DEPARTMENT OF CONSTRUCTION ECOMONIC AND MANAGEMENT

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Exploring the effectiveness of partnership between private property developers and the city of Johannesburg on the growth and development of the construction sector: the case of Johannesburg Inner City.

MASTERS IN SCIENCE PROJECT MANAGEMENT IN CONSTRUCTION

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DECLARATION

I, Michael Moloto, do hereby declare that this dissertation is the result of my investigation and research and that this has not been submitted in the part or full for any degree or for any other degree to any other University.

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Michael Moloto

ABSTRACT

The main aim of this study was to investigate the effectiveness of partnerships between the City of Johannesburg Municipality and private property developers in the inner city districts of the municipality, with a view to offer possible suggestions and recommendations on how to promote its successes. In order to achieve this, the following objectives were set; to establish the impact of the private property developers on how they drive the growth and development of small contractors and supply chain management in the Inner City of Johannesburg, to make an assessment of how private property developers have impacted on the growth and development of the local construction industry in the Inner City, to establish the challenges that has hindered the effectiveness and efficiency of private property developers in ensuring growth and development in the construction area in the Inner City Development Project, and to learn from past experience from the project to optimize the involvement of small contractors and suppliers in inner city regeneration. Due to the nature of this research, qualitative research methodology was used.

The research population was derived from several private property construction projects in the city of Johannesburg. Data were collected through the use of focus groups. The major findings were that private property developers complement the efforts of the municipality by reducing costs on projects, provision of quality end products that are beneficial and sustainable to the end user. They also ensure the provision of security to the beneficiaries of the project. On the relationship between private property developers and the city of Johannesburg, the researcher found out that, there is a distant relationship between the city of Johannesburg and private property developers with regard to the situation in the inner city.

This study recommends that private property developers should ensure that every project is transparent to all stakeholders and have representatives with clearly defined roles and responsibilities to ensure accountability, both in the failure or success of any project. Monitoring and evaluation should be implemented during every project process and levels. There is also need to properly budget for projects in order to reduce the possibility of half-baked projects.

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CSA……………………………………………....Constitution of South Africa

CBD…………………………………………Central Business District

PPP……………………………………………...Private Public Partnership

CHAPTER ONE: INTRODUCTION

1.1 Introduction

The subject of service delivery is an issue of concern to most governments. Efforts are being made to outsource partnerships to radically improve infrastructure networks in their countries and enhance service delivery to their citizens (Johnson and Flynn, 2015). The right to housing is one of the most vital basic human rights enshrined in the Constitution of South Africa 1996. It stipulated that everyone has the right to have access to adequate housing (Ahwireng and Mokgohlwa, 2002). This indicates the importance of housing in South Africa. The current situation however shows that the government is struggling to keep up with the growth in population. A News24 headline on the 27th of November 2018 clearly stated that; “Promise of right to housing remains elusive in democratic South Africa…” The mandate to provide decent and adequate housing is a national agenda in South Africa. According to the South African Housing Department (2018), they are determined to engage all stakeholders who include the civic society and the private sector so as to fulfill their commitment of creating functional, vibrant and balanced urban settlements by the year 2030.

The socio-economic development of a country is facilitated by the provision of adequate and functional infrastructure. This is key for the government in implementing its policies that can move towards sustainable development. The lack of capacity and resources to deal with affordable housing needs brings about the importance of government partnering with the private sector to help in this regard. This makes the exploration and development of sound partnerships between municipalities in the capacity of the public sector and the private sector in the provision of basic services and specifically affordable housing a pertinent issue.

Despite the constitutional right to housing for all, as outlined in section 26 of the Bill of Rights, the city of Johannesburg still has a housing challenge even after 25 years of democracy (Tissington, 2010). It is generally recognized that the state cannot deliver housing on the scale required in South Africa at a rate that is sustainable (Kutama, 2017). According to The Africa Check (2014), the biggest challenge that the new government faced in 1994 was the provision of housing to its citizens. At that time it was estimated that the backlog for housing provision was around 1.5 million houses. This figure was estimated to be growing yearly. The South African government’s white paper of 2011 however revealed that informal dwellings had shot up from 1.4 million in 1996 to 1.9 million in 2011. These problems also affect the private sector as homelessness, informality and the decay of neighborhoods can have negative impacts on their investments. This makes it critical for public and private sector to join forces and ensure that these housing issues are addressed. Working together will result in better and easier solutions as opposed to situations whereby the sole responsibility is given to one party. It is important to note that it is not easy to achieve successful working arrangements between these two parties and the important question of whether or not it is practically possible for the public and the private sector to have successful working arrangements still remains.

In order to address these developmental challenges, the city of Johannesburg is now focusing on using private property developers, to create demand for construction work for small contractors in the CBD and the inner city districts and precincts as part of a strategy for addressing the affordable housing backlog to its citizens (Cheshire and Lawrence, 2014). In August 2018 the Executive Mayor of Johannesburg launched the 71 Inner City Property Project. The event brought together private property developers, finance houses, bankers and the municipality (JICP 2018). The private sector is required to step in and attempt to help close the gap between an increased need and the available supply of affordable housing options. There is need for reliance on the market and other forces for larger scale solutions (Kutama, 2017). One such solution is granted through the involvement of Public Private Partnerships (PPPs).

This study is going to explore the effectiveness of partnerships between private property developers and the city of Johannesburg with a focus on the inner city regeneration. City of Johannesburg's inner city includes Maboneng, Hillbrow, Braamfontein, Braampark, Johannesburg CBD, Jeepestown, Joubert Park, Marshalltown and Newtown. All these areas have a lot of dilapidated and abandoned buildings that are in need of either serious renovations or reconstruction. Some of these buildings have become hubs of social vices, sheltering sex workers, robbers and the homeless. Hence, fixing these buildings also cleans up the city of these vices and restores the city to its former glory.

Figure 1.1 below is a map of Johannesburg's Inner City, courtesy of Global Network (2017). This is the area covered by the scope of this study.

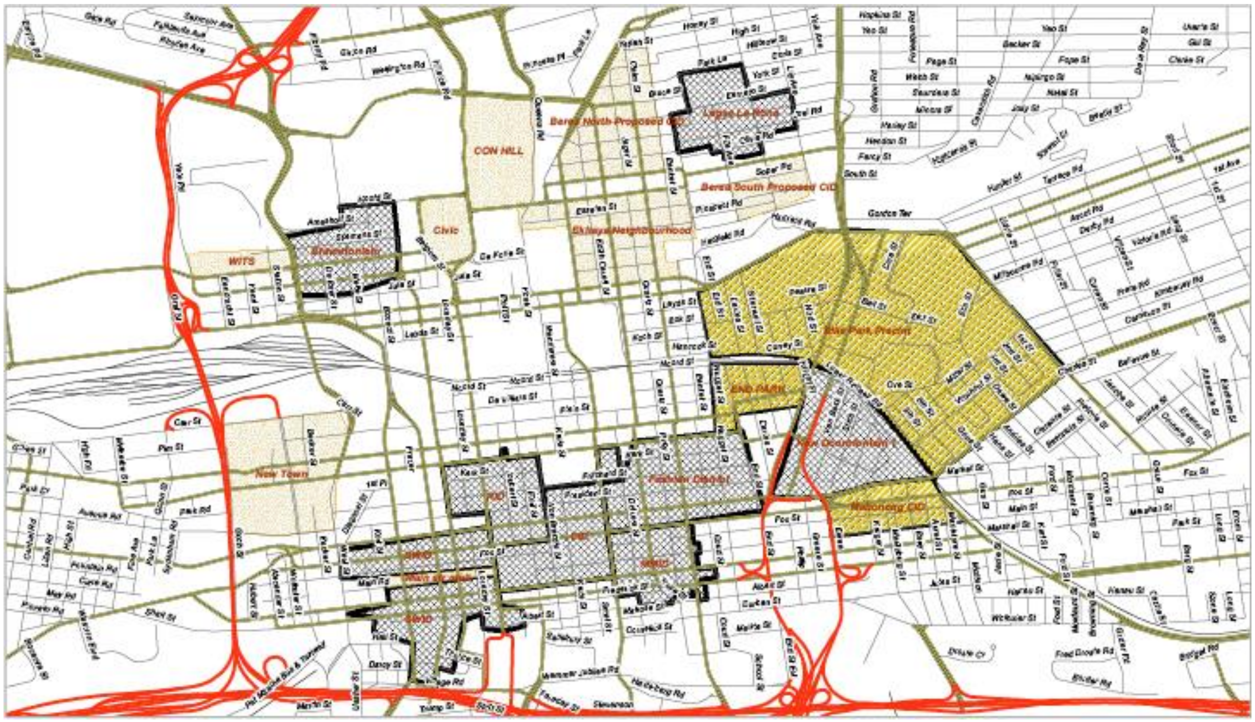

Figure 1.1: Johannesburg Inner City Map, Source: Global Network (2017)

1.2 Background to the problem

Anderson (2018) brings to light the issue that soon after South Africa's attaining independence in 1994, many corporate investors fled the Johannesburg CBD and its surrounding areas. This was the beginning of the city's decay. Residents also left the inner city due to either high rentals or the increasing crime rate. A large number of low income to average earning South Africans have opted for informal settlements for housing. According to Stats SA (2016), the overall number of South Africans living in informal settlements has decreased slightly from 13.6% in 2011 to 13.1% in 2014. They also state that in Gauteng, more than 5% of houses had informal backyard dwellings. Thus the City of Johannesburg if faced with the huge task of wooing back investors, providing affordable housing to the average residents, clean up the city of the crime, and to balance the apartheid regime's housing imbalances. The progress of South Africa as an improving democracy continues to carry hopes and aspirations for many of its citizens; however there still are lingering questions about its economic and social progress. Old infrastructure impedes economic development. The infrastructure is incapable of sustaining economic growth, which has averaged 3% for the past 20 years (Ahwireng and Mokgohlwa, 2002). The country's infrastructure is further affected by social development, which has seen a sharp increase in the percentage of the population having access to electricity, water, and an improved standard of life. According to the October 2011 census, 84.7% of South African households use electricity for lighting (up from 70.2% in 2001), 73.9% use electricity for cooking (up from 52.2%), and 58.8% use electricity for heating (up from 49.9%) (Banerjee, Oetzel and Ranganathan, 2006). There has also been an increase in access to tap water in South Africa, with the number of households with no access dropping to 8.8% in 2011 from 15.6% in 2001.

Infrastructural development has, on the contrary, been behind the stated economic and social developments, and this has created a massive backlog in the form of power generation, roads, and water reservoirs. The development of infrastructure globally is linked with corresponding economic growth. Public infrastructure is vital for economic development across a range of sectors, including power, transportation, water supply, telecommunications, oil, gas, mining, schools, hospitals, and military training facilities impacting directly on the country's economic growth (Pillai 2008).

Development of infrastructure is mainly the responsibility of governments, and when it is done well contributes to economic and social development. Governments across the world are, however, mostly faced with problems in delivering on their infrastructure development mandate and responsibility. They have sought a solution through private partnerships as a means of solving infrastructural development problems. These partnerships are a solution to overcome financial, technical and human resources deficit by allowing governments to draw from private sector organizations for infrastructure needs for their societies (Banerjee, Oetzel et al. 2006). The partnerships are instruments whereby public sector risks and rewards in the delivery of a public service can be shared with the private sector (Bender and Gibson, 2010). Much focus has been directed towards bulk infrastructure as opposed to residential development (Gupta and Biswas 2010). However, they are not merely vehicles for relieving governments of their responsibilities; they are rather solutions that help governments to efficiently deliver while retaining the ultimate accountability for the efficiency and cost of the public services (Gupta and Biswas 2010).

In a bid to race against time to fulfill its electoral pledge of housing for all by the year 2030, the City of Johannesburg has acknowledged the fact that they cannot do it alone without the engagement of private property developers. Scholtz (2017) quoted the Premier of Gauteng saying that the collaboration between the municipality and the private sector and other stakeholders had to be undertaken urgently for the development of the inner city.

In light of the above discussion, the researcher found it worthy to dig deeper into the partnerships between the city of Johannesburg and various private developers so as to assess the effectiveness and impact of such partnerships.

1.3 Problem Statement

The decaying of the Johannesburg CBD area and its surrounding inner city district as a result of corporates and the elite leaving the city after the country's independence has been a major cause of concern for the government. The result of this exodus was a lot of vacant buildings in dilapidated states which posed both a safety and social hazard as vagrants and building hijackers occupied those buildings and wreaked terror to the remaining residents and business owners. The pace at which the government was fostering development and rejuvenation of the city and the rate of decay was not matching, the government lagged behind. Hence, the need to involve private property developers, which has the bonus of employment creation. Therefore, this research sought to investigate the effectiveness of the partnerships between private property developers and the city of Johannesburg on growth and development of the city construction sector.

1.4 Research Aim

The main aim of this study was to find out the impact of private property developers in the Johannesburg Inner City Development Project, with a view to offer possible suggestions on how to promote its successes. This research initiative will point out the direction that may assist private property developers in driving the growth of small contractors and supply chain management.

1.5 Objectives

The key objectives of this research looked into the following:

- To establish the impact of the private property developers on how they drive growth and development of small contractors in the Inner City of Johannesburg.

- To investigate how the partnerships between the municipality and the private property developers have impacted on the growth and development of the local construction industry in Johannesburg's Inner City.
- To establish the challenges that hinder the effectiveness and efficiency of the partnerships between private property developers and the municipality in ensuring growth and development in the Inner City Project.
- To learn from the developed countries success stories in how they are implementing their inner city development projects.
- To learn from past projects experiences how to optimise the involvement of small contractors and suppliers in the inner city regeneration.

1.6 Research Questions

1. What is the impact of private property developers in the growth and development of small contractors and supply chain management?
2. To what extent does the private property developers enhance growth and development of the construction industry in the Johannesburg Inner City redevelopment projects?
3. What are the hindrances to the effective and efficient outcome of private property developers' ensuring growth and development of the small contractors and supply chain management in the inner city of Johannesburg?
4. What recommendations can be given to enhance the effectiveness and efficiency of private property developers?

1.7 Significance of the study

This research is going to add on to the available literature, which is still very limited on the effectiveness of government partnerships with private property developers in the development of inner cities, which will be beneficial to various groups of people. The target audiences of this research are students in the construction and development fields, investors in the property industries, property developers, municipalities and finance houses.

1.8 Chapter Organization

Chapter one

This chapter is an overall introductory section to the whole study. It contains the introduction, background to the study, the problem statement, and significance of the study, objectives and research questions. The sections are presented in a summarised manner.

Chapter two

This chapter consists of the literature review which details the literature relevant to the topic under study. Research gaps will be highlighted. Also included in the second chapter will be the theoretical and conceptual frame works of the study and the It will also serve as a guideline for data collection.

Chapter three

The chapter consists of research methodology which includes the research design, target population, sample size and sampling procedure, research instruments, reliability and validity of the instruments and data collection procedure.

Chapter four

The chapter will deal with presentation and analysis of the data collected. The data will be presented in graphs and tables. The literature reviewed in chapter two will be used to substantiate the findings of this study.

Chapter five

This chapter consists of the conclusions from the research findings and of possible recommendations to deal with the challenges identified in the research findings of the study. It will suggest areas for further research.

1.9 Chapter Summary

The chapter has provided a framework for the study titled; investigating the effectiveness of partnerships between private property developers and the city of Johannesburg on growth and development of the construction sector. The chapter began by introducing the topic of partnerships between governments and private property developers and their role in infrastructural development. The concept of supply chain management was also defined in this section and discussed briefly. The background of the study followed which discussed the work done by private property developers in South Africa in the past years and presently. The problem statement followed and then research aim and significance. The chapter ended with an overview of the research outline to be followed.

CHAPTER TWO: LITERATURE REVIEW

2.0 Introduction

This chapter constitutes the literature review of the study titled; investigating the effectiveness of partnerships between private property developers and the city of Johannesburg on the growth and development of the construction sector, a case Johannesburg Inner City. Literature review will first of all briefly look at the global housing challenges in the inner cities of developed countries and how they were or are solving them, then uncover the important concepts on the challenges facing housing in Johannesburg, the definition of Public Private partnership (PPPs), the impact and implementation of projects of private property developers and the city of Johannesburg in the growth and development of supply chain management. It will also cover the examples of successful PPPs, justifying their partnership with the government. The chapter will also discuss on the regulation of private property developers, the role of property developers in a country's infrastructural development, factors affecting the success of private property development projects and then discuss the history of property development in Johannesburg. Case studies on private property projects will also be analysed and supply chain management in the construction sector.

2.0.1 Inner City Housing and Development issues in Developed Countries

According to www.bbc.com, both developed and developing nations' cities face similar problems amongst which are lack of adequate housing, traffic congestion and industrial decline. Causes of which range from increased population due to higher birth rates and reduced death rates, migration of young adults into towns and cities. Although the BBC mostly narrow the developed cities' inner city problems to traffic congestion due to narrow roads, www.s-cool.co.uk reveal that cities of the developed countries also face class inequalities, with the most deprived groups often residing in the old inner city areas. These old inner city areas experience high levels of unemployment, lack household amenities, a lot of dilapidated houses and derelict land. There is also high prevalence of social problems, which include prostitution, substance abuse and crime. The above-mentioned problems echo the same situation in South Africa, other developing nations and even other inner cities of the developed nations. Hence the desire to find out what these nations are doing to improve their inner cities so that these solutions can be modified to suit the South African situation.

According to the Bristol Post (2018), Britain has adopted gentrification and urban regeneration as a way to improve its inner cities. Gentrification is defined by www.urbandictionary.com as the process of renovating and improving houses in an area so that they conform to middle class standards. The Webster Dictionary further defines gentrification as changing or modifying a neighbourhood through the influx of more affluent and upmarket residents and businesses.

Mcarthy (2018), defines urban regeneration as an attempt to reverse urban decline through improving the infrastructure and the economy of those areas. They further mention that regeneration programs make use of public funds in a bid to attract prime private investment into that area.

Thus, the adoption of these two solutions for Bristol has resulted in people choosing to move back to the city as explained on www.s-cool.co.uk. From the website, the regeneration of Bristol's inner city areas was stimulated by the Urban Development Corporations which helped attract private investors to the poor areas. The corporations managed to buy land in an area of high industrial decline with the aim of improving the infrastructure, provide adequate housing and attract new investors who would then bring in jobs and money to the inner city. Despite much criticism on the UDC, they managed to attract new industry, provide more than 4000 jobs and a big housing development project which resulted in many first time buyers managing to buy houses.

Some criticisms to the project included concerns that the area will not survive an economic recession due to its overdependence on entertainment, new houses were expensive and had done little for those in real need for low cost housing. Another concern was that the much publicised new jobs were unskilled jobs that attracted low pay, hence did not really improve people's lives (Bristol Post 2018).

In America, inner city redevelopment also adopted gentrification as a solution, to the disapproval of many. Moskowitz (2018) highlights that residents of New York are against gentrification as it results in rentals going up and displacement of residents. He mentions though that the cities authorities have become highly dependent on the income and taxes from gentrification that they cannot afford to stop it. Less wealthy cities like Detroit and New Orleans only have tourism and gentrification as the economic activities keeping the cities alive. Hence the need to maintain good relations with the private developers. A huge concern is that the private developers continue to make huge profits whilst the ordinary residents suffer from displacement and changes in their social culture.

2.1 Housing Problems Johannesburg

The human settlements perspective cannot be exempted from its external and internal challenges. These challenges emanate from policy podiums extending to the required skills required for the delivery of services. Service delivery in Johannesburg hampered by a number of factors (Ojo-Aromokudum, 2011). Low levels of financial provision and skills required for key infrastructure maintenance and the maintenance backlog for such growing infrastructure (Meek, 2017). There are also challenges that develop from illegal occupation of land adding pressure to the financial viability of municipalities. These among others are some of the challenges that the Johannesburg city is facing. However, it is the responsibility of every government and its institutions to ensure the provision of services that are beneficial to the society in a sustainable manner (Du Toit et al, 2002). According to Mabasa (2018), the problems in the inner city of Johannesburg started way back in the late 1970's and early 1980's when the apartheid government lifted its influx control regulations. This led to white residents "fleeing" to the northern suburbs, resulting in an oversupply of houses in the inner city; some of which were gradually occupied by illegal occupants whom the municipality is now fighting to evict so that they can reclaim the buildings and renovate them. Some of these eviction incidences have even resulted in some human rights violation outcries, Mabasa (2018).

The City of Johannesburg (CoJ) is also considered the largest of the metropolitan cities in the country of South Africa considering its population and being the Gauteng economic hub (Napier, 2005). It is believed to be a city that was created through a long-drawn-out process of restructuring and integrating race-based administrations into a single structure (van Rooyen, et al. 2009). The high levels of poverty, illiteracy, unemployment, skills deficiency and income disparities in South Africa are strongly exhibited in Johannesburg (Kutama, 2017). One of the major influences of unemployment and poverty is incapability of households to pay for housing, infrastructure and services. Disparities in income distribution also means that certain sets of the population are more relentlessly impacted by this national predicament which in turn puts them in a major disadvantage in terms of access to and affordable services.

In addition, the Johannesburg Municipality is believed to be having a housing backlog of 256 480 units (GDHS: Strategic Plan 2014/15 – 2018/19). Mashaba (2018), was quoted by the Daily Maverick saying that the City had infrastructure backlogs to the sum of R170 Billion due to accumulated years of neglect and low investments. Despite the political blame games between the ruling party ANC and the responsible party for Johannesburg the DA, the problems are prevalent and require collaborative efforts that look beyond political affiliation.

Inefficient planning and monitoring by local municipalities has left a number of malfunctioning low-cost houses. The housing service delivery in Johannesburg has been negatively affected by poor planning and improper monitoring. The quality of housing units in most settlements in Johannesburg is questionable (Roane and Mbangeni, 2012). The municipality does not have enough resources to address existing housing issues in the city (Bond, 2003). This is supported and proven by an increase in protests and riots as a means to present grievances concerning the lack of housing and other basic services.

Some of the housing problems in the inner city of Johannesburg are caused by local rural to urban and urban to urban migration and also the immigration of foreigners from impoverished countries coming to seek greener pastures and economic refuge in South Africa, according to Plan Act (2018). The escalated population growth in the city has strained the existing housing and services, further complicating existing problems.

Policies on urban development such as The Urban Development Strategy (1995) pointed out that with regard to the needs, the amount of resources available from the government are not enough to provide the necessary basic infrastructure in municipal areas (Bond, 2003). Previous service delivery and attempts to provide affordable infrastructure resulted in the development of more challenges such as the disadvantaged being deprived of their right to access affordable housing was left solely to the private sector (Diamond, 2009). Therefore, the government of South Africa's attempts to solve this challenge resulted in the creation of a housing finance gap as their solutions excluded groups viewed as being better off in the low income band. This left the city of Johannesburg affected as it carries the highest population in the country.

The incapacity of the city of Johannesburg and limited resources to deal with affordable housing needs brings about the importance of government's involvement with the private sector's resources to help. This explains the exploration and development of vibrant partnerships between municipalities in the capacity of the public sector and the private sector in the provision of basic services and specifically affordable housing as a relevant issue. The private sector is required for to step in and attempt to help close the gap between the growing need and the available supply of affordable infrastructure. The reason being that in time of deficiency of federal and other state resources, there is need for the reliance on the market for large scale solutions (Kutama, 2017). One such solution is presented by 'Public Private Partnerships' (PPPs) to address challenges directly with effectiveness and efficiency. Working together will result in better and easier solutions as opposed to situations whereby the responsibility is solely left to the government.

2.2 Public-Private Partnerships (PPPs)

One of the major misconceptions with regard to PPP projects is that they are mainly concerned with the private sector financing public infrastructure which is not exactly true as financing is not the basis of the partnership but one of the other elements of the partnerships (Grimsey and Lewis, 2004). In PPPs, the public sector does not buy assets but rather a stream of services under stiff terms and conditions. This is of importance for the viability of the deal as it makes provision of the right economic incentives (Grimsey and Lewis, 2004). Generally, PPPs are largely incentive-homogeneous contracting arrangements (Kutama, 2017). The cost effectiveness of a PPP relative to traditional procurement is a result of upfront engineering of the design solution and financing structure combined downstream management of project delivery and the revenue stream. All of this is a consequence of the incentives built in to the services payment mechanism and the risk transfer in the PPP model (Grimsey and Lewis, 2004).

Some people regard PPPs as generally being marketing labels promoting infrastructural development whereas in reality, they have no real substance in them. Others view them as just a form of "privatization" and a means of the transfer of conventional government duties to the private market (Savas, 2000). This is an economic view in which housing is seen as only a private economic good with the assumption that the market is always the best for provision (Iglesias, 2009). In this regard, Public private partnerships usually occur in circumstances where the public and private sector have development agenda, which they cannot complete on their own (Sagalyn, 2007). In affordable housing, the main goal of the public sector is to provide basic and adequate shelter for low-income people while for the private sector it is to make an income in the housing investment. PPPs in this regard should bring together respective public and private skills and competencies in order to accomplish their relative goals.

2.2.1 Public- Private Partnership Stakeholders

Government has a social responsibility and is more aligned towards environmental awareness and well acquainted with people that are not easy to serve (Rosenau, 2000). The private sector is believed to be innovative and dynamic and able to bring access to finance and efficient management. The non-profit entities are considered to be good in areas, which need compassion and commitment to the society (Kutama, 2017). Public and private sectors are influenced by different goals and objectives, those of the private sector being the achievement of returns on invested funds and having an anticipation of market and competitive developments (Sagakyn, 2007). On the other hand, the public sector is regarded as concerned with political opinions and influence, making democratic decisions and ensuring risk reduction in realising the social goals.

2.2.2 Public-Private partnership models

As stated before, governments around the world engage the private sector to upgrade or build infrastructure that can range from hospitals, stadiums, schools, prisons among others. These public private partnerships have models. It is important to gain an understanding and appreciation of these models because every partnership fits into one or a combination of these models. Unlike other procurement frameworks, the private sector assumes a greater role in the planning, financing, design, construction, operation, and maintenance of public facilities (Ljungberg and Douglas, 2008). The extent of the transfer of risk is an important component in each of these models. The most widely used private partnership models are:

2.2.2.1 Design-Build (DB)

In this model the private property developers are tasked by the government to design and build property according to the government's specifications. Upon completion of the property the government takes full charge of it. This model is also called Build-Transfer (BT)

2.2.2.2 Design-Build-Maintain (DBM)

It's almost the same as the Design build model, however the major difference is that after the completion of the project the private property developers continue to maintain the property**,** but the responsibility of operating the facility will be taken up by the government.

2.2.2.3 Design-Build-Operate (DBO)

In the DBO model the private property developers are contracted to design and build a facility. They then also assume the responsibility of operating the facility for a given period of time. The model is also known as Build-Transfer-Operate (BTO).

2.2.2.4 Design-Build-Operate-Maintain (DBOM)

Under the DBOM model the private partner is tasked to design and build a facility and then after its completion they also assume the role of operating and maintaining it for a stated period of time. After the specified period lapses the government takes over the operations of the facility. It is also called Build-Operate-Transfer (BOT).

2.2.2.5 Build-Own-Operate-Transfer (BOOT)

Under this model the private property developers finance the project from the onset, build it and operate it for a stated time. On lapsing of that period the public sector assumes ownership of the property.

2.2.2.6 Build-Own-Operate (BOO)

In this model the private sector is not tasked to transfer ownership to the government after the completion of the project. There is no timeframe for any transfer, after financing the project and building it, the private partner will permanently operate it.

2.2.2.7 Design-Build-Finance-Operate/Maintain (DBFO, DBFM or DBFO/M)

In this model the private partner assumes the role of financing, designing, building, maintaining and operating the facility. However they operate the facility under a long-term lease upon the expiration of which they are required to transfer back ownership to the government. There are variations of this model depending on different countries. Some countries equate it with the BOOT and BOO models.

2.2.2.8 Divestiture

In this model the public sector transfers an already completed property to the private property developers. Here the private partner is tasked with making improvements on the facility for the benefit of the public and then buy it after a specified period of time.

2.2.2.9 Lease

The public sector leases a facility to a private partner. The lease will require the private partner to operate and maintain the facility for the duration of the lease agreement.

2.2.2.10 Concession

In this model the government grants a property to a private partner to operate and carry out required maintenance of the property on a long-term contract over which the private partner is expected to meet set performance targets. During this period ownership will remain in the hands of the government whilst the private sector will take the profits made during the concession time frame.

2.2.3 Advantages of engaging private property developers for construction projects

Private property developers will not be a permanent replacement of government's infrastructural programs but will be helpful in many respects (Ljungberg and Douglas, 2008). Governments carry out infrastructural developments to address the housing needs of the nation and they attempt to do so at a lower cost and better quality and also within a specific timeframe. It is therefore essential for the government to choose the best private partner to achieve one or all of the above stated objectives of infrastructural development.

One of the advantages of bringing in private property developers is that they bring projects forward. In almost a similar manner as homeowners take out mortgages, contracting private property developers allows the government to speed up projects much faster than they themselves would have taken (Kutama, 2017). This is because private property developers assist the government in financing the projects before the benefits can be realised, allowing the beneficiaries to enjoy the investment much sooner. The costs of the projects are spread out more evenly for the entire lifetime of the project since financing will be done by the government on the one hand, and the private sector on the other hand.

In addition, private property developers offer on time delivery. One of the biggest advantages of public- private partnerships is their ability to meet set time frames for the completion of projects. But this will happen if payments are matched with project phases. In some cases the private partners are able to deliver on projects well ahead of schedule. Ljungberg and Douglas (2008) cites the example of a Canadian terminal which was completed 18 months before the set date for completion under a private partnership contract.

There is also the transfer of construction risks to private partners. At times governments are unable to commit to the maintenance of infrastructure because of one reason or another. A crisis can happen in another sector of the economy and funds may have to be pulled off an infrastructural development project to be committed elsewhere. There can also be a deficit in the budget meaning that some infrastructural projects have to be shelved indefinitely. Thus it becomes important to contract private property developers so that construction and maintenance risk is transferred from the government to the private partner. This implies that even if the government runs into problems with the budget, the private partner is still able to continue with the construction work.

Cost reduction is also another credit that can be given to private property developers. Contracting private partners for a construction project is one of the many ways of saving costs. Construction costs can be lowered, maintenance costs can be reduced and also there can be reduced risks (Kutama, 2017). The use of private property developers in construction projects reduces construction costs especially in the construction stage of the contract (Ljungberg and Douglas, 2008). Better designs and asset management from the private property developers is the main reasons for such reduced costs.

The private property developers often design and build property with a focus on providing quality for the end user. This is mainly in reference to the properties that they continue to operate well after completion. The government, however assumes the role of ensuring that the end users continue to get an acceptable level of quality. Well-implemented private partnerships enable the government to focus on the end product rather than the inputs. The government will focus on the quality they want the private property developers to deliver on, whilst it will be up to the private property developers to deliver on such outcomes. It is the end product, not the development of the product which becomes the guiding principle of the project. Schools have used private property developers and they are one example of how governments can focus on the end product (Ljungberg and Douglas, 2008). When a school is being built by the government through a private partnership, the focus of the government should shift to learning outcomes whilst the private developers do their work. This has necessitated the shift in modern schools' development where there is increasingly private partnerships contracted to build schools.

2.3 Implementation of projects by property developers

The implementations of partnerships for infrastructure development in developed and developing countries has produced mixed results. Successful implementation of private partnerships has improved delivery of infrastructure and services, while poor implementation has led to project delays and cost overruns (Bodie and Worthington, 2010). Government must play a pivotal role for the successful implementation of a project. The role of government in private partnerships implementation is to maintain a favourable environment for macro-economic stability, as financiers pay attention to macro-economic indicators. Furthermore, legal autonomy and predictability are important to provide guarantees for property rights. There is also need to ensure that procurement practices are transparent and competitive (Ahwireng-Obeng and Mokgohlwa 2002). Government should be wary not to overstep its authority as it may be perceived as interference.

2.3.1 Regulation of private property developers

Several governments globally have been active in establishing and supporting private partnership initiatives. In the UK these partnerships were first introduced in 1992 by the Conservative Party government, first as a Private Finance Initiative (PFI) and later under a private partnership policy (Cheshire, Everingham and Lawrence, 2014). This model was generally hailed for its success, and in many quarters it is the model used for these partnerships.

To foster a regulated environment, The South African government ushered in the Municipal System Act (2000), which provided guidance for a municipality's involvement in private partnerships. Although it gave municipalities, like the city of Johannesburg, the freedom to engage with private property developers in future projects, it introduced a capping of tariffs in municipal services. This was viewed as government interference and therefore could have a negative impact on revenue generation from long-term concessions, and as a result financiers stayed away from these projects while demanding the rectification of the law (Fourie, 2008).

The Chinese government plays a key role laying economic plans and partnerships between the government and the private sector, have for many years contributed to national and local infrastructure development by providing investments, advanced technology, and management skills (Jing-Feng, Skibniewski et al. 2010). The Chinese metropolitan areas have implemented private partnership projects to close the gap in capital and lack of efficiency in project delivery (Yuan et al. 2010).

2.4 The role of the property developers in a country's infrastructural development

Private sector participation in the provision of infrastructure became more and more common in the 1980s. Several reasons can explain this shift from the public procurement of infrastructure towards partly or fully private procurement of infrastructure services: state budget deficits, inability of the public sector to manage complex infrastructure efficiently, technological change, a better appreciation of linkages between incentive structures and operational efficiency, a better acceptance of the 'user-payer' concept (Gupta and Biswas, 2010), the development of competitive markets as well as a perceived or actual deterioration of infrastructure necessary to sustain economic growth (Cheshire and Everingham, 2014).

Partnerships with Private property developers in infrastructure development are increasingly becoming popular in African countries, with South Africa being on the forefront in terms of such initiatives. In South Africa, the Nelspruit water and sanitation concession, the N4 toll road and Dolphin Coast water supply projects were the first long term concession projects (Koro- Ljungberg and Douglas, 2008). Gautrain, the fast rail network linking two metros of Johannesburg and Pretoria, the Humansdorp District Hospital Project, as well as two privately-run prisons in Bloemfontein and Louis Trichardt are among the few examples of private projects undertaken in the country.

In the Democratic Republic of Congo the introduction of a water project in urban Brazzaville was considered a major success, with the biggest turnaround being water connections, the response time between lodging a request and installation of a water connection having improved to 48 hours, compared with 6 months to two years prior to the partnership initiative (Fourie, 2008).

India has also been active with over 300 private partnership projects in 20 states, in industries such as transport, power, ports, urban infrastructure, tourism and railways having carried out.

Government policy has created an environment that led to a flow of private sector funding (Gupta and Biswas, 2010). Like South Africa, where the government established a private partnership department, the government of India has developed a scheme of support through the Ministry of Finance with a clear objective of driving costs down and efficiency up (Pillai 2008).

2.5 Factors that affect the success of private property development projects

The success of private partnership infrastructure projects is dependent on a combination of factors, such as the partnership experience and expertise of role players in terms of contract negotiations, company formation, and management. In addition, a broad range of uncertainties describes the environment around their application, particularly if the legal framework is not stable (Zhang, 2005).Three important aspects are often identified as critical these are; cost, time, and quality. However, there is also numerous other factors that contribute, and the combinations of these have significant impact on the efficient allocation of limited resources of time, manpower, and finance (Banerjee and Ranganathan, 2006).These factors are measurable and need serious consideration if these partnerships are to be successful.

Despite the fact that private partnership experiences are project dependent and country specific, the public sector in all cases has the ultimate responsibility for the type of services or projects to pursue, and ultimately determines the time, quality, and cost requirements (Zhang, 2005; Xueqing, 2006). Therefore it is important that the public sector discover the driving factors of the private partnerships that can be used as focal pointers for planning and implementation of private public projects (Jing-Feng et al., 2010). Selecting the right private sector partner is one of these driving factors, with that in consideration, the private-sector partner must have the necessary skills, experience, and resources to manage these risks and provide quality and cost effective facilities and services (Xueqing, 2005).

Some of the reasons why private public partnerships fail include;

- **Poor organisation**: The design of the partnership from the onset is critical and the legislation that guides the partnership will decide its success. Legislative restrictions and the complete transfer of risk to the private property developers to the extent that the project becomes financially unsustainable to them is a mistake that is commonly made (Mokgohlwa 2002). At times the projects fail because the expectations on the private property developers are too high and their financial capabilities would have been overstated.

- **Unclear project objectives:** At times the aims of the projects and what is expected of them is not clarified. The 'over specifying of inputs' is often cited as a method by which the government tries to compensate for this failure (Xueqing, 2005).

- **Focusing on the financial aspect of the private partnership:** Private partnerships at times are prioritised for their financial inputs in projects whilst focus on the work on the ground is neglected. The result is that these projects ultimately fail

- **Poor risk management strategy:** It is important to clarify the amount of risk transferred to the private property developers at the early stage of the engagement. One mistake often done is to transfer demand risk to the private partner when the partner has no influence whatsoever on it (Xueqing, 2005). Demand risk is associated on the future use of the property.

- **Lack of internal capability;** The government should have personnel with the technical expertise to understand and manage complex private partnerships. The over reliance on external advisers to manage complex private partnership arrangements is not advisable. This is because at times the contracted agency might not have the necessary competencies to internally manage the partnerships (Alisters, 2016).

- **Inability to get value for money:** This happens when the costs of the project are not met by the gains that the project makes. The government would have incurred losses during borrowing and the tendering costs to finance the project without being able to calculate value for money (Ljungberg and Douglas, 2008).

- **Lack of proper planning:** Lack planning from the government can create a non-competitive environment where there are few bidders for a project. This is because the government would have failed to analyses the market well during planning. On the other hand, very few projects may result in industry moving on to a more active jurisdiction (Ljungberg and Douglas, 2008).

2.6 The history of property development in Johannesburg

During the time of the rising of the National Party, which was in power from 1948 to 1994, Johannesburg's black population exceeded the white population in numbers. The new authorities endorsed the pre-existing segregation by giving it legal status under the system of ‘separate development’ - apartheid in Afrikaans (Hlala, 1999).

With urban development on the increase, the city soon outgrew its limits. The downtown CBD spread beyond its originally demarcated boundaries towards Braamfontein, where the City Hall was relocated in the 1960s. Meanwhile, the white middle- and working-class settlements grew northwards and the city had to extend in order to encompass them, but it did not extend as far as Sandton, which was created as a distinct municipality in 1969. Black townships, however, also emerged in the north, for instance the largest one, Alexandra, adjacent to the rich neighborhoods of Sandton (Hlala, 1999)

In the 1950s and 1960s, Johannesburg built facilities to match its new metropolitan characteristics. An international airport was developed as well as a vast network of highways, linking the city to other major cities and creating a ring road around the urban area. As new industrial zones had cropped up on the outskirts of the city, an economic slump occurred.

The first democratic election in South Africa took place in 1994, just after the fall of the Apartheid regime. This caused a shift in the philosophy of South African state, from ‘government’ to ‘governance’, and new mechanisms such as concessions, and private property developers emerged in the second half of the 1990s.

Administrative boundaries were remodeled in 1995 and the urban area, including rich northern districts and the townships of Soweto, passed under the control of the Greater Johannesburg Authority. Then in 2000, a new municipality was created and merged with the metropolis, which was subdivided into 11 administrative regions.

Since then the number of partnerships between the public sector and the private sector, communities and civil society is said to have grown steadily. A legislative framework has been developed at national, provincial and municipal levels that promoted the growth of small contractors. However, little has been said on the assessment of the impact and implementation of private property developers at municipal level in the City of Johannesburg.

Tracing back the city’s history, it is important to remember that the new South African democracy inherited a fragmented and under -equipped capital, whose urban area was drastically extended overnight, multiplying its scope of management and related costs. Like other South African municipalities, the city of Johannesburg's finances have not been spared by such an upheaval and the municipality found itself facing an unprecedented financial crisis in 1999, at the same time the city Centre experienced a strong influx of migrants and squatters as well as a severe decay and rising criminality (Hlala, M. 1999).

The first reaction of the municipality was to remodel the municipal boundaries. The urban area was divided into 7 zones with very clear boundaries, corresponding to distinct urban fabric and issues (Hlala, 1999).Maboneng was put into area F, which corresponds to the CBD and other nearby dense neighborhoods on its eastern side, including Jeppestown. The second response was the outsourcing of certain municipal functions through autonomous agencies with separate accounts. Thus the Johannesburg Development Agency (JDA) was created in 2001.

Since the formation of the Johannesburg Development Agency, the municipal strategy is based on three main pillars: renovation of the city center, economic development of marginalized areas, and standardization of informal settlements.

The JDA was established as an operational actor who uses a single tool of public action- capital funding (Gupta and Biswas, 2010). It has been tasked to work on the first two objectives, with a strong focus on the city centre which had been decaying and changing into an economic desert, with only informal economy remaining like taxis and street sellers.

The plan to rejuvenate the city center was to invest a lot off capital into the local economy through a policy of public works, thereby hoping to play on the multiplier effect of public investment in distributing income and stimulating local demand and encouraging private investments thereafter.

After a diagnostic phase, some areas were identified by the Johannesburg Development Agency as carrying a significant development potential: Newtown, Fashion District, Capitol Hill, Faradale market, Ellis Park Station and Jewell City (the latter two near Maboneng) (Gupta and Biswas, 2010). Property programs have been developed as well as renovation of public spaces.

Propertius Group's urban project, a private initiative of capital investing in urban renewal, is an example of the effects that JDA wanted to create through its strategy (Cheshire and Lawrence, 2014). Propertuity is one example of how private property developers can have large impact on the growth of small construction firms and the construction sector as a whole.

2.7 The success of PPPs in South Africa

Critical success aspects are important to assist firms with the identification of crucial factors that they should focus on in order to be successful in their projects (Ismail, 2013). PPPs requite a favorable legal, economic and political environment that allow for their participation (Mathonsi, 2012). The government is in a better advantage than any party in the creation of such a favorable environments, which largely remove fears of the private sector with the concerns of risks such as expropriation(Mathonsi, 2012). The realisation of these factors will help mostly in the efficient allocation of limited resources based on either quantitative measure or the opinion of experts (Mathonsi, 2012).

2.7.1 PPP in South Africa Since 1999

The regulation of Public-Private Partnerships in South Africa have been initiated under the Public Finance Management Act (1999) (PFMA) and Treasury Regulation 16, which oversees municipal PPP’s under the Municipal Finance Management Act (2003) (MFMA). These deal with the provision of clear and transparent frameworks that are applicable for use by the government and its partners specifically the private sector. These also help them to enter into mutual agreements that are mostly beneficial to the public (National Treasury, 2007). Kutama (2017) argued that PPPs in the South African government has progressively increased the number of PPP work covering a wide range of sectors including transportation, accommodation, healthcare sector, eco-tourism, social development and correctional services.

The examples of the PPPs that have undertaken their operations in South Africa are the Trans African concessions of 1996 (National Treasury, 2007). The governments of South Africa and Mozambique signed a 30-year concession for a private consortium, Trans African Concessions (TRAC), to build and operate the N4 toll road from Witbank, South Africa to Maputo, Mozambique (Kutama, 2017). The agreement was that after 30 years the road management and control shall revert back to the government. TRAC is believed to have been the sole financer of the project while the governments of South Africa and Mozambique jointly provided a guarantee of the debt and under some conditions the equity as well.

Another notable example was the South African National Parks in 2000, they (SAN Parks) signed a BOT concession with Nature’s Group, a consortium formed to outsource management of

11 restaurants, two shops and three picnic sites in the Kruger National Park Game Reserve for just under 10 years (Department of National Treasury, 2007). The sector was given the right to operate the facilities with inclusion of the use, design and ability to spearhead constructions. According to the set provisions by SAN Parks. In return, Nature's Group was given the responsibility of paying a monthly concession fee equivalent to approximately 13% of its turnover to the SAN Parks.

The Gautrain Rapid Links (Gautrain) was another large infrastructure project delivered through partnership with PPPs. In 2006, the Gauteng Provincial Government signed a 20-year PPP contract with the Bombela Concession Company to design, build, part-finance and operate the Gautrain Rapid Rail Link (Kutama, 2017). After the 20-year period, control and management of the Gautrain was to be reverted to the Gauteng Provincial Government. This was the biggest PPP in Africa and the largest rapid rail link infrastructure project in the African continent with a value of 25 billion rands.

The Fleurhof development is another notable success of the work of PPPs that was completed in 2016 and today the development is still catering for the housing needs of low-income earners within the Fleurhof community (Kutama, 2017). The overall success of the project is attributable in part, to the significant role that was played by private sector. It is clear that specific organisations that were involved participated in the project mainly with financial contributions for the viability of the project. Essentially, the partnership's capability to leverage capital from the private community eliminated the financial risks. This development was under the management of a partner that had expertise in the provision of housing for the specific target groups (Kutama, 2017). Clearly, a cohesive team with diverse skills and experience enable PPP projects to be accomplished more than one partner might on its own. The partnership with the local government appears to have been the trickiest initially, but the support for the development from government led to its success.

2.7.2 Review on the Propertiuty group's partnership with the City of Johannesburg

Ten years ago the eastern fringe of the city of Johannesburg was a dangerous and dirty warren of streets with neglected industrial buildings and little street life or local economy. The town was in urgent need of urban renewal. Propertius, a private developer, began developing the eastern part of Johannesburg in 2009, targeting the older inner city buildings that were previously industrial, manufacturing or old office buildings. Ever since its first development efforts in 2009, Propertuity has successfully been building a neighborhood community through the acquisition of property, which they have successfully turned into mixed use buildings (UN Habitat, 2016).As of 2015 Propertuity, had supplied the market with 588 new residential units, equating to a total of 22802 square meters of new residential space in the inner part of Johannesburg (UN Habitat, 2016). This meant that a new residential population of 939 people moved into the precinct. In 2016, nine new residential buildings were developed which accounted for 737 new residential units, totaling an additional 34 466 square meters of residential space. Propertius has even forecasted the development of several residential units in the near future. Packed city centers have been linked with economic growth- the clustering of people together in communities is a major factor in the technological and economic progression of cities and nations (UN Habitat, 2016). Due to that Propertius developed buildings are designed to be of mixed use and mixed income in a bid to enhance economic development of the area. Thus the private property developers have a huge role to play not only in the growth of the construction industry but of the economy as a whole.

2.8 The success of PPPs in other countries globally

2.8.1 A review on increasing the effectiveness of private partnership projects in Ireland's construction sector

Gunnigan (2007) provides a case study of the research which is perhaps closest to the one under study. Increasing the effectiveness of private partnerships in the Irish construction sector can only lead and contribute to the growth of such a sector. For the purposes of this research it is therefore imperative to find out how Gunnigan's (2007) research sought to increase the effectiveness of these partnership and to see what elements of his research could be applied to the South African context. Partnerships with property developers gained a significance level of usage in Ireland in the early 2000s but there was a lot of mixed results when it came to judgment of their effectiveness.

Gunnigan's (2007) research sought to find out ways by which these partnerships could be enhanced and also develop a framework which could help private partnership stakeholders implement partnerships successfully. Through an analysis of the Irish private partnership process a public-private partnership model was developed for testing. Two projects which were underway were used to test the model, and the study assessed the effect of the attitudes of the participants on the project outcomes.

Risk, innovation and value were the three variables used to analyse the two projects. The propositions, which emerged were;

- The project outcomes varied greatly;
- The participants exhibited differences in attitudes towards the projects, and;
- The attitudes had a great bearing on the project results

This incorporated several methodologies for data collection and analysis. Gunnigan's (2007) research proved the first two propositions for value and risk. The third proposition was proven through 'a pattern matching exercise' and the results showed that certain aspects of the people's attitudes had a great bearing on the whole success of the project.

The conclusion of the research was that the use of a specific partnership model was not a guarantee of success for that particular project. Gunnigan (2007) made revisions of the proposed model that was used to test the two project so as to enhance the effectiveness of the projects upon which the model would be used. The key additions to the model included that the model starts with an analysis of expected outcomes from all participants after which the model would proceed back to stating the inputs required for those outcomes to be achieved. After these revisions the model was certified as ready for future use.

The study by Gunnigan (2007) is important to this research because it highlighted the importance of attitudes of the participants involved in the partnership and how these attitudes ultimately have a bearing on the success of the whole project. However the nature of public private partnerships have evolved since 2007, it will be interesting to find out the impact of attitudes within the current public private partnerships. It is also not clear if attitudes will have more impact within the South African context as they had within the Irish context considering the cultural differences between the two countries.

2.8.2 A review of the private sector's investment decisions in the building and construction industry in Lagos, Nigeria.

Adelekan (2013) carried out a study on private sector investment decisions in the construction sector in Lagos, Nigeria. The study is important because it explored the partnership between private property developers and government in other parts of Africa as well so as to see how these partnerships contributed to the growth of the construction sector in those parts. The study took place at a time when the Nigerian building sector was experiencing a rapid growth. The growth did not however tally with the country's economic growth; it was almost as if the sector was growing on its own whilst other sectors of the economy struggled. The growth of the Nigerian construction industry during that period could be attributed to private property developers, a rising need for buildings in different economic sectors, a decision by the government to concentrate on infrastructural development and the regulation of the sector by the government (Trade Invest Nigeria, 2012).

Adelekan (2013) noted that it has become imperative in Africa for governments to focus on private property developers because of the 'changing nature of infrastructure financing.' The Nigerian had for some time been unable to match the residential housing demand in the country and it subsequently turned to private investors. In Nigeria about 90% of the population's housing needs are catered for either through informal means or the public sector further stressing the government's struggles in the provision of houses.

Adelekan's (2013) study pointed out that the private property developers in Nigeria are assisted by government legislation. The enabling legislation and reforms include; the Real Estate Developers Association of Nigeria (REDAN), Building Materials Producers Association of Nigeria (BUMPAN); reduced interest rates on national housing fund loan to members of REDAN and restructuring of the housing finance sub-sector to include the introduction of secondary mortgage market (Henshaw, 2010). However corruption and corrupt tendencies within the sector has threatened the success of such legislation and reforms. Incentives have been offered to private property developers to carry out disaster risk management before and after construction, which is a very crucial factor in strengthening the relationship between partners. Land is also available to private property developers at a price less than the premium cost (Ljungberg and Douglas, 2008).

One of the key findings from the study pointed out that some of the properties built by private developers contain risk reduction measures especially the properties for high-income residents. The private property developers invest a significant proportion of funds towards maintaining high standards with regards to risk reduction measures, something which the government would have been unable to do. The risk reduction measures taken include;

- A comprehensive feasibility study of the sites;
- A strong financial backing to see off the projects to its completion;

- Insuring the properties;
- Providing artificial reinforcements to sites in preparation of unforeseeable disasters;
- Reinforcements of foundations with piles so as to reduce the effects of floods should they occur, and;
- The preservation of flood prone areas for tourism and recreational purposes.

Adelekan (2013) made a number of conclusions from his study. He stressed the need for regulations in the construction sector to be sensitive towards the needs of private property developers. This, he stated, could be done by including them in the process of formulating the regulations. According to him property developers possess valuable knowledge of the environment in which they operate which could be useful in the policy formulation process.

Adelekan (2013) went on to recommend integrating the economic factors of the regulators when formulating policies so that there may be a balance between the regulations the property developers have to follow and the costs they incur. The reason given for this was that private property developers might shy away from investments when they consider the costs of a prospective project and also the stringent regulations they have to fulfill. Another recommendation made was that there should be risk maps for different areas available for property developers so that decisions pertaining to risks can be made from an informed perspective. This he stated was a reason why low-income earners built houses in unsafe places and also because of the unavailability of affordable safer options. It is therefore imperative that a land policy, that encourages the development of housing schemes that low-income groups can afford on safe sites, be developed (Adelekan, 2010).

2.8.3 A review of the factors influencing the successful implementation of public-private partnerships in the Ugandan construction sector (Alinaitwe and Ayesiga, 2013).

Alinaitwe and Ayesiga (2013) carried out a study on the factors that affect the successful implementation of partnership projects within the Ugandan construction sector. It was useful for the sake of this study to analyse the methods and the findings of their study as it is almost similar to this study in some respects. Uganda, like many economies is faced with a growing need to develop its infrastructure and as such has sought to contract private contractors as a source of alternative financing for infrastructural projects.

Uganda aims to capitalize on the many benefits of private partnership, which include enhancing the development of infrastructure, contributing to the growth of the economy, reduction of costs, increasing the efficiency of the construction sector and improving the quality of service. The Ugandan government believes that there are so many benefits that can be realised from contracting private developers to carry out infrastructural development work. These include increased innovation, societal benefits, reduced costs and project completion times, the transfer of risk and the likes (Gruneberg, Hughes and Ancell, 2007). Nevertheless even though the Ugandan government attempts to ease budget constraints through engaging in private partnerships, the national budget remains inadequate to fully finance local activities. The government still lags further behind in terms of meeting its infrastructural development goals with several projects stalled due to budgetary problems.

According to Alinaitwe and Ayesiga (2013) private property developers in Uganda are seen as an attractive option for large scale infrastructural projects because risk is shared and through them projects are completed at a faster rate as compared to governmental projects. Alinaitwe and Ayesiga (2013) view public private partnerships in Uganda as being largely influenced by private finance initiatives (PFI) from the UK, which have been proven to be a successful model of private partnerships. A major characteristic of these PFIs is the longevity of their projects, usually lasting more than 25 years per project. Typically in these projects the private property developer designs, finances, builds, maintains and operates an infrastructure taking full responsibility of the risk along all those phases. However the private partner must provide services which are up to the standard specified by the government after completion of the project. Payment for the project by the government is performance related.

Alinaitwe and Ayesiga's (2013) study sought to find out the factors, which influence the success of private partnership projects in Uganda's construction sector. The population for the study was drawn from key stakeholders in the partnerships which include the private property developers, the government departments involved in the construction industry and the financial institutions like the banks. The success factors emerged from the literature.

The following factors were found to be the main success factors required for the implementation of partnership projects;

- The technical feasibility of the project;

- The feasibility of the project from a financial stand point of view;
- The financial ability of the parties involved;
- Good economic policy;
- Good economic environment;
- A very organised partner from the public sector;
- An organised private property developer;
- An allowance to share authority from both parties involved in the project;
- The presence of competent people from both sides to participate in the partnership;
- The use of a conducive private partnership policy;
- An environment of fair competition among private partners and where first preference is granted to them over multinational companies;
- An environment of support for public- private partnership projects;
- Fair risk sharing and allocation amongst the parties involved;
- A free and fair procurement process;
- Active Participation of key stakeholders during the project planning phase;
- A rigorous cost benefit analysis of the project with realistic expectations of costs and benefits;
- Good governance;
- An effective monitoring and progress checkup system for the project, and;
- A desire by both parties concerned to share authority.

It is important to note that Alinaitwe and Ayesiga's (2013) study found out that all the key stakeholders who took part in the research differed in the factors which they considered the most important. There were differences in the factors that the private sector deemed important from what the public sector and the financial sector viewed as important. The private property developers in Uganda prioritised factors like; the financial feasibility of the project, the competitiveness of the procurement process and monitoring and evaluation of the project. The government official gave importance to factors like; a much organised public partner. The financial sector prioritized an enabling private partnership policy, a conducive environment for private partners to compete as fairly and good governance.

However the private sector, public sector and financial sector who took part in the research still managed to find common ground on some factors. The similar factors that were raised as important for the implementation of private partnerships include; an organised private partner, the presence of skilled and experienced personnel to take part in the project and appropriate governance structures. Alinaitwe and Ayesiga (2013) stated that in Uganda a lack of fairness and 'unethical behaviour' hinders the procurement process. There is also the informal handling of business processes within the construction sector. They went on to highlight in their study the importance of private sector regulation so that private property developers can be more organised. Training was also highlighted as important so that the people involved in the implementation of public private partnerships could be equipped with the necessary skills and competencies required.

Alinaitwe and Ayesiga (2013) concluded that the success factors that their study unearthed were not only applicable to the Ugandan context but were faced by many other developing countries in their construction sectors. Whether these factors are also important within the South African context and relevant for the growth and development of its construction sector is something which this study will find out. They also stated that it was very important for the stakeholders involved in partnerships to prioritise these factors when implementing the projects. The study is useful because it provides the researcher an insight into the real issues that affect the success of partnerships between the government and private property developers, with empirical evidence provided. These factors are important if there is to be growth and development of the construction sector through private property developers.

2.9 Chapter Summary

The chapter has reviewed the literature relevant to the study. It began with the outlining of the challenges facing housing in Johannesburg, which is the case study. It also introduced PPPs, their definitions, factors surrounding their operations, the implementation of projects by private property developers and also the regulation of property developers in different countries. The chapter was also able to review relevant literature on the successes of PPPs in South Africa with a discussion of various successful projects that were established which in turn justifies their partnership with the governments. Of importance was also the reference to the developed countries' approach to developing their own cities, which was found to be similar to what South

Africa and other nations are also doing. The factors that affect the success of property developers were also analyzed.

A brief history of property development in Johannesburg was analyzed from the apartheid era, the period immediately after independence up to the present day. The challenges faced within these periods and how they were overcome were explained and how the city grew to the present day boundaries was fully discussed. Various public private partnership models in existence were analyzed and the differences between each model. It was noted that the municipality's partnering with private property developers relieves the municipality of the heavy pressure to supply the backlog in housing. It was also highlighted that there are some groups of people in both developed and developing nations that are against the development of inner cities through gentrification as it results in increase of rentals and displacement of people. Some of the major achievements of inner city development through partnerships with private property developers include employment creation, eradication of crime, wooing investors and uplifting of living standards in the inner city. The chapter also reviewed several case studies of construction sector public private partnerships, which were carried out in countries like Ireland, Nigeria and Uganda.

The following chapter is the research methodology section.

CHAPTER THREE: RESEARCH METHODOLODY

3.0 Introduction

The second chapter of the study was centered on the presentation and analysis of the literature applicable to the subject under study and also enlightened the scholar on the research gaps. The major focus this part of the research is therefore to make an analysis of the methodology used during this study targeting on the achievement of the set objectives of the research as listed in the first chapter of the study. It is always of necessity for the methodology selected to have the capability to respond to the set questions. Methodology mostly focuses on the various procedures and steps that are followed during the research (Rajasek et al, 2013). Cohen et al (2012) pointed out that it is the foundation for inference and depiction in research. It gives understanding of the whole process of the study. Therefore, this chapter shall analyse the the plan of attack for the research, the design, populace, tools utilized, sampling strategy, ethics, data generating strategies and analysis, limitations, validity and reliability and chapter conclusion.

3.1 Research Design

This is the research procedure followed in the research study. Cohen et al (2011) mentioned that, it as an idea and construction of the study that is utilised to assume signal on the answer to set questions. The idea emanates from the context that it endows the contents of several chapters of the study. There are several study strategies, which can be utilised during a study. This research adopted the exploratory design, which proved to be the most relevant in generating the needed data. It gave the researcher an opportunity to carry out the study in a natural set up. The aim for implementing such a strategy was that the research was carried out in the field giving room within the targeted setting.

3.2 Research Methodology

Methodology has been defined as the various processes and plans set-off in a study (Rajasek et al, 2013). It depicts various strategies implemented in education study to gather data, which are utilised as the foundation for corollary, interpretation and forecasting (Cohen et al, 2010). Research methods can either be qualitative or quantitative.

3.2.1 Quantitative research methodology

This methodology is generally based on the measurement of quantities. Cohen, Manion and Morrison (2014) noted that a process is clarified or described in terms of one or more quantities. The results of the research will be mainly clearly interpreted as a set of numbers. Rajaseker *et al* (2016) pointed out that quantitative research is mathematical and utilises statistics or figures.

3.2.2 Qualitative research method

Qualitative research is mainly interested with phenomenon that deals with issues regarding quality (Cohen *et al*, 2014). It is does not deal with numbers, but by description and the application of reasoning and the applicability of words (Rajaseker *et al* 2013). Its main aim is deriving the meaning, feeling and describing the situation in its natural set up. It is mostly carried out in a natural environment and is mostly concerned with the lives of people (Yogesh, 2013). This research methodology therefore cannot be presented using graphs, it is exploratory and investigate the why and how part of the decision making process.

The research approach that the researcher employed for this study specifically is a qualitative one. Yogesh, (2013) argued that, a qualitative study is an approach, which is directly concerned with the lives of people focusing on their actions, their thoughts, knowledge and the way they feel. It makes provision of concern of facts rather than the presentation of exact quantity.

This study made use of a qualitative research methodology because its main target was on the views of people, and these are not easily quantifiable. It adds on to offering a complex textual understanding on the day-to-day activities of individuals regarding the subject under study (Mack et al., 2012). Factors that are inclusive of norms and socio economic status of people were unveiled. The researcher made use of interview as the data collection techniques during this study. This presented the respondents with an opportunity to present their responses freely to the researcher.

3.3 Research Philosophy

A research philosophy is a belief regarding the way in which data on any research subject are to be generated, assessed and utilised (Armstrong, 2015:45). The term epistemology (what is known to be true) as opposed to doxology (what is believed to be true) involves a multiple philosophies of research approaches. There are two main philosophies according to the western research traction, known as the scientific or positivist and the anti- positivist, which is also known as the interpretivist (Galliers, 2014).

3.3.1 Positivism

The positivistic school of thought has got a belief in the stability of reality and that it is easily observable and can be described from a viewpoint which is highly objective (Levin, 2012:45). It believes in that, reality can be attained without interference on the phenomena under study. They postulate that phenomena should be set apart and that the observed issues should be easily repeatable. This frequently encompasses the study of truth with variations in only a one independent variable so as to ensure the identification of regularities in and to create relationships amongst, some of the included contents of the social reality.

3.3.2 Interpretivist

Interpretivist argue that only by means of the subjective interpretation of and intervention into the truth can only lead to the full understanding of reality (Levin, 2012:51). The study of subjects in their natural setting and the realization that scientists can't do without affecting impacting the same subjects under study. They acknowledge the fact that it's not always that interpretations are in themselves a component of the scientific knowledge they are pursuing. This leaves Interpretivists without a tradition that is no less glorious than that of positivism, nor is it shorter.

Therefore, the overall concern is that the research studies should be linked with the research objectives and should also be relevant to the research question, as set out in Chapter One, and rigorous in its operationalisation. Overall, there is a belief that an interpretivist philosophy is required for this purpose that understands the topic at hand. It is for this reason therefor that an interpretivist approach was taken for the purpose of this study.

3.4 Research Strategies

A Research Strategy is a set plan of action that gives a way to the demands and efforts, allowing the systematic conduct of a research and on schedule to ensure the attainment quality outcomes and a detailed report. This improves the focus of the researcher, reduces frustrations, improve quality and most importantly, its time and resource saving. The Research Strategy therefore, becomes the center of any research process which allows the description of the rationale for the research and the accomplishment of the set objectives.

3.4.1 Positivist research strategy

Positivist research sticks to the opinion that only “factual” information that is attainable through observation, that include measuring, is trustworthy. In positivist studies the duty of the scholar is limited to data generation and interpretation through an objective approach and the results are mostly observable and quantifiable (Baron, 2014:89). Positivism is highly dependent on findings that can be easily quantified leading to analyses that are statistically based. It has been argued that “as a philosophy, positivism is in accordance with the empiricist view that ideas are derived from the experiences of humanity. It has a divided view of the world as involving distinct, visible components and occasions that act together in a discernable, dictated and regular manner.

3.4.2 Phenomenological research strategies

The main thrust of the phenomenal strategy is to crystallize the specific and the identification of phenomena through how they are sensed by the respondents in a situation. In the study of humanity, the situation usually turns into the generating of constructive data and ideas by the use of inductive, qualitative tools such as interviews, focus groups and participant observation and being able to represent it from the view-point of the research participant(s) (Thompson, 2013:234). Phenomenology is interested with the study of experience from an individual’s perspective encompassing forsaken discernments and usual procedures of perceptions. Epistemologically, phenomenological approaches have their basis on individual knowledge, perspective and subjectivity. Much emphasis is directed on the relevance of individual viewpoint and interpretation. Therefore, they are powerful as they bring an understanding of immanent experience, getting clarity into people’s beliefs, actions and cutting through the clutter of forsaken thoughts and conventional wisdom.

Due to its nature as explained above, this was deemed the most appropriate approach for this research.

3.4.3 Combined Approach

A Combined Approach shows that action research adheres to the case study group of methodologies; that are intentionally treated as separate forms (Benbasat et al, 2013:78). An action research is likely to incorporate cases, but a case study certainly debars the use of action research.

3.5 Area of Study

The scope of this study covered the Johannesburg Central Business District and its surrounding Inner City areas as shown in Figure 1.1, in the first chapter of this research.

3.6 Target Population

The target population is defined in social research as the total group of people from whom the data were generated (Rajasek, 2013). Mack and Katheleen (2005) described it as a complete group of people who are crucial and relevant characters in an investigation. The research population was derived from several private property construction companies in the city of Johannesburg, the City of Johannesburg employees and the Johannesburg Inner City residents.

3.7 Sampling Methodology

A sample is defined as a constituent of the population. It is like a subsection of capacity of the whole population (Bryman, 2015). Bryman (2015) has established two types of sampling approaches that can be used during studies, both commercial and social, which means probability and not probability. Probability sampling implies the use of techniques in which all the elements of a sample are selected through a random process (Lefa, 2015). Non-probabilistic sampling offers the possibility to choose examples, the most common include the subjective decision component (Saunders et al., 2010). The researcher will choose a non-probabilistic, in particular intentional sampling.

3.7.1 Purposive sampling

Kumar (2011) defined intentional sampling as a non-judgmental sampling technique used when the participants are chosen based on their knowledge of the subject and their experience. That is, it opens up a space for the researcher to generate the exact data needed. Qualitative research recognises that these are people with significant recognition in the environment to be investigated.

Intentional sampling was selected as the most appropriate because the researcher was interested in the relevance of the sample. It's the exact population, so it's cheap and takes time.

3.7.2 Sample Size

Buckley (2010), stressed that the choice of a type of approach should be limited by the fact that it is likely to respond to the most consolidated questions within the presented limits. The focus for this study and the methodology for data collection was an exploratory investigation. The researcher used a sample size of eighty five for this survey. The research was mainly based on interviews with the Johannesburg city employees, inner city residents and private developers.

3.8 Data Collection

The managers of the city of Johannesburg and private property developers have been reached in their specific areas of work in inner city Johannesburg, residents were reached in their neighborhoods. Individuals received letters of consent to sign in accordance with the whole process. The letter indicated the determination of the interview and explained the ethical issues that should be observed in the protection of respondents, in discretion and in obscurity. Open ended questions were used to collect data. Through the use of interviews, the researcher was able to investigate widely in an attempt to generate the data, since neither the researcher nor the participants were limited to any question and answer (Cohen et al, 2012). The interviews were also recorded using the audio.

3.9 Data collection instruments

Data collection tools have been defined as the tools used in the data generation process (Willies, 2013). The qualitative research process uses different tools to store data, since it is mainly of a practical nature. Primary data can be collected through structured and unstructured interviews, open interviews, closed interviews and semi-structured interviews. The researcher used two research tools to cover the requirements of the study. Data were collected through the use of focus groups.

3.9.1 Secondary data

Secondary data are defined as sources of data already available (Cohen, Morrison and Manion, (2012).) These data were included in the research process as literature that allowed the researcher to find gaps in the research through the use of magazines, books, newspapers and online sources suitable for academic purposes.

3.9.2 Primary data

3.9.2.1 Interviews

Interviews are defined as the most used data collection tool. They are well defined as an all-encompassing style of research (De Vos, 2010). The researcher has also looked for it as a word-of-mouth system to generate and transmit data from the interviewee to the interviewer (De Vos, 2001).

Individual and group interviews were conducted face to face with the aim of strengthening confidentiality. This gave the academic assistant the opportunity to speculate about the deeper problems of respondents who could not be shared in public, especially in relation to the poor performance of the business itself.

The use of open-ended questions gave the possibility to obtain the hidden points of view of the interviewees, favouring a deeper expression of the feelings regarding the subject in question. Cohen et al. (2010) argued that interviews are easier when it comes to reaching sensitive issues and do not need skills to participate in them. In the interview process, the researcher became the peripheral member of the research who developed an internal perspective without interfering with the participants' activities.

3.9.2.2 Individual Interviews with Private Property developers owners

Several executives were interviewed in Johannesburg Inner City. Each interview was based on an appointment with the participants. Interviews took 10 to 15 minutes per session. The researcher was able to interview Johannesburg city employees, residents and private property developers. A total of 85 individual interviews were conducted by the researcher.

3.9.2.3 Focus groups with the City of Johannesburg

The researcher was able to create focus groups with Maboneng employees in Johannesburg city managers and private property developers. Interviews were conducted during lunch time in most facilities. The groups included a total of at least 8-10 people. However, the researcher faced challenges especially when not interviewing specific people because of their commitments, especially on construction sites.

3.9.2.4 Advantages of Interviews

The researcher used the interviews because they are subject to limited obstacles due to the fact that they are in the management of a complete session. Cohen et al. (2010) noted that the availability of the interviewer facilitates the session because the challenges and requests of the respondents are easily resolved and important issues are also clarified. Face-to-face collisions are also necessary when participants encounter problems when it comes to language challenges.

There is always an alternative to using your mother tongue. Therefore, interviews create a friendly environment for data generation.

3.9.2.5 Disadvantages of Interviews

Cohen et al (2010) stated that the few characteristics that make interviews favourable can also be a challenge, since they can be influenced by the interview process itself. The researcher found some drawbacks for which the participants are not flexible to present critical information, especially on the employee side

Intentional sampling has been used over the long term to generate data from the most relevant people. The questions were handled individually after a brief discussion on how to complete them. 80 interviews out of the 85 students were completed; a very favorable response that the researcher obtained from the interviewees.

3.10 Procedures of data collection

The researcher has requested university approval in the department to ensure ethics are respected during the data collection process. At the beginning of the data collection, the researcher asked the shopping centre and residential complexes authorities for permission to access the shops and complexes to be able to access the employees and residents. Each interview guide contained an initial introductory letter requesting the respondent's collaboration to provide the information required for the study. Respondents were guaranteed the confidentiality of the information provided and the results of the study were used only for academic purposes and important corrective measures.

3.11 Pilot Study

Saunders et al. (2010) stressed that a pilot study should be conducted prior to the application of the interview guide. This is a smaller percentage of the study that is performed to evaluate the disposition and prepare for the larger study. The intention is to verify the methods to be used, the validity and the profitability. A pilot study was conducted with a sample of 20 participants. The collected data were used to modify, if necessary, and finalize the interview for the survey. The pilot study found that the lack of adequate financial support from the government was the main obstacle to the growth of private developers. The pilot study helped to modify the interview questions to make them more clear and simple.

3.12 Data Analysis

Data collected through the use of interviews were included in meaningful and comprehensive categories. Content analysis was the primary method of analyzing collected data to determine information adequacy, credibility, usefulness, and consistency (Cohen et al, 2011). The data collected were classified according to the emerging variables of each question in the guide to the interview and discussions. All data sources were triangulated during analysis to increase validity and a report was written.

3.13 Validity and Reliability

Reliability states that the same procedure is performed consistently and produces the same results as Cavanagh, (2012). The validity of measurement tools refers to the extent to which the research tool measures what it is intended to measure (Cohen et al, 2012). Ngulube (2010: 176) noted that validity is given when the search process is repeated and similar results are obtained. In qualitative research, credibility and compliance are used to measure reliability.

3.13.1 Credibility

Beck and Polit (2013) have observed that credibility specifies confidence in the truthfulness of the data and in its analysis. The main objectives are to analyse the accuracy of the results obtained by the respondents. The researcher assessed the credibility of the research by triangulating the data on use. However, the participants were the only ones to determine the accuracy of the study.

3.13.2 Conformability

This approach established that a researcher must determine the accuracy or credibility of the study using different strategies. Beck and Polit (2013) established that compliance establishes data obtained from real representatives. It is very significant in qualitative analysis. This was achieved through the use of overlapping methods, which is through the use of focus groups and individual interviews. This allowed future researchers to gain access to the same results.

3.13.3 Transferability

This refers to the extent to which the results of a study can be generalized to various contexts (Beck and Polit, 2013). This research used a qualitative research approach, which does not promote generalization, so the researcher ensured that the participants provided detailed descriptions of the sample study. The researcher made it possible to transfer the results of his research by providing an intensive description of the construction environment and including the information in the final report.

3.14 Limitations

- The researcher found several limitations that limited the search flow. His research was limited to the Johannesburg Inner City with a limited number of respondents, so the results cannot be generalized for all the inner cities. This research can however be used for comparison with similar researches for different areas.
- The other limitation was represented by time constraints given that the researcher had to carry out the research within a certain period, but the researcher needed more time to reach some of the main interviewees (the owners of the companies). The researcher made individual follow-ups via telephone or face to face to the individuals who took too long to respond. This ensured a higher response rate.
- There was little participation of the participants because they were not available at the time of the survey, as was the lack of confidence of the participants in relation to confidentiality, which

had a negative impact on the reliability of the data. The researcher assured respondents that their identities will be kept anonymous.

3.15 Ethical Considerations

This research was limited to ethical considerations to allow the behavior of expert academic studies. The ethical considerations that have been observed during the entire investigative process are listed below:

- **Informed consent:** the organizations and the research participants were informed of the intentions of the researcher and the managers of the organization were asked for written permission to allow the conduct of the study in the organization. All those who have been an integral part of the investigative process have been informed of their rights and have been invited to sign a formal form to express their informed consent. All respondents expressed their informed consent and the organization's leaders approved the research that will be carried out in their organization.
- **Without guaranteeing any harm**; the research participants assured that they would not suffer physical or emotional damage during and after the research process. The researcher made sure not to fight with the respondents or to violate their rights and freedoms in any way. This was done by taking responsibility for protecting them during data collection. The identity of the respondents was not declared and participation was based on voluntary basis. During the investigative process, no participant suffered physical and emotional damage
- **Confidentiality and anonymity:** an effort was made to protect the identity of the investigators. Access to raw data was limited to the researcher, data archiving was secure, and the data was compiled in such a way that it did not reveal the respondent's identity.

3.16 Chapter Summary

The chapter was able to provide a summary of the research methodology used by the researcher during data collection. The research method used by the researcher was qualitative, considering the nature of the research. Data collection through the use of interviews was used as a research tool during data collection. Procedures for data collection and ethical considerations were also provided. The chapter also provided a summary of how the pilot study was conducted before the actual distribution of interview questions to the population, in order to correct the errors contained in the interview guide. The reliability of the research was also described in the chapter, as well as the limits found during the study. The next chapter will focus on the presentation and analysis of the data generated.

CHAPTER FOUR: RESEARCH FINDINGS, PRESENTATION AND ANALYSIS

4.1 Introduction

In this chapter, the researcher presents and analyse the results of this qualitative study survey. The purpose of this study was to investigate the effectiveness of the partnerships between private property developers and the city of Johannesburg on the growth and development of the construction industry: the case of Johannesburg Inner City. The research problem bordered on the issue of the inner city decay due to major corporates and affluent residents fleeing the city in favour of the northern suburbs. This gave rise to high unemployment in the inner city, high crime rates and social decay. It was the City of Johannesburg's sole mandate to bring back the former glory of the city. As the Mayor Mr Mashaba highlighted in 2018 during the launch of the inner city redevelopment projects that the redevelopment of Johannesburg's inner city will be like the "second gold discovery". It was and still is also the city's key responsibility to ensure that there is provision of affordable housing, which were fully serviced in the inner city areas.

The key objectives of the study as given in Chapter one included investigating the impact of private property developers on the growth of small contractors in the inner city, to investigate the effectiveness of the partnerships that the municipality is forging with private developers, to assess the challenges faced by both parties and also to recommend solutions for the improvement of these partnership. The research questions were formed in a way that would address the set objectives. Primary research data was collected through interviews directed to the property developers' employees, the municipality employees and the inner city residents. The results of the research come from the primary data collected through interviews, discussions with the focus groups and observations. Above all, the researcher has sought to understand the challenges that real estate developers face despite numerous development efforts by the city of Johannesburg. Therefore, in this chapter of the survey a detailed analysis of these results is presented

4.2 Response rate

The response rate is defined as the total number of people who responded to a survey divided by the total number in the sample (Fincham, 2011). This also generally determines the success of the survey, therefore, important in every research process. In this research, a total of 85 interviews were conducted that included at least 40 to 50 individuals in each group. The interviews were conducted with private developers' employees, the employees of the city of Johannesburg and the inner city residences. 5 of the interviews were discarded as spoilt as the interviews were only done halfway and the respondents had to attend to emergency duty calls. Hence 80 interviews were used, giving a good response rate of 94.11%.

4.3 Demographic Information

Demographic information of the respondents was based on gender, age, race and the target population group they belong to.

4.3.1 Sample Structure

The sample consisted of three groups of respondents; city of Johannesburg's staff, private property developers' staff, and the inner city residents. Six interviews each from five property developers that are already in partnership projects with the City of Johannesburg were used. The total interviews therefore from the property developers were thirty. Twenty five interviews were from the city of Johannesburg employees who are involved with the contracts for private developers, and twenty five were from the inner city residents.

The Interview also sought to determine the number of years that the staff at both the municipality and the property developers had been working in that same department, or job. This is important for this research as the issue of the partnerships dates to more than twenty years ago. Therefore getting information from people who were involved from the beginning, however, information from people who joined recently is equally important as they bring a fresh perspective.

The results show that most of the respondents from the municipality have been there for more than 15 years. Out of the 25 respondents, 12 had been with the municipality for 20 years at the time of the research, 8 had been there for more than 21 years, and 5 had been there for more than 5 years. This meant that most of the respondents had rich information to share.

From the property developers, out of the thirty interviewees, 15 had been working for their respective companies for a period of between 1-5 years, 10 had between 6-10 years with their respective companies, and 5 had between 11-15 years. Most of the property developers selected are not old companies themselves, and the researcher observed that they are riddled with the problem of high staff turnover. Hence the majority of the staff interviewed do not have a long time working for the companies.

From the residents, the results show that the majority of them came to stay only a few years ago especially in the Johannesburg CBD. Only a few are older residents who have been staying there from the apartheid era especially outside the CBD in areas like Mayfair, Yeoville and Jeppestown. Out of the 25 respondents, 13 had been staying there for 1-5 years, 6 had been staying there for 5-10 years, and 7 for more than 21 years.

4.3.2 Age

The age groups of the respondents ranged from 21-61+. The age factor, although not directly linked to the research, is important to know as it mat interlink with other important factors. The majority of the respondents fell on the 31-50 category with 60 respondents. 5 were 61+, and 15 were between 21-30 years of age.

3.3.3 Gender

Gender, like age although not affecting the results of the study, was important to determine so as to know the sample structure. It would also be important for other studies should they wish to investigate the gender balances/imbalances in the inner city, staff complement at the Johannesburg Municipality or in the construction industry.

The construction industry is traditionally a male dominated industry. However, the results from this study show that there is some sort of gender balance from both the municipality and the developers. Of the 30 respondents from the developers, 15 were male and 15 were female. The municipality had 13 females and 12 males. From the residents 16 were males and 8 were females.

4.3.4 Race

It was important to include racial class in this research as the general assumption is that the low cost housing projects should benefit low income earners, most of which are blacks, coloureds and sometimes Asians (Indians). It was also important to determine which races the private property developers are employing to help determine if they are alleviating the unemployment problems faced by the City. One of the concerns highlighted in the literature review section was the issue of foreigners occupying the newly renovated houses in the inner city, thereby depriving the targeted low income earning South Africans of their right. This is why the race section had to differentiate between black South African and Black Other.

Results from the residents showed that 5 of the respondents were Asians, 8 were black South Africans, 8 were blacks from other African nations, and 4 were coloureds.

Municipality workers comprised of 16 black South Africans, 5 coloureds and 4 Asians. Staff composition from the private property developers was as follows: 18 black South Africans, 5 black other, 2 Asians, 2 coloureds and 3 whites.

4.4 Research findings as per the research set objectives

4.4.1 The impact of private property developers on growth and development of the inner city of Johannesburg

One of the aims of the research was to find out the impact of private property developers on the growth and development of the Johannesburg Inner City district. The researcher asked questions about the specific goal interview. This question was direction to all three groups of the sample as it was relevant to all of them. One of the questions was about the extent to which private property developers have improved Johannesburg Inner City. According to the survey results, the general consensus of the respondents of the Johannesburg city employees was positive, this could be summed up in what one employee said,

" *The city of Johannesburg aims at capitalizing on the many benefits of private partnership which include enhancing the development of infrastructure, contributing to the growth of the economy, reduction of costs, increasing the efficiency of the construction sector and improving the quality of public services*."

According to the literature examined, the South African government believes that there are so many benefits that can be obtained by employing private developers to carry out infrastructural development activities (Gruneberg, Hughes and Ancell, 2007). Benefits include greater innovation, social benefits, reduced costs and project completion time, and risk transfer (Gruneberg et al, 2007). These denote a complementary role of private developers to the government's efforts. In line with the mentioned view, one of the respondents from a private developer in an interview said, “Our organization works hand in hand with the city of Johannesburg and there is some form of participatory and collaborative neighborhood management being implemented that will determine the evolution of urban governance in that sector.” Nevertheless even though the the government of South Africa is trying to lighten budgetary constraints through the participation of private associations, the national budget is still insufficient to fully finance local activities, therefore it is necessary to fully involve private property developers to alleviate the pressure that surrounds the country’s infrastructure development.

According to Alinaitwe and Ayesiga (2013) private property developers are viewed as an attractive option for large scale infrastructural projects because risks are shared and through them projects are completed at a faster rate as compared to government projects. In support of this view, one of the research respondents during an interview said,

“*My company undertook the Johannesburg Inner City project alone and invested its capital at its own risk, without the operational support of the city, except for the initial requalification of the sidewalks and the indirect support through the tax incentive.*”

According to the reviewed literature, typically in most projects, the private property developer designs, funds, shapes, upholds and accomplishes an infrastructure that assumes full responsibility for risk at all these stages (Kutama, 2017). Therefore, private property developers complete the government's determination to fulfill its directive to ensure the provision of a decent infrastructure to its population. However, the private partner must provide services that comply with the standard stated by the government after accomplishment of the project. The payment of the project by the government is linked to the performance (Kutama, 2017). The research results of the interviews also indicated that private-property developers play a role in connecting people and creating opportunities for all. One of the residents interviewed said,

“*In the end, it appears one key of success in the neighborhood has been the constant emergence of new opportunities for local actors as well as newcomers; a favorable climate to attract professionals and a link with nonprofessionals.* “

This was supported by United Habitat, in view of the fact that city centers have been linked to economic growth: the grouping of people in communities is an important factor in the technological and economic progress of cities and nations (UN Habitat, 2016). During an interview with employees of the city of Johannesburg, one of the respondents said,

“ *Besides the provision of housing, private property developers have developed buildings that are designed to be of mixed use and mixed income in a bid to enhance economic development of the area, thereby creating employment opportunities for the people and reduce dependency on the government.“*

Thus the private property developers have a huge role to play not only in the growth of the construction industry but of the economy as a whole.

According to the research findings, private property developers have also managed to ensure the provision of security of the people in Johannesburg Inner City. A respondent from the city of Johannesburg said,

”*Whilst Maboneng shows no signs of becoming a gated community in the physical sense, it is managed by a privately run CID, making the regenerated areas feel safer, cleaner and to an extent privately managed in comparison to areas not under CID management.*”

However, whilst not being gated in the physical sense of the word, there is still an element of tension regarding the public street spaces becoming increasingly transferred overtime by the relevant private property developer and CID management (Miraftab, 2007:616). A common argument against CIDs’ was from one of the residents who pointed out that “the territorially bound strategy tends to transfer crime to spaces that cannot afford to procure the additional safety, and to move street kids to parts where there are no NGOs paid to do outreach.” Therefore, the issue of security becomes controversial though it is of greater benefit to people residing in the area.

Johannesburg Inner City is not a state-led urban regeneration project, but rather an urban regeneration project controlled by the vision of one private developer. What makes the story of the inner city exceptional is the present foot print which is so large that some claim it may be the world’s largest privately led redevelopment project by size (Propertuity, 2016). This in turn ensued in the crowding in of capital from other investors to join in the culture-led regeneration of the area. The current population growth of Maboneng alone is alleged to amount to a neighbourhood of over 20,000 new inhabitants by the year 2020 (Propertuity, 2016).

The results from the residents showed mixed feelings. Some of the older residents were worried about all the changes happening around them and whether they will be able to afford the rates and taxes when all the developments were finished, and also the fact that many new people especially foreigners were invading their neighborhood. One respondent clearly said the following:

"Yes, we can see all these developments happening around us, the culture of our area is being eroded by bringing in a lot of foreigners. The developers are doing this for profit not for helping poor residents"

Some mentioned that they were happy with the developments as they rid their neighborhood of gangs and crime. One quoted residents said:

"*I am so grateful to these developers for evicting gangs that were staying in the abandoned building next to us. It was becoming dangerous to walk in our streets after dark, but since they were evicted, we feel safe in our street"*

Sharing the same sentiments, another said:

"I feared that my children will be exposed to substance abuse or rape at a young age, but the developers have helped to clean up our streets"

Based on the data presented on the role played by private property developers, it is interesting to note that the research objective that revealed the impact of private property developers on the growth and development of the Johannesburg Inner City Project as positive, even though there were some negative comments which the City has to address.

4.4.2 What kind of relationship exists between private property developers and the city of Johannesburg?

One of the research objectives was aimed at evaluating the relationship between private property developers and the city of Johannesburg. In line with this goal, the researcher has compiled some maintenance questions to be used during the data collection process. According to reviewed literature, private property developers are not considered a permanent replacement of government infrastructure programs, but they are useful in many ways (Ljungberg and Douglas, 2008). Governments are implementing infrastructure developments to respond to the housing needs of the nation, and try to do so at a good price and quality and also in a specific time frame. It is therefore imperative for the government to choose the best private partner and to choose one or all of the above mentioned infrastructure development objectives. This question was directed to the City of Johannesburg and the private developers' staff. Residents did not have to answer this question.

According to the interviews held with relevant private developer's employees, "*Our Company has successfully been building a neighbourhood community through the acquisition of property, which they have successfully turned into mixed use buildings*." In support of this argument, as of 2015 the developer provided the market with 588 new units, equivalent to a total of 22802 square meters new residential area in the inner part of Johannesburg (UN Habitat, 2016). This meant that a new residential population of 939 people entered the area. According to an employees, "In 2016 nine new residential buildings were developed which accounted for 737 new residential units, which included an additional 34 466 square meter residential space." This was for one inner city district only. They even predicted the development of various housing units in the near future. Packaged city centres are linked to economic growth. The mergers of people in communities are an important factor in the technological and economic progress of cities and nations (UN habitat, 2016). Due to the fact that the developed buildings were designed for mixed use and mixed income in order to improve economic development of the area. The developers of private properties therefore have a major role to play not only in the growth of the construction industry but also for the economy as a whole.

According to the research findings from the conducted interviews, one of the benefits of private property developers include bringing projects forward whilst the municipality creates an opportunity for projects. In line with this view, one respondent from the municipality of Johannesburg said, "*In almost a similar manner as homeowners take out mortgages, contracting private property developers allows the government to speed up projects much faster than they would have taken*." This view was supported by another respondent from a private property developer who said," *As private property developers our duty is to assist the government in financing the projects before the benefits can be realised, allowing the beneficiaries to enjoy the investment much soon*er." As a result, many investment funds are completely separated across the country, since governments and other organizations will finance.

In addition, private property developers offer on time delivery hence reducing the possibility of conflicts between people and the government on the delivery of services timeously. During an interview with the Municipality of Johannesburg employees, most of the respondents said," *One of the biggest role of public- private partnerships is the ability to meet set time frames for the completion of projects and allows for payments to be matched with project phases*." In some instances, the private partners are able to deliver on projects well ahead of schedule (Ljungberg and Douglas, 2008). This view is supported by the available literature noting the example of a Canadian terminal which was completed 18 months before the set date for completion under a private partnership contract.

Another point revealed in the research findings was that, there is also the transfer of construction risks from the city of Johannesburg to private partners. *One of the research respondents pointed out that, "in most cases, municipalities are unable to commit to the maintenance of infrastructure because of one reason or another, therefore private partners gets in and take the responsibility of the government*." This is mostly as a result of diversified roles of the government of which there is a possibility of diversion of funds from a certain project to another as a result of a crisis, funds may have to be pulled off an infrastructural development projects to be committed elsewhere. One of the senior managers from the city of Johannesburg said, "*There can also be a deficit in the budget meaning that some infrastructural projects have to be shelved indefinitely or be transferred to private property developers*." therefore, it is relevant to engage private real estate developers to transfer the construction and maintenance risk from the government to the private partner. This implies that even if the government has problems with the budget, the private partner can still continue the construction work.

Private property developers help the city of Johannesburg to reduce costs on projects as they are shared. One of the respondents from a private property developer responsible for the inner city project said, "*Our Company is committed to take all cost related responsibilities surrounding the inner city project therefore reducing the burden on the government*." Cost reduction is another credit that can be given to private real estate developers. Hiring private partners for a construction project is one of many ways to reduce costs. In support of this argument, the revised literature has emphasized that construction costs and maintenance can be reduced, (Kutama, 2017). The use of private developers in construction projects reduces construction costs, especially during the construction phase of the contract (Ljungberg and Douglas, 2008). The best designs and asset management of private developers are the main reasons for these reduced costs.

Private real estate developers typically design and build properties with a focus on providing quality to end users. This mainly refers to their continued good performance after completion, but the government is responsible for ensuring that end users continue to receive acceptable quality levels. One respondent from the municipality said, "*Our projects are well implemented, private partnerships enable the government to focus on the end product rather than the inputs and the quality they want the property developers to deliver*." It is the end product, not the development of the product that is the guiding principle of the project. The reviewed literature gave an example of government's use of private property developers in the construction of schools focusing on the end product (Ljungberg and Douglas, 2008).

There are a variety of factors around the relationship. First, the property developer is not a property manager, which means that they are not in control of the daily technical aspects of the properties it owns. It should be mentioned that private developers do not own all the buildings in Johannesburg inner city so it has to do with other private owners. In terms of public space, private developers delegate minor technical issues to an urban management company the likes of Urban Genesis. Both companies then meet weekly to determine environmental issues. The urban management company is also responsible for the discussion with the municipality of Johannesburg when its action or authority is necessary for a project in the inner city. In addition, Behavior is advised by other companies: urban managers help developers to define their strategy. From the public there is the Johannesburg municipality and the Johannesburg Development Agency (JDA).

Its position in relation to the inner city is not easy to define, because "compound" wings have developed, which are surrounding areas with similar aspects of the inner city (Kutama, 2017).).

According to the research findings, some inner city areas governance is less autonomous than it seems. However, it comes out very different from any European model (Kutama, 2017). The researcher through an interview with the City of Johannesburg municipality discovered that some public actors seem not know the inner city project. One senior employee from the Municipality said," *The inner city project is known by a few since its onset whilst others are still in the process of discovering it*." This says a lot about the public governance of Johannesburg. Even if there is a project undertaking in partnership with public authorities, it seemed clearly that private developers were carrying the project mostly alone. Since the other projects were led by public authorities, it may be that they felt that the inner city project was a less exclusive project (Kutama, 2017).

There is a noticeable gap between private property developers and other public actors, justifying the autonomous model of Johannesburg Inner City. A research respondent from the Municipality of Johannesburg said,

" *it is logical that private developers stay at the centre of the inner city development project if nobody takes this role, it however seems dangerous for an entire area to be managed by a private actor. This model is dangerous for general interest since it could be driven only by profit.*"

What is particularly interesting in the Johannesburg inner city project is that the private actor has been very knowledgeable in terms of social policies and amalgamation (Kutama, 2017). It could surely have been different if the private actor had no apprehension about those aspects. However, according to one resident during an interview," *The projects have been of great benefit to us as individuals, as it has brought new insights and solutions for city management and favoured common interest much more than some public projects.* " This does not mean that the particular governance model of Johannesburg inner city is always central to those situations, it definitely depends on the project holders. Through giving independence and a large scale of action to a private actor, it seems that the social achievements can be huge (Kutama,2017). The specific past of South Africa, where the State has played a role of isolation, may explain that gap (Propertuity, 2016). City residents therefore seem to put much trust on private actors more than the State as the project has seemed to be more of a social benefit to them.

4.4.3 Challenges to effectiveness and efficiency of the partnerships between private property developers and the municipality

The third research objective attempted to reveal and discuss challenges for the effectiveness and efficiency of real estate developers' partnerships with the municipality by focusing on the Johannesburg Inner City project. According to the results from the interviews, the success of private partnership infrastructure projects depends on a combination of factors. This includes the experience of partnership and the expertise of the actors in terms of contractual negotiations, creation and management of the company. According to a respondent from the Johannesburg Municipality, Johannesburg Inner City is first defined by the domination of a single private actor in the creation and rejuvenation of the district, creating an imbalance on ideas. "The property developer is the major real estate developer in this area, but has expanded its role in intervention in public spaces and even in promoting a new way of life in the city (Kutama, 2017). This brings back to light the worry of local residence that their culture is being diluted and that they may not be able to pay for these new developments.

In addition, a comprehensive range of indecisions describes the environment around their application, predominantly if the legal framework is unstable (Zhang, 2005).Three important characteristics are often acknowledged as critical these are; cost, time, and eminence. According to an authority from a private property developer,

"*We assumed the inner city project alone and financed at its own risk, without the operational support of the city, excluding for the initial requalification of the sidewalks and the subsidiary support through the tax incentive*."

This clearly shows the financial burden of the project being on the private property developer. However, there is also various other factors that contribute, and the combinations of these have significant impact on the efficient allocation of limited resources of time, expertise and finance

(Banerjee and Ranganathan, 2006).These factors are quantifiable and prerequisite serious deliberation if these partnerships are to be successful.

According to the reviewed literature, notwithstanding the fact that private partnership involvements are project dependent and country specific, the public sector in all cases has the crucial responsibility for the type of services or projects to follow, and eventually determines the time, quality and cost necessities (Jing-Feng et al., 2010).Therefore it is vital that the public sector realises the driving factors of the private partnerships that can be used as pivotal indicators for planning and execution of private public projects. The government must not give excess authority to the private partner but should make an effort to work together, ensure the availability of necessary skills, experience and the provision of needed resources for the management of risks and the provision of quality and cost effective services. One of the respondents from the private property developers pointed out that, there were complains within their company that they were the only one to carry accountabilities, and would like the other stakeholders to partake more for their common good.

Poor organisation and planning of the projects is one of the mentioned challenges to the effectiveness and efficiency of private property developers. One of the employees from the city of Johannesburg mentioned that,

”*The design of the partnership from the onset is critical and the legislation that guides the partnership will decide its success. The success of any project is highly dependent on the capability to plan for it, set effective legislative measures and clearly defined ropes and responsibilities without which the success is hindered.*”

In line with this finding, one of the scholars in the reviewed literature argued that, llegislative margins and the complete transference of risk to the private property developers to the extent that the project becomes financially unmanageable to them is an error that is commonly made (Mokgohlwa 2002). At times the projects fail because the expectations on the private property developers are too high and their financial competences would have been exaggerated.

The lack of internal competences is one of the mentioned aspects as a hindrance to the effectiveness and efficiency of private property developers, specifically the Johannesburg inner city project. The government should have personnel with the technical expertise to understand and manage multifaceted private partnerships. The over dependence on external consultants to manage complex private partnership arrangements is not advisable. This is because at times the contracted agency might not have the necessary capabilities to internally accomplish the partnerships (Alisters, 2016). One respondent pointed out that, "private property developers often critisize the City for a lack of attention to this area and hope to see an improvement from the government." To address this issue, new forms of participating and cooperative neighborhood management are being effected and will determine the development of urban control in that sector of downtown Johannesburg for the years to come.

Too much focus on the monetary factor of the private partnership is one of the hindrances to the effectiveness and efficiency of private property developers. Private partnerships at times prioritise their financial inputs in projects whilst focus on the work on the ground is neglected. The result is that these projects ultimately fail. One employee from a private developer pointed out that, "Our *independence comes with a great obligation and risks as well as higher costs, that we would rather share with others stakeholders than taking the risks alone*." It is therefore vital to elucidate the amount of risk transferred to the private property developers at the early stage of the project. This is generally associated with the future use of the property considering the change of the social structure in societies.

Lack of proper planning is one of the mentioned hindrances to the effectiveness and efficiency of private property developers**.** Lack of planning from the government can create a non-competitive environment where there are few bidders for property development projects limiting the involvement of different actors thereby creating a private monopoly. Focusing on the inner city project, one respondent pointed out that,

"*The private developer likes to present themselves as the sole promoter of the inner city development project, alone at the wheels without any help. However, they tend to always enjoy the full support of the public authorities, even from a far distance, and this partnership is getting more operational*."

This gives room for the creation of similar projects such as that of Johannesburg inner city in future if a private property developer is given excessive authority over the project.This is because the government would have failed to analyse the market well during planning. On the other hand, very few projects may result in industry moving on to a more active jurisdiction (Ljungberg and Douglas, 2008).

Propertius Group's urban project, a private initiative of capital investing in urban renewal, is an example of the effects that JDA wanted to create through its strategy (Cheshire and Lawrence, 2014). It is one example of how significant an impact private property developers can effectively contribute to the growth of small construction firms and the construction sector as a whole.

4.5 Chapter Summary

The chapter managed to make a presentation and discussion of the research findings with regard to the effectiveness of the partnership between private property developers and the city of Johannesburg on growth and development of construction industry: The case of Johannesburg Inner City. The findings were based on the interviews conducted with the private property developers, the city of Johannesburg municipality and the Johannesburg Inner City residents. The major findings were as follows:

- Private property developers complement the efforts of the municipality reducing costs on projects, provision of quality end products that are beneficial and sustainable to the end user.
- Private developers help create jobs and offer affordable housing. They also ensure the provision of security to the beneficiaries of the project.
- There is a working relationship between the city of Johannesburg and private developers with regards to the situation in Johannesburg inner city. Most of the governing and control is under private developers though some responsibilities are given to other actors. This brings the issue of challenges that cause the ineffectiveness and inefficiency of private property developers as linked to factors such as poor legislative measures, poor planning and organising strategies and lack of internal capabilities.
- Local residents in the inner city have mixed feelings. Some are worried about cultural erosion due to the high influx of foreigners, whilst others are happy that the developments are removing crime hubs from their neighbourhood.

- The partnerships between the City of Johannesburg and private property developers has helped alleviate unemployment problems.
- In a nutshell, the Johannesburg inner city development project is an ongoing success though it is surrounded by various weaknesses and challenges.

CHAPTER FIVE: RESEARCH SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

Chapter Four was mainly focusing on the establishment, presentation and analysis of the outcomes of the research. The discussions were with reference to the attained data. Therefore, this chapter presents the overall research summary on the topic that sought to investigate the effectiveness of the partnership between private property developers and the city of Johannesburg on the growth and development of the construction industry: the case of Johannesburg Inner City. This chapter shall start by presenting the overall summary of the major research findings, followed by the findings from the reviewed literature, research conclusions and recommendations. The other purpose of this chapter is deriving conclusions based on the research outcomes and suggestions for future researches are also given.

5.2 Summary of the major research findings

This section of the chapter summarises the major research findings with basis on the presented research objectives. This research followed a qualitative strategy through the use of an interview guide to carry out group and individual interviews. The advantage of employing such a strategy was that it gave the respondents room to freely say out their views easily through the use of any desired language and where there was need for clarification, it was given since the constructor of the questions was available. Therefore, a brief summary of the major findings shall be presented as per set objectives.

5.2.1 Objective 1: The impact of the partnerships between private property developers and the City of Johannesburg on growth and development project of the inner city of Johannesburg

One of the aims of the research was to find out the impact of the partnerships that the City of Johannesburg is entering into with private property developers on the growth and development of the inner city district project in Johannesburg. The researcher asked questions about the specific goal interview. One of the questions was about the extent to which private property developers have improved Johannesburg Inner City.

According to the literature examined, the South African government believes that there are multiple benefits derived from employing private developers to carry out infrastructural development initiatives (Gruneberg, Hughes and Ancell, 2007). Benefits include innovation, social benefits, reduced and controlled costs and project completion on time, and the transfer of possible risks (Gruneberg et al, 2007). These denote a complementary role of private developers as a complement to the government's efforts. Therefore, it is of necessity to fully include private property developers to reduce the pressure that encompass the country's Infrastructure development.

According to Alinaitwe and Ayesiga (2013) private property developers are viewed as an attractive option for large scale infrastructural projects because risks are shared and through them projects are completed at a faster rate as compared to government projects. The idea has got its basis on the fact that, private property developers will be focused on the project only than the government that has to deal with a lot of public demands. Therefore, private property developers complete the government's determinations to fulfill its directive to ensure the provision of a decent infrastructure to its population. However, the private partner must provide services that comply with the standard stated by the government.

Another major finding was that, private property developers make possible the link between people which is an engine to economic growth. Besides the provision of housing, private property developers have developed buildings that are designed to be of mixed use and mixed income in a bid to enhance economic development of the area, thereby creating employment opportunities for the people and reduce dependency on the government.Thus the private property developers have a huge role to play not only in the growth of the construction industry but of the economy as a whole.

According to the research findings, private property developers have also managed to ensure the provision of security of the people in the inner city districts. Whilst some of the developed areas show no signs of becoming gated communities in the physical sense, they are managed by a privately run CID, making the regenerated areas feel safer, cleaner and to an extent privately managed in comparison to areas not under CID management.

Johannesburg Inner City is not a state-led urban regeneration project, but rather an urban regeneration project controlled by the vision of a private developer. What makes the story of the inner city exceptional is the present foot print which is so large that some claim it may be the world's largest privately led redevelopment project by size (Propertuity, 2016). This in turn ensued in the crowding in of capital from other investors to join in the culture-led regeneration of the area. The current population growth of one inner city district is alleged to amount to a neighbourhood of over 20,000 new inhabitants by the year 2020 (Propertuity, 2016).

Based on the data presented on the role played by private property developers, it is interesting to note that the research objective that revealed the impact of the partnerships between the municipality and private property developers on the growth and development of the Johannesburg inner city Project in the center of Johannesburg has been achieved although the data collection process is surrounded by limitations.

5.2.2 Objective 2: What kind of relationship exists between private property developers and the city of Johannesburg

One of the research objectives was aimed at evaluating the relationship between private property developers and the city of Johannesburg. In line with this goal, the researcher compiled some questions in line with the objective. According to revised literature, private property developers are not considered a permanent replacement of government infrastructure programs, but they are useful in many ways (Ljungberg and Douglas, 2008). Governments are implementing infrastructure developments to respond to the housing needs of the nation, and try to do so at a good price and quality and also in a specific time frame. It is therefore imperative for the government to select the best private partner and to choose one or all of the above mentioned infrastructure development objectives.

According to the findings, the key private property developer responsible for Johannesburg inner city development project has successfully been building a neighbourhood community through the acquisition of property, which they have successfully turned into mixed use buildings. In 2015 they provided the market with 588 new units, 737 new residential units in 2016, (UN Habitat, 2016). The mergers of people in communities are an important factor in the technological and economic progress of cities and nations (UN habitat, 2016). Due to the fact that the developed buildings were designed to be mixed use and mixed income in order to improve economic development of the area. The developers of private properties therefore have a major role to play not only in the growth of the construction industry but also for the economy as a whole.

Another point mentioned in the research findings was that there was also the transfer of construction risks from the city of Johannesburg to private partners. In most cases, municipalities are unable to commit to the maintenance of infrastructure because of one reason or another, therefore private partners get in and take the responsibility from the government. This is mostly as a result of diversified roles of the government of which there is a risk of diversion of funds from a certain project to another as a result of a crisis, funds may have to be pulled off an infrastructural development projects to be committed elsewhere.

Private property developers help the city of Johannesburg to reduce costs on projects as they are shared. Developers were committed to take all cost related responsibilities surrounding the Johannesburg inner city project therefore reducing the burden on the government. Literature has emphasised that construction and maintenance costs can be reduced through the involvement of private property developers (Kutama, 2017). The best designs and asset management of private developers are the main reasons for these reduced costs. The private developers typically design and build properties with a focus on providing quality to end users. This mainly refers to their continued good performance after completion, but the government is responsible for ensuring that end users continue to receive acceptable quality levels. .

Private property developers also ensure the sharing of responsibilities amongst different actors. The private property developer is not a property manager and is therefore not in control of the daily operations of its properties. The developer is not the owner of all the buildings in in the inner city, so they have to deal with other private owners. With regards to public space, the developer contracts minor technical issues to an urban management company which becomes responsible for the discussions with the municipality of Johannesburg when required. Through giving independence and a large scale of action to a private actor, it seems that the social achievements can be huge (Kutama, 2017). The history of South Africa, where the State has played a role of isolation, may explain that gap (Propertuity, 2016).

5.2.3 Objective 3: Challenges to effectiveness and efficiency of the partnerships between the City of Johannesburg and private property developers

The third research objective attempted to reveal and discuss challenges for the effectiveness and efficiency of the partnerships between the city of Johannesburg and private property developers by using the Johannesburg inner city development project as a case study. According to the results of the interviews, the success of private partnership infrastructure projects depends on a combination of factors. Some of the challenges highlighted from both the literature review section and from the interviews comes from the human rights lobby groups who are against the eviction of vacant building occupants, even though the occupancy may be illegal. They demand that the City find alternative accommodation first for those people before evicting them into the streets. Some residents also are against the developments as they accuse the City of ignoring the plight of the poor and allowing private developers to profiteer at the cost of poor citizens. They argue that the houses are really not low cost housings and they cannot afford them. Another challenge revealed was that of the domination by a few private developers in the major projects of creation and rejuvenation of the district. The city therefore has a mandate to find ways of how these key developers can work with smaller developers for the benefit of many.

An unstable legal framework is another challenge highlighted by (Zhang, 2005). Three important characteristics are often acknowledged as perilous these are; cost, time, and eminence. A private developer took the financial and operational risks of the inner city project. However, there is also various other factors that pose challenges and have a significant impact on the efficient allocation of limited resources of time, expertise and finance (Banerjee and Ranganathan, 2006).These factors are quantifiable and prerequisite serious deliberation if these partnerships are to be successful.

Poor organisation and planning of the projects is one of the mentioned challenges to the effectiveness and efficiency of private property developers. The design of the partnership from the onset is critical and the legislation that guides the partnership will decide its success. The success of any project is highly dependent on the capability to plan for it, set effective legislative measures and clearly defined ropes and responsibilities without which the success is hindered. At times the projects fail because the expectations on the private property developers are too high and their financial competences would have been exaggerated.

Lack of internal competencies was one of the mentioned hindrances in the Johannesburg inner city project to the effectiveness and efficiency of the partnerships. The developers accused the city of not having qualified people with whom they can liaise with on the same level, whilst some of the city staff accused the developers of running with decisions without proper consultations.

Lack of proper planning was also highlighted as a blockage to the effectiveness and efficiency of private property developers' partnerships with the municipality (Ljungberg and Douglas, 2008). Sometimes the municipality reacts to pressure and approves on projects without planning and budgeting for them properly.

5.3 Summary of findings from the Literature

Chapter 2 of this study constituted the review of literature on the study that sought to explore the effectiveness of the partnerships between private property developers and the city of Johannesburg on the growth and development of the construction sector, a case of Johannesburg inner city. It covered relevant concepts on the challenges facing housing in Johannesburg, the definition of Public Private Partnership (PPPs), the impact and implementation of projects of private property developers and the city of Johannesburg. It also managed to analyse examples of successful PPPs, justifying their partnership with the government, discussed on the regulation of private property developers in a country's infrastructural development, factors affecting the success of private property development projects and the history of property development in Johannesburg.

5.3.1 Objective 1: The impact of the partnerships between private property developers and the city of Johannesburg on growth and development of the inner city of Johannesburg

Private property developers will not replace government's infrastructural programs but will be helpful in many respects (Ljungberg and Douglas, 2008). Governments carry out infrastructural developments to respond to the affordable housing needs of the nation.

There is also the transfer of construction risks to private partners. A crisis can happen in another sector of the economy and funds may have to be pulled off an infrastructural development project to be committed elsewhere. There can also be a deficit in the budget meaning that some infrastructural projects have to be shelved indefinitely. Thus it becomes important to contract private property developers so that construction and maintenance risk is transferred from the government to the private partner. This implies that even if the government runs into problems with the budget, the private partner is still able to continue with the construction work.

Successful implementation of private partnerships has improved delivery of infrastructure and services, while poor implementation has led to project delays and cost overruns (Bodie and Worthington, 2010). Government must play a pivotal role for the successful implementation of a project. The role of government in private partnerships implementation is to maintain a favourable environment for macro-economic stability, as financiers pay attention to macro-economic indicators. Furthermore, legal autonomy and predictability are important to provide guarantees for property rights. There is also need to ensure that procurement practices are transparent and competitive (Ahwireng-Obeng and Mokgohlwa 2002).Government should be wary not to overstep its authority as it may be perceived as interference.

Partnerships with Private property developers in infrastructure development are increasingly becoming popular in African countries, with South Africa being on the forefront in terms of such initiatives. In South Africa, the Nelspruit water and sanitation concession, the N4 toll road and Dolphin Coast water supply projects were the first long term concession projects (Koro- Ljungberg and Douglas, 2008). Gautrain, the fast rail network linking two metros of Johannesburg and Pretoria, the Humansdorp District Hospital Project, as well as two privately-run prisons in Bloemfontein and Louis Trichardt are among the few examples of private projects undertaken in the country.

5.3.2 Objective 2: What kind of relationship exists between private property developers and the city of Johannesburg

After the first democratic election in South Africa took place in 1994, came the fall of the Apartheid regime, giving room to a shift in the philosophy of South African state, from ‘government’ to ‘governance’, and new mechanisms such as concessions and private property developers emerged in the second half of the 1990s. Administrative boundaries were remodelled in 1995 and the urban area, including rich northern districts and the townships of Soweto, passed under the control of the Greater Johannesburg Authority. Then in 2000, a new municipality was created and merged with the metropolis, which was subdivided into 11 administrative regions.

Since then the number of partnerships between the public sector and the private sector, communities and civil society is said to have grown steadily. A legislative framework has been developed at national, provincial and municipal levels that promoted the growth of small contractors. However, little has been said on the assessment of the impact and implementation of private property developers at municipal level in the City of Johannesburg. The success of private partnership infrastructure projects is dependent on a combination of factors, such as the partnership experience and expertise of role players in terms of contract negotiations, company formation, and management. In addition, a broad range of uncertainties describes the environment around their application, particularly if the legal framework is not stable (Zhang, 2005).Three important aspects are often identified as critical these are; cost, time, and quality. However, there is also numerous other factors that contribute, and the combinations of these have significant impact on the efficient allocation of limited resources of time, manpower, and finance(Banerjee and Ranganathan, 2006).These factors are measurable and need serious consideration if these partnerships are to be successful.

The examples of the PPPs that have undertaken their operations in South Africa are the Trans African concessions of 1996 (National Treasury, 2007). This partnership was between the government of South Africa and Mozambique (Kutama, 2017). The governments of South Africa and Mozambique signed a 30-year concession for a private consortium, Trans African Concessions (TRAC), which was believed to be the sole finances of the project (Kutama, 2017). The governments of South Africa and Mozambique jointly provided a guarantee of the debt and under some conditions the equity as well. Another notable example was the South African National Parks In 2000. The South African National Parks (SANParks) signed a BOT concession with Nature's Group, a consortium formed to outsource management of 11 restaurants, two shops and three picnic sites in the Kruger National Park Game Reserve for just under 10 years (Department of National Treasury, 2007).

The Gautrain Rapid Links (Gautrain) was another large infrastructure project delivered through partnership with PPPs. In 2006, the Gauteng Provincial Government signed a 20-year PPP contract with the Bombela Concession Company to design, build, part-finance and operate the Gautrain Rapid Rail Link (Kutama, 2017). After the 20-year period, control and management of the Gautrain was to be reverted to the Gauteng Provincial Government. The

Fleurhof development is another notable success of the work of PPPs that was completed in 2016 and today the development is still catering for the housing needs of low-income earners within the Fleurhof community (Kutama, 2017). The overall success of the project is attributable in part, to the significant role that was played by private sector. It is clear that specific organisations that were involved participated in the project mainly with financial contributions for the viability of the project.

Therefore, the private sector is required for purpose of closing the gap to step in and attempt to help close the gap between the growing need and the available supply of affordable infrastructure. The reason being in the time of deficiency of federal and other state resources, there is need for the reliance on the market for large scale solutions (Kutama, 2017). One such solution is presented by ‘Public Private Partnerships’ (PPPs) to address challenges directly with effectiveness and efficiency. Working together will result in better and easier solutions as opposed to situations whereby the sole responsibility is given to the government.

5.3.3 Objective 3: Challenges to effectiveness and efficiency of the partnerships between private property developers and the city of Johannesburg

The progress and success of private partnership infrastructure projects depends on various factors that surrounds their operations. Besides notable success storied of private property developers, the actors are vulnerable to some challenges that are related to their projects. Research literature unveiled some aspects such poor organizational strategies, unclear project objectives, unclarified project objectives, lack of internal capabilities and the inability to get value of money.

According to the reviewed literature, the poor organization of projects was mentioned as one of the factors hindering their success. The design of the partnership from the start is crucial and the legislation that guides the partnership will decide its outcomes. Legislative restrictions and the complete transfer of risk to the private property developers to the extent that the project becomes financially unsustainable to them is a problem that is commonly made (Mokgohlwa 2002). In most instances, the projects fail because of the over expecting on the side of private property developers.

Having unuclear project objectives and focus on the financial side were also mentioned as challenges to the success of any project.At times the aims of the projects and what is expected of them is not clarified. The ‘over specifying of inputs’ is often cited as a method by which the government tries to compensate for this failure (Xueqing, 2005). Private partnerships at times are prioritized for their financial inputs in projects whilst focus on the work on the ground is neglected. The result is that these projects ultimately fail.

The poor management of risks was also mentioned as one of the challenges. The clarification of risks during the onset of any project is of paramount important according to the reviewed literature. It is important to clarify the amount of risk transferred to the private property developers at the early stage of the engagement. One mistake often done is to transfer demand risk to the private partner when the partner has no influence whatsoever on it (Xueqing, 2005). Demand risk is associated on the future use of the property.

The lack of internal capability was also mentioned as a challenge to the success of private property developers. The government should have personnel with the technical expertise to understand and manage complex private partnerships. The over reliance on external advisers to manage complex private partnership arrangements is not advisable. This is because at times the contracted agency might not have the necessary competencies to internally manage the partnerships (Alisters, 2016).

Last but not least, the inability to get value for money was also mentioned a hindrance to the success of private property developers. This happens when the costs of the project are not met by the gains that the project makes. The government would have incurred losses during borrowing and the tendering costs to finance the project without being able to calculate value for money (Ljungberg and Douglas, 2008). This combined with lack of planning from the government can create a non-competitive environment where there are few bidders for a project. This is because the government would have failed to analyse the market well during planning. On the other hand, very few projects may result in industry moving on to a more active jurisdiction (Ljungberg and Douglas, 2008).

5.4 Summary Conclusion

The main objective of the research was to explore the partnership between private property developers and the city of Johannesburg on the growth and development of the construction sector. The Maboneng project is considered as one of the successful private property projects that was successful and able to transform a once termed abandoned area into a successful one. Even though there is a legislative framework governing the operations of private property developers, the relationship between the public and private sector at Maboneng is a distant one according to the findings. The development of Maboneng was spearheaded by a private property developer and most of the buildings in the area are for commercial use and are owned by a private property developer. This situation is considered as problematic. Therefore, there is a suggestion for the government to not give full ownership to the private sector but to work together with it during and after every project to ensure sustainable development that will benefit all the people.

5.5 Recommendations

One of the research objectives was for the researcher to suggest recommendations for the government, different stakeholders and the city of Johannesburg and for the future researches. Therefore, the suggested recommendations were that, there is need to fully revise the legal framework governing the private property developers' project. Opportunities should be given to different private property developers so that there are no chance of creating a monopoly. The government should be partly involved private property developers during and after every projects to ensure monitoring and effective utilization of resources as well as to share risks and avoid failure of projects.

Proper planning and consultations is also required from both the city and the developers' sides. Residents also need to be consulted and informed regarding the developments taking place in their neighbourhood and how it is going to benefit them.

The private property developers should ensure that every project is transparent and should have representatives with clearly defined roles and responsibilities to ensure accountability be it in the failure or success of any project. Monitoring and evaluation should be implemented during every project process and levels. There is also need to properly budget for projects in order to reduce the possibility of half backed projects.

5.6 For future research

The researcher recommends a quantitative study to be implemented on the same research topic, making use of other research instruments. Studies on the challenges faced by private property developers should be carried out broadly in future.

5.7 Chapter Summary

The chapter focused on the research summary, conclusion and recommendations on the topic that sought to investigate the effectiveness of the partnerships between the city of Johannesburg and private property developers on the growth and development of the construction sector. The aspects that were covered in the chapter were the overall summary of the research, the summary of the major research findings based on the research objectives as well as their link to the research literature. The chapter also presented research conclusions drawn from the findings and suggested recommendations for future research.

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INTERVIEW GUIDE

Section A: Demographics:

Please tick where applicable

a) **Gender:**

Male

Female

Prefer not to say

b) **Age:**

21-30

31-40

41-50

51-60

61+

c) **Which group do you belong to?**

Private developer

Municipality

Inner city resident

d) **Number of years in the same job or neighbourhood:**

1-5

6-10

11-15

16-20

21+

e) **Race:**

Asian

Black South African

Black Other (specify)

Coloured

White

Other (specify)

Section B: Impact of the private property developers on the growth and development of the Inner City.

- To what extent has the private property developers improved the construction industry in Inner City Johannesburg?
- What percentage of the construction industry do private property developers execute?
- Why is it necessary for the city of Johannesburg to involve private property developers in the development of the inner city districts of Johannesburg?
- Five years from now, what will be different in the outlook of the inner city districts?

Section C: History of private property developers on growth and development of the construction industry in Johannesburg Inner City Districts.

- How has the relationship been between private property developers and city of Johannesburg?
- How does a private property developer's contractor acquire contracts from the city of Johannesburg?
- What percentage of construction has been executed by private contractors?

Section D: Perceived effectiveness and efficiency of the partnerships between private property developers and the municipality

- Have any new businesses started to show interest in coming back to the CBD when the renovations and modifications are finished?
- Are the low income earning people benefitting from the housing redevelopment projects?
- Are the redeveloped houses really affordable to the low income earners?

- How has the redevelopment projects impacted on crime rate and social problems in the city?
- How many new jobs were created through the city's partnerships with private developers?

Section E: Challenges to effectiveness and efficiency of private property developers' partnerships with private developers

- What are the challenges encountered by property developers in their efforts to effectively develop properties around city of Johannesburg?
- What are the challenges faced by the municipality in developing the inner city?
- How can these challenges be addressed by both City of Johannesburg and private property developers?