Greater Johannesburg 7. Lack of public amenities and managed open spaces
12.1.1.1.3 **OPPORTUNITIES** (current & future)	12.1.1.1.4 **THREATS** (may undermine future investment)
1. Tailored infrastructure investment to support the development strategy 2. Implementation of BID's to curb crime and urban decay 3. Chris Hani/Baragwanath Hospital is the busiest hospital in the southern hemisphere 4. Significant number of commuters moving through the Baralink area on a daily basis (not currently captured by the formal sector) 5. Growth of formal sector segments as identified in market demand analysis	1. Criminal activity 2. No formal sector investment in area 3. Competition between local authorities for rateable investment 4. Perceptions of Soweto/Baralink as a residential area

12.2 ECONOMIC BENEFITS OF INVESTMENT

The macro-economic analysis that was undertaken indicates that investment in the Baralink area could have substantial benefits to the local community and the wider region. The economic benefit that could be attained by investment as forecast by the economic modeling is summarised in the tables below.

12.3 ESTIMATED ECONOMIC IMPACT

Within the Baralink area, an estimated 13 856 direct employment opportunities would be created over the ten year period as a result of the construction of transport and services infrastructure and the market-related development, of which 5 783 would be resident within the Baralink area. The number of direct job opportunities per annum ranges from a minimum of 800 (year 3 and 4) to a maximum of 2200 (year 6). At least 1 300 construction workers could be employed on a continuous basis from year 5 to year 9. The total additional employment that could be supported by construction-related activity over the 10-year period is estimated at 7 263, with a peak of 1 200 employment opportunities generated in year 6.

Employment would also be generated as a result of the operations of facilities within market sectors. A total of 31 480 direct employment opportunities could be supported during the first ten years of the proposed development. Although the first year would only create just over 500 employment opportunities, an average of 580 jobs would be created for each year of development. It is anticipated that employment will be sustained due to a synergy created by the economic activity. An estimated 14 383 additional employment opportunities could be supported on a continuous basis according to the Baralink development scenario, if the regional economy does not deviate substantially from the forecast trends.

The model indicates that net economic impact due to construction activity peaks in year 6. This is due to the proposed regional retail development at the Orlando Power Station (see Baralink: Marketing Strategy: Section V) coming on stream if the planning process is completed in time. Provision of transport and services infrastructure for medium-term development, in particular housing which accelerates in the last 5-year period of the model, also comes on stream in year 6. The effect of retail development also plays a significant role in retaining local earnings. It is assumed that as persons become more familiar with places of purchasing goods, more income is spent within the Baralink area and less leakage occurs.

The largest generator of operational employment, over the first 10 years, is the commercial sector. An estimated 10 313 employment opportunities could be supported during this time as a result of meeting the applicable demand, resulting in almost 1900 full-time employment opportunities at the end of year 10. Indications are that the industrial sector will offer a significantly smaller number of employment opportunities, namely 7 237 over the first 10 years, peaking at 420 jobs in year 10.

We have attempted to relate the employment opportunities to the current situation of employment in the Baralink area. The market demand analysis estimates there are approximately 90 000 households supporting about 500 000 people in the Baralink area. Although the current unemployment rate per household for the Baralink area is unknown, an empirical value of 1.6 earners per household indicates that the potential employment opportunities as derived from the expenditure would support a substantial number of households. This is summarised in the table below.

Table 6. Number of Households Supported in the Baralink Area.

YEAR	DIRECT EMPLOYMENT	INDIRECT EMPLOYMENT	TOTAL	NUMBER HOUSEHOLDS SUPPORTED
1	1400	310	1700	1000
2	2400	600	3000	1800
3	2500	720	3200	2000
4	3000	1020	4000	2500
5	4500	1430	6000	3700
6	5500	2500	8000	5000
7	5500	3000	8500	5300
8	6200	3800	10000	6250
9	6850	4300	11000	6800
10	7100	3700	11000	6800

The construction-related expenditure and employment opportunities are summarised in the table below.

Table 7. Construction-related Expenditure and Employment Opportunities.

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
EXPENDITURE (R MILLION)	65	89	58	58	123	159	110	119	119	97
DIRECT EMPLOYMENT SUPPORTED	909	1239	807	807	1703	2202	1530	1651	1655	1353
INDIRECT EMPLOYMENT SUPPORTED	158	349	317	407	905	1285	932	1018	1034	858

Although they were calculated as part of the modelling exercise, the above table does not include the number of employment opportunities relating to maintenance work that would be undertaken throughout the lifetime of the building. Temporary work opportunities associated with construction expenditure have also not been included in the calculations.

The operational expenditure within various market sectors and the employment opportunities supported is summarised in the table below.

Table 8. Operations-related Expenditure and Employment Opportunities

	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5	YEAR 6	YEAR 7	YEAR 8	YEAR 9	YEAR 10
EXPENDITURE (R MILLION)	6	21	33	50	73	95	162	208	247	287
DIRECT EMPLOYMENT SUPPORTED	504	1241	1703	2181	2824	3287	4060	4670	5210	5800
INDIRECT EMPLOYMENT SUPPORTED	75	254	408	625	530	1193	2170	2832	3355	2941

This analysis provides the basis of the argument that development within the Baralink area will have a substantial economic benefit not only for the local community but has the potential to make a substantial contribution to the regional economy, given the right levels of support to from the provincial and local government.

13 CONCLUSION

The Baralink Economic Impact Assessment and Implementation Strategy was undertaken with the objective of maximising the economic value of the land parcels that are available for development in the Baralink area.

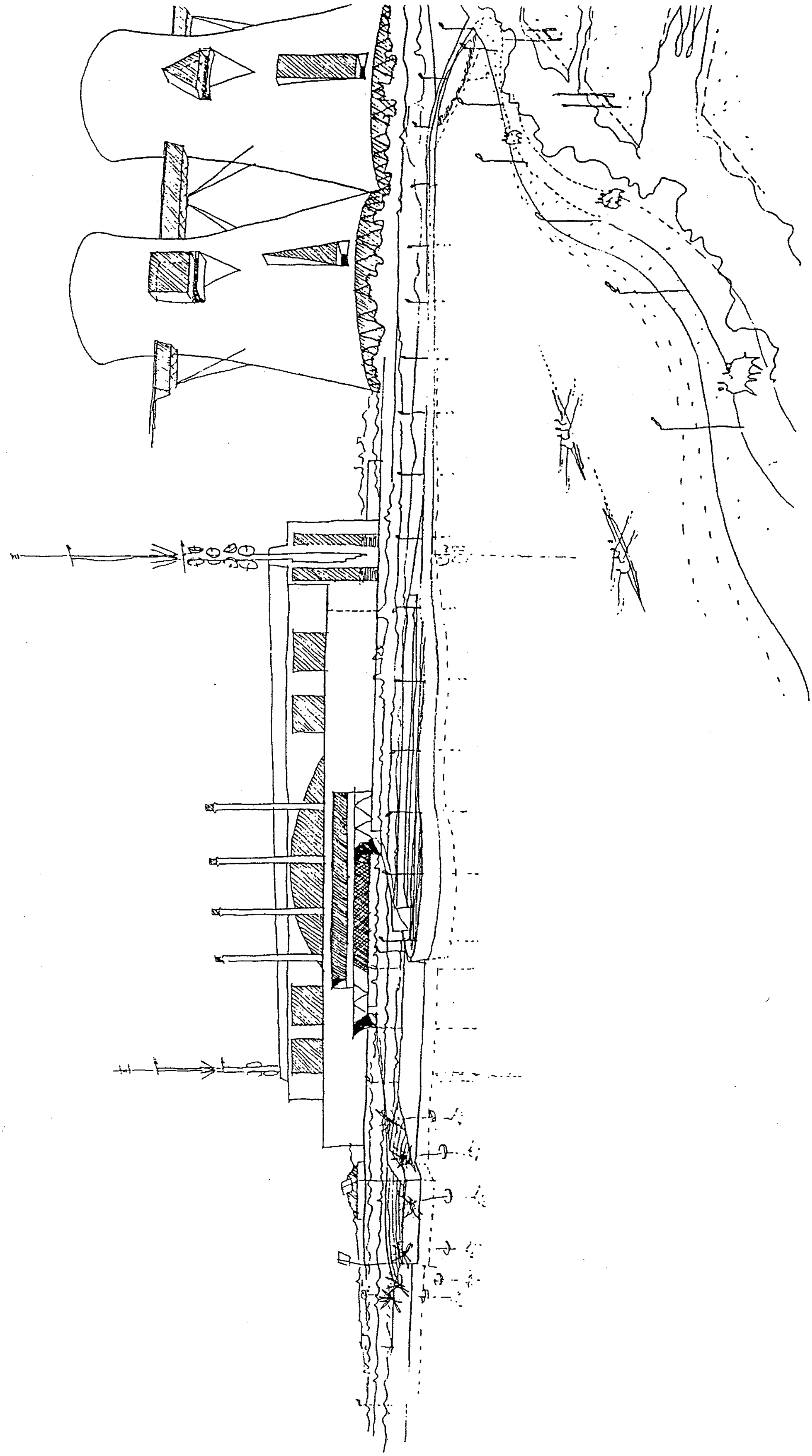
This study has highlighted the need for investment in the area to meet the needs of residents, and to provide a basis for the development of a local economy that can make a positive contribution to the Gauteng region. Characteristics of the area point to the SMME sector as being the growth point and having the potential to contribute to the formal economy.

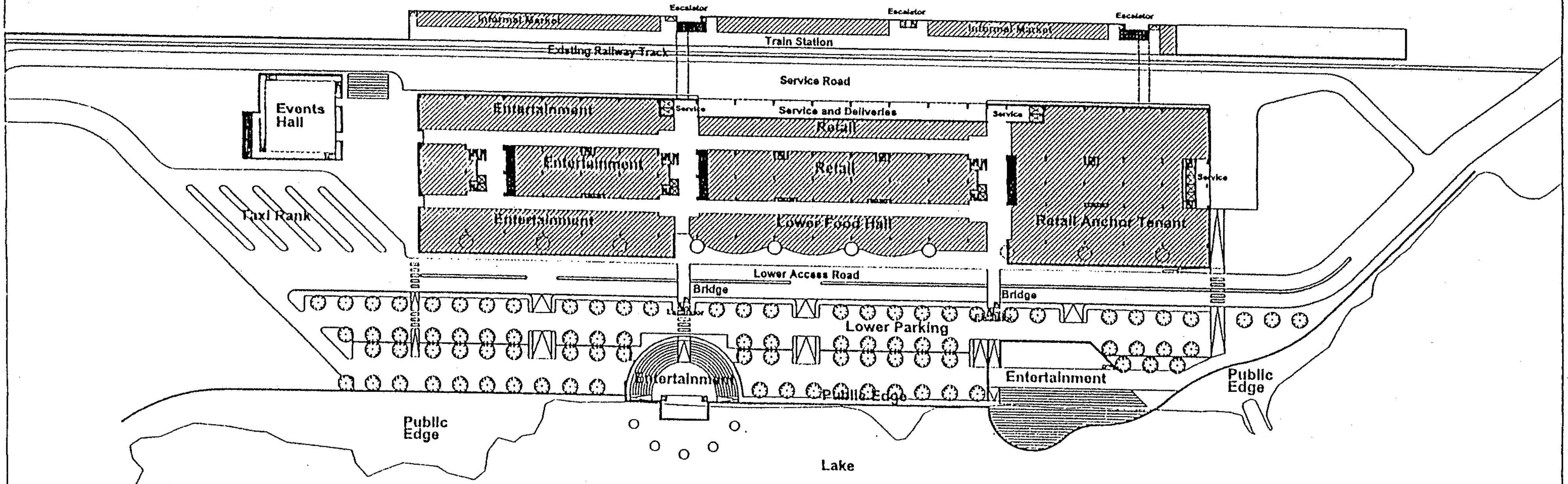
Land use planning needs to balance the demand for commercial, retail, industrial and other market related activities with demand for residential development; while at the same time providing opportunities in terms of zoning for SMME's. This would achieve the overall objective of encouraging the area to become one of mixed-use where the need for long distance commuting to reach work opportunities is minimised.

The model of the economic impact assessment relating to the possible expenditure in the Baralink area provides an indication of the potential for private sector investment to translate into substantial employment opportunities. The forecast market demand is believed to be realistic and development can be initiated without the need for major public sector investment; however there is a need for the public sector to be closely involved and proactive in the development process as it is a substantial land owner, and has the responsibility for the provision of basic services to support and maintain an environment that is conducive to investment.

Appendix 1

Artists Impressions of the Orlando Precinct

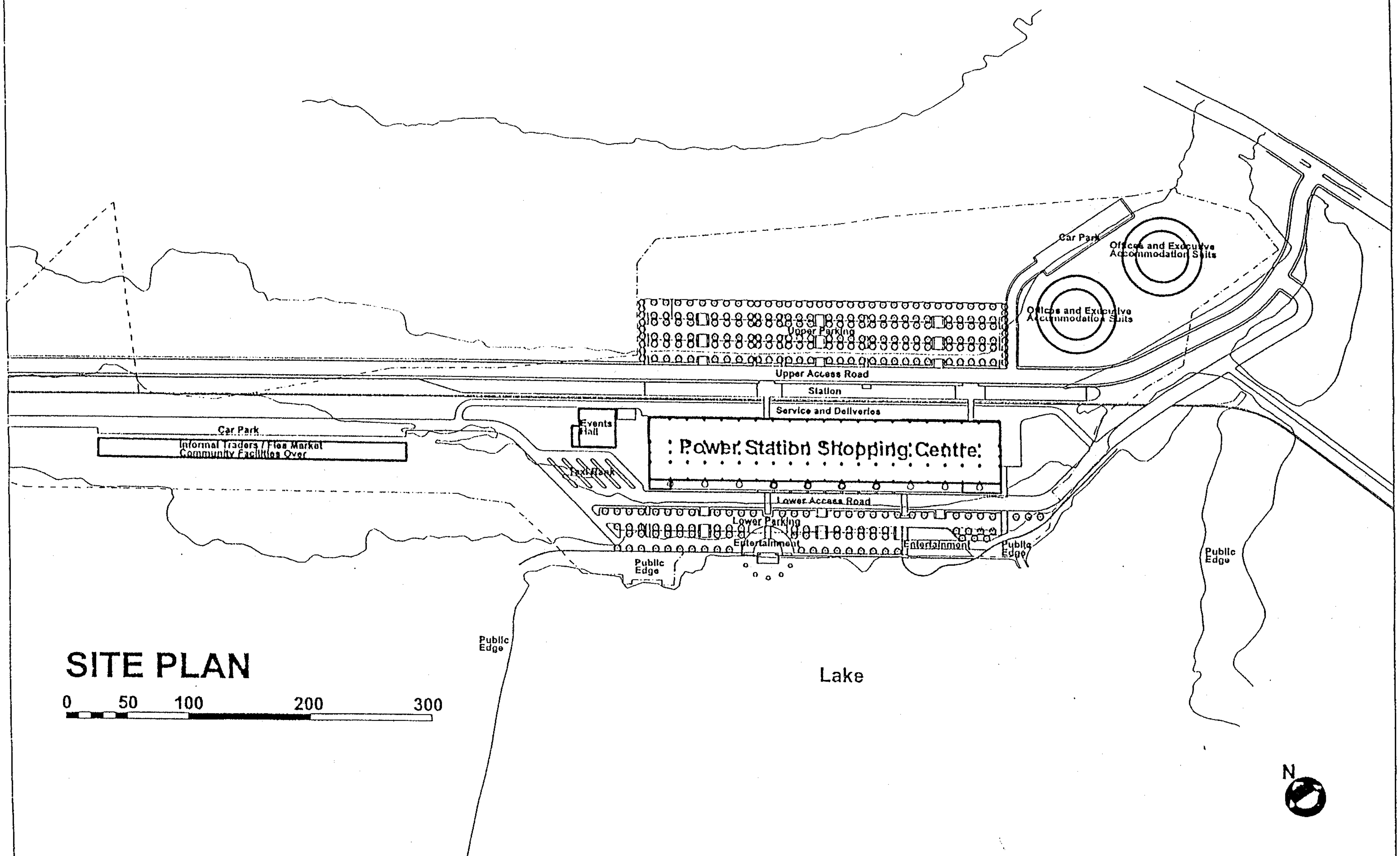




LOWER GROUND FLOOR

0 25 50 100 150

ORLANDO POWER STATION REDEVELOPMENT PROPOSAL



ORLANDO POWER STATION REDEVELOPMENT PROPOSAL