# Table of Contents

Section 1: Introduction ................................................................. 7
  1.1 Introduction ........................................................................ 7
  1.2 Goals and Objectives .......................................................... 7
  1.3 Methodology ...................................................................... 8
  1.4 Concept of Local Economic Development ............................... 9
  1.5 Study Area ..................................................................... 11
  1.7 Structure of the Report ...................................................... 12

Section 2: Policy Framework ......................................................... 14
  2.1 Introduction ..................................................................... 14
  2.2 Policy Objectives ............................................................ 17
  2.3 Policy Alignment .............................................................. 23

Section 3: Socio-Economic Profile ............................................... 25
  3.1 Introduction ..................................................................... 25
  3.2 Demographic Indicators .................................................... 25
    3.2.1 Population and Household Indicators ......................... 26
    3.2.2 Age and Gender profile .............................................. 27
    3.2.3 Demographic challenges – HIV/AIDS ...................... 28
    3.2.4 Migration into the Area .............................................. 29
    3.2.5 Education Levels ..................................................... 30
  3.3 Poverty and Inequality ....................................................... 31
    3.3.1 Average Annual Household Income ......................... 31
    3.3.2 Social Grants ............................................................ 32
    3.3.3 Access to Services .................................................... 33
      3.3.3.1 Household Water Supply .................................. 33
      3.3.3.2 Household Energy for Lighting Supply ................ 34
      3.3.3.3 Household Sanitation ......................................... 34
      3.3.3.4 Household Refuse Removal ............................... 35
      3.3.3.5 Condition of Municipal Roads ......................... 36
Cape Winelands District Municipality
Local Economic Development Strategy

4.8.2 Development Potential ........................................................................................................ 81
4.8.3 Project Potential .................................................................................................................. 83

4.9 Finance & Business Services Sector ...................................................................................... 83
4.9.1 Overview ............................................................................................................................ 83
4.9.2 Development Potential ....................................................................................................... 86
4.9.3 Project Potential .................................................................................................................. 88

4.10 Community Services Sector ................................................................................................. 89
4.10.1 Overview .......................................................................................................................... 89
4.10.2 Project Potential .................................................................................................................. 92

4.11 Tourism Industry ................................................................................................................... 93
4.11.1 Overview .......................................................................................................................... 93
4.11.2 Development Potential ..................................................................................................... 95
4.11.3 Value Chain Gap Analysis ............................................................................................... 96
4.11.4 Project Potential .................................................................................................................. 97

4.12 Other Opportunities .............................................................................................................. 98

5.1 Introduction ............................................................................................................................ 99

5.2 Vision, Objectives, Goals & Projects ....................................................................................... 99

5.3 Key Drivers ............................................................................................................................ 113

5.4 Project Prioritisation .............................................................................................................. 114
5.4.1 Project Prioritisation Model ............................................................................................... 115

5.5 Conclusion ............................................................................................................................. 118

6.1 Introduction ............................................................................................................................. 119

6.2 Implementation Guidelines ..................................................................................................... 119
6.2.1 IDP Integration and LED Prioritisation (Step 1) .................................................................. 120
6.2.2 Identification of Location (Step 2) ...................................................................................... 121
6.2.3 Pre-feasibility and Detailed Feasibility Studies (Step 3) ...................................................... 121
6.2.4 Partnership Identification and Project Matchmaking (Step 4) ........................................... 122
6.2.5 Development of a Business Plan (Step 5) ......................................................................... 123
6.2.6 Municipal Budgeting and Funding (Step 6) ....................................................................... 124
6.2.6.1 Financial Assistance ...................................................................................................... 125
6.2.6.2 SMME’s & PPP ................................................................................................................ 131
6.2.7 Enabling Environment and Labour Market (Step 7) .......................................................... 134
6.2.8 Project Handover and Mentoring (Step 8) ......................................................................... 137
List of Figures

Figure 2.1: Simplistic Illustration of the Policy Environment ......................................................... 16
Figure 2.2: Vertical and Horizontal Policy Alignment ................................................................. 17
Figure 3.1: Cape Winelands Age Profile ....................................................................................... 27
Figure 3.2: Migration into the Area ............................................................................................... 29
Figure 3.3: Education Level .......................................................................................................... 30
Figure 3.4: Average Annual Household Income ............................................................................ 32
Figure 3.5: Household Water Supply ............................................................................................ 33
Figure 3.6: Household Energy for Lighting Supply ....................................................................... 34
Figure 3.7: Household Access to Sanitation .................................................................................. 35
Figure 3.8: Household Access to Refuse Removal ....................................................................... 36
Cape Winelands District Municipality
Local Economic Development Strategy

List of Tables

Table 1.1: Methodology ................................................................. 8
Table 2.1: Summary of District and Local IDP & LED (or GDS) Policy Objectives .................................................. 19
Table 2.2: Summary Policy Objectives .................................................. 23
Table 3.1: Population Distribution ........................................................ 26
Table 3.2: Cape Winelands Population Distribution .......................................... 26
Table 3.3: Local Municipal Population Distribution ........................................ 28
Table 3.4: Demographic Challenges – HIV/AIDS ........................................ 28
Table 3.5: Number of Health Care Facilities .................................................. 29
Table 3.6: Local Municipal Education Levels .................................................. 30
Table 3.7: Social Grants ............................................................................. 32
Table 3.8: Condition of Municipal Roads in the District ..................................... 36
Table 3.9: Housing Backlog ........................................................................ 38

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Cape Winelands District Municipality
Local Economic Development Strategy

Table 3.10: Unemployment Rate ................................................................. 41
Table 3.11: Labour Participation Rate .......................................................... 41
Table 3.12: Labour Productivity ................................................................. 42
Table 3.13: Employment per Sector – Local Municipalities ............................... 43
Table 3.14: Sectoral GGP Contribution – Local Municipalities .......................... 47
Table 3.15: Cape Winelands District Municipality Location Quotient .................. 47
Table 3.16: Local Municipal Location Quotient ............................................. 48
Table 4.1: Cape Winelands District Municipality SWOT Analysis ................. 55
Table 4.2: Leading Sector Analysis .............................................................. 61
Table 4.3: Development Potential – Agriculture Sector .................................. 64
Table 4.4: Development Potential – Manufacturing Sector ............................. 74
Table 4.5: Number of Accommodation Facilities .......................................... 79
Table 4.6: Development Potential – Wholesale & Retail Trade, Catering & Accommodation Sector ......................................................... 81
Table 4.7: Development Potential – Finance and Business Services Sector ........ 86
Table 4.8: Development Potential – Tourism Industry .................................... 95
Table 5.1: Project Descriptions ..................................................................... 103
Table 5.2: Prioritisation Model ..................................................................... 116
Table 5.3: Project Prioritisation .................................................................... 117
Table 6.1: LED Budget & Expenditure ............................................................ 124
Table 6.2: LED Projects included in IDP Budget (2011/2012) ............................ 124
Table 6.3: Funding Sources, Western Cape ................................................... 125
Table 6.4: Existing Funding Sources ............................................................. 127
Table 8.1: Implementation Plan .................................................................. 160
Table 8.2: Reasons to Use Monitoring and Evaluation ..................................... 173
Table 8.3: Monitoring Framework (Example) ................................................ 174
Table 8.4: Evaluation Matrix ....................................................................... 175

List of Maps

Map 1.1: Location of Study Area ................................................................. 11
Map 1.2: Cape Winelands Local Municipalities and Main Towns ..................... 12
Map 4.1: Local Municipal Comparative Advantage – Agricultural Sector ........ 64
Map 4.2: Local Municipal Comparative Advantage – Manufacturing Sector .......... 74
Map 4.3: Local Municipal Comparative Advantage – Wholesale Retail Trade and Catering & Accommodation Sector ......................................................... 81
Map 4.4: Local Municipal Comparative Advantage – Finance and Business Services Sector ................................................................. 86
Map 4.5: Local Municipal Comparative Advantage – Community Services Sector ........................................................................................................ 92
Section 1: Introduction

1.1 Introduction

Urban-Econ was appointed by the Cape Winelands District Municipality (CWDM) to review and redevelopment of the Cape Winelands Local Economic Development Strategy (2006). The purpose of this document is to collate all economic information and investigate the coordinated and integration options and opportunities available to broaden the economic base of the CWDM. This has been packaged as a strategic implementation framework in order to address the creation of employment opportunities, investment and business development and the resultant positive spin-off effects throughout the economy of the CWDM.

Furthermore, it is also aimed at ensuring that the municipality can efficiently and effectively facilitate the creation of an appropriate enabling environment conducive to economic development and investment. This can, however, only be undertaken if and when the current development situation in the area is understood. The analysis will therefore provide the foundation by assessing the current demographic, socio-economic and economic characteristics and trends of the area and by highlighting the main challenges faced in the area. The purpose of this report is to provide an overview of the characteristics (social, economic, municipal capacity, competitive advantages, financial commitments as well as capacity, etc.) of the study area.

It is important to realise that previous studies have been completed and undertaken throughout the CWDM. However, as the scope of these research projects do not always reflect the situation at a local level, the relevant information has been extracted and a referencing approach is utilized to ensure suitable credit is presented for previous work completed for the District. In addition is it also important to note that the current LED Strategy (August 2006) was used as basis on which to build the credible LED so as to ensure that valuable information was not lost in the process.

Although previous studies are used as basis for this LED Strategy, it is important to note that the aim is to add value to the information already available and not to serve as a mere duplication of the information available in these documents.

1.2 Goals and Objectives

The aim of the CWDM LED Strategy is to develop a district-wide plan that harnesses the resources and skills of all stakeholders in a uniform and coherent manner to achieve agreed aims and objectives.

The LED study forms part of the IDP process and is one of the stepping-stones toward achieving local economic development within the CWDM area. An important development principle underlying
economic development is the broadening of the local economic base. This includes the introduction of new activities in the area, exploiting latent resources and the establishment of SMMEs.

The overall goal for the study is stated as follows:

“To assist and support the Cape Winelands District Municipality to revise their current Strategy to ensure incorporation of the most recent developmental changes in the local economy as well as alignment with provincial and national initiatives and to develop an implementation plan for taking the strategy forward.”

The following objectives have been identified for the study:

1. To review the current LED strategies by identifying existing approaches and strategies and engaging stakeholders to determine the current relevance of LED strategies, cross-checked against criteria for a credible LED strategy; clarity and suitability of roles and responsibilities; progress made to date with various programmes and projects, and lessons learnt for future LED implementation.
2. To conduct a series of assessments to understand the CWDMs economic and business environment and associated human development and skills potential.
3. To assess various instruments for the development of local economies, drawing on national and international best practices, and analyze their suitability for LED in CWDM.
4. To re-develop a CW LEDS vision, mission, goals and programme strategies.
5. To develop an implementation plan that clarifies the tasks and responsibilities of the various role players and further unpacks the programme strategies into a series of well-packaged project action plans, including an effective monitoring and evaluation component.

1.3 Methodology

It is important to note that in order to achieve the above mentioned goals and objective it is necessary that the study be conducted within a logical manner. Table 1.1 below illustrates the methodology followed in the execution of this study.

<table>
<thead>
<tr>
<th>TABLE 1.1: METHODOLOGY</th>
</tr>
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<tbody>
<tr>
<td><strong>Phase 1: Review of current CW LED</strong></td>
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<tr>
<td><strong>Step 1</strong></td>
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<tr>
<td><strong>Step 2</strong></td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
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<tr>
<td><strong>Phase 2: Re-development of the CW LED</strong></td>
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<tr>
<td><strong>Step 4</strong></td>
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<td><strong>Step 5</strong></td>
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<td><strong>Step 6</strong></td>
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<td><strong>Step 7</strong></td>
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</tbody>
</table>
Phase 1: Review of current CW LED

The objective of this activity was to assess the current base of economic projects in the study area, identify the project implementers, potential partnerships and lessons learnt in terms of the challenges and successes experienced by the projects. These lessons, based on the specific local conditions found in the area, provided insight into the specific problems encountered in terms of implementation of the LED.

Phase 2: Re-development of the CW LED

The purpose of this phase was to re-develop a CW LEDS that incorporates the lessons learnt from previous activities and focuses on filing the gaps in existing strategies, programmes and projects.

Phase 3: Implementation Planning

The purpose of this phase was to provide the various role-players and stakeholders in the economy clear, functional guidelines with respect to implementing the LED strategies.

1.4 Concept of Local Economic Development

LED is an approach to sustainable economic development that encourages residents of local communities to work together to stimulate local economic activity that will result in an improvement in the quality of life for all in the local community.

LED aims to produce high standards of living, improve the quality of life, alleviate poverty, create more and better jobs, advance skills and build for sustained development in the future. LED is not a wish list but rather a practical understanding of what the local area does well and what it has to offer, what its weaknesses and gaps lie as well as where threats and opportunities exist considering the wants and needs of the local area.

The characteristics of an LED are as follows:

1. Attraction of both outward and inward and inward investment
2. Investment in both hard and soft infrastructure
3. Making the business environment more conducive to business
4. A participatory approach to LED
5. Public Private Partnerships (PPPs)
6. A move towards community based LED.

The following aspects need to be considered in this regard:

1. An interpretation of the socio-economic situation and indicators suggests that the most significant challenge facing government and its partners in growth and development is the reduction of poverty.
2. Poverty alleviation needs to be addressed as an integral part of the local economic development strategy, due to high levels of unemployment and poverty.
3. Economic development programmes and project implementation needs to be consolidated and integrated with a strategic developmental approach aimed at sustainable local economic development.
4. Various research documents, policies and strategies for the study area have been compiled and as such data collation should be aimed at adding value and to use the existing knowledge base to focus the work, i.e. a vital issue approach will be followed.
5. The local community needs to be mobilised and included in an informative and participative parallel process to the analysis and strategy formulation.
6. Cognisance needs to be taken of strategic developmental guidelines as provided in Provincial and National strategic directives.
7. The economic enabling environment needs specific intervention to ensure that adequate and appropriate services and infrastructure planning and provision can be complementary to new investment.
8. The involvement and participation of stakeholders need to be encouraged through participative stakeholder mobilisation techniques and innovative LED approaches.
9. Skills development and capacity building are crucial human resource development interventions for improved service delivery.
10. Capacity building and empowerment of key stakeholders and role players involved in all forms of local development to effectively facilitate social growth and economic development will be an underlying rationale of the LED Strategy.
11. The focus of the LED support will be to facilitate the establishment of channels and mechanisms to ensure that economic development reaches the true beneficiaries.
12. The internal co-operation and coherence for increased external competitiveness as well as to ensure economic activities in various parts of the area complement each other need to be facilitated.
1.5 Study Area

The Cape Winelands District Municipality is one of six district municipalities located within the Western Cape Province. The CWDM is bordered by all five the other district municipalities namely the West Coast District Municipality, City of Cape Town, Overberg District Municipality, Eden District Municipality and the Central Karoo District Municipality. The Cape Winelands District Municipality also shares its northern border with the Northern Cape Province (Namakwa District Municipality). This indicates that the CWDM is strategically located within the Western Cape as well as providing a border/link between the Western Cape Province and the Northern Cape Province.

Cape Winelands District Municipality consists of five local municipalities, namely:

1. Witzenberg Local Municipality (WLM)
2. Drakenstein Local Municipality (DLM)
3. Stellenbosch Local Municipality (SLM)
4. Breede Valley Local Municipality (BVLM)
5. Langeberg Local Municipality (LLM)

Map 1.1 illustrates the location of the Cape Winelands District Municipality within the Western Cape Province as well as the location of the five local municipalities located within the Cape Winelands District Municipality. The CWDM comprises an area of 22,318 km².

MAP 1.1: LOCATION OF STUDY AREA

Map 1.2 illustrates the local municipalities located within the district as well as the hierarchy of the main towns within each local municipality.

MAP 1.2: CAPE WINELANDS LOCAL MUNICIPALITIES AND MAIN TOWNS

Source: Adapted from CWDE SDF, 2010

1.7 Structure of the Report

The remainder of the report includes the following sections:

Section 2: Policy Framework
This section provides an overview of the national, provincial, district and local municipal planning initiatives that provide the framework in which the LED Strategy will be developed.

Section 3: Socio-Economic Profile
The socio-economic profile provides a demographic & economic overview of the Cape Winelands District Municipality and assesses indicators such as population growth, education, income, and GGP.
Section 4: Opportunity Analysis
The opportunity analysis incorporates a SWOT and local sectoral potential analysis which assists in creating an understanding with regard to the sectoral competitive advantages of the local economy and is used to determine the development potential within the Cape Winelands District Municipality.

Section 5: Vision Objectives & Drivers
This section provides the strategic guidelines for the LED Strategy. The district vision, objectives, goals and projects are identified within this section. The identified projects are also prioritised in this Section.

Section 6: Implementation Framework
The Implementation Framework provides guidelines for the preparation and implementation of the LED projects identified in Section 5.

Section 7: Institutional Arrangements
This section provides an overview of the current institutional structure of the CWDM and provides possible solution for implementation.

Section 8: Action Plan
This section provides an implementation plan to the LED Strategy.
Section 2: Policy Framework

2.1 Introduction

In establishing an appropriate Local Economic Development (LED) framework for the CWDM, it is essential to make reference to relevant policies at a local, district, provincial and national level. By reviewing the relevant policies, one can contextualize the environment in which the LED framework will exist and more importantly, provide guidelines and targets that will direct the LED framework in an appropriate manner. This will also ensure that the LED policy which is developed aligns with National, Provincial, District and Local initiatives. This policy analysis will be completed for national, provincial, district and local policies and legislation. More specifically the following policies will be reviewed:

National Level

7. Joint Initiative on Priority Skills Acquisition (JIPSA 2006)

Provincial Level

1. Western Cape Province Growth and Development Strategy: iKapa Elihlumayo
2. Western Cape Micro-Economic Development Strategy
3. Western Cape Spatial Development Framework
4. Western Cape Strategic Infrastructure Plan
5. Human Development Strategy for the Western Cape
8. Delivering the Open Opportunity Society for All: The Western Cape’s Draft Strategic Plan (2010)

**District Level**

1. Cape Winelands Top Companies Study (2008)
2. Cape Winelands Infrastructure Investment Study (2008)
3. Cape Winelands Business Retention and Expansion Study (2009)
4. Cape Winelands Investment Attraction and Opportunities Strategy (2010)
5. Cape Winelands Tourism Marketing Plan (2010)
10. Cape Winelands Firm Level Study (2005)
11. Cape Winelands Service Sector Study (2006)
12. Cape Winelands Tourism Visitor Study (2006)
15. Cape Winelands Biosphere Reserve Spatial Development Plan (2008)
16. Cape Winelands Integrated Transport Plan
18. Cape Winelands Integrated Development Plan

**Local Level**

18. Witzenberg Framework Agreement on Economic Growth and Development

The aim of this section is to ensure that the CWDM LED Strategy aligns with the goals and objectives as outlined within the national, provincial, district and local polices. It is important to note that this section will mainly focus on the alignment of the policies whereas Annexure A will focus on the explanation and outlining of the specific goals and objectives for each of the identified policies.

**Figure 2.1** provides a simplistic illustration of how the policy environment is aligned.

**FIGURE 2.1: SIMPLISTIC ILLUSTRATION OF THE POLICY ENVIRONMENT**

![Schematic diagram of policy environment]

**Figure 2.1** shows that national policies provide the framework, guidance and approach which need to be implemented and adapted at national, provincial, district and local level. Further it is also important to note that national policies need to feed into provincial, district and local policies. From a provincial perspective it is important that the province provides the framework, guidance and approach for policies which then need to be fed into district and local policies.

As indicated in **Figure 2.1** it is important to understand how the policy environment aligned from a National, Provincial, District and Local level. However it is also important to understand that there is also a vertical and horizontal alignment of policies which indicated that the various policies need to feed into one another in order to achieve a coordinated goal. **Figure 2.2** illustrates the horizontal and vertical alignment of the policy environment.
As indicated in Figure 2.2 it is important to note national policies need to feed into the provincial, district and local policies (as also illustrated in Figure 2.1). A second part that is also important from Figure 2.2 is that sub-policies and strategies also need to be fed into the main provincial, district and local policies. This forms the basis of the vertical alignment of the policy environment.

The horizontal alignment of the policy environment is mainly illustrated by the middle part of Figure 2.2 and in this it is meant that the goals and objectives from the local policies need to be aligned with district which in return needs to be aligned with provincial policies. Therefore that Province provides the overarching goals and objectives which need to be achieved and be adapted to the district environment as well as a more localised approach for the local municipalities.

### 2.2 Policy Objectives

As indicated Annexure A provides a detailed overview of the policies listed above. As part of this sub-section only strategic policy objectives will be highlighted in order to provide some guidelines for economic development as shown in the various policy documents.

From a national level the following policy objectives are important within the economic development environment:

1. Halve poverty and unemployment by the year 2014 through maintaining an average growth rate of 4.5% between 2005 and 2009 and 6% between 2010 and 2014 and increase and improve the labour absorbing capacity of economic activities (AsgiSA, 2006). The Vision is as follows:
   a. Vigorous and inclusive economy where products and services are diverse,
   b. more value is added to products and services,
   c. costs of production and distribution are reduced,
d. labour is readily absorbed into sustainable employment, and
e. new businesses proliferate and expand

2. Creating **five million jobs** in the next ten years. This target is projected to reduce unemployment from **25% to 15%** (New Growth Path Plan, 2010). The aim is to unlock employment opportunities within six sectors, namely:
   a. **Infrastructure**, through the massive expansion of transport, energy, water, communications capacity and housing, underpinned by a strong focus on domestic industry to supply the components for the build-programmes
   b. The **agricultural** value chain, with a focus on expanding farm-output and employment and increasing the agro-processing sector
   c. The **mining** value chain, with a particular emphasis on mineral beneficiation as well as on increasing the rate of minerals extraction
   d. The **green economy**, with programmes in green energy, component manufacture and services
   e. **Manufacturing** sectors in IPAP2 and Tourism and certain high-level services.

3. The NSDP (2006) is based on four principles, namely:
   a. **Rapid economic growth** that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, amongst which poverty alleviation is key
   b. Efforts to address past and current social inequalities should focus on people not places
   c. Beyond constitutional obligation identified in Principle 2 above, **Government spending on fixed investment** should be focused on localities of economic growth and/or **economic potential**
   d. Government has a **constitutional obligation** to provide basic services to all citizens (e.g. water, energy, health and educational facilities) wherever they reside

4. Regional Industrial Development Strategy (2006). The strategic intent of RIDS is:
   a. To stimulate investments that will promote sustained high growth in a local community
   b. To focus on a region’s potential and identify what local stakeholders can and need to do to ensure their local community reaches its potential
   c. To assess a community’s comparative advantage, identify new or existing market opportunities for businesses, and reduce obstacles to business expansion and creation
   d. To have an impact on the economic viability districts
   e. To create new jobs, help communities retain existing jobs, help businesses access capital
   f. To contribute to a broader national framework with a spatial dimension, in order to increase each region’s global competitiveness.

The following provincial policy objectives are important within the economic development environment:

1. The vision of the iKapa Elihlumayo is to provide a ‘home for all’ and to eliminate identified challenges in the Western Cape Province (PGDS). The following objectives are outlined within the PGDS:
   a. Grow and share in the economy
b. Building a more equal and caring society where poverty has been eradicated.
c. Promote ecologically sustainable development
d. Foster greater spatial integration
e. Ensure effective governance and institutional strengthening

2. MEDS consists of a comprehensive framework of cost efficient interventions to boost the Western Cape’s economy with the view that it may be sustainable in the future. MEDS identifies the following main categories of interventions (The interventions highlighted in green is where the Cape Winelands District Municipality aims to place its focus):

a. **Sector Based Interventions**
   i. Resource Industries
   ii. **Manufacturing Industries**
   iii. Oil and Gas Service
   iv. **Tourism**
   v. **Arts and Entertainment**
   vi. **ICT**
   vii. **BPO and Call Centres**

b. **Theme Based Interventions**
   i. **Skills Development**
   ii. **Innovation and Design**
   iii. **Enterprise Development**
   iv. **Economic Empowerment**

Table 2.1 provides a summary of the policy objectives as outlined within the IDP’s and LED’s (or GDS if no LED is available) of the Cape Winelands District Municipality and local municipalities located within the District.

**TABLE 2.1: SUMMARY OF DISTRICT AND LOCAL IDP & LED (OR GDS) POLICY OBJECTIVES**

<table>
<thead>
<tr>
<th>IDP Objectives</th>
<th>GDS Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To facilitate the development of sustainable land use, economic, spatial and environmental planning frameworks that will support and guide the development of diversified, resilient and sustainable district economy</td>
<td>1. Marketing of the district to potential investors and tourists and businesses “as the best place in which to live, work and play”</td>
</tr>
<tr>
<td>2. To ensure the health and safety of communities in the CWDM through the proactive prevention, mitigation, identification and management of environmental health, fire and disaster risks</td>
<td>2. Diversifying the economy focussing on sectors such as tourism, ICT, BPOs, renewable energy and other niche sectors</td>
</tr>
<tr>
<td>3. To support and ensure the development and implementation of infrastructure services such as bulk- and internal services, functional road network and public transport services that contribute to Integrated</td>
<td>3. Identifying and attracting investment into the District and facilitate the creation of innovative, creative, competitive enterprises that meet needs and create opportunities</td>
</tr>
<tr>
<td></td>
<td>4. Developing sustainable and inclusive social and economic development projects</td>
</tr>
<tr>
<td></td>
<td>5. Develop an integrated monitoring and evaluation system for the District</td>
</tr>
</tbody>
</table>
### Human Settlements in the CWDM

4. To provide an effective and efficient support service to the CWDM’s executive directorates so that the organizational objectives can be achieved through the provision of:
   a. Human Resource Management
   b. Administrative Support Services
   c. Communication Services
   d. ICT provision
   e. Sound international and inter-governmental relations

5. To facilitate and ensure the development and empowerment of the poor and most vulnerable people, particularly women, children, youth, the disabled, elderly persons and rural communities

6. To ensure the financial sustainability of the CWDM and to fulfill the statutory requirements

### Witzenberg Local Municipality

<table>
<thead>
<tr>
<th>IDP Objectives</th>
<th>GDS Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To create integrated, sustainable, linked and productive human settlements.</td>
<td>1. A structured, co-operative, community-based approach to economic development;</td>
</tr>
<tr>
<td>2. To build our financial sustainability.</td>
<td>2. Development of a niche for Witzenberg</td>
</tr>
<tr>
<td>3. To deepen and entrench good governance practices, including better participation and public involvement</td>
<td>3. Accelerated economic growth based upon:</td>
</tr>
<tr>
<td>4. To grow the local economy in order to increase opportunities for participation and equity</td>
<td>a. Fair and equal access to economic opportunity for all;</td>
</tr>
<tr>
<td>5. To foster and strengthen strategic partnerships to make meaningful advances in the areas of health, safety and security, education and training and poverty alleviation</td>
<td>b. Increased productivity of human and material resources;</td>
</tr>
<tr>
<td></td>
<td>c. Empowerment of people – particularly the poor and disadvantaged</td>
</tr>
<tr>
<td></td>
<td>d. Increased productive engagement of the local population in the local economy;</td>
</tr>
<tr>
<td></td>
<td>e. Sustained reduction of poverty through the promotion of economic opportunity and the promotion of individual self-sufficiency; and</td>
</tr>
<tr>
<td></td>
<td>f. The ecologically wise and sustainable use of Witzenberg’s resources.</td>
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### Drakenstein Local Municipality

<table>
<thead>
<tr>
<th>IDP Objectives</th>
<th>LED Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Sustainable and quality living environment with efficient infrastructure</td>
<td>1. To stimulate and maximise economic growth in the formal and informal sectors</td>
</tr>
<tr>
<td>2. Economic prosperity based on a dynamic, diverse and shared economic base</td>
<td>2. To increase the number of job/economic opportunities, especially for the unskilled</td>
</tr>
</tbody>
</table>
### Stellenbosch Local Municipality

<table>
<thead>
<tr>
<th>IDP Objectives</th>
<th>LED Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Delivery of Basic Services</strong></td>
<td>1. Firstly, focusing initiatives towards growth in the niche sectors <em>(Growth of Key Niche Sectors)</em> with significant growth potential, i.e. services; tourism; agri-processing; wood processing, informal sector and construction. Consideration is also given to the 2010 Soccer World Cup.</td>
</tr>
<tr>
<td>2. <strong>Local Economic Development</strong></td>
<td>2. Secondly, focusing on spatial areas <em>(Spatial Economy and Infrastructure)</em> where growth can best be achieved; where produce can be processed, etc (i.e. CBDs of Stellenbosch and Franschhoek) as well as areas where the greatest needs exist, essentially the poor areas (Kayamandi; Cloetesville; Idas Valley; Pniel; Johannesdal; Kylemore, Languedoc; Klapmuts, etc). The emphasis is on the activities the municipality can engage in to change the space economy (e.g. land use planning; engineering infrastructure, etc).</td>
</tr>
<tr>
<td>3. <strong>Social Development</strong></td>
<td>3. Thirdly, education and skills development in relation to the niche sectors identified <em>(Human Resource Development)</em></td>
</tr>
<tr>
<td>4. <strong>Community Safety</strong></td>
<td>4. Fourthly, support for small businesses, the informal sector and entrepreneurs, including municipality and other public sector procurement <em>(Small Businesses and Informal Sector Support)</em>.</td>
</tr>
<tr>
<td>5. <strong>Planning, Heritage and environment</strong></td>
<td>5. Fifthly, <strong>Sustainable Livelihoods</strong>, dealing with aspects relating to poverty reduction and social welfare support.</td>
</tr>
<tr>
<td>6. <strong>Municipal transformation and institutional development</strong></td>
<td>6. Sixthly, <strong>BBBEE, Procurement and Land Reform</strong>, addressing issues relating to transformation and economic empowerment within the context and capacity of the municipality.</td>
</tr>
<tr>
<td>7. <strong>Municipal financial viability</strong></td>
<td></td>
</tr>
<tr>
<td>8. <strong>Good governance and community participation</strong></td>
<td></td>
</tr>
</tbody>
</table>

### Breede Valley Local Municipality

<table>
<thead>
<tr>
<th>IDP Objectives</th>
<th>LED Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. To create a unique and caring Valley of</td>
<td>The aim of the Breede Valley LM LED Strategy is</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
service excellence, opportunity and growth
2. To provide, maintain and assure basic services and social upliftment of the Breede Valley Community
3. To create an enabling environment for employment creation and poverty eradication through proactive economic development and tourism
4. To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley’s people
5. To actively participate in determining the future of our country (nation building)
6. To ensure a healthy and productive work force and an effective and efficient work environment
7. Assure a sustainable future through: 1)sound financial management; 2)continuous revenue growth; 3)corporate governance and risk management practices; 4)quality resources; 5)value adding partnerships

skills transfer from governmental institutions and private sector companies. The idea is that there should be access to services and infrastructure in order to create a sustainable economic development environment in the Breede Valley Municipal area.

1. Sectoral Focus
   a. Biotechnology
   b. Tourism
   c. Wine
   d. Olives
   e. Industrial Operations Services (World Cup 2010)

<p>| <strong>Table 2.1</strong> provides a summary of the IDP and LED (or GDS) objectives for each of the local municipalities within the Cape Winelands District Municipality as well as for the district itself. Within the above table it is evident that when comparing the focus of each of the local municipalities with the district the following interventions are seen as gaps (it is important to note that these interventions are captured within other strategies within the district, however they lack within the development strategies of the Cape Winelands District Municipality): |</p>
<table>
<thead>
<tr>
<th>IDP Objectives</th>
<th>LED Objectives</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Provide for Housing needs of the community</td>
<td></td>
</tr>
<tr>
<td>2. Deliver quality basic services</td>
<td></td>
</tr>
<tr>
<td>3. Create a basis for Local Economic Development</td>
<td></td>
</tr>
<tr>
<td>4. Transform the organization and development of administration in line with councils new vision</td>
<td></td>
</tr>
<tr>
<td>5. Sound Financial Management</td>
<td></td>
</tr>
<tr>
<td>6. Strengthen public confidence through effective Stakeholder Management</td>
<td></td>
</tr>
<tr>
<td>1. To grow the economy by a minimum of 8% per annum</td>
<td></td>
</tr>
<tr>
<td>2. Broaden the level of economic participation and facilitate access, of those historically marginalised, to the mainstream economy</td>
<td></td>
</tr>
<tr>
<td>3. Ensure the long term sustainability of the area for the economic activities of future generations</td>
<td></td>
</tr>
</tbody>
</table>

1. Establishment of strategic partnerships
2. Skills development
3. Improvement of quality of life and social well being of residence

The overarching sector focus identified for the local municipalities as well as for the district is as follows:

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2.3 Policy Alignment

As indicated Annexure A provides a detailed overview of the national, provincial, district and local policies identified above. The aim of this sub-section is thus to provide a summary of the national, provincial, district and local objectives in order to ensure that the LED strategy aligns with these policies and strategies. (It is important to note that in order to obtain more detailed information as depicted by each of the policies one would need to read Annexure A in conjunction with this sub-section).

Table 2.2 provides a summary of the policy objectives as depicted within the national, provincial, district and local policies.

<table>
<thead>
<tr>
<th>TABLE 2.2: SUMMARY POLICY OBJECTIVES</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Policy Objectives</strong></td>
</tr>
<tr>
<td>Economic Growth &amp; Development</td>
</tr>
<tr>
<td>Economic Growth and Development</td>
</tr>
<tr>
<td>specifically aimed at rural areas</td>
</tr>
<tr>
<td>Improving competition in the economy</td>
</tr>
<tr>
<td>&amp; creating an enabling environment</td>
</tr>
<tr>
<td>to create opportunity</td>
</tr>
<tr>
<td>Infrastructure and Institutional</td>
</tr>
<tr>
<td>development (especially energy,</td>
</tr>
<tr>
<td>transport, communication, water &amp;</td>
</tr>
<tr>
<td>housing)</td>
</tr>
<tr>
<td>Job creation</td>
</tr>
<tr>
<td>Human capital development and</td>
</tr>
<tr>
<td>improvement of education</td>
</tr>
<tr>
<td>Promotion of equality for all</td>
</tr>
<tr>
<td>(including persons with disabilities)</td>
</tr>
<tr>
<td>Retention, expansion and development</td>
</tr>
<tr>
<td>of businesses</td>
</tr>
<tr>
<td>Access to opportunities &amp; recognising</td>
</tr>
<tr>
<td>the local character of economic need</td>
</tr>
<tr>
<td>and of potential areas of growth</td>
</tr>
<tr>
<td>Skills development</td>
</tr>
<tr>
<td>Sustainable &amp; environmental</td>
</tr>
<tr>
<td>development</td>
</tr>
<tr>
<td>Eradicate poverty</td>
</tr>
</tbody>
</table>
Table 2.2 provides a summary of the policy objectives within the identified national, provincial, district and local policies. It is important to note that as indicated in Table 2.1 the various policies are aligned in terms of the objectives. It is important to ensure that the objectives outlined within the LED Strategy are also aligned to these strategic objectives.
Section 3: Socio-Economic Profile

3.1 Introduction

The purpose of this section is to provide an overview of the current socio-economic situation within the Cape Winelands District Municipality. This is done mainly to provide an indication of the overall performance of the local economic and social characteristics.

It is important to note that various documents have provided some insight into these characteristics and it is the aim of this chapter to update the information and providing further insight where applicable. Main documents consulted are the following:

3. CWDM Investment Attraction & Opportunities Strategy (2010)
7. Regional Development Profile: Cape Winelands District (2010)
8. Various documents for published by the Local Municipalities

The Section is structured according to the following sub-sections:

1. Demographic Indicators
2. Poverty and Inequality
3. Housing
4. Performance and Structure of the Economy
5. Production Profile

3.2 Demographic Indicators

This sub-section will provide an overview of the following demographic indicators:

1. Population and Household Indicators
2. Age and gender profile
3. Demographic challenges – HIV/AIDS
4. Migration into the Area
5. Education Levels
3.2.1 Population and Household Indicators

The Western Cape accommodates approximately 10.4% of the national population. Table 3.1 shows the population distribution for the districts located within the Western Cape.

### TABLE 3.1: POPULATION DISTRIBUTION (2010)

<table>
<thead>
<tr>
<th></th>
<th>% in Western Cape</th>
<th>% in RSA</th>
</tr>
</thead>
<tbody>
<tr>
<td>City of Cape Town Metropolitan Municipality</td>
<td>65.9%</td>
<td>6.9%</td>
</tr>
<tr>
<td>West Coast District Municipality</td>
<td>5.5%</td>
<td>0.6%</td>
</tr>
<tr>
<td>Cape Winelands District Municipality</td>
<td>13.6%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Overberg District Municipality</td>
<td>4.1%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Eden District Municipality</td>
<td>9.8%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Central Karoo District Municipality</td>
<td>1.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Total:</td>
<td>100%</td>
<td>10.4%</td>
</tr>
</tbody>
</table>

*Source: Urban-Econ Calculations based on Quantec Research Database, 2011*

Table 3.1 indicates that the City of Cape Town Metropolitan Municipality is the largest contributor to the Western Cape population as well as for the RSA (only taking into account the district located within the Western Cape). It is also evident that the Cape Winelands District Municipality (13.6%) is the second largest contributor to the Western Cape population and only makes up 1.4% of the national population.

Table 3.2 shows the population distribution of the Local Municipalities located within the Cape Winelands District Municipality.

### TABLE 3.2: CAPE WINELANDS POPULATION DISTRIBUTION (2010)

<table>
<thead>
<tr>
<th></th>
<th>Population Total</th>
<th>Population % Distribution</th>
<th>Household Total</th>
<th>Population Density (km²)</th>
<th>Household Density (km²)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CWDM</td>
<td>711,498</td>
<td>11%</td>
<td>152,958</td>
<td>32</td>
<td>7</td>
</tr>
<tr>
<td>WLM</td>
<td>77,921</td>
<td>11%</td>
<td>18,470</td>
<td>27</td>
<td>6</td>
</tr>
<tr>
<td>DLM</td>
<td>217,746</td>
<td>31%</td>
<td>48,208</td>
<td>141</td>
<td>31</td>
</tr>
<tr>
<td>SLM</td>
<td>188,601</td>
<td>27%</td>
<td>31,917</td>
<td>227</td>
<td>38</td>
</tr>
<tr>
<td>BVLM</td>
<td>139,940</td>
<td>20%</td>
<td>32,536</td>
<td>47</td>
<td>11</td>
</tr>
<tr>
<td>LLM</td>
<td>81,679</td>
<td>11%</td>
<td>20,595</td>
<td>24</td>
<td>6</td>
</tr>
</tbody>
</table>

*Source: Urban-Econ Calculations based on Quantec Research Database, 2011*

Table 3.2 indicates that the DLM (31%) houses the largest percentage of the Cape Winelands District Municipal population. Stellenbosch LM has the second largest population (27%) and the Breede Valley LM has the third largest population (20%). It is also important to note that the Stellenbosch LM has the largest population density with 227 people residing within a square kilometre and Langeberg LM has the smallest population density with 24 people residing within a square kilometre.
The average population growth between 2001 and 2010 for the Cape Winelands District Municipality is 1.7%.

3.2.2 Age and Gender profile

The age profile provides valuable insight into the composition of the market population and will help establish the Potential Economically Active population (PEA). The PEA refers to the population that falls within the working age group (aged between 15 and 64). It does not mean that this entire portion of the population is prepared, willing or able to be employed, i.e. some prefer to stay at home as housekeepers, others are disabled and some are full-time students, or have given up looking for work. They do however form part of the potential labour pool. Figure 3.1 illustrates the population pyramid for the Cape Winelands District Municipality.

**FIGURE 3.1: CAPE WINELANDS AGE PROFILE (2010)**

Figure 3.1 shows that the male and female distribution of the CWDM population is fairly equal with 48.1% of the population being male and 51.9% of the population being female. It is also important to note that 64.8% of the population fall within the PEA group of which 31% are male and 33.9% are female. Further 19.9% of the population fall within the 5 to 14 Years age group which indicates a large percentage of the population that will be entering the labour market in the future. This indicates that there is a need for employment opportunities to be created within the area in order to absorb the current unemployed as well as the future labour pool.

**Table 3.3** below shows the population distribution for the local municipalities within the Cape Winelands District Municipality.
### Table 3.3: Local Municipal Population Distribution (2010)

<table>
<thead>
<tr>
<th></th>
<th>Total Population</th>
<th>Potential Economically Active</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Male</td>
<td>Female</td>
</tr>
<tr>
<td>WLM</td>
<td>47.9%</td>
<td>52.1%</td>
</tr>
<tr>
<td>DLM</td>
<td>48.6%</td>
<td>51.4%</td>
</tr>
<tr>
<td>SLM</td>
<td>47.8%</td>
<td>52.2%</td>
</tr>
<tr>
<td>BVLM</td>
<td>48.6%</td>
<td>51.4%</td>
</tr>
<tr>
<td>LLM</td>
<td>46.5%</td>
<td>53.5%</td>
</tr>
</tbody>
</table>

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

Table 3.3 shows that the populations for each of the local municipalities is all fairly equally distributed and have large percentages of potential economically active population.

#### 3.2.3 Demographic challenges – HIV/AIDS

Table 3.4 shows the percentage of population infected with HIV/AIDS as well as the average growth of infections between 2001 and 2010 for South Africa, Western Cape Province, districts within the Western Cape and the local municipalities within the Cape Winelands District Municipality.

### Table 3.4: Demographic Challenges – HIV/AIDS (2010)

<table>
<thead>
<tr>
<th></th>
<th>Total Population Infected</th>
<th>Average Growth (2001 – 2010)</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>11.1%</td>
<td>5.6%</td>
</tr>
<tr>
<td>Western Cape</td>
<td>5.6%</td>
<td>11%</td>
</tr>
<tr>
<td><strong>Districts</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City of Cape Town</td>
<td>6.1%</td>
<td>10.8%</td>
</tr>
<tr>
<td>West Coast DM</td>
<td>3.6%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Cape Winelands DM</td>
<td>4.6%</td>
<td>10.7%</td>
</tr>
<tr>
<td>Overberg DM</td>
<td>4.7%</td>
<td>10.3%</td>
</tr>
<tr>
<td>Eden DM</td>
<td>5.4%</td>
<td>12.8%</td>
</tr>
<tr>
<td>Central Karoo DM</td>
<td>3.2%</td>
<td>9.4%</td>
</tr>
<tr>
<td><strong>Local Municipalities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Witzenberg LM</td>
<td>5.2%</td>
<td>9.35</td>
</tr>
<tr>
<td>Drakenstein LM</td>
<td>4.4%</td>
<td>9.6%</td>
</tr>
<tr>
<td>Stellenbosch LM</td>
<td>5%</td>
<td>14.6%</td>
</tr>
<tr>
<td>Breede Valley LM</td>
<td>4.3%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Langeberg LM</td>
<td>4.1%</td>
<td>10.8%</td>
</tr>
</tbody>
</table>

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

Note: The above information is based on HIV/AIDS cases reported at various clinics; however it is important to note that this number might be much higher since there is a stigma associated with the virus and therefore few people get tested or even go to clinics to receive the necessary treatment. It is also important to note that the growth rate may also be increased due to more people having the courage to go to clinics rather that a growth in actual infections.

Table 3.5 shows the number of health care facilities within the Cape Winelands District Municipality.
TABLE 3.5: NUMBER OF HEALTH CARE FACILITIES (2010)

<table>
<thead>
<tr>
<th></th>
<th>CWDM</th>
<th>WLM</th>
<th>DLM</th>
<th>SLM</th>
<th>BVLM</th>
<th>LLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Community Health Centres</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Community Day Centres</td>
<td>5</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Clinics</td>
<td>46</td>
<td>9</td>
<td>14</td>
<td>7</td>
<td>8</td>
<td>8</td>
</tr>
<tr>
<td>Satellite Clinics</td>
<td>8</td>
<td>0</td>
<td>3</td>
<td>1</td>
<td>4</td>
<td>0</td>
</tr>
<tr>
<td>Mobile Clinics</td>
<td>20</td>
<td>5</td>
<td>4</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>District Hospitals</td>
<td>4</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>2</td>
</tr>
<tr>
<td>Regional Hospitals</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>ART Treatment Sites</td>
<td>13</td>
<td>1</td>
<td>5</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>TB Clinics</td>
<td>86</td>
<td>15</td>
<td>25</td>
<td>16</td>
<td>13</td>
<td>17</td>
</tr>
</tbody>
</table>

Source: Department of Health, 2010

3.2.4 Migration into the Area

Figure 3.2 shows the growth of migration into the area between 1996 and 2001 for the Cape Winelands District Municipality and the local municipalities located within the district.

FIGURE 3.2: MIGRATION INTO THE AREA (2001)

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

Figure 3.2 shows that there was an upward trend of migration into the Cape Winelands District Municipality as well as for all the local municipalities. It is evident that the Stellenbosch LM has had the largest percentage of in migration between 1996 and 2001 and the Breede Valley LM has experienced the lowest percentage of in migration in the same period.
3.2.5 Education Levels

Education is often a means to expand the range of career options a person may choose from and has a direct influence on a person’s income and ability to meet basic needs and thus is an important indicator of human development. The CWDM has a total of 276 schools of which 188 are no fees schools. The Cape Winelands Region has 3 focus schools namely Desmond Mpilo Tutu Secondary, Klein Nederburg Sekondér and New Orleans Sekondér which all have engineering and technology as their curricula focus. Further the Cape Winelands region also has various further education training facilities such as the Boland College (main campus in Stellenbosch and 8 satellite campuses in Paarl, Worcester, Caledon, Strand and Stellenbosch) and the Stellenbosch University which is located within Stellenbosch. Figure 3.3 illustrates the education level for the Cape Winelands District Municipality.

FIGURE 3.3: EDUCATION LEVEL (2007)

Figure 3.3 shows that the majority of the population have some form of schooling, however 10.5% of the population have no schooling experience. 31% of the population only have some primary education and only 13.2% of the population have completed Grade 12 (Matrix). This means that there is a large portion of the population without basic education skills needed for most employment opportunities. Table 3.6 illustrates the education levels for the local municipalities located within the Cape Winelands District Municipality.

TABLE 3.6: LOCAL MUNICIPAL EDUCATION LEVELS (2007)

<table>
<thead>
<tr>
<th></th>
<th>WLM</th>
<th>DLM</th>
<th>SL</th>
<th>BVLM</th>
<th>LLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>No Schooling</td>
<td>12.4%</td>
<td>9.2%</td>
<td>8.1%</td>
<td>11.1%</td>
<td>13.9%</td>
</tr>
<tr>
<td>Some Primary</td>
<td>34.6%</td>
<td>28.8%</td>
<td>26.3%</td>
<td>32.3%</td>
<td>37.1%</td>
</tr>
<tr>
<td>Grade 7</td>
<td>10.2%</td>
<td>9.0%</td>
<td>7.8%</td>
<td>9.3%</td>
<td>9.1%</td>
</tr>
<tr>
<td>Some Secondary</td>
<td>29.0%</td>
<td>32.3%</td>
<td>29.5%</td>
<td>29.6%</td>
<td>25.2%</td>
</tr>
<tr>
<td>Grade 12</td>
<td>9.3%</td>
<td>14.2%</td>
<td>16.5%</td>
<td>13.0%</td>
<td>10.5%</td>
</tr>
</tbody>
</table>
Table 3.6 shows that the local municipalities are following the same trend as for the Cape Winelands District Municipality. It is important to note that Langeberg LM (13.9%) has the highest percentage population that has no form of schooling and Witzenberg LM (9.3%) has the lowest percentage of population that has completed Grade 12 (Matrix).

The literacy rate for the CWDM is 73.3% (2007) according to the Department of Social Development which tracks the population literacy levels on a municipal level. The Department of Social Development defines a person as illiterate when the person is 14 years or older with less than 7 years of formal education completed (persons older than 14 years that have not passed Grade 7).

The literacy rates for each of the local municipalities are as follows:

1. Witzenberg Local Municipality 70.5%
2. Drakenstein Local Municipality 74%
3. Stellenbosch Local Municipality 80.4%
4. Breede Valley Local Municipality 67.7%
5. Langeberg Local Municipality 65.5%

This shows that the Stellenbosch Local Municipality has the highest literacy rate and Langeberg Local Municipality has the lowest literacy rate within the Cape Winelands District Municipality.

3.3 Poverty and Inequality

This sub-section will provide an overview of the following indicators:

1. Average Annual Household Income
2. Social Grants
3. Access to Services

3.3.1 Average Annual Household Income

Household income is defined as the combined income of all members of the household. The determination of the income includes:

1. Labour Remuneration
2. Income from Poverty
3. Transfers from Government (Including Pensions)
4. Transfers from Incorporated Businesses
5. Transfers from other Sources

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Generally, household income levels form a foundation for determining poverty levels in a community. Additionally, the income levels of a particular area provide some insight into the economic behaviour of a particular community, i.e. the buying power of that community and the potential poverty levels that a community might be experiencing. Figure 3.4 illustrates the average annual income levels of households residing in the Cape Winelands District Municipality.

**Figure 3.4:** Average Annual Household Income (2007)

![Average Annual Household Income](image)

**Source:** Urban-Econ Calculations based on Quantec Research Database, 2011

**Figure 3.4** shows that 51.6% of the population in the CWDM fall within the low income bracket (R 0 – R 38,400), which is also identified as the poverty level in Figure 3.4. These households generally have difficulty meeting their basic needs. 44.7% of households fall within the middle income group (R 38,401 – R 307,200) and only 3.7% of households fall within the high income bracket (R 307,201 and more).

The average annual household income within the area will not increase unless the skills of the household members improve their skills through better education attainment opportunities and job creation in higher skilled economic sectors.

### 3.3.2 Social Grants

**Table 3.7** illustrates the percentage of population receiving social grants within the Cape Winelands District Municipality.

**TABLE 3.7: SOCIAL GRANTS (2007)**

<table>
<thead>
<tr>
<th>Government Grant</th>
<th>Number of Recipients (CWDM)</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Old age pension</td>
<td>28,979</td>
<td>22.0%</td>
</tr>
<tr>
<td>Disability grant</td>
<td>21,023</td>
<td>16.0%</td>
</tr>
</tbody>
</table>
Table 3.7 shows that the child support grant (42.7%) is the most received government grant within the CWDM followed by the old age pension grant (22%), the disability grant (16%) and grants for institutions (15.9%).

Approximately 20% of the population is receiving some form of government grant. This is a large percentage of the population and results in a social dependency on the government which in return places strain on the government budget for other services.

3.3.3 Access to Services

3.3.3.1 Household Water Supply

Figure 3.5 illustrates the main water supply for each of the households within the Cape Winelands District Municipality.

FIGURE 3.5: HOUSEHOLD WATER SUPPLY (2007)
Figure 3.5 shows that the majority of the households (63.9%) have access to water within their dwelling. There is still 6.8% of the households that only have access to water within their community, but with a distance greater than 200 meters.

3.3.3.2 Household Energy for Lighting Supply

Figure 3.6 illustrates the main energy source used for supply for each of the households within the Cape Winelands District Municipality.

**FIGURE 3.6: HOUSEHOLD ENERGY FOR LIGHTING SUPPLY (2007)**

![Energy Source Pie Chart]

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

Figure 3.6 shows that the majority of the household make use of electricity (83.7%) for their lighting needs.

3.3.3.3 Household Sanitation

Figure 3.7 illustrates household access to sanitation within the Cape Winelands District Municipality.
Figure 3.7 show that the majority of households have access to a flush or chemical toilet. It is also important to note that there are still a percentage of households that make use of either a pit latrine, bucket latrine or other forms of sanitation.

### 3.3.3.4 Household Refuse Removal

Figure 3.8 illustrates household access to refuse removal within the Cape Winelands District Municipality.
Figure 3.8 shows that the majority of households have access to refuse removal by the local authority, 15.3% of households make use of their own refuse dump and 8.1% make use a communal refuse dump.

### 3.3.3.5 Condition of Municipal Roads

The condition of the municipal road are categorised according to the following:

1. **Very Good and Good** – Roads still in serviceable condition with only routine maintenance to be done which could include minor patching or crack sealing
2. **Fair** – Half of the network is approaching an unacceptable condition
3. **Poor and Very Poor** – Roads need to be rehabilitated.

Table 3.8 shows the condition of the surfaced roads in the CWDM.

<table>
<thead>
<tr>
<th>Condition</th>
<th>% of roads in 2008</th>
<th>% of roads in 2010</th>
<th>% (decrease)/increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very Good</td>
<td>35</td>
<td>30</td>
<td>(5)</td>
</tr>
<tr>
<td>Good</td>
<td>32</td>
<td>24</td>
<td>(8)</td>
</tr>
<tr>
<td>Fair</td>
<td>23</td>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td>Poor</td>
<td>8</td>
<td>17</td>
<td>9</td>
</tr>
<tr>
<td>Very Poor</td>
<td>1</td>
<td>5</td>
<td>4</td>
</tr>
</tbody>
</table>

Source: Draft CWDM IDP, 2011/2012
3.4 Housing

This sub-section will provide an overview of the following indicators:

1. Tenure Status
2. Dwelling Type

3.4.1 Tenure Status

Tenure is the arrangement under which a household occupies its home. Figure 3.9 illustrates the tenure status for households within the Cape Winelands District Municipality.

Figure 3.9 shows that the majority of the household either own their homes (fully paid off) (33.4%), rent their homes (30.4%) or occupy their homes rent free (21.9%).

FIGURE 3.9: TENURE STATUS (2007)

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

3.4.2 Dwelling Type

Housing type shows whether the housing structure is formal or informal. Figure 3.10 illustrates the type of dwellings that households reside in within the Cape Winelands District Municipality.
Figure 3.10 shows that the majority of household reside in a formal house on a separate stand or yard (64.4%). It is also important to note that there is currently 16% of household residing in an informal structure either in an informal settlement (12%) or in a back yard (4%). It is important that provision should be made to provide these households with formal residential structures.

The CWDM has difficulty determining the exact housing backlog currently mainly due to fluctuating demand, number of households living in backyard dwellings, households living in overcrowded conditions and the waiting list at the municipality not being updated regularly. Table 3.9 provides a comparison of the various estimates of housing backlogs in the Cape Winelands region from different sources.

**TABLE 3.9: HOUSING BACKLOG**

<table>
<thead>
<tr>
<th>Area</th>
<th>2001 Census Data</th>
<th>Municipal Estimates</th>
<th>CWDM IDP 2008</th>
<th>Sanitation Backlog Study</th>
</tr>
</thead>
<tbody>
<tr>
<td>BVLM</td>
<td>4,380</td>
<td>28,587</td>
<td>10,000</td>
<td>7,691</td>
</tr>
<tr>
<td>LLM</td>
<td>1,638</td>
<td>2,694</td>
<td>4,850</td>
<td>5,263</td>
</tr>
<tr>
<td>DLM</td>
<td>7,711</td>
<td>22,748</td>
<td>13,000</td>
<td>13,501</td>
</tr>
<tr>
<td>WLM</td>
<td>2,080</td>
<td>5,092</td>
<td>3,000</td>
<td>3,827</td>
</tr>
<tr>
<td>SLM</td>
<td>5,090</td>
<td>16,643</td>
<td>11,000</td>
<td>7,870</td>
</tr>
<tr>
<td>Rural/Farmland</td>
<td></td>
<td></td>
<td></td>
<td>370</td>
</tr>
<tr>
<td>DMA</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,910</strong></td>
<td><strong>75,764</strong></td>
<td><strong>42,000</strong></td>
<td><strong>38,522</strong></td>
</tr>
</tbody>
</table>

Source: Draft CWDM IDP, 2011/2012
Based on the data presented in Table 3.9 above the last two columns present the most recent data and a median number between these would be 40,000. It is estimated that 13,957 households currently reside in informal settlements and 8,000 households reside in backyard dwellings (Draft CWDM IDP, 2011/2012). The following challenges are identified regarding the implementation of housing projects:

1. Capacity constraints within housing departments
2. Insufficient planning to guide decisions regarding housing projects
3. Insufficient funding and financial resources
4. Insufficient suitable land
5. Limited bulk infrastructure capacity
6. Environmental and heritage constraints

3.5 Performance and Structure of the Economy

The Provincial Economic Review and Outlook (2010) reports outlines various key findings regarding the economic outlook for South Africa as well as for the Western Cape. The following provides a summary of these key findings in order to gain a better understanding of the macroeconomic environment in which the Cape Winelands District Municipal Economy functions.

1. The global economy is on the recovery road after the global recession; however various challenges are still being encountered by the different economies. It is indicated that economic recovery will continue in the second half of year, but will be slower than that of late 2009 and early 2010.
2. Public finances were much worse than previously thought (mainly southern-European) and therefore fiscal sustainability has received higher importance since taking the backseat during the height of the global economic crisis.
3. The risks are that the easing in the rate of global inventory restocking and the phasing out of the unprecedented monetary and fiscal stimulus measures implemented during the global recession will result in a moderation of world growth momentum in the second half of 2010/11.
4. The economic recession within South Africa ended during the third quarter of 2009. The recovery of the economy peaked in the first quarter of 2010; however the second quarter reflected a lower growth which indicated a more moderate growth pace.
5. If the economic recovery continues (even though at the slow rate) the South African economy will experience a sustained gradual recovery path.
6. One of the greatest risks is the shedding of jobs within the economy, which creates the idea that the economic growth is not sustainable.
7. The Western Cape economy has in the past grown at a faster pace than that of the national economy. 2009 economic data (basic prices) shows that the Western Cape economy contracted by 1.2%, compared to the 1.5% contraction of the national economy.
8. The GDP growth for the Western Cape (at basic prices) was 2.8% in 2010 and it is expected to increase to 3.2% in 2011 and to accelerate further to 4% between 2012 and 2015.

9. The export performance of the Western Cape was hit hardest by the global recession. The export of goods and services declined by 14% from 2008 to 2009 (across all sectors). It is predicted that with the global economic recovery the growth in exports will increase.

The sub-section further provides an overview of the current situation within the Cape Winelands District Municipality. This sub-section will provide an overview of the following indicators:

1. Employment Status
2. Labour Participation Rate
3. Labour Productivity
4. Employment per Sector
5. Skills Level

3.5.1 Employment Status

Unemployment according to the official definition must satisfy the following conditions:

1. No work during last 7 days
2. Able to work within 2 weeks
3. Active steps to look for work

Figure 3.11 illustrates the employment status for the Cape Winelands District Municipality.

**FIGURE 3.11: EMPLOYMENT STATUS (2009)**

![Employment Status Chart](image)

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

Figure 3.11 shows that 48.4% of the population is employed, 40% are not economically active and 11.6% of the population is currently unemployed. The 48.4% employed population can be divided
into the individuals employed in the informal sector (5.7%) as well as the individuals employed in the formal sector (42.7%).

The Cape Winelands District Municipality has a 19% unemployment rate. The unemployment rate is percentage of the total labour force that is unemployed but actively seeking employment and is willing to work. The unemployment rate of the CWDM is low in comparison to other districts in the Western Cape as well as the national unemployment rate. Table 3.10 shows the unemployment rate for South Africa, Western Cape, districts within the Western Cape and the local municipalities within the CWDM.

### TABLE 3.10: UNEMPLOYMENT RATE (2009)

<table>
<thead>
<tr>
<th></th>
<th>Unemployment Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>25%</td>
</tr>
<tr>
<td>Western Cape</td>
<td>22%</td>
</tr>
<tr>
<td><strong>District Municipalities within the Western Cape</strong></td>
<td></td>
</tr>
<tr>
<td>City of Cape Town</td>
<td>23%</td>
</tr>
<tr>
<td>West Coast DM</td>
<td>19%</td>
</tr>
<tr>
<td>Overberg DM</td>
<td>22%</td>
</tr>
<tr>
<td>Eden DM</td>
<td>19%</td>
</tr>
<tr>
<td>Central Karoo DM</td>
<td>31%</td>
</tr>
<tr>
<td><strong>Local Municipalities within the Cape Winelands District</strong></td>
<td></td>
</tr>
<tr>
<td>Witzenberg LM</td>
<td>15%</td>
</tr>
<tr>
<td>Drakenstein LM</td>
<td>23%</td>
</tr>
<tr>
<td>Stellenbosch LM</td>
<td>17%</td>
</tr>
<tr>
<td>Breede Valley LM</td>
<td>23%</td>
</tr>
<tr>
<td>Langeberg LM</td>
<td>14%</td>
</tr>
</tbody>
</table>

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

From the above table it is evident that all the local municipalities within the CWDM are lower than the national rate, however Drakenstein LM and Breede Valley LM are much higher than the other local municipalities.

#### 3.5.2 Labour Participation Rate

The labour force participation rate is a measure of the participating portion of an economy’s labour force, the labour force being the number of individuals who are willing to work, are working, or are actively looking for work. Table 3.11 illustrates the labour participation rate for South Africa, the Western Cape, districts within the Western Cape and local municipalities within the CWDM.

### TABLE 3.11: LABOUR PARTICIPATION RATE (2009)

<table>
<thead>
<tr>
<th></th>
<th>Labour Participation Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>52%</td>
</tr>
<tr>
<td>Western Cape</td>
<td>65%</td>
</tr>
<tr>
<td><strong>District Municipalities within the Western Cape</strong></td>
<td></td>
</tr>
</tbody>
</table>

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Tel: +27 21 447 3449
Fax: +27 21 447 3459
Table 3.11 shows that the CWDM has a 60% labour participation rate which is much higher than the national rate. When compared to the other districts it is evident that the CWDM has a lower rate that most of the other districts.

3.5.3 Labour Productivity

Labour productivity is the output of goods and services per labour unit:

\[
\text{Labour Productivity} = \frac{\text{Gross Geographic Product (GGP)}}{\text{Number of Employed Individuals}}
\]

Table 3.12 illustrates the labour productivity for the CWDM as well as for the local municipalities within the CWDM.

**TABLE 3.12: LABOUR PRODUCTIVITY (2009)**

<table>
<thead>
<tr>
<th></th>
<th>CWDM</th>
<th>WLM</th>
<th>DLM</th>
<th>SLM</th>
<th>BVLM</th>
<th>LLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>R 138,033</td>
<td>R 126,718</td>
<td>R 149,269</td>
<td>R 151,087</td>
<td>R 114,972</td>
<td>R 164,646</td>
</tr>
<tr>
<td>Mining</td>
<td>R 268,552</td>
<td>R 155,687</td>
<td>R 311,056</td>
<td>R 275,930</td>
<td>R 251,112</td>
<td>R 211,419</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>R 300,338</td>
<td>R 251,654</td>
<td>R 276,977</td>
<td>R 350,296</td>
<td>R 234,397</td>
<td>R 322,409</td>
</tr>
<tr>
<td>Electricity &amp; Water</td>
<td>R 666,320</td>
<td>R 603,450</td>
<td>R 649,971</td>
<td>R 662,963</td>
<td>R 846,054</td>
<td>R 655,767</td>
</tr>
<tr>
<td>Construction</td>
<td>R 144,239</td>
<td>R 153,594</td>
<td>R 138,304</td>
<td>R 166,397</td>
<td>R 122,054</td>
<td>R 116,816</td>
</tr>
<tr>
<td>Trade</td>
<td>R 116,877</td>
<td>R 129,133</td>
<td>R 114,380</td>
<td>R 126,889</td>
<td>R 106,687</td>
<td>R 105,420</td>
</tr>
<tr>
<td>Transport</td>
<td>R 430,635</td>
<td>R 482,958</td>
<td>R 447,141</td>
<td>R 465,104</td>
<td>R 403,546</td>
<td>R 371,983</td>
</tr>
<tr>
<td>Finance &amp; Business</td>
<td>R 316,194</td>
<td>R 243,372</td>
<td>R 310,750</td>
<td>R 359,826</td>
<td>R 312,965</td>
<td>R 256,373</td>
</tr>
<tr>
<td>Community Services</td>
<td>R 200,809</td>
<td>R 154,727</td>
<td>R 197,168</td>
<td>R 233,755</td>
<td>R 195,427</td>
<td>R 171,496</td>
</tr>
</tbody>
</table>

*Trade sector = Wholesale retail trade, catering and accommodation sector

The most productive sectors in the Cape Winelands DM, in terms of GGP output per employee, are the electricity and water sector, transport sector, finance and business services sector and the
manufacturing sector. The local municipalities also follow the same trend; however the Drakenstein LM also has a high labour productivity within the Mining sector.

3.5.4 Employment per Sector

The following table illustrates the percentage of employment opportunities per economic sector within the Cape Winelands District Municipality.

**FIGURE 3.12: EMPLOYMENT PER SECTOR (2009)**

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

*Trade sector = Wholesale and retail trade, catering and accommodation sector

**Table 3.13** shows the percentage of employment per sector for each of the local municipalities.


<table>
<thead>
<tr>
<th>Sector</th>
<th>WLM</th>
<th>DLM</th>
<th>SLM</th>
<th>BVLM</th>
<th>LLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>46.7%</td>
<td>14.1%</td>
<td>8.5%</td>
<td>21.7%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Mining</td>
<td>0.2%</td>
<td>0.5%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.5%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>8.3%</td>
<td>15.3%</td>
<td>16.8%</td>
<td>11.1%</td>
<td>19.9%</td>
</tr>
<tr>
<td>Electricity &amp; Water</td>
<td>0.3%</td>
<td>0.4%</td>
<td>0.2%</td>
<td>0.1%</td>
<td>0.1%</td>
</tr>
<tr>
<td>Construction</td>
<td>1.8%</td>
<td>5.0%</td>
<td>6.5%</td>
<td>4.3%</td>
<td>5.1%</td>
</tr>
<tr>
<td>Trade</td>
<td>10.4%</td>
<td>18.6%</td>
<td>22.6%</td>
<td>20.6%</td>
<td>18.1%</td>
</tr>
<tr>
<td>Transport</td>
<td>2.1%</td>
<td>3.1%</td>
<td>1.8%</td>
<td>3.6%</td>
<td>3.7%</td>
</tr>
<tr>
<td>Finance &amp; Business</td>
<td>10.2%</td>
<td>16.4%</td>
<td>12.9%</td>
<td>6.6%</td>
<td>6.8%</td>
</tr>
</tbody>
</table>
Table 3.13 shows that the local municipalities, similarly to the Cape Winelands District Municipality, also have high sectoral employment contributions within the following sectors (not necessarily the same order for all the local municipalities):

- Community and personal services sector
- Agriculture Sector
- Manufacturing Sector
- Trade Sector
- Finance and business services sector

### 3.5.5 Skills Level

Skills levels of the labour force has an impact on the level of income earned (i.e. the higher the skills levels the higher the annual income that could be earned). Figure 3.13 illustrates the skills levels of the formally employed population within the CWDM.

**FIGURE 3.13: SKILLS LEVELS (2009)**

![Skills Level Chart](image)

Figure 3.13 shows that half of the formally employed population is employed in semi- and unskilled occupations. 39.4% of the formally employed population is employed in skilled occupations and only 10.7% are employed in highly skilled occupations.
3.6 Production Profile

This sub-section will provide an overview of the following indicators:

1. GGP per Economic Sector
2. Comparative Advantage – Location Quotient
3. Import Profile
4. Export Profile

3.6.1 GGP per Economic Sector

The Gross Geographic Product (GGP) is a widely accepted measure used to portray the profile of the economy and it is defined as: “the total value of the final goods and services produced in the specific geographic area”.

Figure 3.14 illustrates the historic growth rates for South Africa, the Western Cape and the districts within the Western Cape.


![GGP Growth Rates Graph]

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

Figure 3.14 indicates that South Africa, the Western Cape and the Cape Winelands District Municipality have experienced good economic growth for the period 1995 to 2008, with a sharp decline in economic growth for the period 2008 to 2009; however there have been fluctuations in the GGP growth. These areas followed an almost identical growth pattern, suggesting strong interconnections between the economies. The following trends are identified:
• The average annual growth rate for the period 1995 – 2008 (before the impact of the global recession) for South Africa is 3.3%, the Western Cape is 3.7% and for Cape Winelands District Municipality is 3.5%. However the average annual growth rate for the period 1995 – 2009 (taking into account the impact of the global recession) for South Africa is 3.7%, the Western Cape is 4.1% and the CWDM is 3.8%.
• In 1998 the Western Cape (-0.7%) and the Cape Winelands District Municipality(-2.6%) experienced negative growth rates, whilst South Africa (0.4%) experienced positive growth, however, this was much lower than the average growth of 3.7% over the period 1995 to 2009. This was due to the general economic environment characterised by high interest rates (peaking at 25.5% in August 1998) as well as shocks to the manufacturing (especially textiles) industry due to international competition.
• By the year 2000, growth had regained to 4.2%, 4.3% and 3.4% for South Africa, the Western Cape and Cape Winelands District Municipality respectively.
• The economic growth experienced fluctuations between 2001 and 2009. 2007 saw a global recession in the global economy, which has had an impact on the economic growth. As indicated within Figure 3.14 it is evident that the impact of the global recession is mainly illustrated by the sharp decline in economic growth for the period 2008 – 2009. It is also important to note that this is the first time that the national economy experienced negative growth as well as the first time since 1998 that the other economies also experience negative growth rates.

The Cape Winelands District Municipality contributed 11.4% to the Western Cape GGP, making the CWDM the second largest economic contributor in the Western Cape. The City of Cape Town contributed 73.6% to the Western Cape GGP. Figure 3.15 illustrates the sector contribution to GGP in the CWDM.

**FIGURE 3.15: SECTORAL GGP CONTRIBUTION (2009)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>11.9%</td>
</tr>
<tr>
<td>Mining</td>
<td>0.3%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>0.9%</td>
</tr>
<tr>
<td>Electricity and Water</td>
<td>3.8%</td>
</tr>
<tr>
<td>Construction</td>
<td>6.8%</td>
</tr>
<tr>
<td>Wholesale and retail trade, catering and accommodation</td>
<td>12.7%</td>
</tr>
<tr>
<td>Transport and Communication</td>
<td>6.8%</td>
</tr>
<tr>
<td>Finance and Business Services</td>
<td>22.8%</td>
</tr>
<tr>
<td>Community and Personal Services</td>
<td>15.7%</td>
</tr>
</tbody>
</table>

Source: Urban-Econ Calculations based on Quanec Research Database, 2011
Figure 3.15 shows that the largest contributing sector to GGP is the manufacturing sector (25%). This is followed by the finance and business services sector (22.8%), community and personal services (15.7%), wholesale retail trade, catering and accommodation (12.7%) and agriculture (11.9%).

Table 3.14 shows the sectoral GGP contribution for each of the local municipalities.

**TABLE 3.14: SECTORAL GGP CONTRIBUTION – LOCAL MUNICIPALITIES (2009)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>WLM</th>
<th>DLM</th>
<th>SLM</th>
<th>BVLM</th>
<th>LLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>34.2%</td>
<td>8.8%</td>
<td>5.1%</td>
<td>13.7%</td>
<td>18.2%</td>
</tr>
<tr>
<td>Mining</td>
<td>0.1%</td>
<td>0.5%</td>
<td>0.2%</td>
<td>0.3%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>14.7%</td>
<td>23.2%</td>
<td>28.8%</td>
<td>18.7%</td>
<td>35.8%</td>
</tr>
<tr>
<td>Electricity &amp; Water</td>
<td>1.1%</td>
<td>1.4%</td>
<td>0.7%</td>
<td>0.7%</td>
<td>0.4%</td>
</tr>
<tr>
<td>Construction</td>
<td>1.9%</td>
<td>3.4%</td>
<td>5.0%</td>
<td>3.4%</td>
<td>3.2%</td>
</tr>
<tr>
<td>Trade</td>
<td>9.9%</td>
<td>11.4%</td>
<td>14.1%</td>
<td>15.4%</td>
<td>11.1%</td>
</tr>
<tr>
<td>Transport</td>
<td>6.9%</td>
<td>7.2%</td>
<td>4.4%</td>
<td>9.8%</td>
<td>8.9%</td>
</tr>
<tr>
<td>Finance &amp; Business</td>
<td>19.5%</td>
<td>29.4%</td>
<td>24.9%</td>
<td>16.1%</td>
<td>11.2%</td>
</tr>
<tr>
<td>Community Services</td>
<td>11.7%</td>
<td>14.6%</td>
<td>16.8%</td>
<td>21.8%</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

*Source: Urban-Econ Calculations based on Quantec Research Database, 2011*

*Trade sector = Wholesale retail trade, catering and accommodation sector*

Table 3.14 indicates that the five sectors contributing most to the local municipal GGP’s are agriculture, manufacturing, wholesale retail trade, catering and accommodation, finance and business services and the community and personal services.

### 3.6.2 Comparative Advantage – Location Quotient

The Location quotient is a calculated ratio between two economies. In the case of Cape Winelands DM location quotient it was determined between the district and province and in the case of the LM’s location quotients it was determined between the district and individual municipalities. This ratio is calculated for all industries to determine whether or not the district economy has greater share or advantage of that industry based on production (GGP). If an economy has a location quotient greater than 1, it means that economy enjoys a comparative advantage. Table 3.15 illustrates the location quotient for the Cape Winelands District Municipality.

**TABLE 3.15: CAPE WINELANDS DISTRICT MUNICIPALITY LOCATION QUOTIENT (2009)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Cape Winelands District Municipality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>3.1</td>
</tr>
<tr>
<td>Mining</td>
<td>1.3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>1.5</td>
</tr>
<tr>
<td>Electricity &amp; Water</td>
<td>0.6</td>
</tr>
<tr>
<td>Construction</td>
<td>0.8</td>
</tr>
<tr>
<td>Trade</td>
<td>0.9</td>
</tr>
</tbody>
</table>
Table 3.15 shows that the CWDM has a comparative advantage in the following economic sectors:

1. Agriculture
2. Mining
3. Manufacturing
4. Community and Personal Service (including general government services)

Table 3.16 shows the following:

1. Witzenberg LM has the highest comparative advantage in the agricultural sector
2. Drakenstein LM has the highest comparative advantage in the mining sector, electricity and water sector and the finance and business services sector
3. Stellenbosch LM has the highest comparative advantage in the construction sector
4. Breede Valley LM has the highest comparative advantage in the trade sector, the transport and communication sector and the community and personal services sector
5. Langeberg LM has the highest comparative advantage in the manufacturing sector.
3.6.3 Import Profile

Figure 3.16 illustrates the main destinations from where the Cape Winelands imports commodities.

FIGURE 3.16: IMPORT DESTINATION (2009)

From Figure 3.16 it is evident that the Cape Winelands District Municipality imports the majority of their commodities from Europe and America. The main commodities being imported are:

1. **16.6%** Vegetable products
   a. Mainly Cereals (Wheat & Meslin)
2. **24.3%** Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes
   a. Mainly residues, wastes of food industry, animal fodder (Soya-bean oil-cake and other solid residues)
3. **7.2%** Pulp of wood or of other fibrous cellulosic material; waste & scrap of paper or paperboard; paper & paperboard of paper or paperboard; paper & paperboard & articles thereof
   a. Mainly paper & paperboard, articles of pulp, paper and board (Paper, board, clay, inorganic coated at least one side)
4. **16.5%** Machinery & mechanical appliances; electrical equipment; parts thereof; sound recorders an reproducers, television image & sound recorders & reproducers, & parts & accessories of such articles
   a. Mainly nuclear reactors, boilers, machinery, etc (Printing and ancillary machinery)
5. **11.4%** Vehicles, aircraft, vessels & associated transport equipment
   a. Mainly vehicles other than railway, tramway (Motor vehicles for transport of persons (except buses))
3.6.4 Export Profile

Figure 3.17 illustrates the main destinations to where the Cape Winelands exports commodities to.

![FIGURE 3.17: EXPORT DESTINATION (2009)](chart.png)

Source: Urban-Econ Calculations based on Quantec Research Database, 2011

From Figure 3.17 it is evident that the CWDM exports the majority of their commodities to Europe. The main commodities being exported are:

1. **30.8% Vegetable products**
   a. Mainly edible fruit, nuts, peel of citrus fruit, melons
      i. Citrus fruit, fresh or dried
      ii. Grapes, fresh or dried
      iii. Apples, pears and quinces, fresh

2. **61.3% Prepared foodstuffs; beverages, spirits & vinegar; tobacco & manufactured tobacco substitutes**
   a. Mainly beverages, spirits and vinegar (Grape wines(including fortified), alcoholic grape must)

### 3.7 Conclusion

From the profiling assessment conducted in this section it is evident that the Cape Winelands District Municipality’s population is characterised by social issues such as levels of poverty, unemployment and low levels of education and skills.
The economic scan shows that the Cape Winelands District Municipality is the second largest economic contributor to the Western Cape economy, which shows that there is a positive contribution from the Cape Winelands District Municipality economy towards the overall economy.

Although tourism is not formally classified as an economic sector it has contributed highly to the total GGP of the Cape Winelands economy. The impact of tourism on the GGP cannot be determined exactly because most tourism activities are also classified as business.
Section 4: Opportunity Analysis

4.1 Introduction

The purpose of this section is to identify potential local economic development opportunities in the Cape Winelands District Municipality, based on the current situation within the municipality, as detailed in the preceding situation analysis.

A swot analysis and local sectoral potential analysis helped create an understanding with regard to the sectoral competitive advantages of the local economy and this will be used to determine the development potential within Cape Winelands District Municipality.

The analysis seeks to identify supply and demand factors to assess market opportunities based on the gap between existing and potential levels of development and by reviewing the resource base for potential exploitation and beneficiation, i.e. extent, location, utilization and opportunities.

In addition constraints to development such as the impact of HIV/AIDS on the demographic profile, exploitation of resource base, international market influences, environmental degradation, lack of entrepreneurial skills and poverty are identified.

LED initiatives around the world have repeatedly failed due some common myths about LED, listed and deflated below:

1. **LED can occur without regional linkages**
   - Economic development needs cannot be met by individual communities alone – cognizance needs to be taken of regional context, which has implications for linkages, leakages, injections and comparative advantages of an area.

2. **Economic development causes sprawl.**
   - Economic development can be managed within spatial and environmental frameworks.

3. **Any new business is right for our community.**
   - Communities are characterized by varying skills, education levels, cultural and moral preferences, consumer preferences and income levels that all impact on which types of businesses are feasible on the one hand and socially appropriate on the other.
   - In addition, climate, infrastructure and geographical characteristics impact on which businesses will be viable.

4. **An economic development officer will turn our economy around.**
   - Economic development results from the processes of numerous public, private and civic sector actors within an enabling environment. While LED officers and LED units are needed to drive these processes, they alone will not transform an entire economy.

5. **Industry will locate here if we provide enough incentives.**
While tax and other incentives are considered by industry role-players when deciding on where to locate, other factors also come into play, such as infrastructure, proximity to input sources, proximity to markets, quality of life, labour pool quality, overall business and banking environment and so on. Offering incentives without addressing the other factors will, at best, result in short-term investment until such a point as incentive schemes expire. One big manufacturer will solve all of our economic problems.

Economic development must be sustainable and in order to be considered sustainable, a diverse economy should be the goal. A mature, strong and stable economy is characterized by strength across a range of sectors, including primary, secondary and tertiary activities that cater for diverse consumer and business (value chain) needs.

Figure 4.1 shows a basic virtuous circle of economic growth. It is based on the idea that investments in improving infrastructure, services, human capital and/or other physical assets contribute to the attainment of production efficiencies and a competitive market environment that assist the economy to grow through job creation and increased expenditure (household, business and government). Investments (injections) in this sense can be in the form of capital, skills or technology that is transferred from outside the local economy.

**FIGURE 4.1: VIRTUOUS CIRCLE**

Similarly, leakages occur. Leakages may be in the form of profits removed from the area in the form of return on investments made by outside investors. Another form of leakage is expenditure on imported goods and services.

In order to increase the momentum of virtuous economic growth, two aspects need to focus on, namely attracting injections and reducing leakages.

Attracting injections (monetary) into the local economy to increase demand for goods and services within the local economy is seen as demand side factors for maximising opportunities within the
Cape Winelands District Municipality’s economy. The most common injection-seeking or demand-side LED strategies can be classified as two main groups:

1. The promotion of export-sectors. In order to unlock these sectors it is important to have a good understanding of local comparative advantages which enables the targeting of key economic sectors.
2. The attraction of spend within the area. For example linking various tourism activities such as a business tourist in the area for a conference spending the night and/or visiting some of the tourist sites within the area.

Attracting injections can also be done by reducing leakages from the area. For example:

1. Investing in further processing of primary sector produce
2. Retaining and expanding local service and trade industries

It is important to note that in order to attract investment one needs to know what the area has and what is still needed in order to make the area more attractive for investment. This is referred to as supply side factors which look at increasing the strengths of the area and minimising the weaknesses. Supply side factors typically addressed include:

1. Labour quality
2. Logistics and transport infrastructure
3. Ease of starting and operating a business (aimed at both SMME’s and big businesses)
4. Incentive schemes
5. Marketing and making available inputs (natural resources, land, etc)
6. Efficient government provision of goods and services
7. Focus on quality of life aspects (tourism, recreation, health, educational and retirement facilities)

The supply side factors indicated above overlaps with the mandated role of the Cape Winelands District Municipality to create an enabling environment conducive to promote economic development (this is dealt with in further subsequent sections)

4.2 SWOT Analysis

A SWOT analysis is a commonly used tool used to facilitate a strategic review of a particular organisation. It is a high-level exercise that identifies strengths, weaknesses, opportunities and threats of the organisation. The strengths and weaknesses are internal factors that the organisation may control. Opportunities and threats are those factors external to the organisation and therefore the organisation has little or no control over these macro environment factors.

The SWOT analysis does not identify what should be done. Rather, it provides a framework for identifying where strategic opportunities may exist and how to avoid weaknesses inherent in the
The purpose of the SWOT analysis is to identify and assess the strengths, weaknesses, opportunities and threats in Cape Winelands District Municipality, in terms of local economic development.

The identification of strengths, weaknesses, opportunities and threats within the municipal area provides the basis upon which the pillars of the LED strategy may be built.

The SWOT analysis is illustrated in Table 4.1.

**TABLE 4.1: CAPE WINELANDS DISTRICT MUNICIPALITY SWOT ANALYSIS**

<table>
<thead>
<tr>
<th>Natural Capital</th>
<th>Strengths</th>
<th>Weaknesses</th>
<th>Opportunities</th>
<th>Threats</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1. High quality &amp; unspoiled natural environment attractive to skilled labour</td>
<td>1. Property development negatively affecting environment</td>
<td>1. Growth in tourism markets (domestic and internationally)</td>
<td>1. Climate change impacting on existing agricultural production activities</td>
</tr>
<tr>
<td></td>
<td>2. Diversity of scenic landscapes</td>
<td>2. Land reform taking place at very slow rate</td>
<td></td>
<td>2. Water supply</td>
</tr>
<tr>
<td></td>
<td>3. Soil &amp; Climate favourable for grape and deciduous fruit production</td>
<td>3. Municipal owned land not being used for best strategic uses</td>
<td></td>
<td>3. Water quality</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4. Water shortages</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>5. River water pollution</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>5. Strong domestic tourism market linked to wine sector</td>
<td>2. Economy vulnerable to exogenous factors</td>
<td>2. Proximity and location to Cape Town economy</td>
<td>2. Lack of unity within businesses</td>
</tr>
<tr>
<td></td>
<td>8. Well developed linkage to Cape Town</td>
<td>5. Lack of support to emerging entrepreneurs</td>
<td>5. Provincial asset management software for local government</td>
<td>5. Volatile exchange rate</td>
</tr>
<tr>
<td></td>
<td></td>
<td>6. SETA’s not being utilised optimally</td>
<td></td>
<td>6. Narrowing agriculture profit margins</td>
</tr>
<tr>
<td></td>
<td></td>
<td>7. Lack of</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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# Cape Winelands District Municipality
## Local Economic Development Strategy

**Strengths**
- Town economy
  - Well established brand name globally
- Competitive commercial farmers
- Organised agriculture provide good support to Agri BEE development
- R&D capacities are well developed in specifically the agriculture sector (e.g. production techniques & new cultivars)

**Weaknesses**
- Intergovernmental alignment
- Lack of alignment between LM’s and DM strategies
- Poor asset management by municipalities
- Lack of integrated domestic and international marketing of District as a whole
- Limited tourism information available
- Fragmentation of tourism industry
- Farm workers have poor access to health facilities
- Lack of sport and recreational facilities available on farms
- Poor quality and bad conditions within some farm schools
- High cost of land
- High dept level of farmers
- Poor public transport network
- Poor communications network

**Opportunities**
- Expand on and coordinate SMME support services
- Addressing inefficiencies in local government business processes
- Link to provincial strategies and programmes
- New product development and differentiation
- Link to sector specific plans

**Threats**
- Global uncertainty of economic conditions
## Strengths

| Social/Cultural | 20. Historical networks linked mainly to agricultural history |
| Human | 27. Skilled labour force linked to university and/or business |
| 21. Diversity of local and international cultures |
| 22. Good international networks and economic linkages |
| 23. English speaking schools |
| 24. World Class University in Stellenbosch |
| 25. Training and education institutions (primary, secondary and tertiary) |
| 26. National Centres of research excellence |
| 27. Skilled labour force linked to university and/or business |
| 28. Environment conducive to attract highly skilled labour |

## Weaknesses

| 1. Poor resourcing of LED strategies |
| 2. Lack of understanding of LED objectives by senior management & other line departments |
| 3. Outdated by-laws |
| 4. Increasing levels of poverty & drug related crimes |
| 5. Increasing instances of HIV, FAS & TB |
| 6. Highest rate of farm evictions in SA |
| 7. High levels of alcohol abuse amongst farm workers |
| 8. High dependency on social grants and wage income by the poor |

## Opportunities

| 1. Strengthening local government sphere |
| 2. Implementation of Provincial Farm Worker Strategy and Rural Housing Policy |
| 3. Cape Winelands Social Development Strategy |

## Threats

| 1. EPWP |
| 2. Seta’s and Learnerships |
| 3. Wolwekloof Learning Academy |

Source: Adapted from Cape Winelands District Municipality Review: Growth and Development Strategy, 2006 - 2014
4.3 Potential Analysis and Value Chain Gap Analysis

The potential analysis is the process of identifying the areas strengths in order to develop bankable cross-cutting projects. As part of the potential analysis a value-chain gap analysis has to be conducted. In the business environment the value chain could be seen as a linked set of value adding processes that convert basic input materials into products or services for the final consumer. The activities that take place can be categorised under two headings, namely:

1. **Primary activities** – activities directly concerned with creating and delivering a product
2. **Secondary activities** – however not directly involved with production, but could increase effectiveness or efficiency

These activities are determined and gaps or “missing links” identified as those activities that could be performed within the CWDM area. **Figure 4.2** illustrates a generic value chain as visualised by M.E. Porter (1980)

**FIGURE 4.2: GENERIC VALUE CHAIN (M.E. PORTER, 1998)**

4.4 Criteria for Determining Development Potential

Before commencing with the discussion of the relevant development potential criteria, it is deemed necessary to first clarify the meaning of potential. The Concise Oxford Dictionary (1990) describes “potential” as follows:

- Capable of coming into being or action
- The capacity for use or development
• Usable resources

Therefore, potential refers to resources and/or capacity, which can be utilised or developed. In order to identify or determine this development potential and/or opportunities within an economy, a set of criteria is required against which to measure the resource and/or capacity to determine potential. The set of criteria serves as a tool to identify areas with potential for development and opportunities within each of the local economic sectors. The criteria includes following:

1. **Availability of raw materials and resources**
   Raw materials / local resources are one of the most important production factors. Without these, no product can be manufactured and no service can be delivered. The availability of raw materials/other resources makes local development promotion much easier, more feasible, viable and sustainable. Depending on the nature and extent of the resources/materials, these can also be a major tourist attraction, and apart from attracting tourists to the area, these raw materials/resources can be used for local beneficiation and value adding through local processing.

2. **Economic linkages**
   Economic linkages refer to the interaction of various economies with one another, or various sectors within one economy. These interactions can take place in various manners and on various scales. Linkages are important for an economy and its activities to be sustainable. One economy in general can’t provide in all local needs and therefore need to interact with neighbouring or nearby economies.

   When referring to linkages one can define two major categories:

   a) **Backward linkages**
   This type of economic interaction refers to the raw material or intermediate products required as inputs into the delivering of the end product or service. In many cases the inputs required in the local economy cannot be delivered by the same economy and need to be inputted from other economies. In other cases the inputs are available but it is cheaper to obtain the same inputs from other outside economies. A very important question one always need to ask in determining the development potential is: Can’t some of the inputs be supplied or manufactured locally, saving transport costs, creating employment opportunities and contributing to local beneficiation and value adding? If the answer is yes there is definitely potential for development within the economy.

   b) **Forward linkages**
   Forward linkages refer to the supplying of intermediate products as inputs into the production process, and/or delivering an end product or service at the end of the production process.

3. **Market trends**
   Market trends refer to the consumption trends and preferences of the general market. It can either indicate that there is a potential for an increase in the production of a specific product or delivering of a specific service, or it can indicate there is a need for change in products and service delivery.
For instance, a trend can be observed for people consuming more organically farmed products than traditional products. This therefore indicates that the agriculture sector should focus more on producing organic products than traditional products.

4. **Gap analysis / agglomeration advantages**

This criterion refers to the identification of a gap within the local economy or an advantage for various industries to group together to stimulate economic growth. Agglomeration advantages can be illustrated by developing a mining logistical hub or cluster. Therefore, all manufacturing orientated and related activities are grouped together in delivering services and information to the manufacturing sector.

5. **Logistics / Nodal point function**

To determine if the area has potential for delivering a logistics or nodal point function, one needs to answer the following question: Can the area serve as a distribution point for specific products or services? This relates to the next criterion.

6. **Regional service delivery function**

An analysis is thus required to determine the economic comparative advantages. If these advantages can be exploited successfully, the area may become a regional service provider in terms of its competitive advantages.

7. **Availability of labour**

Labour as one of the important production factors also indicates the potential for development of an economy. When considering potential within the local labour pool, the determining factors include the quantity and quality of the labour force. Quantity refers to the magnitude of the labour force and quality refers to the educational and skills level of the labour force. If the educational and skills level of the local labour force meets the requirements for manufacturing development, the potential for development is high.

8. **Technology change**

Technology change refers to the change in production methods. Good examples are genetic manipulated production, the Internet, etc. The changes in technological techniques and methods increase the potential for developing an incubator in the area. Incubators provide collective services (i.e. training and facilities) required by industries and also individual people to become self-sustained in their newly adopted economic activities.

9. **Enabling policy environment**

Potential for development can also be identified when considering the policy environment. Various policies stimulate, support and encourage development, whereas others inhibit development. A good example of supporting policy is the SMME development programme. They provide funding and other necessary inputs for upcoming SMMEs.
The above criteria will be used to evaluate the leading economic sectors identified in the following sub-section.

### 4.5 Sector Opportunities

The purpose of this sub-section is to provide an assessment of the economic activities within Tourism\(^1\) and the four leading economic sectors in order to determine their potential for economic development. The leading economic sectors were determined by using different criteria such as GGP contribution, Sectoral employment contribution and comparative advantage (location quotient). **Table 4.2** illustrates the leading sectors according to each criterion.

**TABLE 4.2: LEADING SECTOR ANALYSIS**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Contribution to GGP</th>
<th>Contribution to Employment</th>
<th>Location Quotient</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>11.9%</td>
<td>19.2%</td>
<td>3.1</td>
</tr>
<tr>
<td>Mining</td>
<td>0.3%</td>
<td>0.3%</td>
<td>1.3</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>25%</td>
<td>14.6%</td>
<td>1.5</td>
</tr>
<tr>
<td>Electricity &amp; Water</td>
<td>0.9%</td>
<td>0.3%</td>
<td>0.6</td>
</tr>
<tr>
<td>Construction</td>
<td>3.8%</td>
<td>4.9%</td>
<td>0.8</td>
</tr>
<tr>
<td>Trade</td>
<td>12.7%</td>
<td>19%</td>
<td>0.9</td>
</tr>
<tr>
<td>Transport &amp; Communication</td>
<td>6.8%</td>
<td>2.8%</td>
<td>0.7</td>
</tr>
<tr>
<td>Finance &amp; Business</td>
<td>22.8%</td>
<td>11.6%</td>
<td>0.7</td>
</tr>
<tr>
<td>Community Services</td>
<td>15.7%</td>
<td>27.3%</td>
<td>1.0</td>
</tr>
</tbody>
</table>

From **Table 4.2** the following leading sectors were identified:

1. Agriculture
2. Manufacturing
3. Wholesale retail trade, catering and accommodation (Trade)
4. Finance and Business Services
5. Community Services (including General Government Services)
6. Tourism Industry

The economic potential for each of the above leading economic sectors will be analysed in the following sub-section. (It is important to note that many studies conducted within the CWDM have addressed the topic of sector analysis within the district. It is therefore the aim of this sub-section to consolidate the information, update the information where applicable and to add value through interpretation of the information. Main studies consulted include Cape Winelands LED Strategy

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\(^1\) Tourism is not an economic sector on its own (as classified by the SIC), but forms part of other sectors especially the trade, transport and finance sectors. However, due to its increasing importance as an income and employment creator in South Africa, it is believed that this industry should be discussed separately from the other sectors.
4.6 Agriculture, Forestry & Fishing Sector

4.6.1 Overview

“The agricultural sector incorporates establishments and activities that are primarily engaged in farming activities, but also includes establishments focusing on commercial hunting and game propagation and forestry, logging and fishing. “

A total land area of 89% in the Western Cape is utilised for agricultural purposes, with the sector being the economic base for most rural towns; but only 19% of the land is high potential arable land, the rest is for grazing (70.4%), nature conservation (5.6%) and forestry (1.5%). Agriculture produces the province’s two major exports, namely fresh and canned fruit and fruit juices, and wine, beer and spirits.

Agriculture forms the backbone of the Cape Winelands District Municipality economy. Two agricultural sectors dominate, namely horticultural produce (namely fruits, viticulture and vegetables) and animal and dairy. Almost 70% of South Africa’s wine production takes place within the District; and nearly 60% of all wine grapes are grown in the Breede River Valley, Paarl and Stellenbosch. There is also extensive table grape production in the Hex River Valley. The District also boasts the largest pear producing region in the country, and extensive apple and apricot production takes place in Ceres, Robertson and Montagu.

It is estimated that the wine industry contributed R16.3 billion to the South African GDP in 2002 (when one includes the tourism industry this number raises to R22.5 billion). Employment generation was also substantial with 260,000 job opportunities created throughout the economy, of which 20% was in the wine tourism industry. The producer prices of wine has declined or remained constant since 2003. Agri-Western Cape argues that profitability is non-existent, reducing viability and requiring the use of reserves and non-farm incomes to subsidise the business. Producer prices of red wine, in particular, are subject to severe decline. Labour constitutes 44% of the production cost of wine and productivity and training support for workers in paramount.

The District has a strong agro-processing industry, which comprises more than a quarter of all agro-processing in the Western Cape. Exports of agricultural products (vegetable products) amount to 30.8% of the total exports from the District. In recent years, the volume of exports has either stagnated or declined in products such as table grapes, apricots and apples. Whilst the production and exports of pears are fairly stable profitability is worsening. The largest cost increases are in

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production and packaging. Agri-Western Cape indicates that the main culprit for low profitability levels in the wine and fruit industries are due to domestic cost increases.

Main challenges to overcome within the agriculture sector include the following, but are not limited to these:

1. Trade barriers
2. High debt levels
3. Retail squeeze on profit margins
4. High barriers to entry
5. Logistics in exporting
6. Unacceptable living and working conditions of some farm workers

The agricultural sector contributes 11.9% (2009) to the overall GGP of the Cape Winelands District Municipal economy. The agricultural sector also contributes to 19.2% (2009) of the formal employment opportunities, which makes the sector essential to the livelihoods of the local residents.

Figure 4.3 below indicates the year on year growth performance of the agricultural sector for the period 1996 to 2009.

**FIGURE 4.3: AGRICULTURE SECTOR: GROWTH PERFORMANCE**

Figure 4.3 shows that the agricultural sector’s annual growth varies year-by-year, indicating vulnerability to external shocks such as climate and currency fluctuations. Between 2001 and 2009, the Agriculture Sector averaged an annual growth rate of just 1.1%.
Map 4.1 illustrates the local municipalities that show comparative advantage within the Agricultural Sector within the CWDM. The map is based on the location quotient which was done in Section 3 of this report.

**MAP 4.1: LOCAL MUNICIPAL COMPARATIVE ADVANTAGE – AGRICULTURAL SECTOR**

Map 4.1 shows that Witzenberg LM, Breede Valley LM and Langeberg LM have the greatest comparative advantage within the agricultural sector. It is also important to note that most of the towns located within these local municipalities are classified as third order towns (based on the classification within the CWDM SDF, 2010).

### 4.6.2 Development Potential

**TABLE 4.3: DEVELOPMENT POTENTIAL – AGRICULTURE SECTOR**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of raw materials and</td>
<td>The Cape Winelands DM has favourable climate conditions and large</td>
<td>The Cape Winelands have the natural soil and climate conditions to produce agricultural products.</td>
</tr>
<tr>
<td>resources</td>
<td>portions of land available for agricultural activities.</td>
<td>The CWDM need to implement sustainable agricultural methods.</td>
</tr>
</tbody>
</table>
Cape Winelands District Municipality
Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>It is important to note that a lot of strain is being placed on water supply from the City of Cape Town, because of unsustainable agricultural methods being used. There is also a problem with water pollution within the area.</td>
<td>to decrease the strain on the natural water resources. Interventions need to be implemented in order to reduce water pollution in the area.</td>
</tr>
<tr>
<td>Economic linkages</td>
<td>There are backward linkages with the manufacturing sector (for machinery and fertilizers), the transport sector, and the water and electricity sector (for the provision of adequate water supplies for irrigation and other farming processes). There are forward linkages with retail stores and wholesalers, agri-processing, and the tourism sector (i.e. cellar tours, wine tastings, etc).</td>
<td>There is potential for expansion on manufacturing of inputs (Fertilizers, Machinery &amp; irrigation systems) and outputs (Specialised agricultural products &amp; agri-processing) There is also potential for expansion on the tourism sector (accommodation facilities, conference facilities, cultural tours, etc.)</td>
</tr>
<tr>
<td>Market trends</td>
<td>Relevant trends in this market are the move towards organic produce, cosmetic &amp; medicines. A positive aspect for the CWDM is the proximity to various markets such as Cape Town.</td>
<td>New agricultural ventures should take cognisance of the trends in the market and feasibility studies need to be conducted to determine the viability of these new ventures.</td>
</tr>
<tr>
<td>Logistics / Nodal point function</td>
<td>The agricultural activities are dispersed throughout the District, but main nodes are identified in Paarl, Stellenbosch, Ceres, Robertson and Montagu.</td>
<td>There is potential to further develop these agricultural nodes.</td>
</tr>
<tr>
<td>Regional service delivery function</td>
<td>CWDM has a very strong comparative advantage in the Western Cape w.r.t the Agricultural Sector.</td>
<td>The CWDM need to expand their advantage in this sector. This can be done by investigating niche markets</td>
</tr>
<tr>
<td>Availability of labour</td>
<td>There is a larger portion of the population concentrated in the semi- and unskilled labour.</td>
<td>The CWDM need to implement education skills training facilities for the labour force to acquire the needed skills to further develop the agricultural sector.</td>
</tr>
<tr>
<td>Technology change</td>
<td>New technologies for more efficient irrigation systems, better production methods and sustainable use of resources</td>
<td>It is important for the CWDM to ensure that these new technologies are implemented in their farming activities, in order to</td>
</tr>
</tbody>
</table>
### 4.6.3 Value Chain Gap Analysis

The Cape Winelands District Municipality has great potential in viticulture, deciduous fruits, vegetables, poultry and aquaculture. The following provides the value chain and gap analysis for these markets.

**Viticulture**

South Africa is the world’s sixth largest wine producer. The Western Cape’s favourable climatic and soil conditions make it home to most of South Africa’s wineries. Approximately 68% of South Africa’s wine grape vines are found in the CWDM area. Stellenbosch has the largest number of wine estates and wine producers than any other area in South Africa.

The resource base of the CWDM provides the area with a district comparative advantage and the general quality of wine produced is better than the industry average of South Africa. This presents the area with a distinct advantage to grow the industry into the high quality and premium markets, which are the key elements for the further development of the export market.

Since 1990 there have been notable increases in investment in new plantings, quality improvements, new cellars and wineries, information technology, and export and distribution facilities. There has also been a general trend towards capital deepening, which was attributed to new investments required to become globally competitive, as well as a swing towards more red cultivars which require long maturation and specialised equipment. Wine exports have also grown significantly from under 50 million litres in 1992 to 300 million litres in 2005 (CWD LED, 2006).

The viticulture Value chain of the CWDM is very well established. The grapes for the wine are produced in the area, with some of the biggest wine cellars in South Africa being situated in the CDWM. The main opportunity in the viticulture market is in the research and development of new technologies for better and more efficient production methods.

The Viticulture is also closely linked to the Tourism sector (discussed below) namely agri-tourism. Wine farms provide an attraction for local and international tourists. It is important to ensure the

---

**Criterion** | **Status** | **Implications**
--- | --- | ---
Enabling policy environment. | Support Programmes for local farmers exists with the Department of Agriculture (DoA). The DoA have various support and training programmes for emerging and existing farmers. | Land reform tends to disrupt commercial activities. The CWDM need to tap into the programmes initiated by the DoA, to ensure that the existing farmers and emerging farmers receive the necessary support. |
quality of these establishments in order to attract tourists in the future.

Figure 4.4 illustrates the viticulture value cha

**FIGURE 4.4: VALUE CHAIN: VITICULTURE**

Deciduous Fruits
With some 2 500 deciduous fruit growers, the Western Cape is the country’s largest producer of deciduous fruit, accounting for about 85% of total exports. The Western Cape’s share of world apple production is just under 2% and it exports 35 – 45% of its total crop. As the bulk of the harvest is exported, the transport and storage infrastructure is of critical importance (CWDM LED, 2006).

The bulk of South Africa’s pear and table grape production is located in the CWDM; and more than half of South Africa’s nectarine trees are in the CWDM.

Vegetables
Given the suitability of the regional climate, vegetable production is an important component of Western Cape agriculture, representing some 12% of total production. Within the CWDM potatoes, onions and tomatoes are the most important crops grown. With respect to potatoes the bulk of the production is located in the Ceres area where more than 1200 ha were planted in 2002. Approximately 17% of this crop is processed while the rest is sold as table potatoes. Opportunities for further development in the potato sector are limited, mainly as a result of diseases that have emerged and the high cost of production. Another disadvantage of potatoes is that it is not possible to practice rotational cropping with onions (CWDM Info Booklet, 2005).

Figure 4.5 illustrates the Fruit and Vegetable value chain.
The contribution of the CWDM to the Fruit and Vegetable value chain is mainly concentrated in the production of the agricultural products. There is some agro processing happening in the area, but there is still a lot of potential in this regard. The following gaps are identified in the value chain:

1. One gap in the fruit and vegetable industry is poor production and marketing data. By its nature, fruit and vegetables and in particular perishable fruit and vegetables depend on quick freight to reach the markets in an acceptable state of freshness. A good information system on production and markets allows for better logistics to the markets thereby improving competitiveness.

2. An efficient logistics and transport system is a further important requirement which can currently be viewed as a gap within the CWDM. This includes the need to improve freight transport, road conditions and the application of ICT in logistics management.

3. There is also a gap for the development of farming activities for Olives, Fynbos, Buchu, Honeybush Tea, Essential Oils and Cosmetics and medicines (feasibility studies for these opportunities need to be conducted to determine their viability).

**Poultry**

The Western Cape produces about 20% of the country’s annual total of 4.6 billion eggs. Within the CWDM region Rainbow Chickens has a total of 4 factories, producing 15% of the firms’ output.

Figure 4.6 illustrates the Poultry value chain.
The CWDM poultry value chain is mainly concentrated in the primary production of chickens and eggs. The eggs are then sold to wholesale and retail facilities to be resold. There are various gaps in the poultry value chain namely:

**Research and Development** of other products that could be produced from the eggs or chickens to further diversify this market. The Elsenberg College of Agriculture, located in Stellenbosch, contributes a lot towards the research and development of the agricultural sector.

**Infrastructure development** is very important for this market, since the products could spoil if they do not reach their destination in time. It is important to ensure that cold storage facilities are available and that transport routes are well established.

**Marketing and Distribution** of the product are very essential to the success of the market. There is a gap for the better marketing of the products and for distribution and packaging of these products.

**Aquaculture**

The development of aquaculture in South Africa shows a relatively short history, and it is only from the mid seventies that the industry really started to develop.

The first research project in the Western Cape started in 1992 at the Kromme Rhee (Stellenbosch) experimental farm of the Department of Agriculture of the Western Cape. In the Western Cape enormous potential for the establishment of small scale aquaculture production systems do exist. In the region there are over 2000 irrigation dams with a total volume of over 500 000 cubic metres, which have an estimated production potential of approximately 5 800 tons of freshwater fish per year. Together with this adequate supply of water resources, a good platform for future research and development is already established (CWDM Info Booklet, 2005).
The aquaculture industry is still very new in the Cape Winelands DM, which means that there is a lot of potential to develop this sector. Feasibility studies need to be conducted to indicate which aquaculture species would best be suited for the CWDM. Some studies conducted indicated that aquaculture of trout is not as viable due to the short cold months experienced in the Cape Winelands which does not provide sufficient time for trout to grow to 1kg size. Therefore it is important to investigate the viability of various aquaculture species in order to determine the most viable options for the Cape Winelands.

### 4.6.4 Project Potential

The following is a list of existing local municipal LED projects as well as identified opportunities within the Agricultural Sector (Annexure B provides a short description of existing local municipal LED projects).

<table>
<thead>
<tr>
<th>Existing Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Gourmet Mushrooms</td>
<td>Aquaculture</td>
</tr>
<tr>
<td>1. Levendal Social Development</td>
<td>Bio-tech products</td>
</tr>
<tr>
<td>2. Medical Plants for Pharmaceuticals</td>
<td>Biotechnology</td>
</tr>
<tr>
<td>3. Rooibos Tea</td>
<td>Bulbs, flowers, seeds &amp; hydroponics</td>
</tr>
<tr>
<td>4. Safron (Spice form flowers)</td>
<td>Cultivation of table olives &amp; oil olives</td>
</tr>
<tr>
<td></td>
<td>Essential oils</td>
</tr>
<tr>
<td></td>
<td>Expanding dairy production</td>
</tr>
<tr>
<td></td>
<td>Fresh &amp; dried flowers</td>
</tr>
<tr>
<td></td>
<td>Fruit farming &amp; processing</td>
</tr>
<tr>
<td></td>
<td>Fynbos, Buchu &amp; Honeybush Tea</td>
</tr>
<tr>
<td></td>
<td>Game farming</td>
</tr>
<tr>
<td></td>
<td>Poultry</td>
</tr>
<tr>
<td></td>
<td>Snail farming</td>
</tr>
<tr>
<td></td>
<td>Wine farms/wineries</td>
</tr>
</tbody>
</table>

### 4.7 Manufacturing Sector

#### 4.7.1 Overview

The manufacturing sector is broadly defined as the physical or chemical transformation of materials or compounds into new products and can be classified into 10 main sub-categories, namely:

1. Food, beverages and tobacco
2. Textiles, clothing and leather goods
3. Wood, paper, publishing and printing
4. Petroleum products, chemicals, rubber and plastic
5. Other non-metal mineral products
6. Metals, metal products, machinery and equipment
7. Electrical machinery and apparatus
8. Radio, TV, instruments, watches and clocks
9. Transport equipment
10. Furniture and other manufacturing

Food manufacturing enterprises in the CWDM contribute almost a third of the total number of manufacturing enterprises. The main activities are in the food and beverages sectors (e.g. wine, juice, brandy, juice concentrations, and dried and tin fruits). The proximity of the firms to raw materials, metro markets and ports boost their comparative advantage. Small amounts (around 28%) of agricultural exports from South Africa are processed. (CWDM Info Booklet, 2005) Value adding in the agricultural sector has enormous growth potential, particularly in niche markets such as essential oils, Buchu, and olives.

Investment in technological research and the development of new technological processes is crucial in gaining a competitive advantage. Producers should be up to date with new developments. The Stellenbosch University is very beneficial with regards to the research and development aspect.

Other manufacturing firm clusters in the Cape Winelands are found in the textile and timber industries. The textile industry is under pressure owing to increased global competition and cheaper imports from China and India. Growth potential is found in the electronics industry where Stellenbosch has successfully positioned itself as a fore-runner in the sector attracting specialist firms.

The Cape Winelands Manufacturing Sector Study (2004) revealed the following aspects with regards to the manufacturing sector:

1. Amongst the respondents, 27% of the enterprises were active in the export market
2. The output of smaller businesses is primarily destined from the local market or other markets within the CWDM.
3. There are various barriers to entry for new businesses aiming to locate within the CWDM, namely:
   a. Access to capital
   b. Size of the local market
   c. High-priced material and labour costs
4. Manufacturing industries are mainly linked to the agricultural sector which makes job opportunities seasonal (workers only have jobs for 7 months of the year). There is thus a need to attract other types of industries to the area in order to address the seasonality of job opportunities.
5. Little or no cooperation exists between manufacturing businesses due to mistrust, competition, lack of continuity in product and service delivery, quality of manufactured products is often questioned.
6. It is believed that cooperation between businesses could increase productivity and assist with the expansion of small businesses lacking the necessary funds.

7. Negative aspects regarding the manufacturing sector is indicated as de-motivation due to taxes and tax rates, limited efforts form government to promote exports and no protection for businesses against dumping of cheap imports.

The manufacturing sector contributed 25% to the overall GGP of the CWDM in 2009 and is thus the largest economic sector in the CWDM. The manufacturing sector is mainly concentrated in the further processing of agricultural products. The manufacturing sector contributes to 14.6% (2009) of the formal employment opportunities. The main manufacturing activities are the production of food and beverages (69.2%) which contributes to the largest sub-sector of the manufacturing sector. Figure 4.7 below indicates the year on year growth performance of the manufacturing sector in the CWDM for the period 1996 to 2009.

FIGURE 4.7: MANUFACTURING SECTOR GROWTH PERFORMANCE

This shows that the manufacturing sector’s annual growth varies year-by-year, indicating vulnerability to external shocks such as poor harvesting and currency fluctuations. Between 2001 and 2009, the manufacturing sector averaged an annual growth rate of 2.4% in the CWDM. Figure 4.8 below indicates the contribution of the manufacturing sub-sectors in the CWDM.
This shows that the food and beverages industry contributes to 69.2% (2009) of the overall performance of the manufacturing sector in the Cape Winelands. Small percentages are also concentrated in the Metals (6.3%), Petroleum (8.5%) and Wood (4.2%) industries.

Map 4.2 illustrates the local municipalities that show comparative advantage within the Manufacturing Sector within the CWDM. The map is based on the location quotient which was done in Section 3 of this report.
Map 4.2 shows that Stellenbosch LM and Langeberg LM have the greatest comparative advantage within the manufacturing sector.

### 4.7.2 Development Potential

**TABLE 4.4: DEVELOPMENT POTENTIAL – MANUFACTURING SECTOR**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of raw materials and resources</td>
<td>Various agricultural products are available. As Stated there is a strain on water sources. There is also a great amount of water pollution taking place. Settlements and farms produce waste which could be recycled</td>
<td>Water intensive industries need to investigate better methods of production and/or other industries need to be expanded on. Manufacturing industries also need to look at methods to reduce water pollution within the CWDM area. Agro-processing has great potential for further development.</td>
</tr>
</tbody>
</table>
### Cape Winelands District Municipality

Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic linkages</td>
<td>Both backward and forward linkages with the agricultural sector need to be investigated. Inputs such as machinery and further processing of the agricultural products are opportunities.</td>
<td>The manufacturing sector is a well established sector in the CWDM, but there are opportunities to further expand on production such as olive oils, essential oils, cosmetics and medication.</td>
</tr>
<tr>
<td>Market trends</td>
<td>Manufacturing globally has been under pressure, but analysts predict an upturn after 2010, with demand becoming particularly strong from emerging markets such as India, China and South American countries. Internationally and locally there is a strong trend towards “green” products – that is, products that have a minimal environmental impact during their manufacturing and, for durable products, in their usage (such as energy-efficient appliances, vehicles etc).</td>
<td>Manufacturing initiatives should focus on commodities that will be demanded by emerging markets (such as metals and construction inputs) and on “green” products, such as recycled goods and energy-efficient goods.</td>
</tr>
<tr>
<td>Logistics / Nodal point function</td>
<td>Settlements and farms are dispersed across the geographical area, this places strain on the nodal function.</td>
<td>Transport infrastructure plays an important role in the development of the nodal function.</td>
</tr>
<tr>
<td>Regional service delivery function</td>
<td>CWDM is in close proximity to Cape Town which would serve as the regional function in this regard, but the concentration of manufacturing activities in the CWDM provides the opportunity to develop as secondary function in the region since the Manufacturing sector shows a comparative advantage in the CWDM.</td>
<td>The proximity to Cape Town provides competition for the development as a regional function.</td>
</tr>
<tr>
<td>Availability of labour</td>
<td>There is a larger portion of the population concentrated in the semi- and unskilled labour.</td>
<td>The employment opportunities provided in the manufacturing sector require specific skills, which require further training. The seasonal workers and/or unemployed population could be easily absorbed into these</td>
</tr>
</tbody>
</table>
4.7.3 Value Chain Gap Analysis

As stated the CWDM manufacturing sector is concentrated in the Food and Beverages industries. This sub-sector is mainly linked to the agricultural products produced in the CWDM. The following provides the value chain gap analysis for the manufacturing sector.

**Food and Beverages**

Food manufacturing enterprises in CWDM contribute almost a third of the total number of manufacturing enterprises. The main activities are in the food and beverages sectors (e.g. wine, juice, brandy, juice concentrations, and dried and tin fruits). The proximity of the firms to raw materials, metro markets and ports boost their comparative advantage. Small amounts (around 28%) of agricultural exports from South Africa are processed (CWDM Info Booklet, 2005). Value adding in the agricultural sector has enormous growth potential, particularly in niche markets such as essential oils, Buchu, and olives.

*Figure 4.9* illustrates the food and beverages value chain.
The Food and Beverages value chain of the CWDM is mainly concentrated in the processing of the agricultural products produced in the area. However, there are various gaps in this value chain which provide opportunities for development. These include:

**Research & Development**: Investment in technological research and the development of new technological processes is crucial in gaining a competitive advantage. Producers should be up to date with new developments. The Stellenbosch University is very beneficial with regards to the research and development aspect.

**Food Processing**: Processing Plants and Meats gained from the agricultural activities include seasoning, marinade, and pre-cooked activities of and acquire limited serving preparation. These are then marketed as “Ready to eat” meals or home meal replacements.

**Infrastructure**: Important infrastructure such as wholesalers, retailer and sufficient transport to export these products are lacking within the CWDM.

**Skills Development**: There is a lack of appropriate skills for the food processing industry. Certain processing activities acquire certain skills, and therefore skills training for the individuals would be needed.

### 4.7.4 Project Potential

The following is a list of existing local municipal LED projects as well as identified opportunities within the Manufacturing Sector (Annexure B provides a short description of existing local municipal LED projects).

<table>
<thead>
<tr>
<th>Existing Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Centrifugal/Belt Press Composting Plant</td>
<td>Agro-processing</td>
</tr>
<tr>
<td>Refuse Recycling Sorting Centre</td>
<td>Bio-tech products</td>
</tr>
<tr>
<td>Industrial &amp; Process Automation ICT</td>
<td>Biotechnology</td>
</tr>
</tbody>
</table>

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4.8 Wholesale Retail Trade, Catering & Accommodation Sector

4.8.1 Overview

The trade sector entails wholesale and commission trade; retail trade; repair of personal household goods; sale, maintenance and repair of motor vehicles and motor cycles; hotels, restaurants, bars, canteens, camping sites and other provision of short-stay accommodation.

The wholesale and retail trade, catering and accommodation sector is well established within Worcester, Stellenbosch and Paarl. The sector is primarily based on the sales of agricultural produce such as wine, fruit and wheat.

The CWDM is very well located in terms of the metro market of Cape Town as well as the attractiveness of the area makes the Cape Winelands a favourable location for national and multinational corporate head offices. These include Medi-Clinic Corporation, Parmalat, Rembrandt, British American Tabacco, Distel and KWV Holdings. It is important to understand that the CWDM has this comparative advantage and it should build on this image in order to further attract businesses to locate within the area. Some of the most important factors attracting businesses to the area include the following:

1. Favourable social and family aspects
2. Low levels of crime
3. Proximity to amenities such as schools, shops, health care.

It is important to note that this sector not only focuses on retail businesses, but also on accommodation and catering businesses. It is this part of the sector that is linked to the tourism
sector. The CWDM has various accommodation facilities available in the area which range from back packers to fancy hotels. **Table 4.5** below indicates the number of accommodation facilities for each category.

**TABLE 4.5: NUMBER OF ACCOMMODATION FACILITIES**

<table>
<thead>
<tr>
<th>Type of Establishment</th>
<th>Number of Establishments</th>
<th>Number of Accredited Establishments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Backpacker/Hostel</td>
<td>12</td>
<td>10</td>
</tr>
<tr>
<td>Bed &amp; Breakfast</td>
<td>316</td>
<td>251</td>
</tr>
<tr>
<td>Caravan &amp; Camping</td>
<td>19</td>
<td>8</td>
</tr>
<tr>
<td>Country House</td>
<td>20</td>
<td>9</td>
</tr>
<tr>
<td>Guesthouse</td>
<td>191</td>
<td>107</td>
</tr>
<tr>
<td>Hotel</td>
<td>48</td>
<td>29</td>
</tr>
<tr>
<td>Lodge</td>
<td>31</td>
<td>20</td>
</tr>
<tr>
<td>Self Catering</td>
<td>325</td>
<td>282</td>
</tr>
<tr>
<td>Resort</td>
<td>11</td>
<td>8</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>973</strong></td>
<td><strong>724</strong></td>
</tr>
</tbody>
</table>

*Note: The above numbers only include establishments registered on the CTRU database.*

The Wholesale and retail trade sector contributes 12.7% to the overall GGP of the CWDM and is classified as the fourth largest contributing sector in the CWDM. All the local municipalities contribute within the CWDM provide large contributions towards the Wholesale and retail trade sector.

The sector contributes to 19% of the formal employment opportunities in the district and is thus essential to the livelihoods of the local residents.

**Figure 4.10** illustrates the year on year growth performance of the wholesale and retail trade sector for the period 1996 to 2009.
Figure 4.10 shows that the wholesale and retail trade sector’s annual growth varies year-by-year, indicating vulnerability to external shocks such as price fluctuations. Between 2001 and 2009, the wholesale and retail trade sector averaged an annual growth rate of 4.4%.

The potential development of the Wholesale and retail sector is to determine the retail hierarchy gaps and to address them where possible in order to decrease the leakage of local buying power. This will also create an opportunity to provide services not offered in other areas (Districts) which could attract buying power from those areas. The other opportunity within the area is to further develop the accommodation industry linked to the tourism industry (refer to convention centre development opportunities within the Tourism Industry Analysis).

Map 4.3 illustrates the local municipalities that show comparative advantage within the Wholesale, retail trade and catering & accommodation Sector within the CWDM. The map is based on the location quotient which was done in Section 3 of this report.
Map 4.3 shows that Stellenbosch LM and Breede Valley LM have the greatest comparative advantage within the wholesale retail trade and catering & accommodation sector.

### 4.8.2 Development Potential

**TABLE 4.6: DEVELOPMENT POTENTIAL – WHOLESALE & RETAIL TRADE, CATERING & ACCOMMODATION SECTOR**

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of raw materials and resources</td>
<td>The location, climate and attractiveness of the Cape Winelands Region make it a favourable destination for tourists as well as for businesses to locate. This provides the opportunity to expand on accommodation facilities as well as ensuring that sufficient trade facilities are available.</td>
<td>It is important to note that the trade sector provides for various linkages with other economic sectors, therefore an expansion within this sector.</td>
</tr>
<tr>
<td>Economic linkages</td>
<td>The diversity of the trade sector within the Cape Winelands region provides for an expanded linkage with various sectors. The main backward</td>
<td></td>
</tr>
</tbody>
</table>
## Criterion

<table>
<thead>
<tr>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Linkages include the agricultural sector (wine industry), manufacturing sector (agro-processed products), construction (buildings), transport and communication (transport of products) and the tourism industry. The main forward linkages include the finance and business services sector and the tourism industry.</td>
</tr>
<tr>
<td>Market trends</td>
</tr>
<tr>
<td>Globally there has been a shift to provide the consumer with goods and services in the most convenient way. Globally consumer’s lifestyles have become more rushed and therefore trade nodes (large shopping malls) and online shopping have become more attractive since consumers can buy all goods and services in one location (internet). There has also been a major focus on formalising the informal sector within a national context.</td>
</tr>
<tr>
<td>Logistics / Nodal point function</td>
</tr>
<tr>
<td>The trade nodes are dispersed throughout the District, but main nodes are identified in Paarl, Stellenbosch Worchester</td>
</tr>
<tr>
<td>Regional service delivery function</td>
</tr>
<tr>
<td>The Cape Winelands does show some comparative advantage in the trade sector, however CWDM is in close proximity to Cape Town which would serve as the regional function in this regard, but the concentration of trade activities in the CWDM provides the opportunity to develop as secondary function in the region.</td>
</tr>
<tr>
<td>Availability of labour</td>
</tr>
<tr>
<td>There is a larger portion of the population concentrated in the semi- and unskilled labour.</td>
</tr>
</tbody>
</table>
Cape Winelands District Municipality
Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technology change</td>
<td>The world is investing heavily in research and development of environmentally friendly processes and products.</td>
<td>There are a number of emerging technologies available for recycling plants and light industrial activities.</td>
</tr>
<tr>
<td>Enabling policy environment.</td>
<td>The trade sector is classified as an important growth potential sector.</td>
<td>Feasibility studies need to be conducted to determine the viability of the new opportunities indentified.</td>
</tr>
</tbody>
</table>

4.8.3 Project Potential

The following is a list of existing local municipal LED projects as well as identified opportunities within the Agricultural Sector (Annexure B provides a short description of existing local municipal LED projects).

<table>
<thead>
<tr>
<th>Existing Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Eikestad Urban Renewal Initiative</td>
<td>Agro-export services</td>
</tr>
<tr>
<td>Sustainable Stellenbosch book</td>
<td>Convention &amp; exhibition facilities</td>
</tr>
<tr>
<td>Altona Development</td>
<td>Craft products</td>
</tr>
<tr>
<td>Worcester Island Development</td>
<td>Furniture, carpentry, &amp; restorations</td>
</tr>
<tr>
<td>A Vehicle Testing Station</td>
<td>Kromme Rhee/R44 Potential Node</td>
</tr>
<tr>
<td>Paarl CBD Upgrade</td>
<td>Regional Shopping centres</td>
</tr>
<tr>
<td></td>
<td>Road haulage equipment</td>
</tr>
</tbody>
</table>

4.9 Finance & Business Services Sector

4.9.1 Overview

The finance and business services sector includes inter alia financial intermediation; insurance and pension funding; real estate activities; renting or transport equipment; computer and related activities; research and development; legal; accounting; bookkeeping and auditing activities; architectural, engineering and other technical activities; and business activities not classified elsewhere.

A study conducted with the Top 20 businesses in the CWDM indicated that the business sector is well established with businesses being well rooted in the CWDM. Only 2 of the top 20 companies have only been there less than 10 years and none of the companies indicated a prospect of moving
to other areas (District) in the future. This indicates that the business environment in the CWDM is very satisfactory and economically it is seen as a good location for business establishment.

The majority of the inputs for the Finance and business services sector are obtained from the manufacturing and agricultural sectors, while the outputs (clients) range from other manufacturing companies, public and wholesale and retail trade companies. The majority of the inputs into the finance and business services sector are sourced from within the CWDM, but inputs are also sourced from the Western Cape, Gauteng and other African countries which indicate the national importance of these companies.

With regards to the enabling policy environment it was indicated that most companies do not know of any programmes or incentives schemes from the CWDM. This is either because there are no programmes or schemes or because of miscommunication between the CWDM and emerging businesses. If there are such programmes and schemes it is important for the CWDM to better promote these especially in the current economic situation where many companies find it difficult to start initially. If no programmes or incentives exist in the CWDM, it would be beneficial to determine what kind of incentives are required by the emerging businesses and where possible provide some kind of help in this regard.

The finance and business services sector contributes 22.8% to the overall GGP of the CWDM and is classified as the second largest contributing sector in the CWDM. All the local municipalities contribute within the CWDM.

The sector contributes to 11.6% of the formal employment opportunities in the district and is thus essential to the livelihoods of the local residents.

**Figure 4.11** illustrates the year on year growth performance of the finance and business services sector for the period 1996 to 2009.
Figure 4.11 shows that the finance and business services sector’s annual growth varies year-by-year, indicating vulnerability to external shocks such as business confidence and price fluctuations. Between 2001 and 2009, the wholesale and retail trade sector averaged an annual growth rate of 8.2%.

Map 4.4 illustrates the local municipalities that show comparative advantage within the Finance and Business Services Sector within the CWDM. The map is based on the location quotient which was done in Section 3 of this report.
Map 4.4 shows that Stellenbosch LM and Drakenstein LM have the greatest comparative advantage within the finance and business services sector. It is also important to note that most of the towns located within these local municipalities are classified as higher order, first order and second order towns (based on the classification within the CWDM SDF, 2010).

4.9.2 Development Potential

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of raw materials and resources</td>
<td>The location, climate and attractiveness of the Cape Winelands Region make it a favourable destination for businesses to locate.</td>
<td>There is a need to better utilise the education facilities within the region to improve on R&amp;D activities.</td>
</tr>
<tr>
<td>Economic linkages</td>
<td>The main backward linkages are with the manufacturing and agricultural sectors. Whereas the main forward linkages (clients) are mainly with the manufacturing, community</td>
<td></td>
</tr>
</tbody>
</table>

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Tel: +27 21 447 3449
Fax: +27 21 447 3459
### Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>service and trade sectors.</td>
<td>There is a number of Universities, Colleges and training facilities that could include training programmes such as research and development in agriculture, manufacturing, ICT and tourism opportunities.</td>
<td></td>
</tr>
<tr>
<td>Market trends</td>
<td>Globally there is a trend toward outsourcing services, conducting research and development in order to develop new products (green products, organic, convenience, etc)</td>
<td>There is a need to focus on research and development within the economy with specific focus on agriculture, manufacturing and tourism.</td>
</tr>
<tr>
<td>Logistics / Nodal point function</td>
<td>The services nodes are dispersed throughout the District, but main nodes are identified in Paarl, Stellenbosch, Worcester</td>
<td>There is potential to further develop these nodes.</td>
</tr>
<tr>
<td>Regional service delivery function</td>
<td>Cape Town would serve as the regional function in this regard, but the concentration of service activities in the CWDM provides the opportunity to develop as secondary function in the region.</td>
<td>The proximity to Cape Town provides competition for the development as a regional function.</td>
</tr>
<tr>
<td>Availability of labour</td>
<td>There is a larger portion of the population concentrated in the semi- and unskilled labour.</td>
<td>Education facilities and research and development go hand-in-hand. It is important to ensure that education facilities and are conducting relevant research as well providing the relevant training courses in order capacitate the local labour force in order to enter emerging markets such as the ICT industry.</td>
</tr>
<tr>
<td>Technology change</td>
<td>R&amp;D is about developing new knowledge and new technologies. Globally there has been a shift in outsourcing services to due to financial gains. The idea is to provide the same services in a more</td>
<td>The CWDM need to investigate the viability of further development of ICT services in order to make the CWDM a more attractive destination for outsourcing services to.</td>
</tr>
</tbody>
</table>
Local informal businesses need guidance in order to move to the 1st economy and therefore implementing incubator projects is a necessity, however it is important to note that the CWDM cannot do it alone and would therefore need to partner with private sector as well as other stakeholders in order to implement incubator projects more effectively.

Enabling policy environment. The DTI have identified the ICT sector as a growth potential sector and provide various incentives to unlock investment within this industry. This is also further emphasised in MEDS which indicates the ICT sector an investment potential sector (it is also being promoted to investors by WESGRO).

In terms of the incubator project, there are various policies at National, Provincial, District and Local level that promote the development of emerging entrepreneurs. The CWDM already have a seed funding programme in place in order to finance incubators. It is important to investigate the effectiveness of this programme.

### 4.9.3 Project Potential

The following is a list of existing local municipal LED projects as well as identified opportunities within the Finance and Business Services Sector (Annexure B provides a short description of existing local municipal LED projects).

<table>
<thead>
<tr>
<th>Existing Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Refuse Recycling Sorting Centre</td>
<td>BPO&amp;O</td>
</tr>
<tr>
<td>Boschendal</td>
<td>Private skills training facilities</td>
</tr>
<tr>
<td>Capetainer Inland Port &amp; Customs Clearance Facility</td>
<td></td>
</tr>
<tr>
<td>SMME Business Hives</td>
<td></td>
</tr>
<tr>
<td>Petrol Attendants Training</td>
<td></td>
</tr>
<tr>
<td>Landfill Inferno Plant</td>
<td></td>
</tr>
<tr>
<td>Youth Skills Development Centre</td>
<td></td>
</tr>
</tbody>
</table>
4.10 Community Services Sector

4.10.1 Overview

The community services sector includes public administration and defense activities, activities of government, government departments and agencies; education, public and private; health and social work; sewage and refuge disposal, sanitation and similar activities; activities of membership organisations; recreational, cultural and sporting activities; washing and dry-cleaning of textiles and fur products, hairdressing and other beauty treatment, funeral and related activities.

The CWDM is well known for its natural beauty, it also has a strong agro-processing industry, which comprises more than a quarter of all agro-processing in the Western Cape. Economic activity is fairly diverse, with tourism, agriculture, manufacturing and a growing financial services sector all featuring in the region. According to the CWDM 2005 annual report, CWDM has been said to be continually providing quality services in key areas such as primary health care, water, sanitation and subsidised electricity. However, given the large area that the region comprises, the economic performance of the region is not uniform across all municipalities, with some municipalities lagging behind.

An over-dependency on government services is risky as this would put increased pressure on the tax base. Also the high poverty levels in CWDM result in added pressure on government initiatives as there is a dependency on state grants, state services, increased poverty, and low productivity; which results in hampered economic growth and a low tax base.

In terms of health, there is a concern that TB is increasing in Stellenbosch, the Breede River, and in Witzenberg. This indicates either deepening poverty and/or the spread of HIV/AIDS. Also, Paarl’s teenage pregnancy figures remain above the national figures, although there seems to be signs of Paarl’s figures decreasing.

According to the information highlighted in the Socio-Economic Analysis (as part of this report) the following can be highlighted:

1. The CWDM has 184 health care facilities, which includes 4 district hospitals. There are 276 schools in the area (primary & secondary) of which 188 are no fees schools. It is also evident that the district as a whole has high literacy levels. Accordingly the weak social fabric needs to be addressed on a strategic basis aimed at keeping children in school. The plight of children should also be addressed as there are indications that children are exposed to hunger, destitution, violence, crime, drugs and deprived of spaces (recreational facilities) on a daily basis.

2. Access to services include the following:
Cape Winelands District Municipality  
Local Economic Development Strategy

- 63.9% of households have piped water in their dwelling
- 83.7% of households use electricity for lighting
- 83.7% of households have flush of chemical toilets
- 72.1% of households refuse is removed by the local authorities at least once a week.

The following issues were highlighted as part of the Draft CWDM IDP 2011/2012:

<table>
<thead>
<tr>
<th>Environmental Constraints</th>
<th>Housing</th>
<th>Service Provision &amp; Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Biodiversity</td>
<td>1. There is a housing backlog of approximately 40,000 units</td>
<td>1. Water and Sanitation a. R 1.2 billion is needed to eradicate current bulk and internal backlogs within the District.</td>
</tr>
<tr>
<td>a. Development of vulnerable land</td>
<td>2. Estimated that 13,957 households currently live in informal settlements, while 8,000 households reside in backyards</td>
<td></td>
</tr>
<tr>
<td>b. Expansion of agriculture onto virgin land (fynbos areas)</td>
<td>3. Based on Community Survey (2007) data, studies indicate that 43% of households qualify for a government housing subsidy, approximately 36% of households fall within the GAP bracket and only 12% of households qualify for traditional bond finance</td>
<td></td>
</tr>
<tr>
<td>c. Rapid spread of urban development</td>
<td>4. Implementation challenges:</td>
<td></td>
</tr>
<tr>
<td>d. Increased infestation by alien vegetation</td>
<td>a. Capacity constraints within housing departments</td>
<td></td>
</tr>
<tr>
<td>2. Water</td>
<td>b. Insufficient planning to guide decisions regarding housing projects</td>
<td></td>
</tr>
<tr>
<td>a. Rapid expansion of inappropriate agriculture linked to high water demand – places stress on water resources</td>
<td>c. Insufficient funding and financial resources</td>
<td></td>
</tr>
<tr>
<td>b. Increase urban water demand</td>
<td>d. Insufficient suitable land</td>
<td></td>
</tr>
<tr>
<td>c. River pollution leading to deterioration of water quality</td>
<td>e. Limited bulk infrastructure capacity</td>
<td></td>
</tr>
<tr>
<td>3. Air Quality</td>
<td>f. Environmental and heritage constraints</td>
<td></td>
</tr>
<tr>
<td>a. Air quality deteriorating gradually and regulation and monitoring thereof is fragmented and inconsistent</td>
<td>2. Roads and Storm water a. Roads in fair, poor and very poor condition increased from 32% in 2008 to 47% in 2010</td>
<td></td>
</tr>
<tr>
<td>b. Trend towards increased industrial emissions, application of pesticides and increased green house gasses</td>
<td>b. To eradicate the backlog &amp; to maintain the condition of the network at a excellent level it is estimated that R 376 million be allocated to resurfacing over next two years and R 388 million be allocated for rehabilitation over next five years.</td>
<td></td>
</tr>
<tr>
<td>a. Prevention of waste generation</td>
<td>b. Recovery of waste of the generation cannot be prevented</td>
<td></td>
</tr>
<tr>
<td>b. Recovery of waste of the generation cannot be prevented</td>
<td>c. Safe disposal of waste that cannot be recovered</td>
<td></td>
</tr>
</tbody>
</table>
### Environmental Constraints

<table>
<thead>
<tr>
<th></th>
<th>Housing</th>
<th>Service Provision &amp; Infrastructure</th>
</tr>
</thead>
<tbody>
<tr>
<td>c. Low priority is given to the use of renewable energy</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4. **Land & Soil**
   a. Soil and land degradation is evident in the area—soil salinisation
   b. Surface and ground water contaminated by irrigation with untreated winery and industrial effluent, substandard water from waste treatments, leachate form poorly operated landfill sites and poor on-site sanitation
   c. High potential agriculture land being rezoned for other uses

<table>
<thead>
<tr>
<th></th>
<th>4. Electricity – Renewable Electricity Provision</th>
</tr>
</thead>
<tbody>
<tr>
<td>a. Bio-fuel energy</td>
<td></td>
</tr>
<tr>
<td>I. Optimal location</td>
<td></td>
</tr>
<tr>
<td>II. Are bio-fuels viable</td>
<td></td>
</tr>
<tr>
<td>III. need to create energy balance (create more energy than is consumed by bio-fuel plant)</td>
<td></td>
</tr>
<tr>
<td>IV. ensure that air pollution is decreased</td>
<td></td>
</tr>
</tbody>
</table>

**Map 4.5** illustrates the local municipalities that show comparative advantage within the Community Services Sector within the CWDM. The map is based on the location quotient which was done in Section 3 of this report.
Map 4.5 shows that Stellenbosch LM and Breede Valley LM have the greatest comparative advantage within the community services sector.

### 4.10.2 Project Potential

The following is a list of existing local municipal LED projects as well as identified opportunities within the Community Services Sector (Annexure B provides a short description of existing local municipal LED projects).

<table>
<thead>
<tr>
<th>Existing Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Levendal Social Development</td>
<td>Agricultural College or a venue for a Satellite College (Sector Focused Training)</td>
</tr>
<tr>
<td>Neighbourhood Land Development</td>
<td></td>
</tr>
<tr>
<td>Multi-purpose Centre</td>
<td></td>
</tr>
<tr>
<td>SMME’s</td>
<td></td>
</tr>
<tr>
<td>Small Business Support Programme</td>
<td></td>
</tr>
<tr>
<td>Financial Literacy Programme</td>
<td></td>
</tr>
<tr>
<td>Seed Funding Programme</td>
<td></td>
</tr>
</tbody>
</table>
4.11 Tourism Industry

4.11.1 Overview

Tourism is not an economic sector on its own (as classified by the SIC), but forms part of other sectors especially the trade, transport and finance sectors. However, due to its increasing importance as an income and employment creator in South Africa, it is believed that this industry should be discussed separately from the other sectors.

Defining the tourism industry is therefore difficult as it includes many different sources of goods and services. The World Trade Organisation’s definition of tourism states that ‘tourism comprises the activities of persons travelling to, and staying in places outside their usual environment, for not more than one consecutive year, for leisure, business and other purposes. The usual environment of a person consists of a certain area around his / her place of residence, plus all other places he / she frequently visits” e.g. the workplace

ASGISA (Accelerated Shared Growth Initiative of South Africa) and the MEDS (Provincial Micro-Economic Development Strategy) have identified tourism as a key priority sector for accelerated growth and BBBEE. Tourism has the potential to grow the economy in a sustainable manner, to normalise the ownership and control of the economy, to normalise the distribution of citizens from all former racial classifications at all levels of employment, including management, to create decent jobs and to overcome poverty. The Western Cape remains South Africa’s developed tourism region. The WC tourism industry has grown faster and created more jobs than any other industry in the WC. One in 10 employees in the WC earns a living in the Tourism Industry and the industry contributes more than R25 billion to the WC economy. (WC Tourism 5-year Strategy 2009)

The tourism industry is a major growth sector in terms of investment, employment and the diversification of services. Less directly, tourism stimulates the property market – especially prime residential and cluster projects – and strengthens business contacts, often are the forerunners of trade, joint ventures and immigration plans. Areas such as Paarl and Stellenbosch receive a large number of day visitors that do the wine routes. However, tourism in Drakenstein is underdeveloped and the municipality retains a Cinderella status in relation to Stellenbosch.
The tourism industry has significant growth potential as the CWDM has a rich historical heritage, wine routes and natural beauty. A number of well-equipped and top quality tourism establishments have been developed to support what the farms and the natural environment have to offer. Around 50% of all visitors to the district visit a wine route. In the CWDM there are a number of established as well as developing tourism routes which provides countless opportunities for the creative entrepreneur to mix and match marketable products and destinations. Entrepreneurs could become suppliers to the industry: crafts, interior décor, souvenirs, laundry services, agri-tourism services (vegetables, herbs, natural medicines, etc). The CWDM should look at the development of the cultural landscape and sustainability of heritage and how these opportunities can be linked to tourism.

The visitor profile varies across localities within the District. The three towns of Paarl, Franschhoek and Stellenbosch receive approximately 50% of all visitors to the CWDM. These visitors are predominantly interested in a one day wine experience. The remaining 50% of visitors are divided between the District’s thirteen other towns. The well known Route 62 draws visitors into Worcester, Robertson, Ashton and Montagu. New routes such as the Freedom Route and Arts and Crafts Route tempt visitors into longer stays and different experiences. Annual events such as “Tulbagh goes Dutch”; “Robertson Rocks” and the “Wacky Wine” weekend attract visitors inland.

The main features of the Cape Winelands Tourism industry include, but are not limited to, the following:

1. **Food and Wine** (Wine tasting, wine routes, various authentic cuisine, brandy routes, cellar tours and wine making demonstrations, the fruit routes, olive farming, chocolate factory and cheese tasting)
2. **Adventure** (Canoeing and Kayaking, cycling, fishing, hiking, horse riding, quad biking, river cruises and golf)
3. **Ecotourism** (nature reserves, fynbos and unique plant life, majestic mountains, game viewing, nature walks and conservation projects)
4. **Business and Events** (meetings, incentives, conferences, weddings, festivals, exhibitions and shows and expos)
5. **Health and Wellness** (spas, health retreats, gymnasium and traditional healers)
6. **Culture and Heritage** (san rock art sites, influence in European slavery and History of Slavery, museums, monuments, archaeological sites, the freedom route and crafts)
7. **Romantic Travel** (wedding venues and honeymoon accommodation)

The cultural heritage of the residents within black areas in the CWDM needs to find expression in tourism. Foreign tourists have expressed a wish to experience the democratic changes felt amongst local black citizens and how these changes have made a difference to their lives. Business opportunities exist for local black entrepreneurs with amongst others the emergence of “township-based tourism experiences” which could include for example:

1. Places to taste new foods: including the kind of eateries which are peculiar to these areas
Visits to traditional medical healers
3. Visits icons within the community (i.e. youth programmes, environmental projects, etc)
4. Walking tours would enable visitors to meet and engage with local residents
5. Entertainment in townships
6. Exploring the rural lifestyles reflected within the diverse communities of the Cape Winelands region can expose tourists to a complete South African experience

Some problems found in tourism industry include:

1. A lack of information on client needs and preferences
2. The industry is highly seasonal, which implies both capacity and cash flow problems
3. There is a general lack of vertical (i.e. policies and strategies) and horizontal (i.e. integration of tourism strategies with neighboring regions) alignment
4. Most of the local tourism desks experience budget constraints which severely limit their abilities

4.11.2 Development Potential

TABLE 4.8: DEVELOPMENT POTENTIAL – TOURISM INDUSTRY

<table>
<thead>
<tr>
<th>Criterion</th>
<th>Status</th>
<th>Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Availability of raw materials and resources</td>
<td>The climate, location and natural beauty of the CWDM makes it a favourable destination for tourists. It is therefore important that the CWDM look after the natural beauty in the area.</td>
<td></td>
</tr>
<tr>
<td>Economic linkages</td>
<td>The tourism industry in the CWDM has linkages with various economic sectors, the main sectors being agriculture, trade and transport &amp; communication. It is important to note that the tourism industry in the CWDM also has strong linkages with other areas such as Cape Town.</td>
<td>It is important to note that the tourism industry provides for various linkages with other economic sectors, therefore an expansion within this industry would have a trickledown effect which could potentially also lead to expansions in other economic sectors.</td>
</tr>
<tr>
<td>Market trends</td>
<td>The tourism industry consists of a number of activities which provide an attraction for visitors within the area. Niche markets being explored are business tourism activities, eco-tourism, adventure tourism, cultural tourism (including townships) and sports tourism.</td>
<td>The CWDM need to determine which niche tourism markets would be best explored within the region as well as determining the infrastructure required to unlock further potential within the tourism industry.</td>
</tr>
<tr>
<td>Logistics / Nodal point function</td>
<td>Tourism activities are dispersed throughout the region; however specific nodes are</td>
<td>There is potential to further develop these nodes as well as other smaller nodes such as</td>
</tr>
</tbody>
</table>
### 4.11.3 Value Chain Gap Analysis

**FIGURE 4.12: VALUE CHAIN: TOURISM**

The value chain presents opportunities in which value could be added to the tourism industry.

The supplier component determines the ability of the CWDM to attract overnight tourist. This component includes accommodation facilities, transport, tour operators and attractions in the area.
While there are existing accommodation suppliers, there is a gap for five-star accommodation facilities, particularly along more remote coastal areas. There are also a number of natural attractions that are inadequately marketed.

The CWDM has embarked on efforts to capacity and resource its local tourism offices. These offices are represented at a variety of national Imbizos and international tourism expos. These marketing efforts should be monitored for effectiveness, and given ongoing support. There is also a recognised need for training of service providers and staff in hospitality and tour guide functions.

### 4.11.4 Project Potential

The following is a list of existing local municipal LED projects as well as identified opportunities within the Tourism Industry (Annexure A provides a short description of existing local municipal LED projects).

<table>
<thead>
<tr>
<th>Existing Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>BWI</td>
<td>Agri-Tourism &amp; Eco-Tourism</td>
</tr>
<tr>
<td>Tour Operator</td>
<td>Arts &amp; Crafts</td>
</tr>
<tr>
<td>Two-rivers Golf Project</td>
<td>Development of theme resorts</td>
</tr>
<tr>
<td>Levendal Social Development</td>
<td>Health tourism facilities</td>
</tr>
<tr>
<td>Township Tours in Mbekweni</td>
<td>Recreation &amp; sports-related facilities</td>
</tr>
<tr>
<td>Waterfront Development on the Berg River</td>
<td>Specialised farm &amp; township tours</td>
</tr>
<tr>
<td>Paarl Valley Golf Estate</td>
<td>Summer tourism activities</td>
</tr>
<tr>
<td>Signage for Homestays</td>
<td>Upgrade of tourism infrastructure</td>
</tr>
<tr>
<td>Development of Breede River into a Resort</td>
<td>Conferencing and Business</td>
</tr>
<tr>
<td>Arts &amp; Crafts (PPP with Nedbank)</td>
<td>Activities &amp; Events</td>
</tr>
<tr>
<td>Two Holiday Resorts owned by the WLM to be placed in PPP deals</td>
<td></td>
</tr>
<tr>
<td>TOPS Training</td>
<td></td>
</tr>
<tr>
<td>De Poort Heritage Village</td>
<td></td>
</tr>
<tr>
<td>Het Gesticht: Old Slave Church</td>
<td></td>
</tr>
<tr>
<td>Festival of Lights</td>
<td></td>
</tr>
<tr>
<td>Heritage Day Event</td>
<td></td>
</tr>
<tr>
<td>Street Maps &amp; Wall Maps</td>
<td></td>
</tr>
<tr>
<td>Madiba House</td>
<td></td>
</tr>
<tr>
<td>Upgrading of tourism offices</td>
<td></td>
</tr>
<tr>
<td>Ouma Granny</td>
<td></td>
</tr>
<tr>
<td>Altona Development</td>
<td></td>
</tr>
<tr>
<td>Worcester Island Development</td>
<td></td>
</tr>
<tr>
<td>Ceres Museum Research Project</td>
<td></td>
</tr>
</tbody>
</table>
4.12 Other Opportunities

The above opportunity scan only focussed on 5 of the nine economic sectors as well as the Tourism Industry. The 4 economic sectors not discussed as part of the opportunity analysis include the following:

1. Mining Sector
2. Electricity and Water Sector
3. Construction Sector
4. Transport and Communication Sector

The fact that these sectors were not included in the opportunity analysis does not mean that these sectors have no potential for development within the CWDM but rather that these 4 sectors have less potential for development. It is important to note that there are a number of opportunities within these sectors; however the following are seen as the most prominent:

1. Opportunities to unlock renewable energy within the region
2. Development of storage, drying, cooling and packaging facilities
3. Developing guidelines for industrial land development and providing “ground work” (Zoning, Infrastructure, etc) to promote the development of this land.
4. Looking at Urban Renewal Initiatives (Are these initiatives achieving what was intended? If so how these initiatives could be supported in order for them to have a greater impact?)
Section 5: Vision, Objectives & Drivers

5.1 Introduction

The previous sections analysed the policy context that mandates the CWDM as a developmental local government and the baseline socio-economic context against which needs and opportunities have been identified. These need to be tailored to the specific context of the CWDM as an institution. This is done by looking at the specific vision and objectives of the CWDM, as well as the opportunities identified, which can then be compiled into “drivers” or key areas of focus for LED. Opportunities identified in the previous section are then translated into projects and prioritised.

5.2 Vision, Objectives, Goals & Projects

Figure 5.1 below outlines the vision, goals and projects as identified for the Cape Winelands District Municipality. It is important that the vision used in the LED is aligned with the vision for the Growth and Development strategy (GDS). The main reason is that the LED strategy and GDS are the main economic development guiding documents within the CWDM and therefore need to be aligned with one another.

One of the main roles of the District Municipality is to create an enabling environment for economic development to take place (this is outlined in more detail in Section 7 of this report). Therefore the aim of the vision, goals and projects is to achieve this role as creating an enabling environment. Creating an enabling environment is thus not highlighted as one of the objectives or goals but rather that the vision, objectives and goals need to achieve the role of the District in creating an enabling environment.
### Cape Winelands District Municipality

Local Economic Development Strategy

#### FIGURE 5.1: VISION, OBJECTIVES, GOALS AND PROJECTS

<table>
<thead>
<tr>
<th>Vision</th>
<th>“Growing, Sharing, Delivering and Innovating Together”</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Growing Economy</td>
<td>A sharing Cape Winelands</td>
</tr>
</tbody>
</table>

**Mission**

The Cape Winelands District Municipality, in partnership with its citizens and stakeholders, commit themselves to inclusive, informed and responsible governance where sustainable service delivery and development create opportunities for all.

#### Strategic Objectives

- To ensure strategic planning through the alignment of development objectives in policies, strategies and sector plans
- To ensure an effective and efficient coordinating role within CWDM in order to provide improved levels of service delivery
- To facilitate sustainable development and attraction of investment through the development and management of strategic partnerships
- To facilitate skills development within the CWDM by means of knowledge management and skills retention
- To provide support and shared services to facilitate economic development within the Cape Winelands District
- To facilitate the creation of sustainable jobs within the Cape Winelands District

#### Goals

1. Alignment of economic development and spatial development
2. Relevant National, 1. Play an active role in providing inputs into local policies and programmes (Best practise ITP)
1. Identifying key partnerships with various stakeholders including, but not limited to: a. Local
1. Identify skills gaps within key economic sectors
2. Specific focus on value adding activities within the district
3. Ensure that resources are shared within the district
4. The establishment of partnerships with big businesses to ensure the provision of sustainable jobs for
Cape Winelands District Municipality
Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Provincial, District &amp; Local development objectives are aligned</strong></td>
</tr>
<tr>
<td>2. <strong>Provide an integrated marketing and branding initiative for the district as a whole</strong></td>
</tr>
<tr>
<td>3. <strong>Play an active role in mitigating obstacles hindering economic development (e.g. Environmental aspects, Social, Infrastructure, etc.)</strong></td>
</tr>
<tr>
<td>4. <strong>Identifying key roles for each of the above stakeholders (in coordination with stakeholders)</strong></td>
</tr>
<tr>
<td>2. <strong>Identifying key roles for each of the above stakeholders (in coordination with stakeholders)</strong></td>
</tr>
<tr>
<td>3. <strong>Facilitate District LED Forum and CWEDC</strong></td>
</tr>
<tr>
<td>4. <strong>Providing training and support for leadership and management development</strong></td>
</tr>
<tr>
<td><strong>Organisations</strong></td>
</tr>
<tr>
<td>a. Local Communities</td>
</tr>
<tr>
<td>b. Tertiary institutions</td>
</tr>
<tr>
<td>c. Government Departments</td>
</tr>
<tr>
<td>d. PPP</td>
</tr>
<tr>
<td>e. SMME’s &amp; Big Businesses</td>
</tr>
<tr>
<td>f. SOE’s</td>
</tr>
<tr>
<td>g. International Organisations</td>
</tr>
<tr>
<td>h. African Organisations</td>
</tr>
<tr>
<td>i. Continent</td>
</tr>
<tr>
<td>3. <strong>Ensure training programmes provided are relevant and accredited</strong></td>
</tr>
<tr>
<td>4. <strong>Facilitate training programmes available</strong></td>
</tr>
<tr>
<td>5. <strong>Implementation of mentorship programmes for SMME’s</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Cape Winelands District Projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. <strong>Identify investment potential for each of the local communities</strong></td>
</tr>
<tr>
<td>1. <strong>Provide database (calendar of events) of all social events</strong></td>
</tr>
<tr>
<td>1. <strong>Review role and effectiveness of the Cape Winelands</strong></td>
</tr>
<tr>
<td>1. <strong>LED Capacity Building Project Skills Audit</strong></td>
</tr>
<tr>
<td>1. <strong>Determine opportunities for renewable energy</strong></td>
</tr>
<tr>
<td>1. <strong>Strengthen SMME marketing programme</strong></td>
</tr>
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</table>
### Cape Winelands District Projects

<table>
<thead>
<tr>
<th>Number</th>
<th>Project Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td><strong>Development of economic nodes and corridors</strong></td>
</tr>
<tr>
<td>2.</td>
<td>Identify available land</td>
</tr>
<tr>
<td>3.</td>
<td>Ensure service, zoning, access</td>
</tr>
<tr>
<td>4.</td>
<td>Market to investors</td>
</tr>
<tr>
<td>5.</td>
<td><strong>Industrial Development Strategy</strong></td>
</tr>
<tr>
<td>a.</td>
<td>Determine the need for better integration and linkages</td>
</tr>
<tr>
<td>b.</td>
<td>Provide integrated place marketing programme to promote tourism in the Cape Winelands as a whole (Place Branding)</td>
</tr>
<tr>
<td>c.</td>
<td>Implement programmes to minimise the pollution as well as raising awareness of pollution and the dangers thereof</td>
</tr>
<tr>
<td>6.</td>
<td><strong>Alien Invasion clearing project</strong></td>
</tr>
<tr>
<td>7.</td>
<td><strong>Investigate potential niche market development within the district</strong></td>
</tr>
<tr>
<td>8.</td>
<td><strong>Economic Development Council</strong></td>
</tr>
<tr>
<td>a.</td>
<td>Establish and strengthen partnerships with stakeholders to attract investment and promote development within the area</td>
</tr>
<tr>
<td>b.</td>
<td>Develop programmes to ensure service, zoning, access</td>
</tr>
<tr>
<td>c.</td>
<td>Market to investors</td>
</tr>
<tr>
<td>9.</td>
<td><strong>Identify the need for better integration and linkages</strong></td>
</tr>
<tr>
<td>10.</td>
<td><strong>Provide integrated place marketing programme to promote tourism in the Cape Winelands as a whole (Place Branding)</strong></td>
</tr>
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<td>11.</td>
<td><strong>Implement programmes to minimise the pollution as well as raising awareness of pollution and the dangers thereof</strong></td>
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<tr>
<td>12.</td>
<td><strong>Determine the need for better integration and linkages</strong></td>
</tr>
<tr>
<td>13.</td>
<td><strong>Provide integrated place marketing programme to promote tourism in the Cape Winelands as a whole (Place Branding)</strong></td>
</tr>
<tr>
<td>14.</td>
<td><strong>Implement programmes to minimise the pollution as well as raising awareness of pollution and the dangers thereof</strong></td>
</tr>
<tr>
<td>15.</td>
<td><strong>Identify the need for better integration and linkages</strong></td>
</tr>
<tr>
<td>16.</td>
<td><strong>Provide integrated place marketing programme to promote tourism in the Cape Winelands as a whole (Place Branding)</strong></td>
</tr>
<tr>
<td>17.</td>
<td><strong>Implement programmes to minimise the pollution as well as raising awareness of pollution and the dangers thereof</strong></td>
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<table>
<thead>
<tr>
<th>Number</th>
<th>Project Description</th>
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<tbody>
<tr>
<td>2.</td>
<td><strong>Industrial Development Strategy</strong></td>
</tr>
<tr>
<td>a.</td>
<td>Determine the need for better integration and linkages</td>
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<tr>
<td>4.</td>
<td><strong>Identify cross border projects and the support required from the district (local municipalities within the district as well as local and district municipalities bordering on the CWDM)</strong></td>
</tr>
<tr>
<td>5.</td>
<td><strong>Investigate opportunities for bulk infrastructure</strong></td>
</tr>
<tr>
<td>6.</td>
<td><strong>Incubator Development Programme implemented with support of private sector and other stakeholders (Informal Business Development)</strong></td>
</tr>
</tbody>
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Cape Winelands District Municipality
Local Economic Development Strategy

Table 5.1 below provides an overview of the above identified projects.

**TABLE 5.1: PROJECT DESCRIPTIONS**

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Identify investment potential for each of the local municipalities</td>
<td>The aim of this project is to identify investment potential for each of the local municipalities within the district (this need to be done in collaboration with the local municipalities). Therefore the District needs to determine which investment opportunities have the most comparative advantage in which local municipalities (e.g. Information and Communication Technology (ICT) development within the Stellenbosch Local Municipality). The district then needs to identify specific incentive schemes available which then need to be linked to the development opportunities. It is important to note that Section 4 of this report provides an overview of investment opportunities identified for the CWDM as a whole; however it is necessary that as part of this project these opportunities be investigated in terms of which area (local municipality) would have the most comparative advantage for the opportunity. The CWDM have Investment Attraction and Opportunities Strategy and this project would need to be aligned with the outcome of the Investment Attraction and Opportunities Strategy. This project would address the following opportunities as identified within Section 4 of this report: Processing of high value niche products Wine farms/wineries Poultry Cosmetics &amp; medicines Storage, cooling, drying &amp; packing facilities Aquaculture</td>
</tr>
</tbody>
</table>
### 1. Economic Development Projects

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Extracting oils from herbs &amp; grape seed</td>
<td>Snail farming</td>
</tr>
<tr>
<td>Fruit farming &amp; processing</td>
<td>Cultivation of table olives &amp; oil olives</td>
</tr>
<tr>
<td>Industrial parks for light manufacturing</td>
<td>Expanding dairy production</td>
</tr>
<tr>
<td>Metal processing</td>
<td>Fresh &amp; dried flowers</td>
</tr>
<tr>
<td>Agro-processing</td>
<td>Fynbos, Buchu &amp; Honeybush Tea</td>
</tr>
<tr>
<td>Production of organic fertilizers</td>
<td>Game farming</td>
</tr>
<tr>
<td>Upgrade of tourism infrastructure</td>
<td>Specialised farm &amp; township tours</td>
</tr>
<tr>
<td>Summer tourism activities</td>
<td></td>
</tr>
<tr>
<td>Bulbs, flowers, seeds &amp; hydroponics</td>
<td></td>
</tr>
<tr>
<td>Craft Products</td>
<td></td>
</tr>
<tr>
<td>Development of theme resorts</td>
<td></td>
</tr>
<tr>
<td>Fresh &amp; dried flowers</td>
<td></td>
</tr>
<tr>
<td>Further accommodation facilities</td>
<td></td>
</tr>
<tr>
<td>Agri-Tourism &amp; Eco-Tourism</td>
<td></td>
</tr>
<tr>
<td>Health tourism facilities</td>
<td></td>
</tr>
<tr>
<td>Recreation &amp; sports-related facilities</td>
<td></td>
</tr>
<tr>
<td>Game farming</td>
<td></td>
</tr>
<tr>
<td>Specialised farm &amp; township tours</td>
<td></td>
</tr>
<tr>
<td>Agri-Tourism &amp; Eco-Tourism</td>
<td></td>
</tr>
</tbody>
</table>

### 2. Development of Economic Nodes and Corridors

The Cape Winelands Spatial Development Framework (SDF) outlines various economic nodes and corridors that need to be investigated for development. The SDF strategically demarcated the District into three planning clusters (Refer to Figure A 3.1 in Annexure A) based on the footprint of the four catchment areas covering the district. Further the SDF provides a hierarchy for the towns which indicate the higher order towns to be Worcester, Wellington, Paarl and Stellenbosch. The development approach of the SDF is that Worcester should be the only investment focus in the easterly district due to its location and easy access.

The Growth Potential of Towns Study (2010) determined the growth potential of various towns around the Western Cape. The following towns within the CWDM have been identified to have high or very high development or social needs opportunities:

#### Development:
- Paarl (very high)
- Pniel (high)
- Stellenbosch (very high)
- Wellington (high)
- Worcester (very high)

#### Social Needs:
- Ashton (high)
- De Doorns (very high)
- Franschhoek (high)
- Gouda (high)
- Klapmuts (high)
- McGregor (high)
- Saron (high)
The aim of this project is to investigate development opportunities within these areas in order to address the needs as development opportunities as identified within the various strategies. It is also important that these economic nodes and corridors be developed in order to unlock the identified benefits. The project would therefore be to development the various economic nodes and corridors as identified.

This project would address the following opportunities as identified within Section 4 of this report:
- Regional Shopping Malls
- Klapmuts mixed-use development

### 3. Vacant Land Development Strategy

The CWDM does not own any land, therefore the District needs to work in collaboration with the local municipalities in order to identify vacant or underutilised land. It is important to also determine which land parcels would be best suited for which development opportunities in order to link development opportunities to specific land parcels for development. As part of the primary role of government to create an enabling environment conducive for development to take place the district and local municipalities need to determine which “ground work” need to take place in order to make the development opportunity more attractive to investors. The ground work includes, but not limited to, ensuring that the land is serviced, zoning is correct, ensure that there is access to the land, feasibility studies, etc.

**Note:** The CWDM conducted a Land Audit in 2007/2008. Land audits can become outdated fairly quickly and therefore local municipalities should keep a detailed record of each erf once the piece of land is not vacant anymore. This should also be communicated to the District so that they are kept well-informed about what is happening in their area.

Once land is identified and linked to an opportunity and ground work is conducted the project can be marketed to potential investors (locally and internationally) in order for the investors to implement the opportunity.

### 4. Provide database

The Cape Winelands has a number of events (social, cultural, sports, etc) taking place during. There is a need to link these
<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>(calendar of events) of all social and cultural activities within the Cape Winelands District</td>
<td>events to one another in order to gain greater benefits from these events. The aim is to provide a calendar of events in order to better integrate the programmes with one another as well as identifying potential gaps within the calendar for new events. As part of this project the Cape Winelands also need to determine potential linkages with events happening within the Cape Metro (such as the Cape Argus which attracts visitors from all over) in order to benefit more from the visitors in the area. It is important that as part of this project linkages be established between the various tourism bureaus at district and local municipal level.</td>
</tr>
<tr>
<td>5. Implement programmes to minimise the pollution as well as raising awareness of pollution and the dangers there of</td>
<td>The Cape Winelands is renowned for its beauty and cleanliness. However, recent investigations have indicated that pollution (specifically water pollution through the rivers) is becoming a problem within the Cape Winelands due to increasing number of industries and agricultural activities using non-environmentally friendly practises. The aim of this project is to implement various programmes to minimise pollution within the area (this need to be done in collaboration with the other departments within the Cape Winelands and local municipalities as well as with the private sector). The idea is to also create awareness of the impact of pollution not only on the residents within the area but also the economic impact pollution will have specifically with regards to the agricultural sector and the tourism industry.</td>
</tr>
<tr>
<td>6. Alien Invasion clearing project</td>
<td>There are a number of alien plant growing within the Cape Winelands area which has an impact on the agricultural land as well as the natural beauty (fynbos is taken over by alien invading plants) of the area. The aim of this project is implement programmes to clear these alien plants and to restore the natural plant habitat within the area. This project should also link with initiatives such as working for water.</td>
</tr>
<tr>
<td>7. Investigate potential niche market development within the district (e.g. ICT, Tourism,)</td>
<td>Section 4 of this report outlined various niche market opportunities that could be unlocked within the CWDM. The aim of this project is to investigate which niche markets would be most feasible within the Cape Winelands area. It would be important to also link these niche markets to specific locations (local municipalities) and where applicable specific land parcels (this will then link to project number 1 and 3).</td>
</tr>
</tbody>
</table>
### Cape Winelands District Municipality
#### Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td>Agriculture, Manufacturing, etc</td>
<td>This project would address the following opportunities as identified within <strong>Section 4</strong> of this report:</td>
</tr>
<tr>
<td>Processing of high value niche products</td>
<td>Wine farms/wineries</td>
</tr>
<tr>
<td>Cosmetics &amp; medicines</td>
<td>Storage, cooling, drying &amp; packing facilities</td>
</tr>
<tr>
<td>Extracting oils from herbs &amp; grape seed</td>
<td>Snail farming</td>
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<td>Specialised farm &amp; township tours</td>
</tr>
<tr>
<td>Summer tourism activities</td>
<td></td>
</tr>
</tbody>
</table>

8. **Review role and effectiveness of the Cape Winelands Economic Development Council**

The Cape Winelands Economic Development Council was established to implement the Cape Winelands GDS by facilitating progressive initiative in this regard. This council is also seen as the strategic partner between government, business, labour and civil society. It is important to regularly review the role of the council in order to determine if the council is achieving the intended objectives.

If it is found that the CWEDC is not achieving what was intended it is important to review the approach in order to make the council more effective. The idea is that the CWEDC would be the link between the community (business, labour and civil society included), which means that strategic partnership need to be established through the CWEDC in order to effectively implement development projects (**Section 7** of this report provides some recommendations on the expansion of the role of the CWEDC).

9. **Establish and strengthen**

The CWDM cannot implement projects in a silo, mainly because they do not have all the funds and/or mandate to
<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
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<tbody>
<tr>
<td>partnerships with stakeholders to attract investment and promote development within the area</td>
<td>implement the projects. It is important for the district to realise the need for strategic partnership in order to more effectively implement projects. As indicated in Figure 5.1 these partnerships would include other departments, local municipalities, other government spheres, privates sector and civil society. The LED Forum and the CWEDC is a good platform from which to establish these partnerships. Important to also note that the need for partnerships would also be determined by the type of project being implemented.</td>
</tr>
<tr>
<td>10. Establish database of all research conducted by other institutions in order to avoid duplication of research</td>
<td>Many studies and research documents are conducted on a yearly basis at various institutions such as tertiary institutions (e.g. universities), provincial government, local municipalities, district municipality, national government, etc. The problem is that in many cases there is duplication is some of the studies conducted by the various institutions. The idea with this project is that the Cape Winelands build good relationships with the various institutions in order to keep up-to-date with new studies conducted as well as having an opportunity to link studies with one another. Ideally the Cape Winelands should develop a database of existing studies/research as well as any new studies/research being done.</td>
</tr>
<tr>
<td>11. LED Capacity Building Project</td>
<td>There is a need for a LED capacity building project to be implemented within the CWDM. The aim is that all LED units within the district (including local municipal LED units) should understand the meaning of LED, the importance of LED as well as their role in LED. As part of this project the district also needs to identify capacity gaps to implement LED effectively within the local municipalities and provide assistance where applicable. The LED capacity building project should also include developing a leadership and management programme for LED as a whole.</td>
</tr>
<tr>
<td>12. Skills Audit</td>
<td>An international business survey conducted in South Africa on a yearly basis has indicated that businesses have identified the lack of a skilled workforce as one of the most important constraints regarding business development and growth within South Africa. The idea is to conduct a skills audit of all the residence within the Cape Winelands in order to determine which skills are offered by the labour force. This then needs to be correlated with the skills needs by the business environment (audit of all businesses within the Cape Winelands). Another step which in most cases is over looked is the fact that the Cape Winelands also need to audit the training institutions and determine if they are providing training which enable the labour force to be employed (this excludes universities, because they cater for a wider market. However, it is important that collages and other skills training facilities be audited). It is important that the audit would</td>
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</table>
### Project: Implement mentorship programmes through the utilisation of Grey Power

<table>
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<tr>
<th>Project Description</th>
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</table>
| A need has been identified to provide mentorship programmes to small businesses that require some advice on set-up, expansion, business environment, funding, financial, etc. The Cape Winelands region is known as a retirement destination and also has the Stellenbosch University which provides an ample amount of expertise within the area. The aim of this project is to identify ways how one could link the small businesses with the retired residence as well as with the University.

In order for this project to be effective the district would need to know what types of smalls businesses are in the area and what type of advice they are requiring. On the other side they also need to know what types of skills are available from the retired residence as well as from the University as well as having an understanding on who would be willing to provide such a service to small businesses. |

### Project: Determine opportunities for renewable energy development within the Cape Winelands

<table>
<thead>
<tr>
<th>Project Description</th>
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</table>
| South Africa experienced an energy crisis in 2008 and continues to maintain a fine balance between supply and demand of energy. Eskom has identified the need to significantly increase its production capacity. Globally the trend is toward renewable energy wherever possible.

The aim is for the Cape Winelands to investigate potential renewable energy resources that would be feasible to develop within the area. This project could also be further expanded to develop a Green Strategy for the CWDM in order to implement environmentally friendly guidelines with regards to service delivery such as energy, water, sanitation, refuse removal, building, green spaces, transport, etc. |
### 15. Waste Minimisation Projects and Programmes

There is currently a rapid growth in waste within South Africa and if the waste is not managed in an appropriate manner it could have negative impacts on the environment and well as on human health. Waste minimisation refers to reducing waste at its source (households, businesses, farms, etc). Waste minimisation can be done in various ways such as:

- Promoting reuse of goods
- Separating waste into different streams at the source for the purpose of recovering and recycling
- Diverting waste from landfills to appropriate facilities (e.g. glass needs to go to glass recycling factory)
- Recycling of goods need to be done in an environmentally friendly way

The CWDM has a Waste Minimisation Strategy and the aim of this project is to link with the service department in order to implement the various projects and programmes as proposed within the strategy.

### 16. Identify cross border projects and the support required from the district

The Cape Winelands District Municipality has a mandated role to play a coordinating role within the district. This means that the Cape Winelands needs to provide guidelines as well as partner with local municipalities with regards to cross border projects which could have a positive impact on economic development within the area. Cross border project are referred to projects that are located within two or more municipal demarcated areas. This would include local municipalities located within the Cape Winelands as well as local and/or district municipalities bordering on the Cape Winelands District Municipality.

Projects to be included:

- Developing a tourism route from Stellenbosch to Paarl.
- The Inland Port Project is also an example of a cross border project that the CWDM needs provide support and coordination in order to help DLM implement the project.
### Project Description

This project would thus be to identify cross border projects (on an ongoing basis) between the local municipalities and provide the necessary coordinating support required in order to implement the project effectively.

<table>
<thead>
<tr>
<th>17. Investigate opportunities for bulk infrastructure development to unlock activities linked to manufacturing, agriculture and tourism</th>
</tr>
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</table>

In order to unlock many of the economic investment opportunities it is important to show that the bulk infrastructure or plans to develop the bulk infrastructure is already in place. The Cape Winelands District Municipality has a bulk infrastructure Master Plan that outlines bulk infrastructure development for the next 15 years.

The aim of this project is to investigate bulk infrastructure development required to unlock the catalytic projects of the CWDM in order to provide inputs into the bulk infrastructure master plan of the Cape Winelands. It is important that the requirements for the various projects be done in conjunction with the local municipalities in order to ensure that local economic development opportunities are prioritised for all the local municipalities within the bulk infrastructure master plan.

This project would address the following opportunities as identified within **Section 4** of this report:

| Processing of high value niche products | Wine farms/wineries | Poultry |
| Cosmetics & medicines | Storage, cooling, drying & packing facilities | Aquaculture |
| Extracting oils from herbs & grape seed | Snail farming | Bulbs, flowers, seeds & hydroponics |
| Fruit farming & processing | Cultivation of table olives & oil olives | Craft Products |
| Industrial parks for light manufacturing | Expanding dairy production | Development of theme resorts |
| Metal processing | Fresh & dried flowers | Further accommodation facilities |
| Agro-processing | Fynbos, Buchu & Honeybush Tea | Health tourism facilities |
| Production of organic fertilizers | Game farming | Recreation & sports-related facilities |
| Upgrade of tourism infrastructure | Specialised farm & township tours | Agri-Tourism & Eco-Tourism |
| Summer tourism activities | | |
## Project Description

<table>
<thead>
<tr>
<th>Project</th>
<th>Description</th>
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<tbody>
<tr>
<td>18. Strengthen SMME marketing programme</td>
<td>The Cape Winelands do currently have a SMME Seed Fund project and Small Business Support Programme which focus on the development and support of SMME’s within the district. These projects do address marketing of SMME’s within the area (specifically those participating in the Seed Funding) mainly through show cases (locally, nationally and internationally) although the main focus is not placed on marketing but rather exposure. The aim of this project is to strengthen these projects to also have a strong marketing mechanism for SMME’s within the region. The marketing should be done in such a way that SMME’s could market their goods and services on a more affordable platform. It is important that the SMME’s be marketed to the local community (main clients of their goods and services) as well as on a broader spectrum (such as utilising a website).</td>
</tr>
<tr>
<td>19. Incubator Development Programme implemented with support of private sector and other stakeholders (Informal Business Development)</td>
<td>Small businesses do not always have the know-how or capital to get their small business off the ground. In order to address this various government organisations have started developing small business incubators which provide the small businesses with the platform to formalise and grow their businesses. However, it has been proven to be unsuccessful in many cases due to the lack of support that can be offered by the government organisation. The aim of this project is to establish (improve on existing incubator projects) small business incubators in partnership with privates sector as well as other stakeholder that could provide inputs such as mentoring, finances, services, etc. An example of such a model is the business model used by First Business South Africa (FBSA) which provides community owned retail centres which serves as a business hub for Spaza operators. The aim of the business model is to provide the local traders with formal trading spaces (business hub) where they can trade whilst at the same time take part in training programmes which will equip them with a range of business skills needed for the successful operation of their stores.</td>
</tr>
</tbody>
</table>
5.3 Key Drivers

Key “drivers” aimed at regenerating the CWDM’s economy can be formulated from the economic opportunities and public sector interventions identified in the Opportunity Analysis and Implementation Guidelines. From a strategic development facilitation point of view, it is necessary to ensure that the appropriate linkages and interactions between programmes and projects be established. Such an integrated approach is needed to ensure the optimal rate of implementation and economic development in the CWDM. A driver can be defined as:

“Planned actions aimed at creating an impetus and a critical mass in the local economic environment in order to generate momentum in the economy”.

Drivers identified for the CWDM include:

- **Driver 1: Institutional Development for Investor Readiness**

  This is dealt with throughout this section, and informed by the capacity that remainder of the Drivers necessitate.

- **Driver 2: Business Retention and Expansion (Big Business & SMME’s)**

  Cutting across sectors, this is reflected in specific SMME opportunities identified, as well as, for example, the Incubator Development Programme. The Project Implementation Guidelines provided a list of possible support structure for this Driver.

- **Driver 3: Infrastructure Development**

  The main focus is on bulk infrastructure development within the Cape Winelands in order to unlock economic investment opportunities. This includes projects such as the investigation into infrastructure needs for sector development, servicing of vacant land parcels, etc.

- **Driver 4: Human Development**

  An important aspect of LED is to ensure that not only economic development takes place but that the community is also developed. This includes projects such as the skills audit and LED capacity building.
• **Driver 5: Environmentally Integrity**

The CWDM realizes the importance of the environment in terms of their economic growth. The tourism industry is greatly linked to their environment and makes up for a large part of the economic activity within the area. This is also strongly linked to the quality of life for residence. This includes projects such as alien invasion clearing project, investigating pollution and waste minimization projects and determining the feasibility of renewable energy sources.

• **Driver 6: Economic Development**

This includes projects such as looking at niche markets within the Cape Winelands and identifying investment potential for each local municipality.

• **Driver 7: Quality of Life Improvement**

This is seen as an all-encompassing driver with specific programmes in the Expanded Public Works Programme aimed at improved infrastructure, overcoming backlogs in service delivery, providing education, health and safety services and so on. It should deal with the attractiveness of the area to investors in terms of quality of life and quality of labour and resources on the one hand, and the ability of locals to take advantage of economic opportunities on the other.

### 5.4 Project Prioritisation

The purpose of the following sub-section is to prioritise the projects identified above. The process followed to prioritise the projects is described in the following sub-sections.

The projects assessed include:

1. Identify investment potential for each of the local municipalities
2. Development of economic nodes and corridors
3. Vacant Land Development Strategy
4. Provide database (calendar of events) of all social and cultural activities within the CWDM
5. Implement programmes to minimise the pollution as well as raising awareness of pollution and the dangers there of
6. Alien Invasion clearing project
7. Investigate potential niche market development within the district (e.g. ICT, Tourism, Agriculture, Manufacturing, etc)
8. Review role and effectiveness of the Cape Winelands Economic Development Council
9. Establish and strengthen partnerships with stakeholders to attract investment and promote development within the area
10. Establish database of all research conducted by other institutions in order to avoid duplication of research
11. LED Capacity Building Project
12. Skills Audit
13. Implement mentorship programmes through the utilisation of Grey Power
14. Determine opportunities for renewable energy development within the Cape Winelands
15. Waste Minimisation Projects and Programmes
16. Identify cross border projects and the support required from the district
17. Investigate opportunities for bulk infrastructure development to unlock activities linked to manufacturing, agriculture and tourism
18. Strengthen SMME marketing programme
19. Incubator Development Programme implemented with support of private sector and other stakeholders (Informal Business Development)

5.4.1 Project Prioritisation Model

The assessment of the identified projects for the CWDM is important in the selection process of strategic projects. A prioritisation model was implemented to assist in the assessment of the identified projects. The model utilises four criteria with a number of variables for each criteria to assess the overall impact of the project on the local economy. The criteria used for the assessment of the projects are:

1. Strategic importance
The strategic importance criterion is based on the potential impact of the project on the local economy. This criterion considers factors such as the scale of the project, the chances of being duplicated elsewhere and the effect the project will have on the comparative advantage on the local economy as a whole.

2. Economic Impact
The economic impact criterion refers to the sum of the projects influence on the local economy. The different impacts taken into account are as follows:
- Increased/additional levy income
- New business sales
- Potential agglomeration effects and advantages
- Foreign direct investment

3. Feasibility of the Project
The implementation of a project is dependent on the financial feasibility of the project, and it is important to include financial feasibility indicators in the assessment of the project. Aspects to be taking into account are:
- Existing research on the project topic
- Availability of resources, skills and technology
4. SMME Development & Skills Development

This criterion is based on aspects such as providing support and training to small, medium and micro enterprises; and supporting companies that actively promote development and skills transfer to their employees.

Table 5.2 illustrates the prioritisation model utilised for the assessment of each of the identified projects.

**TABLE 5.2: PRIORITISATION MODEL**

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Extent</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. STRATEGIC IMPORTANCE OF THE PROJECTS</strong></td>
<td>Overall Weighting: 30</td>
</tr>
<tr>
<td></td>
<td>Weight</td>
</tr>
<tr>
<td>1. Strengthen sectoral competitive advantage</td>
<td>40</td>
</tr>
<tr>
<td>2. Strengthen linkages with other sectors</td>
<td>35</td>
</tr>
<tr>
<td>3. Alignment with other initiatives</td>
<td>25</td>
</tr>
<tr>
<td>Sub Total</td>
<td>100</td>
</tr>
<tr>
<td><strong>2. ECONOMIC IMPACT OF THE PROJECT</strong></td>
<td>Overall Weighting: 30</td>
</tr>
<tr>
<td></td>
<td>Weight</td>
</tr>
<tr>
<td>1. Potential of Job Creation</td>
<td>45</td>
</tr>
<tr>
<td>2. Long term sustainability</td>
<td>30</td>
</tr>
<tr>
<td>3. Income stimulation</td>
<td>25</td>
</tr>
<tr>
<td>Sub Total</td>
<td>100</td>
</tr>
<tr>
<td><strong>3. FEASIBILITY OF THE PROJECT</strong></td>
<td>Overall Weighting: 20</td>
</tr>
<tr>
<td></td>
<td>Weight</td>
</tr>
<tr>
<td>1. Risk level</td>
<td>20</td>
</tr>
<tr>
<td>2. Capital requirements</td>
<td>20</td>
</tr>
<tr>
<td>3. Level of competition</td>
<td>15</td>
</tr>
<tr>
<td>4. Barriers to enter</td>
<td>10</td>
</tr>
<tr>
<td>5. Demand for Product &amp; Services</td>
<td>35</td>
</tr>
<tr>
<td>Sub Total</td>
<td>100</td>
</tr>
<tr>
<td><strong>4. SMME DEVELOPMENT &amp; SKILLS DEVELOPMENT</strong></td>
<td>Overall Weighting: 20</td>
</tr>
<tr>
<td></td>
<td>Weight</td>
</tr>
<tr>
<td>1. Create opportunities for new business development</td>
<td>55</td>
</tr>
<tr>
<td>2. Assist in skills development/capacity building</td>
<td>45</td>
</tr>
</tbody>
</table>
The prioritisation model is based on allocating a weight to each of the four criteria in order to establish the importance of each criterion in the assessment of the projects. The different variables identified within each criterion are also weighted. Points are then allocated to each criterion in order to determine the final score of the project.

Table 5.3 illustrates the outcome of the modular assessment of the projects.

**TABLE 5.3: PROJECT PRIORITISATION**

<table>
<thead>
<tr>
<th>Project</th>
<th>Strategic Importance</th>
<th>Economic Impact</th>
<th>Feasibility of project</th>
<th>SMME Development &amp; Skills Development</th>
<th>Project Score</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identify investment potential for each of the local municipalities</td>
<td>87.5</td>
<td>87.5</td>
<td>35</td>
<td>77.5</td>
<td>75</td>
<td>1</td>
</tr>
<tr>
<td>Development of economic nodes and corridors</td>
<td>82.5</td>
<td>72.5</td>
<td>50</td>
<td>50</td>
<td>66.5</td>
<td>3</td>
</tr>
<tr>
<td>Vacant Land Development Strategy</td>
<td>67.5</td>
<td>77.5</td>
<td>72.5</td>
<td>55</td>
<td>69</td>
<td>2</td>
</tr>
<tr>
<td>Provide database (calendar of events) of all social and cultural activities within the Cape Winelands District</td>
<td>100</td>
<td>62.5</td>
<td>35</td>
<td>50</td>
<td>65.8</td>
<td>3</td>
</tr>
<tr>
<td>Implement programmes to minimise the pollution as well as raising awareness of pollution and the dangers there of</td>
<td>62.5</td>
<td>65</td>
<td>52.5</td>
<td>50</td>
<td>58.8</td>
<td>4</td>
</tr>
<tr>
<td>Alien Invasion clearing project</td>
<td>80</td>
<td>87.5</td>
<td>85</td>
<td>50</td>
<td>77.3</td>
<td>2</td>
</tr>
<tr>
<td>Investigate potential niche market development within the district (e.g. ICT, Tourism, Agriculture, Manufacturing, etc)</td>
<td>100</td>
<td>87.5</td>
<td>67.5</td>
<td>77.5</td>
<td>85.3</td>
<td>1</td>
</tr>
<tr>
<td>Review role and effectiveness of the Cape Winelands Economic Development Council</td>
<td>62.5</td>
<td>50</td>
<td>82.5</td>
<td>77.5</td>
<td>65.8</td>
<td>2</td>
</tr>
<tr>
<td>Establish and strengthen partnerships with stakeholders to attract investment and promote development within the area</td>
<td>100</td>
<td>77.5</td>
<td>67.5</td>
<td>100</td>
<td>86.8</td>
<td>1</td>
</tr>
<tr>
<td>Establish database of all research conducted by tertiary institutions in order to avoid duplication of research</td>
<td>62.5</td>
<td>50</td>
<td>55</td>
<td>50</td>
<td>54.8</td>
<td>3</td>
</tr>
</tbody>
</table>
# Objective 4: To facilitate skills development within the CWDM by means of knowledge management and skills retention

<table>
<thead>
<tr>
<th>Project</th>
<th>Strategic Importance</th>
<th>Economic Impact</th>
<th>Feasibility of project</th>
<th>SMME Development &amp; Skills Development</th>
<th>Project Score</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>LED Capacity Building Project</td>
<td>82.5</td>
<td>87.5</td>
<td>85</td>
<td>72.5</td>
<td>82.5</td>
<td>2</td>
</tr>
<tr>
<td>Skills Audit</td>
<td>80</td>
<td>100</td>
<td>85</td>
<td>100</td>
<td>91</td>
<td>1</td>
</tr>
<tr>
<td>Implement mentorship programmes through the utilisation of Grey Power</td>
<td>50</td>
<td>87.5</td>
<td>77.5</td>
<td>72.5</td>
<td>71.3</td>
<td>3</td>
</tr>
</tbody>
</table>

# Objective 5: To provide support and shared services to facilitate economic development within the Cape Winelands District

<table>
<thead>
<tr>
<th>Project</th>
<th>Strategic Importance</th>
<th>Economic Impact</th>
<th>Feasibility of project</th>
<th>SMME Development &amp; Skills Development</th>
<th>Project Score</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Determine opportunities for renewable energy development within the Cape Winelands</td>
<td>100</td>
<td>87.5</td>
<td>57.5</td>
<td>100</td>
<td>87.8</td>
<td>1</td>
</tr>
<tr>
<td>Waste Minimisation Projects and Programmes</td>
<td>50</td>
<td>87.5</td>
<td>67.5</td>
<td>100</td>
<td>74.8</td>
<td>3</td>
</tr>
<tr>
<td>Identify cross border projects and the support required from the district</td>
<td>100</td>
<td>65</td>
<td>57.5</td>
<td>50</td>
<td>71</td>
<td>4</td>
</tr>
<tr>
<td>Investigate opportunities for bulk infrastructure development to unlock activities linked to manufacturing, agriculture and tourism</td>
<td>100</td>
<td>100</td>
<td>67.5</td>
<td>50</td>
<td>83.5</td>
<td>2</td>
</tr>
</tbody>
</table>

# Objective 6: To facilitate the creation of sustainable jobs within the Cape Winelands District

<table>
<thead>
<tr>
<th>Project</th>
<th>Strategic Importance</th>
<th>Economic Impact</th>
<th>Feasibility of project</th>
<th>SMME Development &amp; Skills Development</th>
<th>Project Score</th>
<th>Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strengthen SMME marketing programme</td>
<td>100</td>
<td>87.5</td>
<td>50</td>
<td>50</td>
<td>76.3</td>
<td>2</td>
</tr>
<tr>
<td>Incubator Development Programme implemented with support of private sector and other stakeholders</td>
<td>100</td>
<td>100</td>
<td>67.5</td>
<td>100</td>
<td>93.5</td>
<td>1</td>
</tr>
</tbody>
</table>

(Note: Values closer to 100 indicates a higher priority)

**Key:** Projects prioritised as most important

## 5.5 Conclusion

The above has identified a vision, objectives, goals, drivers and priority projects for the CWDM. The following section provides detailed steps to guide the implementation of LED projects, while Section 7 provides for the necessary institutional structures and relationships to do so.
Section 6: Implementation Framework

6.1 Introduction

The purpose of this section is to provide guidelines for the preparation and implementation of the LED strategy and projects. It will serve as an LED manual for the Cape Winelands DM LED unit after the completion of the LED strategy.

6.2 Implementation Guidelines

In this section, general step-by-step implementation guidelines are provided. The guidelines describe the process to follow toward project implementation from start to completion. Steps covered include but are not limited to the following:

- **Step 1:** IDP Integration and LED Prioritisation
- **Step 2:** Identification of Location
- **Step 3:** Pre-Feasibility and Detailed Feasibility Studies
- **Step 4:** Partnership Identification and Project Matchmaking
- **Step 5:** Development of a Business Plan
- **Step 6:** Municipal Budgeting and Funding
- **Step 7:** Enabling Environment and Labour Market
- **Step 8:** Project Handover and Mentoring
6.2.1 IDP Integration and LED Prioritisation (Step 1)

Various LED projects have been identified in the Opportunity Analysis, the CWDM -GDS and the IDP (with much overlap). Section 5 of this report presented the outcomes of a prioritisation model run against identified projects. The LED officials at CWDM should ensure that LED projects in the various strategies are integrated into the District IDP. This is not limited to projects that are immediately implementable, but also to enabling public sector projects required to stimulate other opportunities in the future. The IDP process should be dynamic and aim to:

a) meet the current/existing needs of the population by addressing backlogs in service delivery
b) improve the quality of life, access to services and ease of doing business in the District to attract investors
c) streamline development to meet future demand stimulated by economic development

This covers:
1. Provision of housing and utilities/services
2. Improved and expanded education and health care facilities and services (primary and tertiary)
3. Implementing public transport systems
4. Improving safety and security
5. Prioritising long-term spatial planning and upgrading of commercial and industrial areas
6. Enhancing the accessibility of the main towns by road, rail, air or ocean

Long-term strategies need to be broken down into sub-steps that are included within the CWDMs planning cycles. The existing LED Forum, IDP Forum, departmental forums and Expanded Public Works Programme (EPWP) forum are all identified as key and will require capacitation. The following phase covers the institutional mechanisms to support the integration of the IDP and LED processes within the CWDM.

Engagement with the private sector is important for leverage financial and non-financial support of the private sector, and for improving the efficiency of project implementation. The CWDM LED Forum currently does not include representatives of private sector bodies; however this is seen as an important point of contact for the public and private sectors. Other means would be investor conferences hosted locally or by attending conferences elsewhere (the Tourism officers at CWDM already successfully participate in expos and conferences nationally and internationally) as well as stakeholder engagement session (as held by the Stellenbosch Local Municipality).

Projects identified were prioritised against the following criteria:
1. Strategic importance and alignment – Are there good spin off benefits and are the benefits aligned to strategic goals? Here goals may include environmental, social and economic imperatives. It may also be relevant to assess the BEE Capacity Building potential of the project, and the possibility that the project may be an Anchor Project for the District.
2. Feasibility of the project – Is there existing research on the project topic; Are resources, skills and technology available?
3. Economic impact – The level of increase in economic activity, typically measured as change in GGP, new business sales, and tax revenue. This also looks at the number and quality of jobs created.

4. SMME Development Support – The extent to which the project will ensure that SMMEs can be developed and supported.

As LED planning is a process, new projects will continually be identified by the LED Unit, LED Forum and private sector actors. An LED Forum with representative of public, civic and private sector interests is an ideal environment in which to conduct project prioritisation.

6.2.2 Identification of Location (Step 2)

Once the project to be implemented has been identified, the next step would be to identify where it will be located. These considerations include the LM(s) to operate in, and the town or area of choice. Thereafter, it is important to see whether there is any land available. It should be noted that some land belongs to traditional leaders, while other land has been identified for redistribution under the Land Reform and Restitution Programme. Such land cannot be sold to investors or to the municipality. Aspects that investors look to when doing a site assessment include:

- Proximity and accessibility to transport routes and/or the target market.
- Proximity to the inputs such as raw materials and labour.
- Communities that are forward looking and exhibit a high standard of land management
- Informed communities who understand the value of the development and also have data on their own needs, strengths and weaknesses.
- That proper due diligence of the site has been conducted in terms of any rezoning or Environmental Impact Assessment planning procedures to be followed and that the bulk and geotechnical capacity is appropriate for the development.

6.2.3 Pre-feasibility and Detailed Feasibility Studies (Step 3)

A feasibility study is done to determine the viability of a project/area. In some cases the project/area may require a pre-feasibility study which would serve as the pre cursor for the feasibility study. The pre-feasibility study ensures a solid basis for the feasibility study. The Pre-feasibility assessment essentially includes the following aspects:

- Location Data
- Potential Project Limitations
- Potential alternatives
- Preliminary Estimated Costs
- Detailed information required in Feasibility study
- Potential funding sources
• Prepare Terms of Reference for the Feasibility study

Feasibility assessments essentially comprise of a:
• Location analysis,
• An initial environmental assessment,
• Market research (demand and supply analysis),
• Identification and quantification of income streams and the identification of potential funding sources.

The development concept is then refined and concrete concept designing and planning is done. The feasibility study translates into information for the investor(s) on:

• The demonstrated existence of a market and that it is viable for a new entrant to gain a sufficient size of the market share
• That the macro-economic environment is sufficiently stable to support and/or grow the current market
• That costs such as start-up capital, labour, supply chain logistics, utilities and taxation have been investigated and accurately estimated
• That income streams have been accurately calculated based on market research and that the income will be sufficient to cover costs and earn a return of investment (RoI).

6.2.4 Partnership Identification and Project Matchmaking (Step 4)

The purpose of this step will be to identify stakeholders, potential partners and funders and project leaders. A project leader is needed who will drive and coordinate the process going forward. They are responsible for the steps that follow and, as such, should be provided with the necessary information, data and authority to successfully and timeously lead the project from this point to hand-over to the developer/operator. This can be someone from within the LED Unit, the LED Forum, or another suitable industry driver.

Stakeholders may range from government departments that are required in the planning process, industry experts or representative bodies, communities/beneficiaries, land owners and so on. At this stage of project preparation is necessary to ensure that all parties understand the project. The requirements of stakeholders, if any, are identified. This may include training requirements, for example.

It is also possible at this stage to begin to engage investors and match them with existing or potential projects. Investors will require not only the feasibility studies, but also a comprehensive business plan, Section 2.7 below. Depending on the attractiveness of the opportunity, some potential investors may develop their own business plans, while in other scenarios a business plan will be needed to draw investors to the project.
6.2.5 Development of a Business Plan (Step 5)

Business plans are drawn up to map out how a project will be executed. Detailed business plans are required when applying for funding. Potential funders will be looking for specific information, which is conveniently presented in the form of a business plan. A generic business plan should include the following components:

1. **A description of the proposed project.** This section provides an overview of the business idea, its markets, processes and products. It describes
   a) evidence of the market, as evident from the feasibility phase
   b) the produce and how it is produced (tested and/or innovative technologies) as well as the main by products
   c) aims and objectives of the business plan
   d) a summary of the impact assessment

2. **An operational plan.** This gives a concise (i.e. not overly technical and confusing) description of the:
   a) Input requirements (technology, materials, machinery, skills, logistics and infrastructure requirements, site specifications and environmental conditions)
   b) An overview of the resource supply to meet the input requirements, as well as any potential barriers to entry into the market
   c) Operational and logistical strategies and systems, including project management, human resource development and marketing strategies that will be applied to the project. An organisation, management and staffing plan is usually required at this stage and should be linked to evidence of capacity within the labour market to implement the proposed structure.

3. **Impact assessment.** This is an assessment of the project’s economic impact on the market as well as potential risks. This includes risks that could impact negatively on the project, as well as risks to the market/beneficiaries of the project. Risks can be identified in terms of the broader socio-political and economic environment; technology changes and shifts in market trends and financial risks relating to credit (availability and interest rates), markets (also influenced by the broader economic climate, inflation and interest rates) and assets. The impact is assessed in terms of the potential impact on the economy, the population and the CWDM in terms of its own strategies. For example, impacts can be stated as opportunities for SMMEs within the supply-chain of the project, or as opportunities for empowerment through skills development.

4. **Development of a financial plan.** This is an analysis of the envisaged income and expenditure of project. It draws on the feasibility study, as well as the operation plan detailed above. It covers capital costs, operating costs, projected income, cash flow modelling and expected return on investment (RoI). It is important that this is realistic. Investors will be weary of, for example, exorbitant salaries built into the cash flow.
5. **Implementation Action Plan.** This is clear, functional guidelines with respect to implementing the preferred development concept. It covers specific steps to be undertaken and assigns them timeframes (phases) and links these to person(s) responsible and empowers these person(s) with the necessary resources and authority to implement the project.

6. **Monitoring, Evaluation and Mitigation framework.** This highlights Key Performance Indicators of the project implementation and operation phases and determines how M&E will be conducted and how deviation from the KPIs will be remedied.

### 6.2.6 Municipal Budgeting and Funding (Step 6)

The CWDM, (in partnership with the local municipality in which the project will be located in the case location orientated projects) should ensure that the information from the feasibility and business plan stages is used to feed into the municipal budgets to ensure that budgets and planning for the projects is within the planning cycles of the municipalities. This speaks to the Intergovernmental Relations (IGR) Liaison function of the LED Forum dealt with in greater detail in Section 7.


<table>
<thead>
<tr>
<th>Financial Year</th>
<th>LED Budget</th>
<th>LED Expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007/2008</td>
<td>R5,319,870</td>
<td>85% - 95%</td>
</tr>
<tr>
<td>2008/2009</td>
<td>R7,761,348</td>
<td>76%</td>
</tr>
<tr>
<td>2009/2010</td>
<td>R8,993,148</td>
<td>92%</td>
</tr>
<tr>
<td>2010/2011</td>
<td>R9,361,000</td>
<td>Currently @ 88%</td>
</tr>
<tr>
<td>2011/2012</td>
<td>R7,954,600</td>
<td>1 July 2011</td>
</tr>
</tbody>
</table>

Based on Table 6.1 it is evident that the LED budget increased over the years, however from the 2010/2011 financial year to the 2011/2012 financial year the budget decreased significantly.

According to the Service Delivery Budget Implementation Plan (SDBIP) the following LED projects are included in the IDP budget for the 2011/2012 financial year (Table 6.2).

<table>
<thead>
<tr>
<th>Project</th>
<th>Budget</th>
<th>Outcome</th>
</tr>
</thead>
<tbody>
<tr>
<td>Publications</td>
<td>R150,000</td>
<td>District marketed to potential investors</td>
</tr>
<tr>
<td>Small Business Support Programme</td>
<td>R600,000</td>
<td>Skills development or improved = 70 adults and 200 learners Skills development mentoring and training</td>
</tr>
</tbody>
</table>

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Fax: +27 21 447 3459
The role of the Local Municipalities is important. There should be constant dialogue between the LMs and the DM to ensure that all economic development related issues at local level are communicated upwards. This will enable the District Municipality plans to draw up informed budgets for economic development in the District.

By the same token, the District Municipality may need to delegate some responsibilities to the Local Municipalities. This is because the projects will be located within LM borders. These should also be communicated to the LMs in order for the LMs to budget accordingly.

The following sub-section provides some information on how the LED functions can be supported financially and non-financially.

### 6.2.6.1 Financial Assistance

**Table 6.3** provides a list of potential funding sources specifically in the Western Cape.

<table>
<thead>
<tr>
<th>Institution</th>
<th>Development Initiatives &amp; Funding Schemes</th>
</tr>
</thead>
</table>
| Western Cape Department of Economic Development and Tourism | • To grow the economy in a sustainable manner, for the benefit of all who make the Western Cape their home.  
• To create employment, especially for the presently unemployed.  
• To make ownership of the economy representative of the demography of the Province.  
• To increase levels of participation in the economy by all, especially by the previously... |
<table>
<thead>
<tr>
<th>Institution</th>
<th>Development Initiatives &amp; Funding Schemes</th>
</tr>
</thead>
</table>
| **Western Cape Department of Local Government & Housing** | - To make citizens and their enterprises effective players in the global economy.  
- To create a fair, effective and conducive business environment for enterprises and consumers.  
- Capacitate and support municipalities to deliver services in a developmental and sustainable manner.  
- Facilitate the development of spatially integrated human settlements that are economically, socially and environmentally sustainable.  
- Promote substantive inter-governmental relations to ensure integrated service delivery amongst all spheres of government.  
- Accelerate human settlement delivery to progressively improve both the quality of living conditions and the provision of basic services.  
- Coordinate and align Integrated Development Planning to give effect to building A HOME FOR ALL.                                                                                     |
| **Western Cape Provincial Treasury**                  | - To develop, implement and enforce financial norms and standards.  
- To ensure effective internal and external communication on financial matters.  
- To perform IT audits and conduct internal audits on a risk-analysis basis.  
- To determine and evaluate economic parameters and socio-economic imperatives within a provincial and macro-economic context.  
- To perfect the utilization of provincial resources, conforming to the nominal (basic) and substantive requirements of the Public Finance Management Act, 1999.  
- To enable financing of provincial obligations and ensure optimal allocation of resources to improve adverse socio-economic conditions in the Province and, though the intergovernmental fiscal system, to actively contribute to the same ideals at the national sphere.  
- To ensure financial transaction processing and reporting that will fully reflect the financial position and performance of the                                                                           |
Table 6.4 lists existing funding sources and the general processes to be followed in accessing those funds. It includes:

1. Funding sources for private sector investors. Various incentive schemes and other funding sources exist in the form of subsidies and loans to contribute to the start-up capital requirements of large development projects.

2. Funding sources for public sector interventions. Various grants and other funding sources exist for municipalities working toward improving their readiness for investment by the private sector.

TABLE 6.4: EXISTING FUNDING SOURCES

<table>
<thead>
<tr>
<th>Description</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Investors</td>
<td>A package of investment opportunities in the CWDM should be developed. This should outline the nature of the investment opportunity, its feasibility in the context of the macro and micro economic climates and the expected benefit to the investor in terms of return on investment.</td>
</tr>
<tr>
<td>A wide variety of private investors could be attracted, with private investors coming in either as partners, equity share holders or as funders through their respective Corporate Social Investment (CSI) programmes.</td>
<td>This package of opportunities should then be publicised and targeted at potential anchor tenants and other investors.</td>
</tr>
<tr>
<td>Local Equity</td>
<td>This can be done in a number of ways, which require further investigation(^2), including:</td>
</tr>
<tr>
<td>The local communities are the intended beneficiaries of many of the projects, and the CWDM should investigate the idea of local ownership.</td>
<td>• Selling share options directly to the public</td>
</tr>
<tr>
<td></td>
<td>• Selling larger equity shareholdings to local businesses</td>
</tr>
<tr>
<td></td>
<td>• Establishing local investment companies jointly with existing informal savings groups (stokvels or “gooi-goois”) and local businesses and facilitating them to invest in opportunities, while maintaining a stable current account to service the usual needs(^3) of investment members</td>
</tr>
<tr>
<td></td>
<td>• Establishing investment partnerships with LMs, Local businesses and Section 21</td>
</tr>
</tbody>
</table>

\(^2\) The PIC or a relevant industry or academic expert should be contacted for strategic guidance on this aspect.

\(^3\) In other words, stokvels and similar savings groups can establish current accounts that are maintained at a certain threshold to ensure available funds for withdrawals by members, in line with their usual rules (such as withdrawals for funerals, medical emergencies and school fees). Excess funds (i.e. balance in excess of the pre-determined threshold) can then be invested in the KBD as shares.
The dti has made available various funding schemes in the effort to ‘oil’ the wheels of industry in South Africa. Some of the funding programmes include:

**Department of Trade and Industry (The dti)**

<table>
<thead>
<tr>
<th>Description</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>The dti has made available various funding schemes in the effort to ‘oil’ the wheels of industry in South Africa. Some of the funding programmes include:</td>
<td>As with attracting private investment, well-packaged proposals and business plans will be needed to access these funds. The CWDM should approach the dti for more guidance through the application process.</td>
</tr>
</tbody>
</table>

**DANIDA Business to Business Programme**
This programme covers expenses connected with the transfer of management, business skills and technology from Danish to South African companies and provides access to financing for South African companies.

**The Standard Scheme and The Emerging Entrepreneur Scheme**
These are general funds applicable to many identified and future projects for CWDM.

**The Empowerment Scheme**
Businesses that will qualify for this scheme must have one of the following qualifying criteria in relation to the nature, purpose for the business or its effect on SMME’s:

- Substantial job creation in an area where very little economic activity takes place.
- Labour intensive projects.
- An economic empowerment transaction which entitles the borrower to acquire a controlling interest in the SMME within a period of two years from the date the facility is granted by the bank.
- Management buy-out which entitles the borrower to acquire a controlling interest in the SMME within a period of two years from the date the facility is granted by the bank.
- Sub-contracting
- Outsourcing transactions or
- Any similar economic empowerment venture.

**The Cooperative Incentive Scheme (CIS)**
The CIS is an incentive for cooperative enterprises in the emerging economy to acquire competitive business development services. The Mining Beneficiation project is a possible candidate for this scheme.
## Description

<table>
<thead>
<tr>
<th>Description</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The Export Marketing &amp; Investment Assistance Scheme (EMIA)</strong>&lt;br&gt;The purpose of assistance under the EMIA scheme is to partially compensate exporters for costs incurred in respect of activities aimed at developing export markets for South African products and services and to recruit new foreign direct investment into South Africa.</td>
<td></td>
</tr>
<tr>
<td><strong>The Godisa Trust</strong>&lt;br&gt;GODISA Trust helps South Africans to cultivate their innovations and business ideas and provides funding to qualifying technology centres.</td>
<td></td>
</tr>
<tr>
<td><strong>Neighbourhood Development Partnerships Grant (NDPG)</strong>&lt;br&gt;The primary focus of the NDPG is to stimulate and accelerate investment in poor, underserved residential neighbourhoods by providing technical assistance and capital grant financing for municipal projects that have either a distinct private sector element or an intention to achieve this. This includes commercial property developments in township areas. The upgrading of residential areas to improve quality of life factors can draw on this fund.</td>
<td><strong>The NDPG Toolkit provides all the information and documentation required to apply for the NDPG. The application process requires the applicant to submit information regarding the township, the proposed development and the costs and benefits thereof. The following criteria are used in evaluating applications for funding:</strong>&lt;br&gt;- Council support for project&lt;br&gt;- Whether the area is a township&lt;br&gt;- Whether there is a prospect for a partnership with the private sector&lt;br&gt;- Whether the project is in alignment with national and provincial initiatives and priorities&lt;br&gt;- Whether the project has a large catchment area reinforcing the possibility of private sector investment&lt;br&gt;- Whether there is a potential to create the critical mass of both commercial and community facilities and amenities that the NDPG requires&lt;br&gt;- Whether the project is ready to implement&lt;br&gt;- Whether the project is sustainable at all stages of its life cycle</td>
</tr>
<tr>
<td><strong>Municipal Infrastructure Grant (MIG)</strong>&lt;br&gt;MIG was created as a coordinated and integrated funding system for projects that develop infrastructure necessary for municipal</td>
<td><strong>MIG funds could be applied for to supplement funding of necessary infrastructural enabling public sector projects. The main criterion for</strong></td>
</tr>
</tbody>
</table>

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5 http://www.dplg.gov.za/subwebsites/mig/index.html#  
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Fax: +27 21 447 3459
<table>
<thead>
<tr>
<th>Description</th>
<th>Process</th>
</tr>
</thead>
<tbody>
<tr>
<td>MIG funds may be used to upgrade and build new infrastructure up to a basic level of service as well as to rehabilitate existing infrastructure, so long as the infrastructure is for basic services for the poor. MIG funds can be used to fund the installation of infrastructure necessary for water, electricity, sanitation, street lighting, refuse removal, roads, schools, clinics, sports facilities and public buildings.</td>
<td>Funding is that the project will benefit the poor.</td>
</tr>
</tbody>
</table>

### Industrial Development Corporation (IDC)

The IDC offers funding and support through various Strategic Business Units (SBUs)

- The IDC should be contacted to initiate the application process. A driver at CWDM side, as well as one from the IDC, will be needed to ensure that the best deals are concluded. In general, the following are required by the IDC when reviewing applications:
  - Latest audited and actual financials
  - An updated business plan focusing on the proposed project/expansion.
  - A detailed description of the nature of project, its related costs and revenues.

### Development Bank of South Africa (DBSA)

The DBSA Development Fund provides grant funding and co-funding for project-level capacity building projects in South Africa. The Development Fund achieves its mission by delivering the following products and services:

- Funds: capacity building funding through grants
- Expertise: mobilization and deployment of technical and financial experts for infrastructure project implementation
- Development facilitation: technical support and sharing of knowledge

Capacity building projects enhance the institutional capability of the DBSA’s clients to identify, define and solve challenges that prevent them from managing functions, performing tasks and rendering services effectively, as well as those that develop their local economy. Grants are also approved for feasibility studies and BEE initiatives.

The DBSA should be invited to present on the various options available to the CWDM, including:

- **Lending**
  Lending products include a range of financial instruments and other lending related services that are available to the Bank’s public and private clients. The Bank offers numerous combinations of financial instruments structured to fit the needs of the client, and lending focused on infrastructure and commercially viable projects. Long-term lending is generally for more than five years.

- **Investing**
  The Bank’s financing role entails the provision of a range of financial products to private and public sector organizations. The Bank’s financing role will be determined primarily by the need to play a catalytic role in leveraging private sector investment for infrastructure. Investing products include Equity Funds, BEE financing of equities, and private funding.

- **Underwriting Guarantees**
  As a development orientated financial

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6.2.6.2 SMME’s & PPP

In addition to financial support detailed in the Table 6.2, another interesting programme that the IDC offers focuses on Public Private Partnerships (PPPs), particularly those that facilitate the provision of electricity, water, transport and telecommunications through projects in the following sectors:
1. Energy
2. Telecommunications and IT
3. Transportation
4. Bulk water and solid waste management
5. e-Government

Any PPPs entered into should be informed by the South African Code of Good Practice for PPPs.

For SMME support, there are a number of programmes, some of which are listed here. These support services should be contacted in order to gain further understanding of their potential role in the CWDM. As such, a suitable service provider must be found to run ongoing SMME support programmes in the CWDM. Options include:

1. The dti’s Black Business Supplier Development Programme Grant (BBSDP) which provides black-owned companies with access to business development services that assist them to improve their core competencies, upgrade managerial capabilities and restructure their processes to become more competitive.
2. The Small Enterprise Development Agency (SEDA) was established in December 2004 in terms of the National Small Business Amendment Act. A key function of SEDA is to provide information to small enterprises and prospective entrepreneurs that will help and encourage them to start and build sustainable businesses. Information is provided online on the SEDA webpage, on a daily radio show on Ikwekwezi FM (0830 – 0845 hours) and by way of brochures and newsletters. There is also a National Information Centre contactable by telephone on 0860 103...
703. The SEDA Technology Programme provides support services and incubation facilities to small technology enterprises.

3. **NTSIKA Enterprise Promotion Agency** that facilitates non-financial support and business development services;

4. **Khula Enterprise Finance** – provides loans, grants and guarantees for retail banking institutions that service SMME sector.

5. **National Small Business Council (NSBC)** - a non-profit membership organization chartered to promote small business utilization by the federal government.

6. **Skills Support Programme (SSP)** - a cash grant for skills development with the objective of encouraging greater investment in training and creating opportunities for the introduction of new advanced skills.

7. The **Small and Medium Enterprise Development Programme (SMEDP)** - a grant paid to local and foreign investors, starting new or expanding their current operations, based on approved qualifying assets and activities / projects.

8. **Service Provider Network Programme** – ensures that SMMEs receive effective business development services from a network of Service Providers (Local Business Support Centres) that have been identified, selected, developed and supported for this purpose.

9. The **Land Reform Credit Facility** – aims to establish joint partnerships and to enable the previously disadvantaged farm workers, neighbouring communities and emerging farmers to acquire land through mortgage finance and control of land based productive assets

10. **Competitiveness Fund (CF)** – a cost-sharing grant that provides financial support to entrepreneurs for up to 50% of their eligible costs. Qualifying entrepreneurs must be involved in manufacturing and in providing qualifying business services.

11. **Products/Thuso Mentorship Programme** - Khula programme with the aim to ensure the transfer of skills to a one-to-one basis, offering a pre-and-post loan services. During the pre-loan stage entrepreneurs are assisted with advice, counselling and development of viable business plans. In the post-loan phase clients are assisted with any and every aspect of managing a successful business as identified by a client, mentor or both.

12. The **Department of Labour** also provides support to employers including SMMEs by way of legislature that guides employment conditions (Department of Labour website, 2009).

13. **Business Partners** is a specialist investment company which provides debt and equity investment, mentorship and property management services to SMEs in South Africa.

14. The **NAMAC Trust** is an SMME support agency within the dti which provides advisory and information services to new and existing SMMEs in line with best practices globally.

15. **Business Referral and Information Network (BRAIN)** gives up-to-date information for business owners on everything from guidelines on starting a small business, to where to find finance, locate news on tenders and how to find out about more on drawing up a business plan.

16. **Small Business Project** assists small businesses through their Linkage Programme with link-ups and joint ventures with corporate.

Red Door is a SMME initiative launched in the Western Cape and has established regional offices in most District Municipalities within the Western Cape. Red door aims to harness the entrepreneurial drive of unemployed and self-employed South Africans. The concept is supported by international
research revealing the power of the small business sector to reduce unemployment. The RED Door is a one-stop shop for new and existing businesses looking for help and advice, from the most basic to the most sophisticated.

Business mentors and advisers speaking Afrikaans, English and isiXhosa offer a range of support, including help with the following:

- Writing a Business Plan
- Identifying Weak Areas in a Business
- Accessing Finance
- Finding Accountants and Lawyers
- Taking Advantage of Government Incentives and Tenders
- Improving General Business Skills
- Learning how to Import and Export.

Discussion held with various SMME’s and other stakeholders within the district have revealed the following challenges for SMME’s:

1. The SMME Incubator Programme does not work effectively. SMME’s apply to the programme in order to gain funding; however the funding is only received months later. This means that SMME’s are not able to implement their ventures or expand in their business when needed but only once the district gives then their grant. The problem identified is that the process to allocate funding is too long and needs to be fast tracked.

2. SMME Support structures (such as Red Door and Seda) are mainly located within higher order towns, which means that SMME’s located in lower order towns do not have access to these services on a regular basis (or they need to travel far to access these services). Some of the structures have mobile services serving the smaller areas, however these services are not being done effective. SMME’s submit information for business plans and only receive in 3 months or longer. The problem is that the small businesses need the business plans to apply for funding from banks. Other service offered by the support structures are also not efficient and need to be improved. The solution suggested is to provide an office in each municipal area in order to house the various support structures as well as to serve as information desks for existing and potential SMME’s in the areas.

3. Training programmes are provided to the SMME’s through various organizations. The first problem is that various organizations provide different training programmes on the same topic, meaning that there are various training programmes focusing on “How to write a tender”, but not all the programmes are saying the same thing. Therefore SMME’s are bombarded by information and are unsure of the way forward. The second problem is that most of the training programmes are focused at entry level SMME’s and very little is provided for small businesses operating for a number of years and require assistance with more high level training.

4. Large infrastructure projects in the Cape Winelands are allocated to large companies with the idea that the companies should use a certain percentage of local labour. This is being done, however the larger companies make use of the semi-and unskilled labour force in the area,
which makes it difficult for the labour force that have more specialized skills. Further no accreditation is provided to the labourers with regards to the work done. The result of this is a local labour force that has mixed skills (meaning no specialization) and no accreditation for their work done. One of the solutions indicated is to divide larger projects into smaller project in order for local SMME’s to participate. This would be a procurement issue and would need to be addressed through project terms of reference.

5. There is no real mentoring programme for small businesses in the district. Small businesses do not have a point of reference in order to gain some advice or information regarding processes. Therefore it is suggested that the district implement a SMME’s mentoring programme using local big businesses as well as grey power in the area.

6.2.7 Enabling Environment and Labour Market (Step 7)

Investment in projects by the private sector does not occur independently of broader factors relating to the “readiness” of an area for that particular investment. This sub-section, thus, turns to this point and identifies gaps in the readiness of the CWDM for specific projects identified.

“Readiness” refers to the level of competitiveness in providing investors with what they require to implement a specific project. It relates to the capacity of the CWDM to understand the specific needs of an investor and to be able to respond to these needs by providing relevant information, by being credible and by illustrating the strengths of the CWDM in terms of service delivery and long-term potential to increase the probability of an investor choosing to invest in a specific project.

Another way to phrase “readiness” is by looking at the “enabling environment” – “the environment that is external to a business or any other entity which promotes a sustainable trajectory of market development” (Porteous D, 2006). While most businesses can control internal matters such as Finance, Human Resources and the bottom line, certain outside factors cannot be changed by private entities.

The Cape Winelands Investment Attraction and Opportunities Strategy (2010) highlights the need to create an enabling environment as one of the drivers to achieving better investment within the Cape Winelands. It is indicated that above and beyond having well-packaged, feasible projects to market to investors, investors will look at aspects such as:

- The quality and extent of hard infrastructure such as road and rail networks, airports and harbours. These factors will impact on the direct input/start-up costs, as well as the operational costs of business, and therefore impact on the overall potential for financial return on investment.
- The sophistication of local telecommunications, banking and finance services similarly impact on the input and operational costs of doing business. This is also an indicator of the area’s ability to keep “up-to-date” with innovative technological and other developments, which has implications for the long-term desirability of an investment.
The extent to which spatial and land planning policies and documents are flexible to the needs of businesses and the relative ease of following land planning processes, such as rezoning applications. The existence of sufficient and appropriate types of land and/or buildings and the ease (time and cost) of administrative processes relating to land planning are key factors influencing the attractiveness of an investment. Appropriate incentives and/or support for suitable land rezoning and development must be clear to potential investors, while at the same time the CWDM’s ongoing dedication to ensure the sustainable use of its key natural resources and heritage should not be undermined.

The sophistication of the public sector. Overall, the general status of public sector services, including healthcare, education, safety and security impacts on the “quality of life” aspect dealt with above, as well as the quality of labour, dealt with below. In addition, investors desire of municipalities professional services delivered by suitably qualified, efficient and informed officials. Access to information such as medium and long term planning documents (spatial, infrastructural, economic and others) is crucial in showcasing what the area will offer investors in the longer-term. Generally, the main contact point at the CWDM for investors (be it the LED Manager, the LED Forum or representatives of CWEDC), need to have quick access to technical data, business and labour databases, CWDM planning documents, and process flow-charts to guide potential investors a) to comprehensively and accurately assess the feasibility of their proposed investment and b) to efficiently initiate the applicable planning and approval processes. Further, some of the opportunities will require cross-boundary collaboration with other Districts and possibly even Provinces. This requires polices, structures and agreements that illustrate to potential investors the willingness of relevant stakeholders to work collaboratively.

The quantity and quality of available labour and training programmes, in relation to the specific human resource requirements of investors. This relates to the health, education and skills levels of the local workforce. Connected to this is the community’ openness to entrepreneurship – the existence of and potential for local SMMEs to be integrated as part of the supply chain of larger investment projects during development and/or operation.

Quality of life factors, such as the supply of housing and personal lifestyle facilities (such as educational, cultural and recreational services) also have an impact on the attraction of particular investment.

As part of the enabling environment driver within the Cape Winelands Investment Attraction and Opportunities Strategy (2010) it is indicated that the following aspects need to be considered in order to create an environment conducive to attracting investors to the area:

1. Projects need to be packaged
   a. Potential projects to be marketed to investors need to be listed and prioritized
   b. The projects then need to be packaged in a user friendly way (easy access to information for potential investors)
   c. The packaged projects then need to be marketed to investors in order to gain buy in
   d. Processes to implement the projects need to be fast-tracked in order to hold investors support
2. Incentives
   a. Information regarding incentives linked to each of the packaged projects should be made available to businesses and investors

3. Skills Facilitation
   a. Locate a building for a One-Stop-Shop for employees/employers
   b. Establish an employment database
   c. Advertise the skills one-stop-shop
   d. Establish more bursaries and sponsorship

4. Infrastructure Development
   a. New transport proposals need to be included into the local IDP’s
   b. Subsidised taxi’s for quieter routes
   c. Tourism bus/minibus

5. Vacant land and actions

Based on the above information it is evident that creating an enabling environment for investors within the CWDM comprises various aspects. Creating an enabling environment does not only refer to identifying projects for private sector investment, but also that the district needs to ensure that aspects such as hard infrastructure, services, public sector capacity, quality of labour force and the living environment are also in place in order to attract investment.

The reason main reason to focus on creating an enabling environment is to attract investment. It is important to understand that the district in competition with other district in order to obtain investment. Therefore the CWDM needs to ensure that they provide investors with the most attractive package (including all aspects as indicated above).

As part of the enabling environment it is important that the CWDM look at the labour market within the area. As indicated within Section 4 (Opportunity Analysis) of this report the labour market is seen a development constraint in terms of unlocking investment opportunities. The Cape Winelands Investment Attraction and Opportunities Strategy (2010) further also outlines the following development constraints that would have an impact on investment taking place within the CWDM:

1. An artisan skills shortage
2. Lengthy approval periods
3. Red Tape in Government
4. The price of land
5. Delays and costs of servicing sites
6. The deterioration of the road network
7. Basic infrastructure problems
8. Water restrictions
9. Traffic congestion
10. Lack of office space
11. Restrictions on rezoning agricultural land
12. Lack of available land and serviced land
13. “Heritage” of certain towns may cause a stop to certain developments
14. There is no relationship between the LED Unit and local businesses
15. Lack of local business support facilities and advice centres
16. A number of the job opportunities are seasonal
17. Lack of funding for emerging farmers and SMME’s
18. Competitions form informal traders from outside the area

6.2.8 Project Handover and Mentoring (Step 8)

It is not the responsibility of the municipalities to run the projects. Their role is a support role. Therefore, project leaders and the project team should be encouraged to register the project as a business venture. If needed (for example, with entirely new entrepreneurial ventures) the project leaders could supervise the projects and continue to mentor managers until such a time as the projects can be run independently of the municipality.

As such, initially, the LED unit, in conjunction with the LED Forum will assist with initialising projects as discussed above. Details on how to manage this from an institutional perspective are provided in the next phase.

Mentorship can also be provided by the support structures discussed above. Established businesses in the private sector can also provide mentorship. The municipalities, local and district, should continue to ensure that they continue to improve the enabling environment to retain existing businesses and to attract investors as part of an ongoing LED process.

6.3 Conclusion

Based on interviews held with the district (including the local municipalities) the following was indicated ad factors leading to successful implementation of projects:

1. Good planning
2. Clear systems of procedures for business plan approvals
3. The LED Unit supports the LED Projects due to their involvement during the project planning processes
4. Clear roles and responsibilities are outlined throughout project implementation
5. Excellent Performance Management Systems in place in order to track implementation in terms of deliverables, quantities, duration and budget spending
6. Commitment from stakeholders including political support for projects
7. Good communication between stakeholders as well as between government departments

The following was indicated ad factors leading to failure of implementation of projects:
1. Staff Capacity
2. Budget constraints
3. All role-players and stakeholders not supporting the projects including political support
4. Procurement takes too long as well as other red tape delaying project implementation
5. Change in strategic direction of LED Projects
6. Lack of proper planning
7. Lack of administrative leadership
8. Not having the right stakeholders involved in projects

The following resources are listed as important resources regarding project implementation:

1. Skilled Staff
2. Financial resources
3. Strategic Partners
4. Realistic business and implementation plan
5. Accredited Training in LED
6. Good Intergovernmental Relations to promote coordination

The above section provides an overview of general project implementation guidelines. It is important to note that the implementation of the LED Strategy is not only based on the implementation of the identified projects, but also to ensuring that the “ground work” is in place such as to ensure that the institutional arrangements are geared for project implementation as well as having proper monitoring and evaluation systems in place to ensure that each projects are steam lined and implemented in the most effective way. The next two sections outline the current and ideal status of institutional arrangements (Section 7) as well as a proposed monitoring and evaluation system.
Section 7: Institutional Arrangements

7.1 Introduction

This section will present practical recommendations for attracting investment in and steering the successful implementation of the projects that were prioritised in that process. It does so through developing a broad strategic framework, which is then realised through a specific action plan.

7.2 Status of LED Structures

7.2.1 Municipal LED Functions

7.2.1.1 Developmental Local Government

South Africa transitioned from an Apartheid state to a developmental state in 1994 - the Constitution of 1996, together with the White Paper on Local Government of 1998, mandated local government with a developmental role, defined as:

"Local government committed to working with citizens and groups within the community to find sustainable ways to meet their social, economic and material needs, and improve the quality of their lives".

The White Paper makes it quite clear that local government is not responsible for starting businesses, or even for directly creating jobs. Instead, local governments are responsible for ensuring that overall economic and social conditions of the area are conducive to the creation of employment opportunities. Therefore, local government is charged with creating an enabling environment (a concept dealt with in detail in the Implementation Manual).

This requires local governments to interrogate the community’s needs and “wishes”, and to prioritise interventions in accordance with the costs and benefits associated with each (including the opportunity costs). Development is seen as an ongoing process, not a point that is reached. This implies that all communities, regardless of their current level of development, can improve in some way. Governance under this “new” model is to be integrated, cooperative, responsive and globally connected. Terminology (rhetoric) (as interpreted by Urban-Econ) commonly used under this “developmental state” paradigm includes:

“Integrated planning” implies physically sitting down together and discussing the execution of a variety of actions that cut across the various functions of governments, to ensure that actions are in alignment. It assumes an inclusive, broad view of the functions of government within society where departments and agencies do not “operate as silos”, but as fluid groupings of skills and expertise,
where information is shared in multi-disciplinary analysis of the problems, challenges and opportunities facing the district.

“Alignment” implies that plans (programmes, projects) are not contradictory or conflicting in anyway. It must take place across intentions, timeframes, and spatial/locational aspects of each Thrust/programme/project.

“Coordination” occurs throughout the implementation phase and involves monitoring the progress of various projects/actions against a streamlined timeframe, budget and any other relevant logistical issues. It ensures that, where possible, duplication of effort is avoided, and resources shared so as to avoid financial, social and time costs.

“Cooperative governance” refers to Intergovernmental Relations (IGR) that is supportive and sharing, as opposed to competitive and destructive. This is dealt with further in a later section on IGR.

“Responsive governance” means that government actions are a reflection of the needs of citizens and businesses. This necessitates participatory governance.

“Participatory governance” – the South African Constitution enshrines the right of citizens to participate in democratic processes and in the decisions of government, particularly at a local level. There are various “levels” of participation – from simply being informed, to taking full ownership of identifying problems, taking decisions and the execution thereof. Imbizos, road shows, ward committees and so forth are all valuable tools for participation.

“Globally connected governance” refers to the notion of a global context that requires municipalities to operate in close collaboration with neighbours, as a “network” or municipalities. Benchmarking of best practices, learning from the lessons of others, and coordination efforts that reduce duplication of efforts and share resources are all integral to this ideal.

“Integrated development planning” (IDP) is a participatory process, and as such is a “Social accord” of sorts. It encompasses strategies of government to meet the needs of a large variety of stakeholders, including government, business and labour and community groups. While the IDP process results in a five-year programme of action (and medium-term expenditure frameworks to inform budgeting for programme implementation) for the municipality, it does not specify the roles of business and civil society in meeting the same objects. Thus, while “integration” is intended within government, IDPs currently do not address integration of stakeholders.

The statutory principles for developmental local government are contained in the legislation of the Municipal Systems Act of 2000. A key component of the Act is this latter issue of Integrated Development Planning, of which LED is regarded as a core aspect. The Department of Local and Provincial Government (dplg) defines IDP as:
“a participatory approach to integrate economic, sectoral, spatial, social, institutional, environmental and fiscal strategies in order to support the optimal allocation of scarce resources between sectors and geographical areas and across the population in a manner that provides sustainable growth, equity and the empowerment of the poor and the marginalised”.

The dplg has subsequently released numerous toolkits and guidelines to assist local governments with IDPs and with LED planning.

The Accelerated Shared Growth Initiative- South Africa (ASGISA), introduced in 2004, a national shared growth initiative, has as its core objective to halve poverty and unemployment by 2014 and thus adds additional pressure for local governments to facilitate the expansion of their local economies.

7.2.1.2 Mandated LED Functions at District Level

The Constitution (1996) places great responsibility on municipalities to promote social and economic development on a local level. However, the schedule in the Constitution that identifies the functions of municipalities does not include LED. Therefore, it can be interpreted that LED is an un-funded mandate for municipalities (DPLG, 2006). Given the Constitutional imperatives of municipalities facilitating LED, and the contrast of the schedule which includes the function of municipalities which does not mention LED, it can be argued that municipalities have a facilitating role in providing an enabling environment for investment through the provision of infrastructure and quality services, rather than programmes for job creation.

LED involves government, the private sector and civil society. It is not a specific action or programme, but occurs when a spectrum of stakeholders harness their individual resources and ideas to strive for a better economic status within a locality. Thus, all the stakeholders have responsibilities and roles to play in the process. The roles and responsibilities of the various tiers of government, as well as civil society, in local economic development are outlined by the Resource Book for Municipal Councillors and Officials (2001) as:

**National Government**
- Co-ordinate and align support to municipalities for LED through their IDP process;
- Provide support to municipalities to implement their developmental mandate;
- Provide the overall legislative and regulatory framework for LED;
- Maintain strong inter-governmental relationships and institutions;
- Provide the necessary resources to municipalities for the implementation of LED;
- Disseminate information to provincial and local government about LED;
- Increase administrative efficiency (such as access to land and finances); and
- Monitor the outcomes and impact of municipal-led LED activities.
**Provincial Government**
- Align LED initiatives with national and local priorities;
- Strengthen and support the capacity of local government;
- Make available financial and technical resources to implement and sustain LED;
- Share information regularly (provincial economic trends, land use, investment, new developments) with municipalities; and
- Monitor and evaluate the impact of LED initiatives provincially.

**District Municipalities**
District municipalities are better positioned to provide a coordinating and supporting role to the local municipalities within their broad geographic areas. They have the following direct responsibilities:

- Plan and co-ordinate LED strategies within the frameworks of IDP;
- Establish the LED structure comprising of the district and local municipalities, to foster co-operation and co-ordinate LED policies, strategies and projects within the district;
- Identify lead LED sectors that can kick-start development within districts by undertaking economic research and analysis;
- Promote joint marketing, purchasing and production activities;
- Promote networking of firms within the district (e.g. tourism routes);
- Collect and disseminate information to assist local municipalities with LED policies;
- Identify resource availability (e.g. grants, land, infrastructure, etc.);
- Maintain a strong relationship with the province; and
- Provide the necessary training to municipalities.

**Local Municipalities**
Local municipalities are the key LED implementation agencies of government. They have a more direct impact on LED in terms of their potential influence on issues and factors such as by-laws, tender and procurement procedures and other regulations. They also have a more direct influence on access to land and the necessary infrastructure and services, promoting a positive image of their area, making their environment more appealing and welcoming investors and visitors, facilitating skills development and being responsive to the needs of the local and potential business concerns. Local authorities, therefore, need to be proactive in promoting economic development. In view of the above, local municipalities have the following responsibilities:

- Ensure that social and economic development is prioritised within the municipal Integrated Development Plans (IDP’s);
- Conduct local economic regeneration studies as part of the IDP’s;
- Establish capacity within the municipality to promote interdepartmental collaboration;
- Establish an LED forum within the community to mobilise the efforts and resources of local stakeholders around a common vision;
Cape Winelands District Municipality
Local Economic Development Strategy

- Build and maintain an economic database to inform decisions and act as an early warning system for the municipality;
- Identify and market new economic opportunities;
- Create an enabling environment for local businesses through efficient and effective service and infrastructure delivery;
- Improve the quality of life, and facilitate economic opportunities for the local population by addressing infrastructure and service delivery backlogs;
- Develop an understanding and communicate the complex local economic relations, limitations and advantages to role players;
- Network with key sectors and role players to create partnerships and projects;
- Motivate and support individuals, community groups and local authorities to initiate and sustain economic initiatives;
- Mobilise civil society to participate in LED and encourage public participation; and
- Establish sector linkages and clustering of economic activity.

**Civil Society**
The new developmental form of local government puts emphasis on civil society involvement in local government activities. For civil society involvement to have the desired effect, representatives should have the legibility and respect of the people or organisations they represent. Civil society should also share a common LED vision with the local municipality within which they reside.

- A community must have a core of local, capable and respected leaders who are prepared to commit time and energy to LED. The active engagement of women and young people in the leadership is essential;
- Community leaders need to have or acquire the necessary skills, knowledge and attitudes necessary to manage economic change;
- Leaders must operate in a transparent manner and be accountable;
- Leaders must be willing to report, listen and ensure the support of the community;
- Leaders should provide inspiration and participate in developing new layers of leadership;
- The community must adopt a practical development agenda which focuses on realistic and sustainable goals, long-term plans and achieving small visible improvements by getting people involved; and
- The goals must be realistic and address the community's needs. To achieve this, there needs to be constant evaluation and adjustment of the action plan.

**Other agencies (discussed below) can:**
- Provide funding and support services within the legislative and institutional context of economic development at national, provincial and local level. These may include grants, loans, skills transfer programmes, investment promotion services, research and feasibility studies and so forth.
It is evident that there is much overlapping in the roles and responsibilities of the CWDM and Local Municipalities. However it is accepted that programmes or projects that fall within a local municipal boundary and within the budget of that local municipality, it should be the task of that local municipality to implement the project.

However when programmes or projects cross local municipal boundaries within the CWDM or are too large (financially and/or human resources it would be the task of the CWDM to implement the programme or project.

**DMs in South Africa should NOT:**

1. Implement/run businesses or “projects”
2. Create unfair advantages for some stakeholders
3. Create new industries
4. Develop and hand out business plans to potential entrepreneurs

They can, however, facilitate 1, 3 and 4 through the “Three Fs”: **find, facilitate, and foster:**

**Find:** Identifying opportunities through exercises such as SWOT analyses, opportunity analyses, interactions with existing businesses and attending trade and investment conferences.

**Facilitate:** Here almost every department in the DM/LM will be affected, as building plans will need approval, rezoning applications assessed, bulk services provided and amenities such as clinics, schools and libraries built. Even Home Affairs may be involved, if investors are foreign, for example.

**Foster:** This relates to reducing the risks associated with investments that have been found and facilitated, in order to retain the new business/investor. This relates to the overall ease of doing business in the area, and the hospitality of locals to new businesses, investors and their families. It may range from low-level social and educational programmes (such as the Moral Regeneration Movement) to high-level networking between political representatives and big-business representatives.

These “Three F’s” can be achieved by:

1. Establishing a LED institution to coordinate LED activities
2. Coordinating and managing LED planning
3. Encouraging public participation in LED
4. Creating enabling environment for businesses, by e.g. providing infrastructure (social and physical)
5. Promoting inter-departmental collaboration
6. Promoting and facilitating PPPs
7. Monitoring and evaluating LED strategy

The Development Bank of South Africa (DBSA) presents this relationship clearly **(Figure 7.1):**
7.2.1.3 CWDM Current and Ideal Capacity

Every municipality has an organised structure in which all the different Departments are classified. Under each Department the relevant Officials important to the Department are also classified. The CWDM consists of the following departments:

1. Office of the Municipal Manager
2. Regional Development Planning Services
3. Community and Developmental Services
4. Engineering and Infrastructure
5. Corporate Services
6. Rural and Social Development
7. Financial Services

The LED Unit forms part of the Regional Development Planning Services Department. Figure 7.2 illustrates the current organogram for the CWDM LED Unit.
The above indicates that Tourism is managed with the LED Unit, although still having its own “leg” within the unit. There is currently only one vacant position within the unit and this is the position of a marketing officer which falls under the Senior Marketing Officer. It is important to note that the LED Unit makes use of Interns at both “legs” namely LED and Tourism, helping to create better focus within the unit.

6 One of the CWDM LED interns has been employed at one of the local municipalities within the district, which indicates that the internship programme is leading to longer term employment opportunities within the district.
An evaluation was conducted of the Cape Winelands LED Unit in 2007. Based on this evaluation an ideal structure for the LED Unit was proposed. It is important to note that existing LED structure for the LED Unit in 2007 differed from the current structure. The main differences are as follows:

### LED Unit Structure 2007
- Manager Tourism (Vacant)
- All Senior Officer Positions reported to the LED Manager

Only Senior Marketing Officer and Senior Product Development Officer had supporting staff
There were no interns

### LED Unit Structure Current (2011)
- This position is now filled
- Senior LED Project Officer and Senior LED Information Officer report to LED Manager. Senior Marketing Officer and Senior Product Development Officer report to Tourism Manager
- Each Senior Officer has one or more supporting staff members.

Two groups of interns are identified namely interns reporting to Senior LED information Officer and interns reporting to Senior Marketing Officer

Based on the evaluation conducted in 2007 the following ideal structure was identified (**Figure 7.3**):

**FIGURE 7.3: IDEAL LED UNIT STRUCTURE**

Based on the changes made to the LED Unit Structure from 2007 to current it is evident that some of the changes proposed within the Ideal structure (**Figure 7.3**) have been implemented. However it is important to understand that various budget constraints exist within the district and therefore the ideal structure should be seen as a long term objective. In the medium term it is proposed that the Marketing Officer position be filled as well as expanding the intern positions available to also include tasks such as researchers and drivers for each of the leading sectors as identified in Section 4 of this report.

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Within the medium term it would also be beneficial to optimise the existing capacity within the LED Unit. The following provides ways how the existing capacity could be optimised.

Optimising existing capacity within the CWDM would entail either Training Programmes or Capacity Building Programmes. Training programmes educate and update the knowledge of the LED Unit, whereas Capacity Building Programmes are aimed at providing support and guidance for the LED Unit.

Training Programmes available from the Local Government SETA are as follows:

- **Governance Programme**: This programme aims to capacitate a more effective process of coordination, capacity building and skills development between the Departments and other Stakeholders within the CWDM.
- **Learnership Programme**: This programme aims at the effective education of the LED Unit Members by providing a National Qualification Framework (level 4, 5 and 6)

As part of the LED Strategy 3 capacity building programmes were held, namely:

1. **Workshop 1** provided training on the following aspects (held on the 16th of February 2011):
   a. To build capacity within the municipality
   b. Provide an understanding of what is LED
   c. To define the role of each role-player & department within the LED process
   d. To provide training on how to use an LED
   e. Provide an overview of the policy environment in which the CWDM LED will function (Policy alignment)
   f. Identify key opportunities and constraints within the CWDM
2. **Workshop 2** aimed to address the following (held on the 16th of March 2011):
   a. Provide an overview of the policy environment in which the CWDM LED will function (Policy alignment on a National, Provincial, District and Local Level)
   b. Provide an overview of the main opportunities identified within the Cape Winelands District Municipality
   c. Provide an overview of existing projects within the Cape Winelands area (focussing on LED and GDS projects)
   d. Formulation of objectives linked to prioritised projects and KPI’s.
3. **Workshop 3** aimed to provide an overview of the final LED Strategy (held on the 29th of June 2011)

A capacity building programme should aim at the following:

- Building sustainable partnerships between the relevant stakeholders
- Promote exchange of knowledge and learning
- Establish effective, innovative and highly adaptable LED management functions for the municipal area
- Establish a baseline for enabling environment through training and skills development
Initiative that work well during capacitating processes are:

- Mentoring
- Training Programmes
- Seminars and Lectures
- Networking
- Marketing and Communication

It is important to note that the Local Municipalities also need to be trained with regard to implementation of LED initiatives. It is noted that the Local Municipalities are mainly involved in the physical implementation of the LED initiatives and in most cases the failure of the LED initiatives is the lack of capacity and/or training within the Local Municipalities.

7.3 Institutional Relations

This section addresses inter/intra-governmental relations (IGR), which is the interaction of different spheres of governments, which are distinctive, interdependent and interrelated, which begins by aligning local development objectives with national and even international policy (consensus-building).

IGR is necessary due to an inevitable overlap of functional areas and unclear cut-off points between national, provincial and local spheres of government. This is referred to as “concurrent competence” – for example, both there are national, provincial and local government schedule functions for roads, tourism, health services and more. IGR facilitates the process of discerning “who does what” and ensuring that tasks (effort, costs) are not duplicated.

IGR encompasses eight principles as set out in Section 41 (1, par. (h)) of the Constitution, which states:

“All spheres of government and all organs of state within each sphere must:

h. co-operate with one another in mutual trust and good faith by

i. fostering friendly relations;
ii. assisting and supporting one another;
iii. informing one another of, and consulting one another on, matters of common interest;
iv. co-coordinating their actions and legislation with one another;
v. adhering to agreed procedures; and
vi. avoiding legal proceedings against one another.”

Section 41 (2) further states that Parliament must provide structures, institutions and mechanisms to facilitate IGR and to settle any intergovernmental disputes. As such the Intergovernmental Relations Framework Act was passed in 2005 to promote:
Mechanisms for IGR include:
1. The President’s Coordinating Council (PCC): a National IGR structure that works as a consultative forum for the President to discuss local governance issues on a national strategic level.
2. MinMec: consisting of Ministers and Members of the Executive Council, MinMecs exist for specific functional areas, e.g. DWAF, DEAT and so on. This is a forum for Provincial and National leaders to coordinate service delivery in specific functional areas of government.
3. Provincial IGR (PIGR) Forums: these include Premiers Forums, as well as specific forums such as Provincial LED Forums, EPWP Forums and so forth. The purpose of these forums is to promote and facilitate IGR between a Province and its municipalities.
4. Municipal IGR (MIGR) Forums: these include political forums, such as Mayoral Forums, as well as functional forums such as the LED Forum. The purpose is to facilitate IGR between a DM and its LMs.

It is important that information shared at these “high level” or “senior” meetings is transferred down the DM and LM level. This requires relationships between Provincial representatives and DM officials. Thus, while a structure offers some solutions, the individuals working within that structure must be motivated people with good work ethics and the ability to communicate with others. The idea is, thus, for cooperative governance as opposed to deconstructive competitive governance.
The CWDM should engage in regular interactions with Provincial and Local representatives.

### 7.3.1 CWDM LED Forum

The Department of Economic Affairs and Tourism describes the purpose of the LED Forum as:

“To expand the scale and scope of LED initiatives, by systematically leveraging support from partners in LED.”

This is achieved through interactions with private sector, organised business, sector development organisations, educational institutions and other support institutions that are “rich in expertise, resources, relational capital and networks”.

It is a mutually beneficial network, in that opportunities are jointly identified to improve the local economy, where both private and public sectors benefit.

It is important to note that LED encompasses the tasks and actions of government as well as the private sector and civil society. Thus, stakeholder competencies and capacity is equally as important (if not more) than internal capacity of the LED Unit.

A fully-inclusive approach that sees all stakeholders represented within the LED Forum is unrealistic, as it would be incredibly time-consuming and costly. As such, a more pragmatic approach is recommended – a so-called “coalition of the willing” – where those who are able and willing to participate, do so. There is a risk inherent in this approach, however, of LED taking an “elitist” and therefore skewed direction. As such, certain groups representing business, government and civil society should be lobbied and encouraged to participate, as recommended below.

The CWDM has an established Regional LED Forum which meets on a bi-monthly basis in order to discuss project progress. The main representatives on the Forum are:

- Cape Winelands LED Unit,
- Local municipalities LED representatives,
- Province (Western Cape Province has representative for each of the districts which is seen as the liaison between province and the district and local municipalities),
- SEDA
- Red Door.

The concern with the current LED Forum is the lack of representatives from the private sector. As indicated in the above sections it is important for the district to build relationships with the private sector in order to promote the implementation of projects. One of the main objectives for the district is to build strategic partnerships with stakeholders (including private sectors).
It is indicated that the LED Forum does work for the Local Municipalities as well as for the CWDM the main reason stated that it helped for project implementation.

In general, the following recommendations are put forward for strengthening the LED Forum:

1. **Expand forum membership** and attendance over the next two Forum meetings, by extending invitations to a variety of organisations, to ensure representation across government, business and civil society:
   - LM LED Managers, Business Chambers, Western Cape Department of Economic Affairs, CBOs, NGOs, SEDA, labour groups, ward committee Chairpersons and sector specialists
   - As a lack of educated and skilled labour appears to be a huge threat to opportunities in the CWDM, it is essential that the Department of Labour and the two Departments of Education be represented on the Forum and actively lobbied to initiate educational and skills development programmes within the CWDM.

2. In order to ensure that the various Forum structures are inter-linked and do not become burdensome for stakeholders, the following use of the Forums is recommended:
   - Establishing LM LED Forums (consisting of local stakeholders – local government functional departments, local business people, local schools and community organisations, ward councillors and so forth). These can be set up as special sittings of existing IDP Forums, if already established.
   - Nominating one representative from each LM LED Forum to attend the CWDM LED Forum meetings.
   - Nominating one representative from the CWDM LED Forum to attend Provincial LED Forum meetings and other Provincial sessions, such as PGDS planning and/or monitoring meetings. In this way, **efficient and effective feedback loops** can potentially be established.

### 7.3.2 Cape Winelands Economic Development Council

The Cape Winelands Economic Development Council (CWEDC) was launched in June 2008. The Council represents a strategic partnership between Government, Business, Labour and Civil Society. The CWEDC was established to implement the CWDM GDS by facilitating progressive initiatives in this regard.

The vision of the Council, both Municipal Council and CWEDC is to transform the Cape Winelands region into the most desirable place on earth in which to live, work and recreate. The CWEDC is an advisory body designed to help the Municipal Council achieve all their goals and objectives.

The primary function of the CWEDC is to facilitate the implementation of the CWDM GDS:

1. To provide considered economic advice and guidance to the CWDM
2. To ensure implementation, modification and improvement of the already adopted CWDM GDS
3. To establish a process for development and approval of policies, initiatives, activities and reports that will guide the activities of the Council
4. To review activities of the District and the effects of their advice it had given, and to provide feedback (however not having operational executive authority)

5. To acquaint itself with principles of good governance and commit in exercising its activities and responsibilities on behalf of the CWDM.

The above indicates that the CWEDC will aim to be an effective facilitator of growth and development in the Cape Winelands. The specific objectives of the Economic Council are as follows:

1. To review and develop a shared socio-economic analysis and gain an understanding of key strengths and weaknesses of the district
2. To monitor and review implementation of the agreed objectives and strategies
3. To guide research and development within the Cape Winelands
4. To build a relationship of trust and integrity within the Cape Winelands
5. To facilitate open and transparent communication amongst all

The CWEDC meet on a quarterly basis with the main aim to discuss economic issues and to provide the Municipal Council and Mayor with advice on growth and development within the Cape Winelands region.

The CWDM GDS indicates that the CWEDC need to establish the following clusters in order to meet the above objectives:

1. Rural and Social Development
2. Infrastructure Development
3. Planning, Environmental Management & Tourism
4. Business Development
5. Community Development Services
6. Human Resource Development

The GDS further states that the CWDM will be the coordinator of the Clusters and each Cluster needs to be chaired by a representative of local government as well as from the different sectors.

As part of the LED Strategy the CWEDC is seen as a good vehicle established in the Cape Winelands area and should be used more effectively to implement projects. The effectiveness of the CWEDC could be improved through the following:

1. The CWEDC could be used to achieve the strategic objective of building strategic partnership with stakeholders. As stated above the CWEDC is established as a strategic partnership between government, business, labour and civil society. It is therefore a good vehicle to use in terms of establishing new partnerships as well as strengthening the existing partnerships.
2. The CWEDC could be an effective vehicle to market potential investment projects to potential investors.
3. The CWEDC need to be presented on the LED Forum in order to provide inputs into economic development processes taking place

4. The CWEDC needs to work in conjunction with the Drakenstein Economic Development Agency in order to share resources and implement projects more effectively

5. The CWEDC is established to provide to facilitate growth and development and provide advice regarding economic development within the region and therefore need to be actively involved in strategic economic processes. They need to provide inputs into the strategic economic processes in order to ensure that growth and development takes place in accordance with the growth and development direction as proposed by the CWEDC.

7.3.3 Local Municipalities

Cape Winelands District Municipality is in a better position to provide a coordinating and supportive role in terms of LED to the five Local Municipalities within its borders. As stated the CWDM have specific responsibilities towards LED implementation, but the Local Municipalities also have their role to play in the LED environment. The main difference with regards to the responsibilities mandated to the District and the Local Municipalities is that the District should provide a more strategic supportive role and the Local Municipalities are more involved in the physical implementation of the LED projects. Thus it is important for the CWDM to have a good relationship with all the Local Municipalities within its borders.

The main challenges regarding these relationships are interaction and communication between the different role players. CWDM and the Local Municipalities do not make it a priority to meet on a regular basis, and therefore all role players involved are not always certain what other role players are doing. If good communication systems are in place it would create an opportunity for various role player to share experiences (positive or negative) and establish good networking basis. In order to strengthen the relationships between the CWDM and Local Municipalities it is recommended that good practice guidelines are implemented to regulate the following:

- Interaction between the CWDM and Local Municipality on a regular basis, through the use of meetings, conferences and workshops
- Good Communication Systems through the use of websites, emails and faxes (the CWDM needs to be informed about activities happening in the Local Municipalities and vice versa)
- Sharing of Information between the CWDM and Local Municipalities (all role players should have access to all information. The idea is that the CWDM and Local Municipalities work together in order to achieve economic development within the region as a whole)
- The role of the different government spheres should be clear to all role players

From the above it is clear to see the importance of the relationship between the CWDM and Local Municipalities with regards to the economic development of the region as a whole.

Figure 7.4 illustrates the ideal structure of the relationship between CWDM and the five Local Municipalities.
It is also important that the CWDM realise the importance of the relationship with both the Private Sector as well as the Western Cape Province.

As indicated above the CWDM needs to engage with the private sector with regards to projects not only to market these opportunities to the private sector but also to capitalise on the vast knowledge and experience within the private sector regarding the identified opportunities. The relationship between the CWDM and the private sector could be established and developed by means of:

- Inviting the private sector to LED Forum Meetings
- Interactions with the Business Chambers
- Investment Conferences

Further the CWDM needs to establish a good relationship with the Western Cape Province in order to not only market the opportunities to the province, but also to gain support from the province with regards to financial support and/or specialised knowledge regarding the opportunities within
the province. A good relationship with the province could also provide the CWDM with linkages to the National Government in terms of marketing of the opportunities and/or financial assistance.

**Guide to assigning opportunities and projects locally vs. on a district level:**

When assigning projects / opportunities at either a District of LM level, the following act as guidelines:

1. Projects that are part of the schedule of LM Functions according to the Municipal Systems Act fall within the realm of the LM.
2. Opportunities that exist only within LM (i.e. spatially-limited opportunities) should be promoted and facilitated at the LM level. LMs can and should, however, make use of the DMs marketing and investment promotion efforts to advertise local opportunities.
3. Opportunities or projects that either fall beyond the mandated functions of an LM, or exist across the borders of one or more LM, should be steered at a District level.
4. Similarly, large-scale initiatives aimed at Improving the Quality of Life (Driver 7) in the CWDM should be steered by the CWDM – this primarily includes large social and physical infrastructure projects.
5. Opportunities or projects that cut across the border of the CWDM and neighboring Districts should be steered by the relevant Provincial authorities, but with active engagement with the CWDM. Where opportunities exist across borders with the Northern Cape, special arrangements may be needed to ensure provincial, district and local engagement by all those directly involved.
6. “Twinning” agreements can help municipalities to find, facilitate and foster economic development opportunities. These are agreements in which two areas (towns, cities, LMs, DMs, or even cross-country e.g. with Namibia) essential “twin” and agree to share knowledge and skills, while supporting each other’s import/export opportunities.

### 7.3.4 Provincial and National Programmes and External Agencies

**Coordination mechanisms** such as the representation of the CWDM LED Forum on the Provincial LED Forum, and political IGR mechanisms, have already been discussed.

The CWDM LED Unit has an existing relationship with the Western Cape Provincial Department of Economic Affairs and has historically been proactively involved in formulating the PGDS. The Cape Winelands GDS is also based to a large extent on the content of the PGDS. This cooperative relationship should continue, through the proposed mechanisms.

Provincial level planning can be more specific if district and local level intricacies are properly captured – that is, strengths, weaknesses, opportunities and threats at a local and district level are used to inform national and provincial planning from the “bottom up”, while national and provincial strategies and priorities inform the planning processes of the CWDM and its LMs. This is equally relevant for spatial planning (CWDM SDF and WC Provincial SDF).
Corporate governance is a key element of success when it comes to supporting economic development. The Western Cape Provincial Department of Economic Affairs has established the following LED support mechanisms within the Western Cape:

- **Rural Economic Assistance Fund (REAF)** – is aimed at providing local economic role-player’s access to provincial and non-financial support for LED opportunities for development. This engagement also intends to deliver on the follow up request received by municipalities around the challenges with securing LED funding projects.

- **Municipal Economic Development Plans (MEDP)** – is aimed at providing individual municipalities with an economic development support plan (ESDP) that can enhance the LED strategies within the IDP’s.

### 7.4 Investment Promotion

The marketing of the CWDM refers to the process of promoting the region as a whole to possible investors. It is important to promote the strengths of the CWDM in order to create an opportunity for investors to realise the potential of investing in the CWDM. However in order to establish a good marketing strategy it is important to know what aspects the investors would be interested in.

Investment promotion is a very important part of LED. The Cape Winelands have an Investment Attraction and Opportunities Strategy that focuses specifically on investment promotion within the Cape Winelands. In order to successfully implement the LED Strategy the CWDM would also need to implement the actions and guidelines as proposed within the Investment Attraction and Opportunities Strategy (Annexure B provides an extract of the main highlights of the Cape Winelands Investment Attraction and Opportunities Strategy).

It is important that the LED Unit be aware of aspects that would impact on investment in the region. Therefore the Cape Winelands Investment Attraction and Opportunities Strategy provide an in depth review of doing business in the CWDM and how the areas business environment could impact on attracting investment to the Cape Winelands Area. The strategy looks at specific aspects regarding business processes in the CWDM such as costs, areas image, natural resources, access to markets and so forth (Annexure C provides an extract of the Cape Winelands Investment Attraction and Opportunities Strategy’s section on “Doing Business in the CWDM”).

As part of the marketing of the CWDM LED Initiatives it is important to have a good economic information system which advertises the positive aspects of the Cape Winelands Region to the potential investors. The economic information system would need to include information such as:

- Number of businesses
- Skills level of available labour force
- Infrastructure available in the FBDM
- List of community role players
Cape Winelands District Municipality
Local Economic Development Strategy

- GGP of each of the sectors, also the leading sectors of the FBDM
- Imports and Exports
- Available land for development

Most of the above data is already available to the CWDM through Statistics South Africa and internal databases and represented in various documents such as the CWDM GDS, Economic Evaluation Tool: Status Quo Report, CWDM Investment Attraction and Opportunities Strategy, Business Investors Guide, etc. It is important however that the data within these economic information systems, irrespective of the one utilised, be kept up to date to reflect current and relevant data.

There are various ways of providing an economic information system such as:

- **Brochures**
  - Brochures are hardcopy information systems which could be used for advertisement at the front desk of the CWDM, be posted to various individuals, and placed at tourism information centres. This type of system however is costly and would be time consuming to update on a regular basis in order to keep the data on the brochure up to date. The CWDM do have various brochures available to potential investors, however it is important that this information be up-dated on a regular basis.

- **Investment Portfolio**
  - An Investment portfolio would specifically be used for the promotion of the priority projects of the CWDM. This is a good mechanism to have at hand when potential investors come to the CWDM in order to find information on investment opportunities. However, this would also be a costly and time consuming mechanism to keep up-to-date. The CWDM Investment Attraction and Opportunities Strategy provide the CWDM with the information need to promote to potential investors. The CWDM is also in the process of making an investment DVD. This document also provides an investment portfolio which surmises the outcomes of this strategy. Another option available to the CWDM is to publish an investment opportunities booklet.

- **Business Directory**
  - This would provide a list of all the businesses in the CWDM which would provide the CWDM with an opportunity to market possible suppliers and/or competition to potential investors. This directory would need to be electronic in order to be up to date (this will need to be updated every time a new business registers with the directory). The CWDM should also provide the registered businesses with an incentive such as free advertisement to register on the directory.

- **CWDM LED Website**
  - The LED Unit could have their own website in order to market their projects and also what is happening in the CWDM area with regards to events such as meetings, Indaba’s, Conferences and Expo’s. This website would also create an opportunity for the CWDM to provide investors with information necessary for establishing business opportunities in the CWDM area. It is important that the website be updated on a regular basis. The CWDM already has a website which provides an overview of the LED Unit and current...
projects. This should also provide more information regarding the current situation in the Cape Winelands Region as well as a calendar of events (meetings, Indaba’s, Conferences and Expo’s).

- **Advertise on Western Cape Provincial and/or National government websites**
  - The LED Unit could also have a link webpage on the Western Cape Province and/or National government websites. This could be a link to the established CWDM website or a space on the various government authorities’ websites.

- **Business Chambers**
  - Business Chambers could be used to promote LED initiative within the businesses belonging to the Business Chamber. It would be important that the CWDM LED Unit have a representative on the Business Chamber in order to have regular updates on what is going on in the business environment and also for the businesses to have regular update of the happenings within the CWDM.

- **Expo’s, Indaba’s and Conferences**
  - The CWDM LED Unit does make use of these initiatives to market the CWDM as an investment destination.

The CWDM indicated that the following mechanisms helped attract more investment to the area:

1. The CWDM have completed their Investment Attraction and Opportunities Strategy
2. The CWDM are in the process of compiling their Investment DVD
3. The CW Business Guide
4. Various advertorials are advertised in publications such as TradeInvestSA, Western Cape Business guide, Opportunity magazine, Black Business quarterly, etc. in order to obtain partnerships for investment on specific projects
5. The CWDM participate in a number of tourism and trade shows where presentations are made to potential investors

### 7.5 Conclusion

This section provided an overview of the current status of institutional arrangements as well as providing some guidance on moving towards an ideal structure for the CWDM. Based on interviews held with the district and local municipalities the following stakeholders were identified as being most influential in project implementation:

1. Other Government Department and Agencies (this includes district and local municipal departments)
2. Western Cape Province (Local Economic Department)
3. Private Sector (including Business Chambers)
4. Community
5. Labour
6. Civil Society
Section 8: Action Plan

8.1 Introduction

The above sections (Section 2 – 7) have provided an overview of the current situation within the Cape Winelands District Municipality. The last two sections (Sections 6 and 7) have provided some insight on ideal structures for institutional structures in order to improve the levels of project implementation.

This Section aims to provide detailed steps for the implementation of the LED Strategy as well as outlining some implementation guidelines for the six prioritised projects. This Section is then concluded by providing a potential monitoring and evaluation strategy.

8.2 Implementation Plan

Table 8.1 below provides the Implementation Plan for the LED Strategy.

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Actions</th>
<th>Responsibility</th>
<th>Time Frames</th>
<th>Targets</th>
<th>Budget Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Obtain support for contents of this document</td>
<td>1. The document needs to be presented to various stakeholders including the CWEDC, Councillors and the Municipal Manager.</td>
<td>The Regional Development and Planning Services Department within the CWDM (this should be the task of the LED Manager)</td>
<td>May 2011 – August 2011 (The municipal elections are held on the 18th of May 2011 which may have an impact on gaining support for the document and its)</td>
<td>Final LED Strategy approved by Council</td>
<td>As part of the LED Strategy 2 workshops were held with various stakeholders. As meeting is scheduled with the CWEDC on the 7th of June 2011 and a final workshop to</td>
</tr>
</tbody>
</table>
### Deliverable Actions Responsibility Time Frames Targets Budget Implications

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Actions</th>
<th>Responsibility</th>
<th>Time Frames</th>
<th>Targets</th>
<th>Budget Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>District</td>
<td>present the final LED Strategy is scheduled for the 29th of June 2011 (this is all budgeted for as part of the terms of reference with the service provider). Any additional workshops would result in additional budget depending on travel distance and time frame of workshop.</td>
<td>contents)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Institutional Capacity</strong></td>
<td>Fill vacant marketing officer position</td>
<td>Regional Development and Planning Services Department’s Executive Director, Director and Tourism Manager in conjunction with the Human Resources Department.</td>
<td>July 2011 – November 2011 (recruitment period). The position should be filled by January 2012</td>
<td>The vacant marketing officer position is filled</td>
<td>This position will fall within the Level 5 or Level 6 income category.</td>
</tr>
<tr>
<td>Optimise current staff capacity</td>
<td>Identify appropriate LED Training and Capacity Building programmes for various staff members</td>
<td>Regional Development and Planning Services Department’s Executive Director, Director, Tourism Manager and LED Manager</td>
<td>July 2011 – Ongoing (identification of potential programmes linked to various staff members) Ongoing (Staff attending programmes)</td>
<td>1. List of training and Capacity Building programmes available 2. Programmes linked to staff members 3. Staff members trained and capacitated in terms of identified</td>
<td>This will depend on the level of the programmes as well as the number of staff members attending the training and capacity building programmes</td>
</tr>
</tbody>
</table>
## Cape Winelands District Municipality
### Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Deliverable</th>
<th>Actions</th>
<th>Responsibility</th>
<th>Time Frames</th>
<th>Targets</th>
<th>Budget Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ensure that the Council have a clear understanding of LED, their role in LED and the importance of implementing LED effectively</td>
<td>1. Appointment of new Council needs to take place (elections are on the 18th of May 2011 and the new Council will be appointed after the local municipalities have appointed their Council members) 2. Identify potential LED Training Programmes 3. Provide new elected Council with LED Training</td>
<td>1. The appointment of Councillors will be dealt with from a political perspective 2. The Regional Development and Planning Services Department would need to identify and market the training programmes to the new Councillors 3. The training programmes will be done by the appointed service providers.</td>
<td>July 2011 – September 2011 (The new Council need to be trained by September 2011, however this needs to be an ongoing step with changes in the council and so forth)</td>
<td>The new elected council will have a understanding of the following: 1. LED Background and Concepts 2. Their role in LED 3. Importance of LED</td>
<td>This will be dependent on the level of training provided as well as the number of Council members to attend the training programmes.</td>
</tr>
<tr>
<td>Restructure LED Forum</td>
<td>1. Identify important stakeholders that need to be on the LED Forum (all stakeholders currently on LED Forum) 2. Review the inclusion of the additional stakeholders on the LED Forum 3. Send invitation to identified and agreed upon stakeholders in order to join the Forum</td>
<td>The Regional LED Forum is the responsibility of the CWDM LED Unit. To ensure that all stakeholders are consulted is the responsibility of the CWDM LED Unit (LED Manager)</td>
<td>1. July 2011 – December 2011 2. This would be an ongoing process as new stakeholders are identified for various projects and programmes</td>
<td>Structured Regional LED Forum that includes representatives from spheres namely: 1. CW District Municipality 2. Local Municipalities 3. Western Cape Province 4. Private Sector 5. Civil Society (DTI have also indicated interest to form part of the LED Forum)</td>
<td>1. Restructuring of LED Forum (no budget required) 2. Regular meetings (need to budget for travelling and venue expenses) – all stakeholders could include travelling costs in their own budget (an important aspect is that the venue for the meetings should vary meaning that</td>
</tr>
</tbody>
</table>
## Deliverable: Strengthening the role of the CWEDC

1. Review role of CWEDC
2. Refer to recommendations provided in Section 7.3.2 of this report

<table>
<thead>
<tr>
<th>Responsibility</th>
<th>Time Frames</th>
<th>Targets</th>
<th>Budget Implications</th>
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</thead>
<tbody>
<tr>
<td>New Elected CWDM Council</td>
<td>June 2011 – December 2011</td>
<td>The role of the CWEDC is strengthened in terms of project implementation and the establishment and management of strategic partnerships</td>
<td>This should have no budget implications</td>
</tr>
</tbody>
</table>

## Deliverable: Establish good intergovernmental relationships with other departments within the district as well as Local Municipalities

1. LED Forum needs to be the point of departure for intergovernmental relations between the district, province and local municipalities (overlapping projects need to be identified)
2. The executive directors of each department need to provide overview of current projects (in order to ensure that overlapping projects can be identified)
   a. ED need to be well informed about status of projects
3. In the case of overlapping projects task teams need to be established to ensure that all departments

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<tr>
<th>Responsibility</th>
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<th>Budget Implications</th>
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</thead>
<tbody>
<tr>
<td>All government spheres and department have responsibility to ensure that projects are not duplicated and the good IGR practices are implemented</td>
<td>July 2011 - ongoing</td>
<td>1. Executive Directors efficiently communicate project status to one another 2. Duplication of projects are minimised</td>
<td>This would have no budget implications</td>
</tr>
</tbody>
</table>
### LED Stakeholder Engagement Indaba

<table>
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<tr>
<th>Deliverable</th>
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<th>Time Frames</th>
<th>Targets</th>
<th>Budget Implications</th>
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</thead>
<tbody>
<tr>
<td>Involved provide inputs</td>
<td>LED Forum</td>
<td>August 2011 – December 2011 (after initial review this needs to be an ongoing action)</td>
<td>Clear list of district roles and responsibilities for implementation of local municipal projects</td>
<td>This would need to be determined for each of the projects. In some cases the district would need to help with partnerships, which would have no budget implications. In other cases there might be a need for funding support which will have varying implications (i.e. funding solutions refer to Section 6 of this report)</td>
<td></td>
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</table>

### Identify potential local municipal projects in need of district support structures

1. List all local municipal LED Projects (refer to Annexure A for the projects list, however these lists need to be updated on an ongoing basis)
2. Identify projects in need of district support
3. Determine potential support mechanisms available from district
4. Link support structures to identified projects
5. Where gaps still exist the district could liaise with province in order to gain a wider support base

### LED Forum

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<tr>
<th>Deliverable</th>
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<th>Targets</th>
<th>Budget Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2011 – December 2011 (after initial review this needs to be an ongoing action)</td>
<td>Clear list of district roles and responsibilities for implementation of local municipal projects</td>
<td>This would need to be determined for each of the projects. In some cases the district would need to help with partnerships, which would have no budget implications. In other cases there might be a need for funding support which will have varying implications (i.e. funding solutions refer to Section 6 of this report)</td>
<td></td>
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</table>

### Identify Cross Border Projects

1. List projects that fall within two or more local municipal areas
2. Determine the role of the District
3. Refer to Section 7.3.4 for guidance regarding cross border projects

### LED Forum

<table>
<thead>
<tr>
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<th>Targets</th>
<th>Budget Implications</th>
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</thead>
<tbody>
<tr>
<td>August 2011 – December 2011 (after initial review this needs to be an ongoing action)</td>
<td>Clear list of district roles and responsibilities for implementation of cross border projects</td>
<td>This would need to be determined for each of the projects. In some cases the district would need to help with partnerships, which would have no budget implications. In other cases there might be a need for funding support which will have varying implications (i.e. funding solutions refer to Section 6 of this report)</td>
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<tr>
<td>Deliverable</td>
<td>Actions</td>
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<td>Time Frames</td>
<td>Targets</td>
<td>Budget Implications</td>
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</tbody>
</table>
| Ensure projects are included in IDP Process | 1. List projects to be implemented for each financial year  
2. Provide each project with required budget  
3. Ensure projects are included in SDBIP | Regional Development and Planning Services Department | Ongoing | List of projects on SDBIP | This will differ each financial year with the inclusion of different projects |
| Implementation of Prioritised Projects | 1. Identification of investment potential for each of the local municipalities  
a. Determine comparative advantages within each local municipality (refer to Section 4 of this report for location quotient for each local municipality)  
b. Identify investment opportunities for the district as a whole (Section 4 provides a list of opportunities available within the district)  
c. Link investment opportunities to local municipalities having largest comparative advantage for the | 1. Regional Development and Planning Service Department  
2. LED Forum  
3. Local Municipalities | 1. **Actions a – d:** November 2011 – June 2012  
2. **Action e:** June 2012 - ongoing | 1. Strategic Development Direction is identified for each local municipality  
2. Strategic Investment is marketed to potential investors | **Actions a –d:** R250,000  
**Action e:** This will be included in the marketing budget of the Regional Development and Planning Services Department |
<table>
<thead>
<tr>
<th>Deliverable</th>
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</tr>
</thead>
<tbody>
<tr>
<td>d.</td>
<td>Link opportunities with incentives to promote the development of these opportunities in the desired location</td>
<td>1. Regional Development and Planning Service Department</td>
<td>Actions a –d: August 2011 – December 2011 (LED Forum)</td>
<td>1. Feasibility studies of niche markets</td>
<td>Actions a –d: Conducted by LED Forum and should have no budget implications</td>
</tr>
<tr>
<td>e.</td>
<td>Market investment opportunities to potential investors</td>
<td>2. LED Forum</td>
<td>Action e: January 2012 – June 2012</td>
<td>2. Marketed to potential investors</td>
<td>Action e: Depending on the amount of pre-feasibility studies conducted (on average 1 pre-feasibility study would be R75,000)</td>
</tr>
<tr>
<td>2.</td>
<td>Investigate potential niche market development within the district (e.g. ICT, Tourism, Agriculture, Manufacturing, etc)</td>
<td>3. Local Municipalities</td>
<td>Actions f: August 2012 – March 2013</td>
<td>2. Marketed to potential investors</td>
<td>Action f: Depending on the amount of feasibility studies conducted (on average 1 feasibility study would be R90,000)</td>
</tr>
<tr>
<td>a.</td>
<td>Section 4 provides a list of potential niche markets for the district.</td>
<td></td>
<td>Action g: April 2013 - ongoing</td>
<td></td>
<td>Action g: This will be included in the marketing budget of the Regional Development and Planning Services Department</td>
</tr>
<tr>
<td>b.</td>
<td>List all other niche markets for the CWDM</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>c.</td>
<td>LED Forum need to determine which niche markets have been or are being investigated</td>
<td></td>
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</tr>
<tr>
<td>d.</td>
<td>Prioritise niche markets identified (based on available research). This should at most include 10 niche market to be investigated</td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>e.</td>
<td>Provide pre-feasibility studies for each of the prioritised niche markets in order to</td>
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<td></td>
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<tr>
<td>Deliverable</td>
<td>Actions</td>
<td>Responsibility</td>
<td>Time Frames</td>
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<td>Budget Implications</td>
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</tr>
<tr>
<td>3. Establish and strengthen partnerships with stakeholders to attract investment and promote development within the area</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>a. Identify existing partnerships with various stakeholders and review the effectiveness of the partnership</td>
<td>1. Regional Development and Planning Services Department</td>
<td>August 2011 - Ongoing</td>
<td>1. Strengthened Existing partnerships</td>
<td>1. This would depend on partnership agreement</td>
<td></td>
</tr>
<tr>
<td>b. Determine mechanisms to improve partnership effectiveness (formalising the partnership, better outline role of partnership, etc)</td>
<td>2. LED Forum</td>
<td></td>
<td>2. New established partnerships</td>
<td>2. Regular meetings (need to budget for travelling and venue expenses)</td>
<td></td>
</tr>
<tr>
<td>c. <strong>Figure 5.1</strong> provides a list of strategic partnerships</td>
<td>3. Western Cape Province</td>
<td></td>
<td>3. Formal agreements between partnerships</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### Deliverable

<table>
<thead>
<tr>
<th>Actions</th>
<th>Responsibility</th>
<th>Time Frames</th>
<th>Targets</th>
<th>Budget Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td>to be established</td>
<td>Regional Development and Planning Services Department</td>
<td>January 2012 – August 2012</td>
<td>Skills audit</td>
<td>Skills Audit = R 500,000 (If opted to do as small projects in each local municipality, each local municipality could also contribute to the total budget)</td>
</tr>
<tr>
<td>d. Approach various stakeholders to formalise partnerships</td>
<td></td>
<td></td>
<td>Identification of skills gaps in the area</td>
<td></td>
</tr>
<tr>
<td>e. In conjunction with identified stakeholders outline various roles and responsibilities for each of the stakeholders</td>
<td></td>
<td></td>
<td>Identification of skills programmes to address these gaps (using retired skills, local businesses and/or local training colleges)</td>
<td></td>
</tr>
<tr>
<td>f. Promote/implement various investment opportunities in conjunction with partnerships</td>
<td></td>
<td></td>
<td>Local community with sustainable and employable skills</td>
<td></td>
</tr>
</tbody>
</table>

4. **Skills Audit**
   - a. Determine size of target groups (workers, employers and training institutions)
   - b. Draft three questionnaires (one for workers, one for employers and one for training institutions) in order to gain the right information (skills need to be specific as possible)
   - c. Finalise questionnaires
   - d. Employ individuals to

---

7 The skills audit could be conducted in various ways. A) The CWDM LED Unit could manage the process and obtain support from the Stellenbosch University to assist with capturing and analysis of the data. B) The CWDM LED Unit could outsource the process to a service provider in order to manage and analyze the data.
### Deliverable Actions

- **Conduct skills audit** (preferable individuals from all the areas)
  - e. Train individuals to effectively conduct skills audit
  - f. Conducts Skills Audit
  - g. Capture the data
  - h. Analyze data and identify skills gaps
  - i. Determine training programmes to be implemented in order to address skills gaps
  - j. Link to SMME Database

#### 5. Determine opportunities for renewable energy development within the Cape Winelands

**a.** Develop a Green Strategy for the Cape Winelands District to guide environmentally friendly practises within the district

**b.** Review existing studies conducted regarding renewable energy resources

**c.** Determine the feasibility of various renewable energy resources within the district (conduct

**Responsibility**

1. Regional Development and Planning Services Department
2. Office of the Municipal Manager (IDP)
3. Engineering and Infrastructure Services
4. CWEDC
5. Western Cape Province

**Time Frames**

July 2012 – June 2014

**Targets**

1. Outlined Green Strategy for the Cape Winelands Region
2. Feasibility studies for most feasible renewable energy resources within the Cape Winelands Region
3. Renewable energy resource investment opportunities marketed to potential investors

**Budget Implications**

Green Strategy: R350,000
Feasibility studies of renewable energy resources: Depending on the amount of feasibility studies to be conducted (estimated cost of one feasibility study is R150,000)
<table>
<thead>
<tr>
<th>Deliverable</th>
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<th>Targets</th>
<th>Budget Implications</th>
</tr>
</thead>
</table>
| 6. Incubator Development Programme implemented with support of private sector and other stakeholders | a. Review lessons learnt regarding Incubator Development Programmes  
b. Review available models for incubator development  
c. Identify private sector involvement in such a programme  
d. Identify other potential stakeholders to take part in the Incubator Development Programme  
e. Identify potential sites | 1. Regional Development and Planning Services Department  
2. Office of the Municipal Manager (IDP)  
3. CWEDC  
4. Western Cape Province  
5. Private Sector  
Implementation  
Ongoing | Established SMME Incubators (in partnership with government, private sector and other stakeholders) |
### Cape Winelands District Municipality

**Local Economic Development Strategy**

<table>
<thead>
<tr>
<th>Deliverable</th>
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<th>Budget Implications</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Investment Promotion</strong></td>
<td>to establish an Incubator Development Programme</td>
<td>Regional Development and Planning Services Department</td>
<td>June 2011 - Ongoing</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>f. Ensure SMME involvement in the process</td>
<td></td>
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<tr>
<td></td>
<td>g. Establish incubators for SMME development</td>
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</tr>
<tr>
<td><strong>Review the success of the newly capacitated structures after a period of one year</strong></td>
<td>1. Review staff capacity</td>
<td>Regional Development and Planning Services Department</td>
<td>Ongoing</td>
<td>1. Ensure that new capacitated structures are leading to successful implementation of the LED Strategy</td>
<td>Could be conducted in-house with no budget implications</td>
</tr>
<tr>
<td></td>
<td>2. Review LED Forum</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>3. Review CWEDC</td>
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<tr>
<td></td>
<td>4. Review IGR Structures</td>
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<td></td>
<td>5. Review Councillors</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Review success of project implementation</strong></td>
<td>1. Review status of projects</td>
<td>Regional Development and Planning Services Department</td>
<td>Ongoing</td>
<td>1. Ensure that projects are implemented within specified timeframes</td>
<td>Could be conducted in-house with no budget implications</td>
</tr>
<tr>
<td></td>
<td>2. Determine if projects are on track or not (if not indicate why)</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>3. Determine if projects are still within budget requirements (if not, indicate why)</td>
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</tbody>
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## 8.3 Monitoring and Evaluation

Monitoring and Evaluation (M&E) is commonly seen as one concept, but in actual fact Monitoring and Evaluation are two different organisational activities which are related to one another, but not identical. **Monitoring** refers to the continuous assessment of a project implementation. The main aim is to improve the efficiency and effectiveness of the project. **Evaluation** is based on set targets which are determined in the planning phases of the project. **Evaluation** is the comparison of the actual impacts of the project against the agreed targets (objectives). **Evaluation** can be formative (during the life of the project with the intention of improvement) or summative (learning from a completed project or project that is no longer functioning).

From the above one can conclude that Monitoring and Evaluation aims to improve the efficiency and effectiveness of projects/policies mainly through the evaluation of expected and actual impacts.

A good monitoring and evaluation design includes the following main components:
Identification of Strategic Drivers
Proxy to indirectly measure economic impact
Compile a development index for each Thrust
Establishment of a monitoring and evaluation matrix
M&E must feedback into decision making

The monitoring and evaluation of the LED Strategy would also include the updating of the LED document, specifically the Data Profile of the LED Strategy. The socio-economic characteristic of the FBDM provides for specific interventions and/or programmes which need to be implemented and therefore if the data is out dated the it would provide constraints with regards to decision making within the FBDM.

A monitoring and evaluation plan is mainly implemented to review progress, identify problems in planning and to make adjustments to the current situation. Thus a good monitoring and evaluation plan could result in better decision making, since risks and challenges will be identified in the early stage of implementation.

Table 8.2 lists various reasons, according to the World Bank, for implementing a monitoring and evaluation plan.

TABLE 8.2: REASONS TO USE MONITORING AND EVALUATION

<table>
<thead>
<tr>
<th>Track progress</th>
<th>Better allocate resources</th>
<th>Improve service delivery</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improve management</td>
<td>Increase accountability</td>
<td>Improve quality</td>
</tr>
<tr>
<td>Inform decision-making</td>
<td>Design better strategies</td>
<td>Facilitate benchmarking</td>
</tr>
<tr>
<td>Track flows of funds</td>
<td>Provide answers</td>
<td>Identify side-effects</td>
</tr>
<tr>
<td>Demonstrate results</td>
<td>Draw lessons</td>
<td>Compare different groups</td>
</tr>
<tr>
<td>Clarify objectives</td>
<td>Identify leakages</td>
<td>Empower poor people</td>
</tr>
<tr>
<td>Identify problems</td>
<td>Take corrective action</td>
<td>Learn from experience</td>
</tr>
</tbody>
</table>

Source: World Bank: Monitoring and Evaluation, 2004
Key benefits of implementing a good monitoring and evaluation plan are as follows:

- Improve Management of Projects
- Method of reporting on internal and external progress of projects
- Compare actual impact with intended impacts (provide adjustment where necessary)

Monitoring and evaluation needs to take place twofold. On the one hand projects need to monitored and evaluated and on the other the institutional capacity needs to be monitored and evaluated. The M&E Framework presented within the LED Strategy is done as follows:

1. Monitoring Framework for projects and institutional capacity (Table 8.3)
   a. Monitor if projects are meeting targets within the desired timeframe and budget
   b. Monitor if the LED Institutional Capacity is effective in terms of implementing the LED Strategy

2. Evaluation Framework for projects and Institutional Capacity (Table 8.4)
   a. Evaluate whether the implementation of the LED Strategy is leading to positive or negative impacts of identified indicators linked to the drivers of the LED Strategy

The following provides an example of an M&E Framework for the Cape Winelands LED Strategy

**TABLE 8.3: MONITORING FRAMEWORK (EXAMPLE)**

| Deliverable | Targets | Implementation | | |
|-------------|---------|----------------|---|---|---|---|
|             |         | **Within Timeframe** | **Within Budget** | | |
|             |         | Yes | No | Reasons | Target Budget Spent | Actual Budget Spent | Reasons | Implications |
| Obtain support for contents of this document | Final LED Strategy approved by Council | | | | |
| Optimise current staff | 1. The vacant marketing | | | | |

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It is important to note that the Cape Winelands already have economic evaluation tool. However due to various constraints the evaluation tool could only be developed to provide a year-to-year evaluation of a number of indicators. The following table shows the identified drivers for the Cape Winelands LED Strategy linked to specific indicators that need to be measured in order to determine whether the LED Strategy is achieving its overall goal as to result in sustainable economic growth (not only economic growth, but also job creation with an impact on the local household’s quality of life)

**TABLE 8.4: EVALUATION MATRIX**

<table>
<thead>
<tr>
<th>Driver</th>
<th>Indicators</th>
<th>Economic Evaluation Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutional Development for Investor Readiness</td>
<td>Review functionality of the LED Forum</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Measure success of cross border projects</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
</tbody>
</table>

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## Cape Winelands District Municipality
### Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Driver</th>
<th>Indicators</th>
<th>Economic Evaluation Tool</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Partnerships leading to project implementation</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>LED Unit Staff Capacity</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>LED Unit Staff Productivity</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td><strong>Business Retention and Expansion</strong></td>
<td>Number of business registered (differentiate between big businesses and SMME’s)</td>
<td>Partly addressed in Evaluation Tool (does not differentiate)</td>
</tr>
<tr>
<td></td>
<td>Number of new businesses (differentiate between big businesses and SMME’s)</td>
<td>Partly addressed in Evaluation Tool (does not differentiate)</td>
</tr>
<tr>
<td></td>
<td>Number of SMME’s on CWDM Database</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Projects awarded to local SMME’s</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Employment opportunities created through new businesses (differentiate between big businesses and SMME’s)</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Number of SMME’s receiving Seed Funding</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Number of SMME’s in Incubator Development Programme</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td><strong>Infrastructure Development</strong></td>
<td>Access to Electricity</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Access to Water</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Access to Sanitation</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Access to Refuse Removal</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Dwelling Information</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Condition of Road Network</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td><strong>Human Development</strong></td>
<td>Types of Occupations</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Level of skills (Total employment)</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Level of skills per economic sector</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Number of Training Programmes for SMME’s</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Number of Training Programmes for LED Unit and other Municipal Officials</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td><strong>Environmentally Integrity</strong></td>
<td>Level of Air Pollution</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Status of quality of drinking water</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td>Driver</td>
<td>Indicators</td>
<td>Economic Evaluation Tool</td>
</tr>
<tr>
<td>---------------------------------------</td>
<td>---------------------------------------------------------------------------</td>
<td>-------------------------------------------------</td>
</tr>
<tr>
<td>Economic Development</td>
<td>Level is river pollution</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Capacity renewable energy resources in terms of total capacity required</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Number of environmentally awareness programmes</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>GGP contribution of each economic sector</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>GGP growth (district economy as a whole and for each economic sector)</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Local municipal contribution to district GGP</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Sectoral Employment contribution of each economic sector</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Sectoral Employment growth (district economy as a whole and for each economic sector)</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Local municipal contribution to district sectoral employment</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Location Quotient</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Labour Productivity</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Capital Formation</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Imports</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Exports</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td>Quality of Life Improvement</td>
<td>Population Total</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Population Growth</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Household Total</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Household Growth</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Access to Health Care Facilities</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Housing Backlog</td>
<td>Not in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Access to Electricity</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Access to Water</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
<tr>
<td></td>
<td>Access to Sanitation</td>
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</tr>
<tr>
<td></td>
<td>Access to Refuse Removal</td>
<td>Addressed in Economic Evaluation Tool</td>
</tr>
</tbody>
</table>
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Annexure A provides an overview of the National, Provincial, District and Local policies reviewed as part of the policy framework as presented in Section 2 of this report.

A 1 National Policies and Legislation

7. Joint Initiative on Priority Skills Acquisition (JIPSA 2006)


The Constitution (Act 108 of 1996) is the cornerstone for all legislation and policy-making in South Africa. In particular, Chapter 7 defines the role of local government in its community. Five objectives of local government are described in section 152:

1. To provide democratic and accountable government for local communities
2. To ensure the provision of services to communities in a sustainable manner
3. To promote social and economic development
4. To promote safe and healthy environment
5. To encourage the involvement of communities and community organizations in the matter of local government.

Furthermore, section 153 stipulates the following developmental duties of all municipalities:

1. A municipality must structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote social and economic development.
2. A municipality must participate in national and provincial development programmes.

According to the White Paper on Local Government, local authorities have the following responsibilities in terms of their obligation to economic development:

- Provide marketing and investment support in order to attract potential support to their locality.
- Small business support services should be provided to assist small entrepreneurs.
- To support the Local Business Support Centres Programme launched by the Department of Trade and Industry. The purpose of these centres is to assist local entrepreneurs with issues relating to skills, premises, information, networking, marketing and credit.
- To provide targeted assistance (such as market research and technology provision) to a particular sector in the local economy that has the potential to expand.
- By supplementing and tailoring to local needs, the services provided by the Department of Labour in the supply of training and placement services. This is necessary towards ensuring that people acquire skills and find jobs.

A 1.3 Accelerated and Shared Growth Initiative for South Africa (AsgiSA 2006)

In 2004, the South African government set an objective to halve poverty and unemployment by the year 2014. In order to achieve this objective, South Africa has to maintain an average growth rate of 4.5% between 2005 and 2009 and 6% between 2010 and 2014 and increase and improve the labour absorbing capacity of economic activities. The Accelerated and Shared Growth Initiative for South Africa (AsgiSA) attempts to direct South Africa’s developmental path in order for the aforementioned objective can be achieved. AsgiSA’s envisions the following:

- Vigorous and inclusive economy where products and services are diverse,
- more value is added to [the] products and services,
- costs of production and distribution are reduced,
- labour is readily absorbed into sustainable employment, and
- new businesses proliferate and expand.

The framework includes guidelines for National, Provincial and Local government on topical issues such as infrastructure investment, sector investment strategies, education and skills development, and eliminating the second economy through leveraging the first economy (major interventions include the economic upliftment of women and the promotion of youth development).

A 1.4 National Spatial Development Perspective (NSDP 2006)

The National Spatial Development Perspective (NSDP) was produced by the Policy Co-ordination and Advisory Services (PCAS) in the Presidency as was endorsed by Cabinet in March 2003. The four principals in this document include the following:
Rapid economic growth that is sustained and inclusive is a pre-requisite for the achievement of other policy objectives, amongst which poverty alleviation is key.

Government has a constitutional obligation to provide basic services to all citizens (e.g. water, energy, health and educational facilities) wherever they reside.

Beyond constitutional obligation identified in Principle 2 above, Government spending on fixed investment, should be focused on localities of economic growth and/or economic potential in order to:
- Gear up private sector investment
- Stimulate sustainable economic activities
- Create long-term employment opportunities

Efforts to address past and current social inequalities should focus on people not places:
- In localities where there are both high levels of poverty and development potential, this should include fixed capital investment beyond basic services to exploit that potential.
- In localities with low development potential, Government spending should focus on providing social transfers, human resource development and labour market intelligence which would enable people to make choices: become more mobile and migrate to localities that are more likely to provide sustainable employment or other economic opportunities.

In order to overcome the spatial distortions of Apartheid, future settlement and economic development opportunities should be channelled into activity corridors and nodes that are adjacent to or link the main growth centres.
- Infrastructure investment should primarily support localities that will become major growth nodes in South Africa and the SADC region to create regional gateways to the global economy.

The NSDP has identified areas of potential, however, it recognises that these are general guidelines from a National perspective and more detailed analysis needs to be undertaken at a Provincial and Local Level. The Provincial Growth and Development Strategies (PGDSs) and the municipal Integrated Development Plans (IDP) therefore takes on a greater importance in terms of achieving economic and spatial goals.

The NSDP identified six categories of potential and these include the following:

- Innovation and experimentation
- The production of high-value differentiated goods
- Labour intensive mass-production
- Public service and administration
- Tourism
- Commercial services and retail

The NSDP does however recognise that these potentials are spread across a range of urban and rural localities.
A 1.5 The Municipal Systems and Municipal Structures Act (1998)

The Municipal Structures Act of 1998 defines types and categories of municipalities, division of functions and powers within municipalities, and the regulation of internal systems. Great emphasis is placed on the need for cooperation between different levels of government to better achieve goals and targets.

Alternatively, the Municipal Systems Act of 2000 provides municipalities with guidelines which ‘enable municipalities to move progressively towards the social and economic upliftment of local communities’ so that basic services may be met. Duties of the municipal council (within financial and administrative capacity) are given in section 4(2):

- exercise the municipality’s executive and legislative authority and use the resources of the municipality in the best interests of the local community
- provide, without favour or prejudice, democratic and accountable government
- encourage the involvement of the local community
- strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner
- consult the local community about —
- the level, quality, range and impact of municipal services provided by the municipality, either directly or through another service provider: and the available options for service delivery:
- give members of the local community equitable access to the municipal services to which they are entitled:
- promote and undertake development in the municipality
- promote gender equity in the exercise of the municipality’s executive and legislative authority
- promote a safe and healthy environment in the municipality: and
- contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

In addition, Section 26 stipulates that every municipality is bound by law to produce an integrated development plan (IDP) of which LED is a core component.


The Municipal Financial Management Act (MFMA) aims to modernise budget and financial management practices by placing local government finances on a sustainable footing. It also aims to put in place a sound financial governance framework by clarifying and separating the roles and responsibilities of the mayor, executive and non-executive councillors and officials. It consequently serves to maximise the capacity of municipalities to deliver services to all its residents, customers, users and investors. The MFMA will be phased in to allow municipalities and other stakeholders adequate time to fully implement the reforms.
A 1.7 Joint Initiative on Priority Skills Acquisition (JIPSA 2006)

As part of ASGISA, the Joint Initiative on Priority Skills Acquisition (JIPSA) (2006) seeks to equip people with skills so that they can participate in accelerated growth. JIPSA is a high-level task team that will identify urgent skills needs and advise on how they can be met. The government has acknowledged that the single greatest impediment to its public infrastructure programmes - as well as private investment programmes - is the country's shortage of skills. JIPSA has already identified several interventions in need of urgent attention, such as mentoring programmes and overseeing the placement of trainees to fast-track their development. Others include special training programmes, bringing back retirees and expatriate South African’s, and drawing in new immigrants. Also planned are a major upgrade of Further Education and Training colleges and a revamp of the Adult Basic and Education Training programme, based on models developed in New Zealand and Cuba.

A 1.8 The Broad-Based Black Economic Empowerment Act (2004)

In order to uproot inherited social imbalances, progressive legislature has been passed. One example is the Broad-Based Black Economic Empowerment (BBBEE) Act of 2004 where systematic measures are in place to uplift the previously disadvantaged community.

Those included in the ‘broad-based black’ definition are Africans, Colored’s, Indians, women, workers, the youth, disabled persons and those that live in rural communities. The main objective of the BBBEE Act is to transform the South African economy so that it better reflects the South African society whereby commercial enterprises are largely owned and managed by previously disadvantaged individuals. This Act also aims to support the ‘broad-based black’ population through promoting public and private investment in relevant communities and providing easier access to financial assistance.


Local Economic Development (LED) has become a fundamental responsibility for all levels of government. In order to achieve consistency and uniformity in LED strategies, a national framework has been established in which specific outcomes over a 5 year period are defined. Based on the White Paper on Local Government (1998) the framework deduces that ‘Local Economic Development is about creating a platform and environment to engage stakeholders in implementing strategies and programmes’.

In other words it is the responsibility of local government to create an environment that is conducive to development. Furthermore, local government is expected to create a local economy that ‘... [Exploits] local opportunities, real potential and competitive advantages, [addresses] local needs and [contributes] to national development objectives’.
Great emphasis is placed on municipalities being managed in an efficient manner in order for local economic development to be successfully achieved – ‘everything a municipality does, does impact on the local economy’.


The Integrated Sustainable Rural Development Strategy (ISRDS: 2000) aims to transform rural South Africa into an economically viable sector, which can make a significant contribution to the GDP of South Africa. The strategy attempts to coordinate existing initiatives and programmes towards the end of achieving greater impacts over the short term. The ISRDS is designed to realize a vision that will “attain socially cohesive and stable rural communities with viable institutions, sustainable economies and universal access to social amenities, able to attract and retain skilled and knowledgeable people, who are equipped to contribute to growth and development”.

According to the ISRDS (2000:19) the strategic intent of the ISRDS is to transform rural South Africa into an economically viable and socially stable and harmonious sector that makes a significant contribution to the nation’s GDP. The strategy will benefit the rural poor generally, but particular efforts will be made to target women, youths, and the disabled. A successful strategy to achieve integrated sustainable rural development will reflect each of its three key elements:

1. **Rural Development** – rural development is a multi-dimensional concept, encompassing improved service provision, better opportunities for income generation, Local Economic Development, improved physical infrastructure, social cohesion and physical security within rural communities. The concept also adheres to democratic principles such as the level of representation of local communities in the political process. The concept places emphasis on facilitating change in rural environments to enable poor people to earn a higher level of income and to invest in themselves and their communities.

2. **Sustainability** – sustainability in this context refers to the increased participation of local communities in development projects and initiatives to ensure their success at a local level. Social sustainability is an important dimension of a successful development strategy. The participation process should be designed to be as transparent and broadly inclusive as possible. A portion of the benefits should be targeted to particular groups that might otherwise be under-recognised, such as women and young people.

3. **Integration** – the integration of rural development is a comprehensive task because it involves all of the economic sectors that necessitates effective coordination between the various spheres of government. The primary focus of integration is at municipal level through the Integrated Development Planning (IDP) process. Implementation of decisions arrived at, through the IDP process, is achieved through an amalgamated resource envelope comprised of the municipal budget, the commitments of the line departments and other sources.
The cost of living for poor rural people is generally higher than it need be because of their lack of access to transport and communications infrastructure, basic amenities such as water and electricity, and social services such as health and education. The ISRDS should therefore not only be aimed at integrating only rural development actions, but it should also incorporate actions to integrate rural and urban areas. The reform of municipal government places organs of local government in a central role in integrating programmes to achieve synergistic rural development. Many will need assistance and guidance to develop capacity, but their role and responsibilities are clearly established. They are required to clearly identify local development needs and opportunities and to plan to respond to these. In addition the ISRDS states that any strategy for development should be based on the socio-economic realities in the province and the country as a whole. This framework recognises the strong link between economic, social and physical factors.


Small businesses can help South Africa in two significant ways: first, these enterprises are potential engines of growth for the national economy and second, they can aid the transformation process. Four categories of small businesses can be defined: small, medium, micro- and survivalist enterprises, known collectively as SMME’s.

Survivalist enterprises are typically made up of individuals that are unable to find employment in a conventional manner. Level of skills and generated income are both extremely low and opportunities for growth are mostly non-existent.

Micro enterprises are often informal in nature and typically run by the owner and his/her respective family members. Although skills are limited and incomes levels vary, growth is possible and it is not uncommon for micro enterprises progress into small enterprises.

Small enterprises are considerably more formal in nature, commonly managed and the owner and typically consist between 5 and 50 employees. These enterprises are found in a wide range of sectors.

Finally, medium enterprises are similar to small enterprises but have a larger employee base (+200) and a greater value of capital assets. It is common for these businesses to have reached their upper-limit of growth due to resource constraints.

This strategy aims to create an environment where SMME’s can exist and make use of opportunities presented to them. This in turn will create employment and investment prospects. In addition, this environment will encourage entrepreneurship by offering assistance to potential entrepreneurs – especially those individuals designated by the BBBEE Act.

The New Economic Growth Path Plan aims to create five million jobs opportunities within the next ten years which will reduce unemployment by 15 to 25%.

This growth plan is in response to the jobs lost during the global economic recession with more than a million jobs being lost in the 2008/2009 economic crisis in South Africa alone. The centrepiece of the New Economic Growth Path Plan is to promote investment into infrastructure and human development through skills development. It is also important to note that the plan indicates that the overall goal will only be achieved if there is better co-ordination between the public sector, private sector as well as labour organisations.

The aim of the plan is to:

1. Promote Economic Growth
2. Employment Creation
3. Enhance Equity

The new growth path will now seek to place the economy on a production-led trajectory with growth targeted in ten ‘jobs drivers’. As a first step, government will focus on unlocking the employment potential in six key sectors and activities. These are:

- infrastructure, through the massive expansion of transport, energy, water, communications capacity and housing, underpinned by a strong focus on domestic industry to supply the components for the build-programmes
- the agricultural value chain, with a focus on expanding farm-output and employment and increasing the agro-processing sector
- the mining value chain, with a particular emphasis on mineral beneficiation as well as on increasing the rate of minerals extraction
- the green economy, with programmes in green energy, component manufacture and services
- manufacturing sectors in Industrial Policy Action Plan (IPAP2 refer to Box A1) and
- tourism and certain high-level services.


The following provides a list of the priority sectors as identified within IPAP2:

1. Metal fabrication, capital equipment and transport equipment
2. Green’ and energy-saving industries
3. Agro-processing
4. Automotives, components and medium and heavy commercial vehicles
5. Downstream minerals beneficiation
6. Plastics, pharmaceuticals and chemicals
7. Clothing, textiles, leather and footwear
8. Biofuels
9. Forestry, paper and pulp, and furniture
10. Cultural industries: crafts and film
11. Tourism
12. Business Process Services
13. Advanced manufacturing


The Regional Industrial Development Strategy (RIDS) presents a comprehensive framework for industrial development in South Africa and builds on the outcomes of the National Spatial Development Perspective (NSDP). The NSDP acknowledges the fact that the landscape of economic development is not equal across all regions in the country. The main intentions of the RIDS is to:

1. Help to achieve the national industrial development objectives as set out in the NSDP
2. Further the goals of the Accelerated and Shared Growth Initiative of South Africa (ASGISA)
3. Conform to the principles of the Integrated Manufacturing Strategy (IMS), the Microeconomic Reform Strategy (MRS) and the current draft National Industrial Policy Framework
4. Enhance the capacities and potentials identified in the Urban Spatial Competitive Framework and the Local Economic Development (LED) framework that seek to address spatial constraints and opportunities related to industrial development in municipalities
5. Conform to principles of enterprise development and Black Economic Empowerment (BEE)
6. Conform to the government’s environmental and other relevant policies

The strategic intent of RIDS is:

1. To stimulate investments that will promote sustained high growth in a local community
2. To focus on a region’s potential and identify what local stakeholders can and need to do to ensure their local community reaches its potential
3. To assess a community’s comparative advantage, identify new or existing market opportunities for businesses, and reduce obstacles to business expansion and creation
4. To have an impact on the economic viability districts
5. To create new jobs, help communities retain existing jobs, help businesses access capital
6. To contribute to a broader national framework with a spatial dimension, in order to increase each region’s global competitiveness.

A 2 Provincial Policies

1. Western Cape Province Growth and Development Strategy: iKapa Elihlumayo
2. Western Cape Micro-Economic Development Strategy
3. Western Cape Spatial Development Framework
4. Western Cape Strategic Infrastructure Plan
5. Human Development Strategy for the Western Cape
A 2.1 Western Cape Province Growth and Development Strategy: iKapa Elihlumayo

The vision of the iKapa Elihlumayo is to provide a ‘home for all’ and to eliminate identified challenges in the Western Cape Province. Problems include lack of regional competition, inequality, a skills shortage and a dysfunctional spatial structure. The Western Cape Provincial Government has developed a strategy that applies to all stakeholders and commits the entire province to the following five objectives:

- Grow and share in the economy
- Building a more equal and caring society where poverty has been eradicated.
- Promote ecologically sustainable development
- Foster greater spatial integration
- Ensure effective governance and institutional strengthening

To achieve the above objectives, a number of strategies have been developed, the most relevant being:

1. Micro-Economic Development Strategy
2. Provincial Spatial Development Framework
3. Strategic Infrastructure Plan
4. Human Capital Development Strategy

In addition, a core purpose of this document is to provide provincial and local government with a guideline for formulating their respective IDP’s.

A 2.2 Western Cape Micro-Economic Development Strategy

The Micro-Economic Development Strategy (MEDS) consists of a comprehensive framework of cost efficient interventions to boost the Western Cape’s economy with the view that it may be sustainable in the future. In addition, the MEDS hopes to create an economy that facilitates transformation.

The Western Cape is extremely diversified in nature and offers substantial potential. The MEDS will contribute to the following:

1. An increase in the funds made available for economic development.
2. Small business development, with increased employment. This will be supported by one-stop shop advice and business support centres.
3. Human resource development to involve all citizens in economic development
4. That large-scale intervention to deal with growth and equity in promising industries.
5. Large-scale initiatives to find sustainable work for lower skilled persons.

MEDS identifies the following main categories of interventions:

1. **Sector Based Interventions**
   c. Resource Industries
d. Manufacturing Industries
e. Oil and Gas Service
f. Tourism
g. Arts and Entertainment
h. ICT
i. BPO and Call Centres

2. **Theme Based Interventions**
   j. Skills Development
k. Innovation and Design
l. Enterprise Development
m. Economic Empowerment

### A 2.3 Western Cape Spatial Development Framework

The **Spatial Development Framework** (SDF) of 2003 is one of the Sectoral Plans of the IDP. According to the Municipal Systems Act 2000 (Act 32 of 2000), the purpose of an SDF is to provide general direction to guide decision making on an ongoing basis, aiming at the creation of integrated, sustainable and habitable regions, cities, towns and residential areas. The general goals of the Spatial Development Framework are:

- To determine and define the spatial implications or land use strategies as identified in the IDP.
- To establish spatial guidelines for future development in the study area.

This policy aims to address the biased nature of past public investment. Former infrastructure and development strategies have largely benefited a small proportion of the Western Cape population and subsequently it is necessary to pursue strategies that counteract these imbalances. In the framework, several provincial objectives have been identified. Namely these areas are:

- Align the future development pattern of the province with economic potential and the location of environmental resources
- Deliver human development and basic needs programs wherever they may be required
- Strategically invest scarce public sector resources where they will generate the highest socioeconomic returns
- Support land reform
- Conserve and strengthen the sense of place of important natural, cultural and productive landscapes, artefacts and buildings
The specific aims of the Spatial Development Framework are:

- To direct, guide and co-ordinate the spatial planning with accompanying development over the following 20 years.
- To spatially inform the IDP.
- To direct public spending strategies.
- To provide direction and establish an atmosphere of trust to the private sector regarding investment.
- To obtain the approval of National and Provincial Departments for local planning and policy principles.

The overarching guidelines for the Provincial Spatial Development Framework (PSDF) of 2005 are provided by the National Spatial Development Perspective (NSDP), the Western Cape’s iKapa Elihlumayo strategy, and the Provincial Growth and Development Plan (PGDP).

The National Spatial Development Perspective (NSDP) responds to the need to align investment in social and economic infrastructure across departments and spheres of government in order to tackle development challenges effectively. It provides national objectives for spatial development; addresses the changing spatial economy and its impact on commitment to social reconstruction, sustainable growth, social justice and environmental integrity; responds to spatial trends in terms of impact on infrastructure investment and development spending; and co-ordinates planning and policy in the three spheres of government.

Key principles established in the NSDP, and reflected strongly in the PSDF, are:

- Focus fixed infrastructure investment only in areas of economic potential; and,
- In areas with low economic potential, invest in basic services and in people (e.g. through social transfers and human resource development), so that people become more mobile and have the option of moving to areas of greater economic potential.

The PSDF is necessary to ensure an integrated and effective approach to economic and social development so that Government’s infrastructure investment and development spending has better spatial outcomes than is currently being achieved. The PSDF aims to set out an integrated social, economic and environmental framework for the future of the Province. This framework will guide and be a key component of both the infrastructure and micro-economic strategies.

A 2.4 Western Cape Strategic Infrastructure Plan

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In order to achieve the growth rate set by AsgiSA, an efficient and reliable institutional and physical environment is necessary. The Western Cape Provincial government has responded to this need by developing the Strategic Infrastructure Plan (SIP). This document provides a full analysis of the following infrastructure sectors:

1. Transport
2. Property development
3. Information and communication technology
4. Energy
5. Environment
6. Community services
7. Health
8. Justice and security
9. Risk reduction and emergency management
10. Tourism and recreation
11. Education and training

Ultimately, over a 10-year period, the provincial government has committed itself to providing an efficient public transport system; ensuring effective and timeously asset maintenance and management; providing basic sanitation to all; promoting sustainable resources; and engaging in training, education and research.

It is recognized that the SIP can only be implemented through co-operation with both the private and public sector. Therefore government at all levels (national, provincial and local) is required to work together in a unified manner and interact with the private sector on a regular basis.

Strategies driven by the Strategic Infrastructure Plan:

- Co-ordinate infrastructure planning and implementation
- Promote sustainable development
- Efficient use of infrastructure
- Be pro-active, creative and inventive

A 2.5 Human Development Strategy for the Western Cape

The Western Cape Provincial government has recognized that unemployment is a serious concern for the Western Cape, particularly with regard to the youth. It is only through increased employment and subsequent economic growth that the Western Cape can become ‘a home for all’ and the AsgiSA goals can be achieved. Unemployment stems from lack of skills and general lack of opportunities for both the everyday worker and the aspiring entrepreneur. The Human Capital Development Strategy (HCDS) aims to transform the current situation through nurturing and
developing the educational system in the Western Cape. This is only achievable if education is made more accessible, and it is of a high standard. Deliverables in the Western Cape Province include:

- The provision of high quality grade R to all five-year old learners in the province by 2010
- The compulsory provision of general education and training to all learners aged 6 to 15 in the province.
- The progressive provision of Further Education and Training to increasing numbers of learners in the 16 – 20 year category
- The provision of Adult Basic Education and Training to increasing numbers of learners


The shift from pure service delivery to a developmental approach has presented provinces and municipalities with new challenges. Not only are Municipalities expected to respond to the service delivery needs of local communities, but they are also expected to establish, understand and accommodate the needs of people with disabilities, and ensure that they benefit from development initiatives.

The Disability Framework therefore provides guidelines for Provincial Departments of Local Government to achieve equality for people with disabilities. Some of the main issues faced by people with disabilities, as outlined in the Disability Framework, are:

1. Employment: There is a serious lack of employment opportunities for people with disabilities and a high level of discrimination against them.
2. Transport: There is lack of accessible public transport for the physically challenged, the visually impaired and hearing impaired people, which makes it extremely difficult for them to travel to places of employment and health facilities.
3. Housing: Houses are often not accessible to people with disabilities.
4. Accessibility: Most public and private buildings are not designed to cater for the needs of people with disabilities.
5. Public schools: These are often not designed to be accessible for people with disabilities, and children whose parents have some form of a disability are often excluded from education opportunities due to financial constraints.
6. Social security: There is still a problem in that some people with disabilities are still not able to access disability grants.
7. Assistive devices: People with disabilities have inadequate access to assistive devices, such as wheel chair, white canes and Braille machines.
8. Advocacy: Not enough awareness programmes are implemented which could curb misconceptions about people with disabilities and enhance the concept of self-representation.
9. Funding: There is a lack of adequate funding to support disability-related initiatives.

The main principles that form the basis of the Disability Framework is as follows:
Respect for the human dignity of people with disabilities
General access to service delivery, information and the physical environment
Equality of opportunity for both men and women with disabilities
Full and effective participation by and inclusion of people with disabilities in society
Respect for the evolving capacity of children with disabilities and respect for their right to preserve their identity
The need to contribute to changes in negative attitudes and cultural beliefs about disability in the local government sphere, in communities and in the workplace.

A 2.7 The White Paper on Sustainable Tourism Development and Promotion in the Western Cape (2001)

The tourism policy is based on the fundamental principles of social equity, environmental integrity, economic empowerment, co-operation and partnership and sustainability and is driven by the challenges of transforming the society and economy of the Western Cape.

Tourism development must play a critical role in supporting the Constitution’s commitment to improving the quality of life of all citizens, while protecting the natural environment for the benefit of present and future generations. The policy is informed by the goals of reconstruction and development – to meet basic needs, to develop human resources, to build the economy and to democratis the state and society.

The tourism policy has also been developed in the context of the provincial government’s economic growth and development strategy:

1. Making the Western Cape the premier learning region in Southern Africa
2. Strongly linking it to the rest of the world
3. Supporting entrepreneurship and innovation
4. Improving job creation, raising the quality of basic services to the poorest citizens, and promoting the development of sectors which are able to absorb more low-skilled labour.

The policy emphasises the value of tourism and the importance of facilitating sustainable tourism development. It emphasises the importance of a style of management that views tourism as a system, that uses co-operation and partnership, and that promotes learning from experience. Critical success factors include:

1. Meaningful involvement of previously neglected communities
2. Improved funding for tourism development and destination marketing
3. Better co-ordination of public tourism resources
4. A safe and clean tourism environment
5. Constant innovation in the tourism product portfolio
6. Improved levels of service, product quality and value for money
7. Sustainable environmental practices

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8. Dealing effectively with the impact on tourism development of the HIV/AIDS pandemic

The goals are to:

1. Develop and promote a clear tourism development strategy
2. Increase tourism safety and security
3. Ensure tourism-related infrastructure and facilitate its provision
4. Legislate for compulsory registration for tourism enterprises and introduce an effective channel for complaints
5. Invest in tourism skills development and training programmes
6. Implement a tourism awareness, education and customer service programme
7. Develop a state of the art, integrated provincial tourism information system
8. Encourage sustainable tourism practices and promote general destination upkeep
9. Package tourism themes and attractions in the form of suggested routes and itineraries
10. Promote unique selling propositions and initiate special attraction programmes
11. Establish private-public partnerships
12. Keep the industry market-driven and as free from unnecessary regulation as possible
13. Promote entrepreneurship, with special emphasis on neglected communities
14. Improve participation of local communities in tourism development
15. Promote investment opportunities and establish incentives to stimulate investment in underdeveloped areas
16. Promote a single brand for the province, incorporated into the national branding
17. Focus on the lucrative end of the international market and provide affordable travel opportunities for domestic tourists
18. Complement the national (South African Tourism) marketing programmes and compete provincially for the domestic market
19. Initiate collective marketing opportunities to bring together private sector and local tourism organisations
20. Diversify the existing market base
21. Manage the potentially negative effects of tourism

A 2.8 Delivering the Open Opportunity Society for All: The Western Cape’s Draft Strategic Plan (2010)

The Draft Strategic Plan describes the meaning of the policy based on the meaning of the words “open” “opportunity” “for all” as follows:

By “open” the policy refers to a society based on the principles of transparency and the rule of law, where individuals are guaranteed rights and where independent institutions protect these rights, and limit and disperse political power.

By “opportunity” the policy refers to a society where every person is given the chance and the resources to improve their own circumstances.
By “for all” the policy refers to a society in which all South Africans enjoy the same rights and have access to the opportunities they need to improve their lives, irrespective of the circumstances of their birth.

The Draft Strategic Plan sets out overarching strategic objectives for the Western Cape Provincial Government, with clear outcomes to be achieved in the medium term. The main purpose of these strategic objectives is to achieve positive change in the lives of the people who reside in the Western Cape and how the Western Cape Provincial Government conducts their day-to-day business.

The 12 Strategic objectives outlined in the Draft Strategic Plan are as follows:

1. **Creating opportunities for growth and jobs**

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Economic growth is the foundation of all successful</td>
<td>a) The development of a provincial vision and brand</td>
</tr>
<tr>
<td>development</td>
<td>b) The development of a corruption-free efficient public sector</td>
</tr>
<tr>
<td>b) Growth is driven primarily by private sector</td>
<td>c) A regulatory environment that is efficient</td>
</tr>
<tr>
<td>business operating in a market environment</td>
<td>d) Infrastructure and asset development strategy</td>
</tr>
<tr>
<td>c) The role of the state is to:</td>
<td></td>
</tr>
<tr>
<td>(i) Create and maintain an enabling environment for</td>
<td></td>
</tr>
<tr>
<td>business</td>
<td></td>
</tr>
<tr>
<td>(ii) Provide demand-led, private-sector-driven support</td>
<td></td>
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<tr>
<td>for growth sectors, industries and businesses</td>
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</tr>
</tbody>
</table>

2. **Improving education outcomes**

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Improve the life chances of all its children through</td>
<td>a) Literacy and numeracy</td>
</tr>
<tr>
<td>the provision of quality education</td>
<td>b) Accountability</td>
</tr>
<tr>
<td>b) Children need to remain in school as long as possible</td>
<td>c) Faster response times and support</td>
</tr>
<tr>
<td>and achieve optimal results</td>
<td>d) Teacher morale</td>
</tr>
<tr>
<td>c) Focus from 2010 – 2019:</td>
<td>e) Quality texts and materials</td>
</tr>
<tr>
<td>Improve reading, writing and calculating abilities of</td>
<td>f) Poverty and crime</td>
</tr>
<tr>
<td>learners</td>
<td>g) School maintenance</td>
</tr>
<tr>
<td></td>
<td>h) Redress</td>
</tr>
<tr>
<td></td>
<td>i) Migration and new schools</td>
</tr>
<tr>
<td></td>
<td>j) School management and leadership</td>
</tr>
<tr>
<td></td>
<td>a) Improved academic performance in literacy and numeracy (Grades 3, 6 &amp; 9 by testing</td>
</tr>
<tr>
<td></td>
<td>the full coherent</td>
</tr>
<tr>
<td></td>
<td>b) Improved National Senior Certificate</td>
</tr>
<tr>
<td></td>
<td>c) Reduction in number of underperforming high schools</td>
</tr>
</tbody>
</table>

3. **Increasing access to safe and efficient transport**

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Transportation must be</td>
<td>a) Align to National</td>
</tr>
<tr>
<td></td>
<td>a) Achieve a modal shift form</td>
</tr>
</tbody>
</table>
## Cape Winelands District Municipality

### Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
<th>Policy Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Increase the wellness of the people of the province</td>
<td>a) Improve healthcare delivery by 2020</td>
<td>a) Decrease maternal mortality ratio</td>
</tr>
<tr>
<td>b) Addressing the factors that contribute to the burden of disease</td>
<td>b) Immediate action</td>
<td>b) Decrease child mortality rate</td>
</tr>
<tr>
<td></td>
<td>c) Premier’s summit on reducing the burden of</td>
<td>c) Increase TB cure rate</td>
</tr>
</tbody>
</table>

### Interventions

- b) Focussing on provincial priority areas
- c) Ensuring alignment between municipal integrated transport plans and integrated development plans
- d) Developing the required institutional capacity to deliver on transport mandates, while creating and strengthening relationships with crucial stakeholders and role-players.
- e) Shifting contestable freight haulage from road to rail
- f) Reducing the number of fatalities on the Western Cape Roads
- g) Reducing transport infrastructure maintenance backlogs

### Private to Public Transport

- through the promotion of improved rail transport, support to integrated transport networks including provision of rapid truck routes for existing public transport services and formalising the minibus taxi industry

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4. **Increasing wellness**

<table>
<thead>
<tr>
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<th>Plan to Achieve Outcomes</th>
<th>Policy Priority</th>
</tr>
</thead>
<tbody>
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<td>b) Decrease child mortality rate</td>
</tr>
<tr>
<td></td>
<td>c) Premier’s summit on reducing the burden of</td>
<td>c) Increase TB cure rate</td>
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</table>
Cape Winelands District Municipality
Local Economic Development Strategy

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
<th>Policy Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>c) Providing comprehensive quality health care facilities (from primary to highly specialised services)</td>
<td>d) Decreasing the incidence of infectious diseases (HIV &amp; TB)</td>
<td>d) HIV and AIDS: Decrease the HIV prevalence in the age group 15 -24 years</td>
</tr>
<tr>
<td>d) Need a whole-of-society approach that mobilises the resources, knowledge, creativity and concern of all role-players</td>
<td>e) Decreasing the incidence of injury</td>
<td></td>
</tr>
<tr>
<td></td>
<td>f) Decreasing the incidence of non-communicable diseases</td>
<td></td>
</tr>
<tr>
<td></td>
<td>g) Decreasing the incidence of childhood illness</td>
<td></td>
</tr>
</tbody>
</table>

5. **Increasing safety**

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) The focus will rather be to prevent crime and not to just react to crime through visible policing, urban upgrade and encouragement for civil society formations such as neighbourhood watches</td>
<td>a) Designing and establishing the institutions and approaches required to “make safety everyone’s responsibility.”</td>
</tr>
<tr>
<td>b) The safety strategy is based on a whole-of-society model</td>
<td>b) Optimising security services for the government’s assets, personnel and visitors</td>
</tr>
<tr>
<td>c) Three horizons along which the strategy will operate:</td>
<td>c) Optimising civilian oversight</td>
</tr>
<tr>
<td>(i) Removing opportunities to commit crime</td>
<td>d) Optimising road safety</td>
</tr>
<tr>
<td>(ii) Decreasing the motivation for offenders to commit crime</td>
<td></td>
</tr>
<tr>
<td>(iii) Removing the longer-term root causes of crime</td>
<td></td>
</tr>
</tbody>
</table>

6. **Developing integrated and sustainable human settlements**

<table>
<thead>
<tr>
<th>Strategic Objective and Plan to Achieve Outcomes</th>
<th>Policy Priority</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Accelerated delivery of housing opportunities</td>
<td>a) Accelerated delivery of housing opportunities</td>
</tr>
<tr>
<td>b) A sense of ownership, rights and responsibilities amongst beneficiaries, owners and tenants</td>
<td>b) Optimal use of resources</td>
</tr>
<tr>
<td>c) Optimal and sustainable use of resources</td>
<td>c) Inculcating a sense of ownership</td>
</tr>
<tr>
<td></td>
<td>d) Fair allocation of housing opportunities</td>
</tr>
<tr>
<td></td>
<td>e) Coordinated approach to human settlement development</td>
</tr>
</tbody>
</table>
7. **Mainstreaming sustainability and optimising resource-use efficiency**

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
<th>Policy Priority</th>
</tr>
</thead>
</table>
| a) Sustainability requires a different approach because it is not just about “doing things right” but also about “doing the right things”. | a) Climate change mitigation  
b) Water management  
c) Pollution and waste management  
d) Biodiversity management  
e) Land use management and agriculture  
f) Built environment | a) Climate change mitigation  
b) Water management  
c) Pollution and waste management  
g) Biodiversity  
h) Land use management and agriculture |
| b) Climate change in one of the biggest challenges facing communities both locally and internationally and could have a major impact on vulnerable economic sectors agriculture and communities (specifically poor communities) | | |

8. **Increase social cohesion**

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
</table>
| a) Empowered individuals  
b) Functional and bonded families  
c) Connected communities that, through social capital, are bridged to one another across racial, gendered, linguistic and class divides, and feel linked with government and organisations in civil society | a) Create an environment to build social cohesion  
b) Repairing the social fabric by addressing the causes and effects of social disintegration  
c) Strengthening the social fabric by building social capital |

9. **Reducing poverty**

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
</table>
| a) The PGWC has chosen a “capability deprivation” approach in order to achieve the overall vision of an open opportunity society for all  
b) The state has the responsibility to facilitate opportunities to escape poverty and it is the responsibility of people to make use of the opportunities  
c) Poverty reduction and poverty alleviation is a joint effort from all three spheres of government together with private sector and non profit sector  
d) Every poverty alleviation effort will include elements of opportunity creation | a) To address unemployment and create jobs  
(i) Implement EPWP  
(ii) Introduce skills training programmes  
(iii) Start projects to employ unemployed persons in the private sector  
(iv) Implement Strategic Objective 1  
(v) Link individuals on social security and municipal indigent lists to sustainable programmes and employment opportunities  
b) To address food security  
(i) An integrated food security programme aimed at indigent households  
(ii) A provincial food security programme |
### Strategic Objective

<table>
<thead>
<tr>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>e) Poverty involves the following dimensions:</td>
</tr>
<tr>
<td>(i) Income</td>
</tr>
<tr>
<td>(ii) Unemployment</td>
</tr>
<tr>
<td>(iii) Food security</td>
</tr>
<tr>
<td>(iv) Health</td>
</tr>
<tr>
<td>(v) Education</td>
</tr>
<tr>
<td>(vi) The living environment</td>
</tr>
<tr>
<td>c) To address health issues</td>
</tr>
<tr>
<td>(i) Implement Strategic Objective 4</td>
</tr>
<tr>
<td>d) To address education</td>
</tr>
<tr>
<td>(i) An integrated provincial early childhood development strategy for children aged up to five</td>
</tr>
<tr>
<td>(ii) Implement Strategic Objective 2</td>
</tr>
<tr>
<td>e) To improve the living environment for poor communities</td>
</tr>
<tr>
<td>(i) Profile the households and communities of the poorest wards</td>
</tr>
<tr>
<td>(ii) Implement Strategic Objective 6</td>
</tr>
<tr>
<td>(iii) Implement the Social Relief of Distress programme</td>
</tr>
<tr>
<td>f) To ensure good governance</td>
</tr>
<tr>
<td>(i) Evaluate the use of government transfer funds by social partners</td>
</tr>
<tr>
<td>(ii) Ensure that all municipalities develop quality IDP</td>
</tr>
</tbody>
</table>

#### 10. Integrating service delivery for maximum impact

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Investment must be coordinated in such a way as to maximise its impacts, avoid duplication of functions by different government spheres and improve service delivery</td>
<td></td>
</tr>
<tr>
<td>b) In order to achieve the above the PGWC will provide:</td>
<td></td>
</tr>
<tr>
<td>(i) Integrated planning and budgeting by focussing on an IDP indaba, decentralised service delivery model and provincial investment plan</td>
<td></td>
</tr>
<tr>
<td>(ii) Coordinated provincial support to municipalities in the forms of an integrated bursary scheme, Provincial framework for municipal support and bulk infrastructure support plans</td>
<td></td>
</tr>
<tr>
<td>(iii) Integrate service delivery through expansion of Thusong centres, establishment of Thusong centres, mobile Thusong centres and the Thusong expansion service</td>
<td></td>
</tr>
<tr>
<td>(iv) Coordinated intergovernmental reporting and engagement through coordinated</td>
<td></td>
</tr>
<tr>
<td>a) Integrate planning and budgeting</td>
<td></td>
</tr>
<tr>
<td>b) Coordinate provincial support to municipalities</td>
<td></td>
</tr>
<tr>
<td>c) Integrated service delivery</td>
<td></td>
</tr>
<tr>
<td>d) Coordinated intergovernmental reporting and engagement</td>
<td></td>
</tr>
</tbody>
</table>
11. Creating opportunities for growth and development in rural areas

<table>
<thead>
<tr>
<th>Strategic Objective</th>
<th>Plan to Achieve Outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) To support growth and development in rural areas the PGWC will provide:</td>
<td>a) Create a favourable environment in rural areas by focusing on and promoting infrastructure development and service delivery</td>
</tr>
<tr>
<td>(i) A favourable environment in rural areas by focusing on and promoting infrastructure and service delivery, the scientific, technical and sanitary environment, the regulatory environment and the physical environment</td>
<td>b) Create a favourable environment in rural areas by focusing on and promoting the scientific, technical and sanitary environment</td>
</tr>
<tr>
<td>(ii) Enterprise development, by focussing on both the commercial and emerging sectors and a comprehensive rural development plan</td>
<td>c) Create a favourable environment in rural areas by focusing on and promoting the regulatory environment</td>
</tr>
<tr>
<td>(iii) Skills development</td>
<td>d) Create a favourable environment in rural areas by focusing on and promoting the physical environment</td>
</tr>
<tr>
<td>(iv) Institutional support</td>
<td>e) Accelerate enterprise development, by focussing on both the commercial and emerging sectors and a comprehensive rural development programme</td>
</tr>
<tr>
<td></td>
<td>f) Skills development</td>
</tr>
<tr>
<td></td>
<td>g) Institutional Issues</td>
</tr>
</tbody>
</table>

12. Building best-run regional government in the world

Successful organisations are typically vision-led and values driven and have in place a brand, strategy, structure and systems that are aligned to the vision and informed by the values. Listed below are the elements of a successful organisation as depicted by the PGWC:

**Vision**
Our vision describes the future we envisage for ourselves and for the Western Cape. It captures why we do what we do.

**Mission**
Our mission describes how we will realise our vision. It captures what we do.

**Values**
Our values determine our behavior, and our organisational culture is a product of our behavior. It captures how we do what we do.
Brand
Our brand defines our government’s positioning, value proposition and personality. It is underpinned by our values and informed by our vision. It captures how we are experienced by the people of the Western Cape.

Strategy
Our strategy determines how we will achieve a defined, quantifiable set of outcomes.

Structure
Our structure is designed to give effect to our strategy.

Systems
Our systems are designed (1) to support and sustain our culture and (2) to allow us to achieve our objectives efficiently.

People
Our people will (1) live our values and (2) have the skills and attributes necessary to deliver on our outcomes. We call this being “fit for purpose”.

A 2.9 A revision of the 2004 Growth Potential of Towns in the Western Cape study: Discussion Document (2010)

One of the objectives of the Department of Environmental Affairs and Development Planning (DEA&DP) is to undertake spatial planning that promotes and guides the sustainable future development of the Western Cape province and redresses spatial inequalities. This goal led to the development of the Provincial Spatial Development Framework (PSDF), which identifies the areas of growth in the province and the areas where, in terms of the sustainable development paradigm, growth should be emphasised in the future. It also addresses the form that this growth or development should take and further emphasises the restructuring of urban settlements to facilitate their sustainability. To provide guidance and support for implementing the PSDF, a thorough understanding and knowledge of the characteristics and performances of all the settlements in the province is needed.

The result of the revised document is to provide an update of the growth potential of the towns identified as part of the 2004 study. The following table provides the results of the growth potential of the towns (only the relevant towns to the Cape Winelands District Municipality is shown in the table).

<table>
<thead>
<tr>
<th>Settlement</th>
<th>2010 Development potential category</th>
<th>2004 Development potential category</th>
<th>Difference in development potential category</th>
<th>2010 Social needs category</th>
<th>2004 Social needs category</th>
<th>Difference in social needs position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ashton</td>
<td>Medium</td>
<td>Medium</td>
<td>0</td>
<td>High</td>
<td>High</td>
<td>0</td>
</tr>
<tr>
<td>Bonnievale</td>
<td>Medium</td>
<td>Low</td>
<td>1</td>
<td>Medium</td>
<td>Medium</td>
<td>0</td>
</tr>
</tbody>
</table>
A 3 District Policies

This sub-section provides an overview of policies, strategies as well as specific studies conducted for the Cape Winelands District Municipality. The reason for including the studies is to ensure that all relevant data will be included in the LED strategy.

20. Cape Winelands Top Companies Study (2008)
21. Cape Winelands Infrastructure Investment Study (2008)
22. Cape Winelands Business Retention and Expansion Study (2009)
23. Cape Winelands Investment Attraction and Opportunities Strategy (2010)
29. Cape Winelands Firm Level Study (2005)
30. Cape Winelands Service Sector Study (2006)
31. Cape Winelands Tourism Visitor Study (2006)
32. Cape Winelands Growth and Development Strategy (2006-2014)
A 3.1 Cape Winelands LED Strategy (2006)

The Cape Winelands District’s sustainable economic development will depend on the ability of all stakeholders (public, private, civil society, and labour) to collaborate to improve the District’s global competitiveness and accelerate economic growth, job creation, black economic empowerment, and poverty reduction. The CWDM LED Strategy document provides a framework for united partnership action which will build on the strengths and resources of those who live and work in the Winelands District as well as strategic external partners.

The CWDM LED Strategy has a 5-10 year focus. The LED Strategy is informed by, and informs, a wide range of government initiatives from national through to local levels. An analysis of economic growth trends in developing countries since 1950 has found that successful economies have all done the following:

1. Followed their own unique strategies which have targeted their policies to address the most binding constraints to economic growth at that particular time in the country’s development. In a context of scarce resource, “the biggest bang for reform buck can be obtained by identifying the most significant bottle-neck in the economy at any point in time, and focusing efforts on alleviating that bottleneck

2. Implemented policies with four core common objectives:
   - Macro-economic stability responsible monetary and fiscal policies that prevent high inflation and the build-up of unsustainable debt levels
   - The desire to integrate in the world economy, including ways to protect against imports, promote exports, and foreign direct investment
   - Provision of protection in terms of property rights and contract enforcement
   - Maintenance of a certain degree of social cohesion, solidarity, and political stability

Key opportunities for accelerating shared economic growth, job creation and transformation arising from national and provincial strategies include the following:

- Strengthening partnerships with the University of Stellenbosch in terms of skills training linked to District growth sector needs as well as in areas of research and innovation related to the development of the agricultural sector
- Linking with national, provincial, and City initiatives to invest in and expand affordable local access to Telecommunications Networks and reduce the Digital Divide
- Accelerating infrastructure investments by State Owned Enterprises in transport, electricity, and
Flowing from the SWOT analysis and analysis of existing national and provincial strategies, the following LED Strategy objectives have been identified:

- Accelerate economic growth to 8% p.a. by 2009
- Reduce the time and financial costs of doing business and new investment
- Promote the development of a strong entrepreneurial culture and strengthen access to, and effectiveness of, support programs to emerging entrepreneurs
- Enhance the global competitiveness of, and promote Broad-based Black Economic Empowerment in, existing clusters with District growth potential (agriculture, tourism, craft, IT etc)
- Retain existing businesses and enhance the competitiveness of existing manufacturing investments, particularly large-scale employers
- Enhance human and social capital and capabilities and access to resources of special poverty-target groups (youth, women, disabled, etc)
- Provide a supportive environment for the informal economy which promotes positive linkages with the formal sector
- Improve key health issues outcomes that significantly impact on the labour force and raise the costs of doing business (with specific reference to FAS, HIV / AIDS and TB)

In order to enhance global competitiveness and reduce poverty, there are three strategic areas of intervention which the CW LED Strategy prioritises:

- Provision of an efficient and effective infrastructure foundation to facilitate local and international freight, passenger, and information and data flows, as well as the delivery of basic water, waste, and electricity
- Growing the first economy and broadening participation in this economy through reducing the costs of doing business, promoting trade and investment, developing freight and passenger logistics capacity and efficiencies, and developing strategic sectors and black economic empowerment
- Facilitation of economic bridges between the first and second economies (human resource development) and support to the second economy through informal economy support, small
business and cooperatives support, procurement, and business area management; ensuring all
residents are able to access the social package including government grants and subsidies, and
enhanced access to financial support (indigent policy)

Priority Economic Development Initiatives:

- Paarl CBD re-development Company has been formed involving the transfer of Council land and
  40% ownership by HDI groups. National Treasury PPP unit has approved the Company and re-
  zoning is currently underway.
- Land Management/ Disposal Policy has been developed but not yet approved (as of May 2006)
- Simplification of Supply Chain Management tender forms.
- Development of a marketing strategy initiated.

To make a meaningful impact on achieving these objectives, the Cape Winelands District
Municipality will need to facilitate the establishment of a wide range of, and strengthen existing,
partnership initiatives to leverage resources and expertise beyond the municipal budget to address
the economic development challenges of accelerated and shared economic growth and job creation
in the Cape Winelands District.

A 3.2 Cape Winelands Top Companies Study (2008)

This is a study conducted within the Cape Winelands District Municipality in order to determine the
top performing companies within the Cape Winelands District Municipality as well as providing a
more in depth overview of the performance of these companies. This was done in order to better
align strategies to address the constraints faced by these companies as well identifying key factors
that would help stimulate the growth of these companies which would result in job creation as well
as economic growth.

The purpose of the study was to locate the Top Companies in terms of the local economic context
through obtaining the latest information in terms of their structure and economic contribution and
performance. These companies were then analysed so as to address the following strategic
questions:

- Gaining an understanding of the Cape Winelands in terms of its business environment
- Understanding the District’s economic and growth potential
- Identifying the District’s competitive advantages, and identification of strategic areas of
  potential intervention.

Apart from the above strategic aspects, the study also focussed on the Top Companies’ perception
of the level of service(s) from the CWDM. This study thus allows for specific recommendations for
interventions from the District’s side in order to provide adequate support for the Top Companies
located in the region.
A 3.3 Cape Winelands Infrastructure Investment Study (2008)

The Cape Winelands Infrastructure Investment Study was mainly conducted due to the realisation that there is a need for a pro-active and targeted approach to promote public and private investment which is critical to promote future economic and environmental sustainability and adaption to global economic opportunities and threats.

The study outlines the following strategic guidelines to guide, optimise and leverage investment.

1. Optimise and Position the District as a Globally Competitive City Region - the Silicon Valley of Africa
2. Develop a City-Region Growth Management Strategy (CRGMS)
3. Ensure that the C-RGMS optimises the City-Region Dynamic
4. Ensure that the C-RGMS maximizes environmental sustainability
5. Strengthen District-led Coordination and Integration
6. Role with a focus on selected strategic initiatives

Priority Programmes and Strategic Initiatives to Accelerate Sustainable Investment:

1. Integrated marketing and positioning of the District as the Silicon Valley of Africa
2. Support and strengthen SDFs and urban edges
3. Package of Investment Plans programme
   a) Nodal Management Programme
   b) High density well located housing
   c) Infrastructure: water, transport, energy, ICT (Regional Broad-band Telecommunications Network and Universal Access)
4. Business cluster based initiatives
   a) Green technology and sustainable production methods
   b) Business retention and expansion
5. Sustainable management practices
6. Red Tape Reduction

A 3.4 Cape Winelands Business Retention and Expansion Study (2009)

The Business Retention and Expansion Study provide a five year strategy in order to achieve the overall intent to stimulate economic development initiatives and commercial growth within the Cape Winelands District Municipality. The aim of this study is to provide guiding perspectives, programme steps and implementation approaches that will result in an improved business communication framework and an enhanced backdrop for the retention and expansion of businesses within the District.
The goals of the Business Retention and Expansion Study are divided into short term, medium term and long term goals. These are:

**Short-term goals**

1. Address the negative effects of dumping and cheap imports on the clothing and textile industry
2. The manufacturing industry needs on-going support, particularly metals and engineering, food and beverages, publishing and printing.
3. Tourism in all its forms must receive continuous attention and support
4. The safety and efficiency of public transport needs attention
5. Water supply, waste water treatment, transport and engineering infrastructure are essential supporting municipal services
6. Business retention should be reflected within IDPs
7. Disaster management and the risk of fire
8. Areas of high economic growth and linkages with main growth centres should be redefined
9. A tight connection between the municipality and Chambers of Business should be established
10. Every effort should be made for a tighter coordination between CWDM and provincial government departments

**Medium-term goals**

1. Examine the potential within BPO, agro-processing and biofuels
2. The strength of the finance, trade, transport, communication and community services subsectors should be preserved
3. Settlement patterns and housing
4. Conferencing and eco-tourism have significant potential
5. A tighter alignment is required between the local municipalities in the region
6. Start-up support for new ventures should be considered
7. Seasonal work patterns should be assessed with a view to developing mitigating strategies
8. Crime, alcohol abuse and health issues such as TB should be actively addressed

**Long-term goals**

1. Address the weaknesses within information and communications technologies in the region
2. Explore support that may be given to the development of call centres
3. The cost of telecommunications must be kept as low as possible
4. Regional land-use and planning frameworks should be adapted with business expansion in mind
5. Informal trading zones should be streamlined
A 2.5 Cape Winelands Investment Attraction and Opportunities Strategy (2010)

Investment takes place at the firm level. In dynamic market’s that don’t invest lose market share and their sustainability is compromised. A national and a local business environment which supports investment, is therefore critical for sustainable economic development.

The primary goal of the Investment Attraction and Opportunity Strategy is to provide guidelines that would promote investment in the Cape Winelands District, by focussing on retaining and expanding the existing businesses, opportunities in the area, and on attracting new investment in the area.

In order to achieve the above mentioned goal, the following objectives have been identified:

1. To understand the current investor trends and opportunities
2. To highlight economic sector potential
3. To provide solutions for the main business/investor problems in the area
4. To provide requirements to overcome potential obstacles and ensure successful implementation

In order to achieve the above mentioned objectives the Cape Winelands Investment Attraction and Opportunities Strategy indicates that the following Thrusts and programmes need to be implemented successfully.

1. Enabling Environment
   a. Package projects
   b. Incentives
   c. Skills Training
   d. Infrastructure Development
2. Business Retention and Expansion
3. Creating Competitiveness
   a. Create an information desk
   b. Greening Manual
   c. Create Incentives
   d. Access to information for investors
   e. SMME’s

The Investment Attraction and Opportunities Strategy also provides a detailed analysis of the current economic situation within the Cape Winelands District Municipality. The economic analysis reveals that the priority sectors of the Cape Winelands District are Agriculture, Tourism, Trade, Manufacturing and Finance and Business Services.
A 3.6 Cape Winelands Tourism Marketing Plan (2009 - 2011)

The objectives of the Cape Winelands Tourism Marketing Plan are as follows:

1. To establish and expand a vibrant and sought-after Cape Winelands destination **brand**;
2. To promote the Cape Winelands as a premier South African tourism destination so as to:
   a) Increase the Cape Winelands share of the provincial tourism market;
   b) Expand the domestic travel market of the Cape Winelands by targeting and attracting South Africans who traditionally did not have the opportunity to travel and explore their country;
   c) Increase visitor numbers and the length of stay of visitors to the area;
   d) Improve the geographical spread of visitors and visitor spending;
   e) Reduce seasonality.
3. To package and develop tourism **products and experiences** in accordance with the Cape Winelands brand, so as to:
   a) Fast-track transformation and Broad Based Black Economic Empowerment (BBBEE) in the industry so that all communities are adequately reflected through tourism participation and ownership;
   b) Diversify the products and attractions through collective packaging and business assistance, with a special focus on unique local experiences that compliment the brand;
   c) Support the development of local “Homegrown” events that compliment the brand and pull tourists into the area.
4. To establish active marketing **partnerships** and ensure the **buy-in** and participation of all role-players in tourism including:
   a) Political leaders at provincial, district and local government level;
   b) Tourism officials and decision-makers in B-Municipalities in the District;
   c) Local Tourism Associations and their staff;
   d) Private sector including product members of Local Tourism Associations, tour operators, media, etc.;
   e) Local community in terms of access to tourism facilities, hosting of visitors, etc.

The focus areas as outlined within the Tourism Marketing plan are:

1. Food and Wine
2. Going Green
3. Sport & Adventure Tourism
4. Heritage Arts & Crafts
5. Health & Wellness
6. Events, Conferencing & Business Tourism
7. Romantic Travel

The projects listed within the Tourism Marketing Strategy are listed below:

1. **Media familiarisation trips**
a) Identify correct media
b) Familiarise media with CWDM
c) Follow up and monitoring of coverage from familiarisation trip
d) Invite media back with families/partner following media familiarisation trip
e) Start building relationships with national & international media during Indaba

2. Tourism trade relationship building
   a) Identify correct trade
   b) Communicate regularly with the tourism trade
   c) Familiarise trade with CWDM
   d) Personal follow up with trade after familiarisation trips
   e) Incentivise trade that provided bookings following the familiarisation trips
   f) Build relationships with national and international trade during Indaba

3. Exhibitions, Trade Shows & Road Shows – Local, provincial, national & international

4. Events
   a) Creation of conference/exhibition related to themes
   b) Support of new events
   c) Linking relevant media to relevant events
   d) Coordination of an events calendar with up to date and maintained contact database
   e) Liaise with media regarding events taking into account media deadlines
   f) Evaluate existing events

5. Partnerships
   a) Liaise with SAT, CTRU and B-municipalities in regards to expos, conferences, media contact,
      etc. that they attend to identify promotional opportunities
   b) Communication of the strategy to LTA, political leaders, community, etc
   c) Encourage producers in the area to include "Cape Winelands" on their produce

6. Public Relations
   a) Create "basket" of freebies for use for PR, familiarisation trips, etc i.e. have basket available
      on short notice
   b) Develop a tourism specific PR strategy in conjunction with the CWDM PR company

7. Product Development
   a) Non-financial facilitation of tourism enterprise development

8. Marketing Material
   a) Brochures
   b) Photos
   c) DVD
   d) Website employment of media / communication person to monitor and implement social
      networks such as Twitter and RSS feeds. Twitter groups

9. Mass Media
   a) Print media Western Cape
   b) Print Media Gauteng
   c) Print consumer magazines
   d) Print trade
   e) Radio National
Cape Winelands District Municipal Spatial Development Framework (2010)

The Cape Winelands District Municipal Spatial Development Framework aims to achieve an overall goal of ensuring sustainable development and better performance of the state. The intention is therefore to ensure that the CWDM achieves higher levels of sustainable growth through, inter alia, focussing investment and development on various significant urban areas while still sustaining a rural integrity and ensuring the conservation of biodiversity areas. The growth areas identified within the document are based on development corridors, economies of scale, infrastructure and resource capacity. The aim is also to use growth in the area as a catalyst to address poverty alleviation, spatial reconstruction and ensuring sustainability.

The Cape Winelands District Municipal Spatial Development Framework is a spatial dimension of the Cape Winelands District Growth and Development Strategy and it is therefore important that the CWSDF aligns with the objectives identified within the CWGDS (See Section A 3.16). Further it is also important that the CWSDF adheres to specific objectives as outlined in the PSDF (see Section A 2.3).

The objectives of the CWSDF can therefore be summarised as follows:

1. To improve the quality of life for the people of the region by ensuring principle-led responses through co-operative governance
2. To ensure collective recognition of ensuing spatial guidelines
3. To manage the impact and exposure of external and internal threats to growth and development (read: sustainable development)
4. To restructure urban settlements (where feasible)
5. To promote the concentration and intensification of human and economic activities within the current land footprint and in areas of high accessibility
6. To promote sustainable resource use
7. To address housing backlogs within a settlement hierarchy and propose alternative settlement options
8. To foster the inclusion of an economic perspective in land use management and land development
9. To improve and conserve the district’s natural environment
10. To consider the spatial rationale for the implementation of government policies within the Cape Winelands district

The purpose of the SDF is not to infringe upon any existing land rights, but to guide future land uses and development in a manner that ensures sustainability. The content of the CWDSDF does not exempt any party from its obligation in terms of any other act/ordinance controlling land use and/or land development. The objectives of the Cape Winelands Spatial Development Framework are as follows:

1. To improve the quality of life for the people of the region by ensuring principle-led responses
2. To ensure collective recognition of ensuing spatial guidelines
3. To manage the impact and exposure of external and internal threats to growth and development (read: sustainable development)
4. To restructure urban settlements (where feasible)
5. To consider the spatial rationale for the implementation of government policies within the Cape Winelands district
6. To promote sustainable resource use and responsible rural development
7. To address housing backlogs within a settlement hierarchy and propose alternative settlement options
8. To foster the inclusion of an economic perspective in land use management and land development
9. To improve and conserve the district’s natural environment
10. To promote the concentration and intensification of human and economic activities within the current land footprint and in areas of high accessibility
Figure A 3.1 below illustrates the guidelines as proposed by the Cape Winelands Spatial Development Framework.

FIGURE A 3.1: CAPE WINELANDS SPATIAL DEVELOPMENT FRAMEWORK

Source: Cape Winelands Spatial Development Framework, 2010
A 3.8 Cape Winelands Social Development Strategy (2010)

The purpose of this Cape Winelands District Municipality Social Development Strategy is to provide a partnership Blueprint and Route Map for focussed and cost-effective planning, co-ordination and implementation of Social Development priorities, programmes, projects and institutional arrangements for all government spheres, civil society partners, stakeholders and roleplayers within the Cape Winelands District; so that we achieve shared:

1. Understanding of our respective roles and functions,
2. Vision, Mission and Values; and
3. Commitment to the Local Government Turnaround Strategy principles, strategic objectives, programme of action and developmental outcomes.

And that all we are all equipped, empowered and resourced to help develop caring and self-reliant communities within each of the diverse Cape Winelands towns and villages.

The shared social development inputs are defined as follows:

1. **Build the resilience of families** by strengthening their ability to cope with external and internal threats, as well as interventions to protect them during phases of vulnerability:
   - expanding the scope and quality of our child protection measures (ECD, after school care, ward-based safety parents, neighbourhood child protection committees) and services to victims of violence;
   - community-based programmes for older persons; persons with disability; and children and families infected and affected by HIV and AIDS;
   - supporting community based interventions and treatment centres for reduction of substance abuse;
   - Youth development programmes that build self-reliance & skills development.

2. **Contribute to Winning the War on Poverty** by strengthening our interventions in respect of food security, expanding the Bata Pele child poverty project, increasing the number of people who are trained and find employment through EPWP and strengthening our responses to victims of disaster.

3. **Contribute to Winning the War on Crime** by reducing the number of awaiting trial youth through the expansion of diversion options, and strengthening substance abuse services through prevention, early intervention, and treatment and after care.

4. **Strengthen Community-based Networks** for the care and protection of vulnerable groups such as Youth, Substance Abuse, Early Childhood Development, persons with disabilities and older persons and expand the Active Ageing project (Golden Games) to become a District-wide project.
5. **Institutionalise our outcomes-based Monitoring and Evaluation** in order to improve our Local and District-wide programme planning and performance; and to ensure value for taxpayers’ and donors’ money.

6. **Make Social Development services and venues accessible to target groups** by analysing priority needs, establishing local offices and service points, directing services and resources procured from accredited NGOs and CBOs to under resourced, high priority areas; and enhance our partnerships with Community service providers which meet required standards.

7. **Strengthen our Social Cluster alignment process and create a co-operative governance environment** involving all three spheres in our District, to support cost-effective planning, co-ordination, accountability for outputs and outcomes, monitoring & evaluation, recognition of results and up-to-date knowledge management systems.

Table A 3.1 shows the cluster objectives as outlined within the Social Development Strategy

| TABLE A 3.1: SOCIAL DEVELOPMENT STRATEGY CLUSTER OBJECTIVES |
|-----------------------------|----------------------------------------------------------|
| **Cluster**                 | **Objective**                                            |
| Substance Abuse             | To have appropriate integrated services and networks that address substance abuse prevention, treatment and rehabilitation |
| Older Persons               | To have effective programmes for Active Ageing and protection of older persons |
| Disability Services         | To have appropriate services that promote an optimal life for people with disabilities |
| Children and Families       | To have resilient, optimally functioning families and communities that care for, protect and develop children appropriately |
| HIV/AIDS                    | To have an optimal quality of life for those infected and affected by HIV & AIDS through the provision of appropriate services |
| Sustainable Livelihoods     | To have integrated Social & Economic development programmes that facilitate empowerment of communities towards sustainable livelihoods |
| Youth Development           | To have enabled youth who take responsibility for positive lifestyles and to who participate in family and community activities |
| Institutional Capacity Building and Support | To have a District network of social development service providers that are cost-effective, resilient, creative and practice good governance |
A 3.9 Cape Winelands Economic Evaluation Tool (2009)

The Cape Winelands District Municipality (CWDM) is committed to promoting economic growth, social justice and equity. The development strategies implemented in the CWDM provide objectives and targets which aim to meet this goal. It is important for the CWDM to be informed of socio-economic progress (as set out in the targets) in order to make informed decisions on the effectiveness of the development strategies implemented in the CWDM. In order to achieve this Cape Winelands District developed an Economic Evaluation Tool.

The goal of the project is to undertake a detailed assessment of the CWDM economy and development strategies which will then form the baseline of the economic evaluation tool. The economic evaluation tool will then be used to determine whether the CWDM are reaching the objectives and targets as set out in the development strategies.

Based on the goal, the following objectives have been identified:

1. Review of the development strategies (Growth and development and Local Economic Development) in the CWDM
2. Conduct an in depth study of the demographic and economic characteristics of the CWDM
3. Use the above information to build a economic evaluation tool for the CWDM (Refer to the Evaluation Tool)
4. Undertaking a pilot evaluation of the CWDM using the evaluation tool, and providing recommendations based on the outcome. (Refer to the Evaluation Tool)

The main challenge when implementing the evaluation tool was that the targets set in the strategies are too broad. The targets and objectives identified in the various strategies are not specific, measurable, achievable, relevant or timely (SMART). Although these objectives could be measured targets that need to be achieved are lacking from the objectives.

It was thus difficult to develop an evaluation to determine the progress of these strategies, since there are no specific indicators to evaluate. However, the economic evaluation does provide some way of evaluation. The data is provided on a year to year base which provides the CWDM with the opportunity to evaluate the previous year’s data with that of the following year. Some of the data could be provided for the previous twelve years which provides the opportunity to compare growth over the last decade. Although this does not provide an indication of the specific progress (meeting targets), it gives the CWDM a way of reporting on the development of the district.

If the CWDM require information to determine the progress of specific projects (identified in the strategies), it would be important to monitor and review the strategies and determine specific objectives/targets for each project. It is important to keep in mind that these targets need to be SMART, the data to determine the progress need to be readily available (not too expensive) and the data needs to be updated regularly.
The following recommendations are suggested in order to implement a good monitoring and evaluation plan for the CWDM:

1. Review strategies and identify specific, measurable targets (SMART targets)
2. Establish relationships with various stakeholders (statsSA, local businesses, local tourism bureau’s, business organisations (Cipro), local municipalities, etc) to have access to various data sources.

A 3.10 Cape Winelands Manufacturing Sector Study (2004)

The Manufacturing Sector study for the Cape Winelands District Municipality provides an assessment of the manufacturing sector in the area under its jurisdiction in order to determine appropriate interventions in support of economic growth, diversification and transformation of the sector. The study is undertaken in support of the CWDM mandate to ensure redistribution and equitable access for businesses and residents to the benefits of the economy throughout the District.

The objectives of the manufacturing sector study are as follows:

1. To conduct a macro assessment of manufacturing in the global, South African and CWDM context;
2. To conduct a micro assessment of manufacturing firms in the CWDM area by focusing on performance, business opportunities, labour, etc of established firms and existing new market entrants;
3. To assess the market (meso) level by considering aspects such as business-to-market linkages, businesses-to-business linkages, barriers to entry, etc;
4. To identify interventions for the CWDM to consider in support of the sector;
5. To position and consider a brand for the manufacturing sector in the CWDM area;

The main recommendations from the Manufacturing Sector Study can be summarised as follows:

6. There is a need for a communication strategy aimed at the manufacturing businesses in order to better outline the role of the district as well as providing the local businesses with guidelines on support mechanisms provided at national, provincial and district level.
7. Establish a forum for the different industries within the manufacturing sector in which issues and opportunities can be discussed. It is also important that the district be involved in these forum meetings.
8. Need to assist in the understanding the impact of existing legislation of the business environment
9. Dumping of low quality products within the South African market places a strain on the manufacturing industries within South Africa. The district needs to emphasise this problem to provincial and national legislators in order to minimise imports of low quality products to South Africa
10. Manufacturing industries, especially the high job creating industries, exporting products need to receive incentives

11. Skills development programmes are a urgent need within the manufacturing industries. Skills development programmes to be implemented could include the following:
   a. Managerial theories and practices applicable to the South African situation;
   b. Basic marketing principles;
   c. Financial aspects like budgeting, cash flow and taxation;
   d. Language training in Afrikaans and English;
   e. Some basic principles like work ethics, work pride, honesty, budgeting and personal financial management, communication skills, interaction with other people and etiquette.

12. There is very little market information available regarding the local manufacturing industries and it would be beneficial to provide the local industries with a local intranet in order to share information.

13. Limited industry co-operation and business linkages among businesses in the BDM area provide an opportunity for the BDM to explore and facilitate business-to-business co-operation and the establishment of alliances and joint ventures.

14. The nature and benefits obtained from institutional support is important to businesses and should be clearly demonstrated. Institutional support can be provided on a direct and indirect basis.
   a. The following direct institutional support could be provided:
      i. Identify shortcomings and opportunities in each area of the district. Develop strategies to support shortcomings by utilising the strengths of each area. Facilitate the implementation of strategies and co-operate with other NGOs working on complementary business and economic development projects in specific towns. For example, where seasonality of employment is a major issue for a town, assist strategic businesses in the region to expand job opportunities over the entire calendar year.
   b. Indirect institutional support may include the following:
      i. Address the issue and impact of toll roads on transportation bills by lobbying national government about greater and more effective use of railway transport in the BDM area to key urban centres in the Cape Town Metropolitan area.
      ii. Work with Business Partners to develop financing strategies to assist businesses in a manner that is less conventional. The possibility of providing revolving soft loans with the extension of a guarantee provided by the BDM up to a certain amount is a possible option.
      iii. Introduce a similar principle to the successful “Tips for Trevor” forum to involve businesses and individuals alike in the activities of the BDM. In this manner, people feel empowered by being granted an opportunity to express and opinion regarding the needs that have to be addressed in the coming financial year.

15. The facilitation of a branding exercise for manufacturing in a district municipality like the BDM area will further enhance and strengthen the link between businesses and the BDM.
**A 3.11 Cape Winelands Firm Level Study (2005)**

The Cape Winelands District Municipality commissioned a study of the companies operating in the District as part of an economic assessment of the area. The study was designed as a two-month survey to obtain the latest information on the structure and performance of firms in different sectors of the economy in the District and also aimed to derive how businesses perceive their operating economic environment within the District.

The brief consisted of three components:

1. A small-scale survey of 150 firms stratified by sector, size and location
2. Analysis of the survey data with conclusions and recommendations that would enable the municipalities to better create an enabling business environment
3. A study report and a workshop with municipal officials responsible for LED within the district

The overall recommendations have been categorized into three strategic thrusts:

1. **The improvement of municipal services to businesses**

   It is reasonable to assume that all the local municipalities in the CWDM are attending to service delivery and maintenance issues on a daily basis. One must expect that municipal officials are not unaware of the reported shortcomings within the delivery of the various services. It is likely that service delivery is also affected by other issues such as capacity and available funding. It is worthwhile however to draw renewed attention to the need for businesses to receive a high level of service in terms of:

   a. Stormwater drainage and sewerage
   b. Electricity supply and stability
   c. Ambulance and traffic services
   d. Telephone/fax/Internet lines and services

   The most significant shortcomings in terms of service delivery that this study uncovered were the following:

   a. The poor condition of roads and parking
   b. The lack of public toilet facilities
   c. The quality and cost of water
   d. The quality of cleaning and refuse removal

2. **Suggestions relating to municipal support towards SMMEs**

   a. The full range of funding options available from national and provincial government agencies should be vigorously explored in a bid to provide developmental programmes for SMMEs
b. The concept of BEE should be properly investigated and should then be sensibly communicated so that all businesses will find a way to embrace the underlying principles and to incorporate it into their development scenarios.

c. Every effort must be made to encourage and promote job creation programmes including training and mentoring initiatives.

d. The municipality should review and adapt its own internal procedures so that those in need of advice and services may be received with friendly enthusiasm by approachable and visionary officials.

e. There has been a strong call for the municipalities to review rates, service charges, levies and regulatory procedures so that SMMEs may overcome some of the difficulties that are inherent within the growth of small firms. Particular attention should be given to rental costs for premises, business support forums and advertising.

3. **Strategic interventions that could enhance the development of the full potential of the District**

Some significant strategic issues emerged that would allow the District to make substantial strategic advances if the municipalities, business organizations and the individual firms could find mechanisms to implement the range of strategic choices that were uncovered. If the District municipality elects to play a guiding or facilitating role, then the following strategic interventions would be appropriate:

a. The entire District requires a carefully constructed marketing plan that would aim to promote and advertise all the features of the District to the widest possible audience.

b. All the municipalities need to communicate their roles, functions, available resources and shortcomings to the business community particularly to newer firms.

c. A range of business forums should be established or closer linkages should be found with existing forums or business development groupings.

d. Particular attention must be given to crime, safety and security in all its forms.

e. The barriers between informal traders/street hawkers and the continuing development of formal businesses need attention. This has implications on crime, vagrancy, cleaning, security and overall economic development.

f. Tourism needs active promotion in all its aspects throughout the district and within a provincial context.

g. Efforts must be made to counteract the negative effects of droughts and dry seasons which affect the Agricultural sector and also all firms that rely on the well being of the Agricultural sector for their own prosperity.

h. The negative effect of the exchange rate when the Rand is strong should be explored and appropriate guidelines must be developed in conjunction with export agencies and forums to minimize the negative effects.

A 3.12 Cape Winelands Service Sector Study (2006)

The Service Sector Study is a review of the current situation of the industries within the service sector. The study is conducted through a number of surveys in order to gain specific inputs form the...
industries identified. Haydam (1997) defines the following economic sectors to measure Growth Domestic Product (GDP):

**Primary Sector**
- Agriculture, Forestry and Fishing
- Mining and Quarrying

**Secondary Sector**
- Manufacturing
- Electricity, Gas and Water
- Construction and Contractors

**Tertiary Sector**
- Wholesale & Retail; Catering & Accommodation
- Transport, Storage & Communication
- Finance, Insurance, Real Estate & Business Services
- Community, Social and Personal Services

In the context of this study, the Services Sector is framed within a representative selection of services industries within the Tertiary Sector by combining Finance, Retail, Real Estate and Transport.

The overall recommendations have been structured into 5 focus areas:

1. **International and national interventions**

   District Mayor and Municipal Manager engage National Treasury and the National Department of Transport to agree on guiding models that may be usefully added to the national effort towards improving the economy of the country. Items for discussion should include:

   a. International trade and initiatives in SADC
   b. New and innovative export models
   c. Developmental models, as examples, from other countries
   d. Dealing with the effects of oil price fluctuations
   e. Dealing with the effects of exchange rate fluctuations
   f. Dealing with the effects of drought and water shortages
   g. Transport strategies including rural rail transportation and the mini bus taxi recapitalisation programme
   h. The economic effects of labour regulations
2. **Western Cape provincial interventions**

Development Services Department supported by councillors from each local municipality should actively engage provincial authorities relating to the following:

a. Integrated transport systems with linkages to urban planning
b. Provincial marketing strategies
c. The increase of capacity and efficiencies between provincial and local government with special reference to crime, safety and security and the regulatory environment for planning
d. Western Cape as a national location for financial services training
e. Review of Red Door
f. Promotion of entrepreneurship education in former Black or rural schools

3. **Political interventions**

It is suggested that these initiatives be undertaken jointly by the Mayors of all the municipalities in the District in conjunction with the Councillors responsible for economic development.

4. **Municipal interventions**

Municipal Managers of all the municipalities should develop combined strategies to improve the following:

a. Water supply and water resources
b. Stormwater, drainage and sewerage services
c. Additional public toilets
d. General cleaning and refuse removal
e. Improvements in roads and parking
f. The overall improvement of municipal organisational efficiency
g. A review of the costs of municipal services

5. **District strategic interventions**

Development Services Department develop organized strategies to implement the following:

a. Examine the feasibility of facilitating the development of business process out-sourcing, particularly in the insurance and asset management sub-sectors
b. Establish mechanisms to encourage two-way business information flows
c. Commence or continue the establishment of a broad District marketing brand
d. Establish a business training centre with programs for new entrepreneurs and SMMEs
e. Ensure that the developmental focus is prioritised around the top ten growth potential towns
f. Examine and promote the BEE issues within the financial services charter
g. Continue to promote tourism with due regard to unrealistic expectations
A 3.13 Cape Winelands Tourism Visitor Study (2006)

The Cape Winelands District Municipality commissioned a research study to analyse tourist movements within the Cape Winelands District so that a visitor profile could be obtained to assist with the ongoing development of the tourism industry within the District.

The overall intent was to obtain accurate information on the number of international and domestic tourists that visit the Cape Winelands region and to provide input into the framework that would guide the proper establishment of information gathering, networks and linkages.

The outcomes of the study should contribute to the compilation of new tourism information sources and the confirmation of existing tourism information sources so that a continuous tourism information flow towards the Cape Winelands District municipality can be facilitated.

The recommendation made within the Tourism Visitors Study can be categorised as follows:

1. **CWDM as the strategic leader**

The tourism industry in the Cape Winelands region needs a strategic focus that would gather all the various components into an integrated strategy that is aligned with the overall development plan of the district as well as the local municipalities. It is hoped that with a better aligned strategy there could be a more effective gathering of information to create meaningful profiles to guide future changes and problems. It would be appropriate for the Cape Winelands District to develop such a strategy at a political level with full inclusion of the private sector. The strategy should include aspects such as:

   a. Level of support towards the LTO’s
   b. Anticipation of major tourism events such as the World Cup 2010
   c. Relationship with private sector companies
   d. Tourism as a development instrument
   e. Tourism budgets and expectations

2. **The role of the local tourism offices (LTO)**

The regional tourism office of the Cape Winelands District functions well as a co-ordinating body, however there is a need to better define the role and functions of the local tourism offices. The local offices do provide tourism information of the visitors that pass through their offices but if they could establish broader relationships with regional service providers it could be advantageous in order to obtain in depth and quality information of all visitors to the area. It is recommended that the regional office and Cape Town Routes Unlimited develop an information gathering strategy. A mechanism should also be developed to ensure that information is distributed quickly with prompt feedback from service providers (ideally a universal computer-based system)
3. **Collaboration with Cape Town Routes Unlimited**

Cape Town Routes Unlimited is the tourism marketing organisation for the Western Cape. Part of their role is to conduct research and provide statistics relating to visitor profiles and movements. Cape Winelands Tourism should make every effort to foster a tight and meaningful relationship with Cape Town Routes Unlimited so that the Cape Winelands may better assess its own fit within the greater provincial tourism setting.

A 3.14 Cape Winelands Growth and Development Strategy (2006 - 2014)


The joint effort of the Cape Winelands District Municipality and its 5 B-Municipalities and sector partners resulted in a consensus document that binds government, business, labour and civil society within the region in placing the Cape Winelands on a path of economic growth. The CW-GDS was launched on 30th November 2006 at the Growth and Development Summit.

The Cape Winelands Growth Development Strategy provides all district stakeholders with a comprehensive strategy focused on a sustainable and shared growth path. All the municipalities within the Cape Winelands are committed to providing an enabling environment focused on ensuring growth for all communities, especially the poorer communities.

The objectives of the Cape Winelands GDS is as follows:

1. **Marketing of the district to potential investors and tourists and businesses “as the best place in which to live, work and play.”** Globally, winning cities are implementing destination branding strategies to accelerate tourism and investment. Development of a destination brand has proven to be a strong, significant strategic lever for development of Tourism and Business. Business and government should partner in branding and aggressively marketing the Cape Winelands “as the best place in which to live, work and play”.

2. **Diversifying the economy focussing on sectors such as tourism, ICT, BPOs, renewable energy and other niche sectors.** Business is critical in creating and distributing wealth within the Cape Winelands. Government needs to create an ‘enabling’ environment for businesses in all sectors of the economy to innovate and grow. A key focus is on building the necessary infrastructure, logistics and communication systems to sustain growth not only on the key sectors but also giving focus to niche sectors. It also means that supportive policies need to be put in place and government legislation communicated. The acceleration of domestic and foreign investment, and exports, has significant potential to accelerate economic growth and job creation. Foreign Direct Investment can serve to integrate local markets into the world economy far more effectively than by traditional trade flows alone. The general impacts of foreign direct
investment include increased national income, decreased prices, improved selection of products and services, and improved innovation and productivity. Globally, service sectors such as tourism, ICT, business process outsourcing will dominate FDI flows, together with the energy sector.

3. **Identifying and attracting investment into the District and facilitate the creation of innovative, creative, competitive enterprises that meet needs and create opportunities.** To make a meaningful impact the Cape Winelands District Municipality will need to facilitate the establishment of a wide range of, and strengthen existing, partnership initiatives to leverage resources and expertise beyond the municipal budget to address the economic development challenges of accelerated and shared economic growth and job creation in the Cape Winelands District. Facilitation of economic bridges between the first and second economies (human resource development) and support to the second economy through informal economy support, small business and cooperatives support, procurement, and business area management; ensuring all residents are able to access the social package including government grants and subsidies, and enhanced access to financial support (indigent policy).

4. **Developing sustainable and inclusive social and economic development projects.** Poverty, inequality and exclusion are immediate concerns that cannot wait for the benefits of growth to eventually reach all residents. Interventions targeting human social and economic development are essential in the short to medium term if all residents are to enjoy higher standards of living in future. All sectors raised the issue of sustainability. It was felt that the warning of climate change and ongoing environmental degradation cannot be ignored. Poor river water quality threatens the ability of the Cape Winelands to reach its desired growth and development target as export markets could be lost. It was agreed that all sectors should commit to the promotion of cleaner technologies, waste minimisation practices, utilising renewable energy sources, and proactively addressing pollution. It was agreed that the relevant government departments should enforce compliance with environmental legislation.

   a. Catalytic projects that could have multiplier effects within the local economy have been identified. These catalytic projects are:
      
      I. A partnership with Agri-WC for land reform projects
      II. Integrated public transport system for the region
      III. Cape Winelands Industrial Development Plan
      IV. Re-development and integration of business nodes in the CBD areas
      V. Support SMME Development

5. **Develop an integrated monitoring and evaluation system for the District.** The definition of a municipality in South African legislation includes the council, the administration and the community. The implication is that all Cape Winelands citizens have a right to be informed and participate in decision making processes. Civil society sector has a key role to play in partnering with, and monitoring, government in this regard. Municipalities are committed to having strong ward committees and to linking with and building civil society institutions. Public awareness and education is fundamental. Part of the challenge is building e-literacy amongst poor and marginalised communities in the Cape Winelands. Concern over clean and transparent governance was raised in all the CW-GDS sector workshops. This concern applies to all sectors – government, business, labour and civil society. Participants indicated that not enough effort has
been made in the past to building relationships of integrity and trust between sectors. It was agreed that if all sectors ensure open and transparent business processes, especially procurement, and focused on being ‘excellent’ in their areas of responsibility this would go a long way to promoting sound relationships.

The CW-GDS process highlighted the need to institutionalise communication channels between sectors. The CW-GDS had started a process of building relationships of trust and co-operation. However, these needed to be extended and sustained. It was agreed that a Cape Winelands Economic Development Council should be instituted.

A 3.15 Cape Winelands Informal Economy Sector Study (2008)

The Cape Winelands integrated Development Plan and well as the Growth and Development Strategy has outlined the need to stimulate economic development in the region. In order to stimulate economic development, the Cape Winelands District Municipality has geared itself towards the development of a path that promotes shared growth and integrated development.

Part of this growth and development process relies on the accurate identification and understanding of the informal economy. By understanding the informal economy the municipality is better equipped to intervene with this sector, in order to better promote the growth of businesses in this sector.

The main findings and recommendations as outlined in the Informal Economy Study are as follows:

1. The survey shows that the majority of business enterprises could be classified as “Micro-Enterprises” and that most (70%) entrepreneurs interviewed had no prior business experience. The Cape Winelands District Municipality and Seda currently has an agreement in place and should be included in the intervention to assist entrepreneurs.

2. Very little use is being made of outside capital for acquisition of assets and start-up capital. A possible explanation for this is that entrepreneurs do not have adequate security or collateral to apply for loans.

3. The majority of businesses interviewed displayed a positive outlook regarding growth prospects. However the main reasons given by those respondents who were pessimistic about growth prospects are:
   a) The lack of finance to expand.
   b) The lack of space available to facilitate any expansion.
   c) High input costs.
   d) Increased competition.

4. There is a lack of awareness of Government support programmes available to entrepreneurs. This could be a possible reason for the fact that so little use is made of Government support. Most government incentive schemes are subject to small businesses being registered with one or other organ of state (which is a barrier for small business trying to avoid business taxes and levies due to financial constraints)
5. Businesses source most of their stock purchases locally; however they experienced problems of delivery, availability and credit facilities.

6. The number one factor identified by respondents as necessary for future growth was “management training”. This was followed by “identification by local government of opportunities” and “employee training”.

7. Most of the before-mentioned problems could be solved by the establishment of decentralized incubator facilities which would supply after-hour training and mentorship programs designed to educate and better equip existing and potential entrepreneurs in the art of successfully running a business.

A 3.16 Cape Winelands Biosphere Reserve Spatial Development Plan (2009)

The SDP gives effect to the stipulations of LUPO namely that an SDP is to lay down guidelines for the future spatial development of the area to which it relates (including urban renewal, urban design or the preparation of development plans) in such a way as will most effectively promote the order of the area as well as the general welfare of the community concerned (Section 5(1)).

As such, the SDP serves to:

a. Indicate, in a detailed manner, the spatial implications of the Biosphere Reserve.
b. Serve as spatial plan and strategy that facilitates Local Economic Development (LED).
c. Lay down strategies, proposals and guidelines for the future spatial development of the Biosphere Reserve. This includes, without being limited to, development objectives, proposals for land reform, urban renewal, reconstruction, integration, environmental planning, and urban design so that the general well-being of the relevant local communities and order in the area are promoted in the most effective manner.
d. Promote social, economic, and environmental sustainability in an integrated and holistic manner and in accordance with the applicable legislation, policy and protocols. The SDP has to create conditions that will facilitate economic benefit through the promotion of the comparative and competitive economic advantages of the Biosphere Reserve.

In practical terms, the SDP includes plans, guidelines and strategies giving effect to the three functions of the Biosphere Reserve namely, development, conservation and logistical support. As such the SDP indicates which type of land use should be undertaken in the Biosphere Reserve, where it should take place, and how such land use should be undertaken in order to be sustainable.

The vision for the Biosphere Reserve Spatial Development Plan is as follows:

“An area of excellence and good practice for people, culture and the environment”

The primary aim of the Biosphere Reserve Spatial Plan is to promote sustainable development of the Biosphere Reserve. In order to ensure sustainable development the Biosphere Reserve Spatial
Development Plan further also highlights the importance of the three global imperatives of sustainable development which include:

1. Human Well-Being
2. Environmental Integrity
3. Economic Efficiency

The sustainable development objectives as outlined by the Biosphere Reserve Spatial Development Plan include the following:

1. Social Sustainability - This objective refers to the concept of need referred to above and addresses the following:
   a. Improve the quality of human life, including poverty elimination.
   b. Recognise the extent of cultural diversity and respond accordingly.
   c. Protect and promote human health through a healthy environment.
   d. Implement skills training and capacity enhancement for historically disadvantaged people.

2. Economic Sustainability - Every effort must be made to achieve the following:
   a. Ensure that new development promote qualitative urban integration, affordable housing and densification, in a financially viable manner, without undermining existing property values.
   b. Ensure that as a whole, the for- and non-profit projects combine into a financially viable local economy that benefits all stakeholders, including shareholders, employees, the community, and partners.
   c. Promote employment creation and, where practically possible, labour intensive construction.
   d. Enhance competitiveness within the context of the promotion of policies and practices that advance environmental sustainability.
   e. Invest some of the proceeds from the use of non-renewable resources in social and human-made capital, to maintain the capacity to meet the needs of future generations.

3. Biophysical Sustainability - In the Biosphere Reserve there will be the presumption in favour of conservation and a premium will be placed on the conservation of natural resources, wildlife and landscape. Materials for new development should, for example, be obtained from sustainable sources and in the design of buildings, the use of energy consumption will be minimised. In addition, the following principles will be incorporated into the planning and management of the development:
   a. Minimise use of the four generic resources, namely energy, water, land and materials.
   b. Maximise resource re-use and/or recycling.
   c. Use renewable resources in preference to non-renewable resources.
   d. Minimise air, land and water pollution.
   e. Create a healthy, non-toxic environment.
   f. Maintain and restore the Earth's vitality and ecological diversity.
   g. Minimise damage to sensitive landscapes, including scenic, cultural, historical, and architectural aspects.
4. **Technical Sustainability** - A primary aim is to create a *qualitative* cultural environment, which is ‘in harmony’ with the natural environment that ‘contains’ it. The following objectives are set in this regard:
   a. Construct durable, reliable and functional structures.
   b. Pursue quality in creating the built environment.
   c. Use serviceability to promote sustainable construction.

**A 3.17 Cape Winelands Integrated Transport Plan (2005)**

Transport overall, and public transport in particular, has assumed greater importance in supporting the integrated social and economic development objectives of the Western Cape and the Cape Winelands District Municipality. The provision of appropriate transport infrastructure and services determines the safe mobility of all people and goods and is a fundamental factor in social and economic development and for sustainable future livelihoods. Transport provision makes an important contribution to overcoming the marginalisation of low income communities and enabling participation in the economic and social life of the municipality and the province.

A number of objectives have been developed for the Integrated Transport Plan. The objectives are divided into public transport objectives and private and freight transport objectives.

**Public Transport Objectives:**

a. Effective and financially sustainable public transport services
b. Enhanced public transport infrastructure and facilities
c. Improved levels of mobility and access to the public transport services and facilities for passengers with special needs
d. Well regulated public transport system with compliance with operating licences and standards of road safety
e. Enhanced provision of facilities for Non Motorised Transport
f. Effective co-ordination between the municipalities and other spheres of government in the planning and delivery of public transport services and infrastructure
g. Effective consultation with all stakeholders and customers

**The Private and Freight Transport Objectives:**

a. Ensure adequate maintenance of road infrastructure
b. Ensure adequate capacity of road infrastructure and its management in support of transport objectives
c. Ensure adequate/acceptable access to agricultural production areas, tourism attractions and social economic opportunities
d. Ensure acceptable levels of road safety
e. Provide adequate mobility for and management of freight movement
f. Ensure appropriate institutional structures to manage transport

**A 3.18 Cape Winelands Business Investors Guide (2009)**

The aim of the guide is to promote business development within the Cape Winelands with confidence, and to provide potential investors with an “at a glance” handbook of opportunities that exists in the district. The guide specifically provides potential investors with a snapshot of the following information:

a. Snapshot of the South African Economy
b. Snapshot of the Cape Winelands District demographic and economic characteristics
c. Overview of the Cape Winelands Economic Development Council
d. Overview of the Cape Winelands GDS 2006 - 2014
e. Overview of the Local Municipalities within the Cape Winelands District Municipality
f. Overview of the Strategic Economic Sectors
   I. Agriculture
   II. Manufacturing
   III. Construction
   IV. Finance/Insurance/Real Estate and Business Services
   V. Tourism
g. Overview of the Cape Winelands Environment/Biosphere
h. Overview of investment partnerships


Some of the objectives of the CWDM IDP include:

- To guide the modus operandi of local government, in particular with regard to aspects of integrated development
- To ensure that the needs of communities & interest groups are identified, acknowledged and addressed
- To ensure and coordinate the effective use of resources (financial, human & natural)

It was agreed through stakeholder participation that the following values underpin both the vision and mission statement of the Cape Winelands and that all sectors will promote:

- **Inclusivity** – to address exclusion based on race, gender, location, origin, language, age, sexual preference, class and religion;
- **Integration** – to address spatial, economic and social fragmentation;
- **Sustainability** – to respond to environmental degradation and promote consideration of the impact of development on people, the planet and prosperity;
- **Participation** - to recognise the contribution of meaningful dialogue and communication and to ensure the participation of the community, especially the poor, youth and women, in decision-making regarding matters affecting them
✓ **Education** – to acknowledge the limitations of illiteracy and foetal alcohol syndrome and the positive impact of skills development on the choices and incomes of individuals;
✓ **Access** – to address access to capital – economic/financial, social, human, natural – as the critical in securing individuals and communities;
✓ **Responsible Governance** – to commit all sectors to transparency, honesty and integrity in the conducting of business

The goal of the district is to facilitate the migration of individuals and firms from the 2nd to 1st economy through supporting capital formation. The district is involved in capital formation in the following ways:

✓ **Human Capital** – Establishment of the Wolwekloof Learning Academy, hosting and co-ordination of Learnerships, providing bursaries, and implementing a broad range of Skills Programmes e.g. in construction, fire services, public safety, Small Business Support Programme
✓ **Finance Capital** – Development and Implementation of a Small Farmer Support and Entrepreneurial partnership Programme, providing support to Tourism product development, augmenting infrastructure and service delivery spend with own resources, undertaking district wide Marketing
✓ **Economic and Physical Capital** - Economic Infrastructure; Investment in roads, Public transport & safety investments, Municipal land audits & making commonage available, Social Infrastructure; Provision of municipal services, Water and sanitation subsidy scheme on farms, Housing delivery. Environmental Infrastructure; Water quality, Route Development and Conservation
✓ **Facilitating business linkages** – government to business & business to business, facilitating international linkages through global agreements & participation in exhibitions, Promoting BBEE, Providing small business support
✓ **Social Capital** – Building social capital through support to Ward and health committees, programme that supports and networks 450 Lay Health Workers on farms, roll out of the Community development Worker programme, established an IDP Representative Forum, support community policing, etc

Health, education and community facilities need to be easily accessible. Even if there are plans to develop these facilities at a later stage, immediate access is necessary. These services and facilities need to be provided together with, and during the same timeframe as, housing development (concurrency). Sites must be situated close to public transport or movement routes as few people in low-income communities own cars. Vulnerable households, including households affected by HIV/AIDS, require easy access to affordable public transport.

Access to economic opportunity is a key consideration in providing economically viable and sustainable settlements. Affordable housing must be situated close to urban and commercial areas to maximise access to employment opportunities. In order to address the current housing backlog, housing provision needs to be accelerated. In addition to addressing the backlog in terms of numbers, sustainable settlements need to be provided. This can only be achieved through adhering to the above principles and greater co-operation and innovation. The spatially and racially
segregated towns need to be integrated through the incremental development of housing to grow the gaps together.

A 4 Local Municipal Policies

20. Witzenberg Framework Agreement on Economic Growth and Development


The Langeberg local municipal Integrated Development Plan is a key document in the life of a community. It seeks to guide both its residents and staff and to clearly set out the strategic directions of the council and how it will allocate its limited resources. This strategic document is the basis of council’s strategic priorities for the next five years and even beyond.

The objectives outlined within the Langeberg local municipal IDP is as follows:

1. To effectively respond to the Housing needs of the community

In order to effectively respond to the enormous housing need of the community the municipality will embark on the following programmes:

a. the Building of subsidized (low cost) housing (Post 1994 housing)
b. Project infill – Building of subsidized (low cost) housing (Post 1994 housing) in existing neighborhoods
c. Provision of Services/Infrastructure for subsidized (low cost) Post 1994 housing
d. Transfer of houses to beneficiaries
Cape Winelands District Municipality
Local Economic Development Strategy

2. **To deliver quality basic services**

The Municipality will strive to deliver quality basic services. These services include the following:

- Delivery of Quality Water to the community
- Deliver high standard of Sanitation
- Upgrading of Roads Infrastructure
- Upgrading of Storm Water
- Delivery of Electrical Infrastructure
- Delivery of Planning and Economic Development Services
- Traffic and Law Enforcement
- Delivery of quality Firefighting and Disaster Management services
- Environmental and Recreational Services
- Delivery of quality Community, Recreational and Sport Facilities and Cemeteries
- Delivery of Environmental Services

3. **To create a basis for Local Economic Development**

This area is regarded as a key aspect in improving the quality of life of our citizens and for creating economic growth of 8%. The local economic development interventions will include:

- Finalization of the LED strategy
- Affirmative procurement Practices
- Establishment and strengthening of the Local Economic Development Forum
- Business Support programmes implemented
- Emerging Business support programmes
- Tourism Development to create economic growth
- Programmes to address unemployment
- Skills Development
- Industrial development
- Establishment and strengthening of informal trading zones
- Land reform projects to create economic empowerment
4. **To transform the organizational and develop its of administration in line with council's new vision**

Organizational transformation and the development of the administration and strengthening of the corporate governance practices. Council is embarking on a programme of organizational transformation in line with its vision to ensure better service delivery.

a. The Development of the administration in support of delivery  
b. Strengthening Corporate Governance  
c. Strengthening internal audit processes

5. **To practice Sound Financial Management**

To practice Sound Financial Management - The sound management of our financial resources is vital to ensure that services are delivered on an equitable and sustainable basis. The implementation of new Municipal Financial legislation places a firm responsibility on local government to ensure the effective and accountable management and utilization of its financial resources. The programmes under sound financial management include:

a. Accurate and timely financial reporting  
b. Building financial expertise  
c. Effective asset management  
d. Effective management and updating of our information technology  
e. Effective management of supply chain processes  
f. General sound financial management

6. **To strengthen public confidence through effective Stakeholder Management**

The Municipality strives to strengthen public confidence through effective Stakeholder Management

a. Manage stakeholder relationship for effective service delivery  
b. Strengthen Social Programmes to enhance public participation  
c. Strengthen the ward committee system

**A 4.2 Langeberg Spatial Development Framework (2010)**

Section 34 of the Local Government Municipal Systems Act (MSA), 2000 (Act 32 of 2000), determines that each municipality has to prepare an Integrated Development Plan (IDP) which has to be reviewed and amended annually in accordance with an assessment of the municipality’s performance measurements (in terms of section 41 of the MSA) and to the extent that changing circumstances demand. This legislation also requires that a SDF be prepared as an integral part of an IDP, therefore the SDF should also be reviewed in accordance with the annual review of the IDP. The new IDP was approved in May 2009 by the Langeberg Municipality.
The overall purpose of the Langeberg SDF 2010 is to guide and manage land use change and urban growth in the Langeberg Municipal Area so as to ensure development which is sustainable in terms of the environment, economy and human well-being (often referred to as the “triple bottom line”).

The Langeberg SDF outlines specific land use management guidelines for both the rural areas as well as for the urban areas. With regards to the rural areas the land-use management guidelines are focussed on natural environment as well as providing general guidelines for the rural areas. Land use management guidelines for rural areas are focussed on the following:

1. Natural Environment
   a. Providing a Biodiversity Sector Plan
   b. Ensuring that Biodiversity Sector Plans also take into account Climate Change
   c. Analysis of land cover and Critical Biodiversity Areas
   d. Assessment of land and resource use

2. General Guidelines
   a. Delineating Critical Biodiversity Areas and Spatial Planning Categories

Land use management guidelines for urban areas are focussed on the following:

1. General Guidelines
   a. All developments should be in accordance with local-, national and provincial guidelines and preference be given to national guidelines, where it is in conflict with the local and provincial guidelines;
   b. Urban sprawl should be limited through densification and through the implementation of the areas urban edge guidelines;
   c. Infill projects should be focussed on as part of the densification strategy for the area and higher densities should be promoted, without compromising the rural character of the towns;
   d. Investment patterns, infrastructure, the existing environment, growth potential and housing development should be aligned to address urban sprawl and the spatial settlements of apartheid and focus on urban restructuring and –integration;
   e. Optimal use of existing resources should be promoted in line with the growth potential of the area;
   f. The utilisation of existing infrastructure should be optimised in line with the bulk services plan of the Municipality, as guideline for future developments in the area;
   g. Climate change and energy use should be taken into consideration for new developments and spatial implications thereof should be reviewed;
   h. Conservation areas and conservation worthy buildings should be protected and development guidelines drafted for development of and around these areas and should comply with environmental and heritage conservation legislation; and
   i. Local economic development should be promoted with the focus on empowering the local community by raising their skills levels and providing a supportive role in educational
entrepreneurship and transferring knowledge in order to contribute to the area's local economy.

2. General guidelines for land-uses permitted within the different development areas are outlined in the document. The development areas identified include the following:
   a. Housing
   b. Low density residential areas
   c. Medium density residential areas
   d. High density residential erven
   e. Central Business Districts
   f. Urban Conservation Areas
   g. Commercial use in suburbs
   h. Industrial area
   i. Institutional
   j. Municipal and Governmental
   k. Sport and Recreation
   l. Resorts
   m. Public Open Spaces
   n. Conservation focus areas
   o. Urban agriculture
   p. Bulk services/Infrastructure

A 4.3 Breede River Winelands Towards Local Economic Development (Langeberg Local Municipality) (2007)

The Langeberg Local Municipality was previously known as the Breede River Winelands Local Municipality. Since the name change no new LED Strategy has been implemented and therefore the Local Economic Development Plan developed for the Breede River Winelands is still in place.

The framework is based on the notion that LED cannot be undertaken by government alone and it is therefore indicated that in order for the LED framework to be successful all stakeholders need to be involved and have a common understanding of problems and collective vision for the region. The strategy provides a framework within which every economic actor can contribute to LED.

The aim of the Breede River Winelands LED strategy is to make the area a premier destination to live, work (invest) and visit.

The specific objectives of the strategy are to:

a. To grow the economy by a minimum of 8% per annum
b. Broaden the level of economic participation and facilitate access, of those historically marginalised, to the mainstream economy
c. Ensure the long term sustainability of the area for the economic activities of future generations.
The priorities identified within the strategy are as follows:

a. Grow existing agricultural sub-sectors namely the wine, deciduous and fruit sectors
b. Develop a local place marketing and tourism and appropriate institutional vehicle to coordinate tourism
c. Developing the local skills base linked to market demand and opportunities
d. Develop a SMME business development programme linked to municipal and private sector procurement commitments
e. Land Reform and public land identification and release programme
f. Develop and pilot off-season business development programme
g. Collect and disseminate information on the players and trends in the local economy including a directory of local service providers with Proudly SA and BEE scores

The following LED projects are identified within the Langeberg Local Municipality:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dutch/SA Call Centre</td>
<td>This project is aimed for Robertson, to start a Dutch to Afrikaans medium contact centre. It is currently in the process of being evaluated. ‘Calling the Cape’ is very involved. A private investor is also aiming at getting a municipal contract. For more information contact Roland Govender on <a href="mailto:roland@118contact.com">roland@118contact.com</a>.</td>
</tr>
<tr>
<td>Rooibos Tea in Robertson</td>
<td>There is a Rooibos Tea project planned for Robertson.</td>
</tr>
<tr>
<td>A Vehicle Testing Station</td>
<td>A Vehicle Testing Station is planned for the LLM.</td>
</tr>
<tr>
<td>Neighbourhood Land Development</td>
<td>There is a grant of R12 million that has been given by Treasury to be spent on neighbourhood development. It is hoped that this will act as a catalyst for more investments into poorer areas (i.e. townships).</td>
</tr>
<tr>
<td>Taxi Rank in Zolani</td>
<td>This project is worth R800 000.</td>
</tr>
<tr>
<td>Development of Breede River into a Resort</td>
<td>There are proposals to develop the Breede River into a holiday resort.</td>
</tr>
<tr>
<td>Art’s &amp; Crafts (PPP with Nedbank)</td>
<td>There is a potential PPP with Nedbank to develop arts (including performance arts) and crafts.</td>
</tr>
<tr>
<td>Multi-Purpose Centre</td>
<td>This centre will contain all government departments and other services so that it would make it easier for citizens to have access to these services. It will be located in Robertson North on Ext 15, and it will contain: the dept of labour; SARS; dept of housing; dept of social development; SASSA; dept of land affairs; GCIS; and an ABSA atm. The project will be build this year at a cost of 5-8 million.</td>
</tr>
<tr>
<td>SMME’s</td>
<td>SMME development was facilitated through the approval of seed funding application for the following businesses; Babalwa’s B&amp;B (Nkubela)</td>
</tr>
</tbody>
</table>

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The Breede Valley Spatial Development Framework (SDF) is a sectoral plan which forms part of the Breede Valley Municipality Integrated Development Plan (IDP) in accordance with the requirements of the relevant legislation.

The primary focus of the Breede Valley Municipality through this Spatial Development Framework (SDF) is geared towards:

- Allowing a large majority of the population access to existing services and opportunities;
- Locating new services and opportunities in a manner that will make them accessible to more people than just the immediately surrounding communities;
- Improving the quality of life of its inhabitants;
- Integration of historically segregated areas;
- Stimulating economic development and redistribution of resources.

This SDF aims to give strategic direction to achieving the above on a spatial level and will not attempt to be comprehensive. It is not intended, nor should it be intended, to provide “quick fixes” or solutions to the numerous challenges within the Breede Valley Municipality, but rather to guide municipal decisions with regard to the use of space and its relation to the general well-being of the population.

The Breede Valley Municipal Spatial Development Framework aims to:

- Give spatial definition to the vision and mission of the municipality as contained in its Integrated Development Plan;
- Identify areas for priority public investment and incentives;
- Assist decision-makers to deal with development initiatives, opportunities and issues;
- Give direction to private sector initiatives as opposed to reacting to these; and
- Give direction to lower levels of planning.
This SDF address the spatial requirements of the issues identified within the Breede Valley Local Municipality. In addition to these, strategies need to be developed to address the spatial restructuring of the municipality over time to achieve equity, integration and the sustainable use of available resources. These issues can generally be categorized under the following headings:

- Housing;
- Economic development;
- Health, social and extra-mural facilities and infrastructure;
- Extramural facilities;
- Security;
- Rural settlement;
- Conservation;
- Open Space; and
- Movement

**A 4.5 Breede Valley Integrated Development Plan (2007 – 2012)**

The Breede Valley Integrated Development Plan provides the basis of engagement in terms of the economic realities facing the Breede Valley and the particular growth path it needs to follow to enable the Breede Valley Municipality to fulfill its constitutional mandate as stipulated by section 152 of the RSA Constitution, act 108 of 1996 as follows:

- To ensure sustainable provision of services
- To promote social and economic development
- To promote a safe and healthy environment
- To give priority to the basic needed of communities
- To encourage involvement of communities in the affairs of the municipality

The strategic themes and their objectives outlined in the Integrated Development Strategy are as follows:

- **To create a unique and caring Valley of service excellence, opportunity and growth**
  
  I. Ensure a clean and healthy environment.
  
  II. Establish and meet stakeholder needs.
  
  III. Infrastructure development and maintenance.
  
  IV. Improve internal and external communication.
  
  V. Live the Breede Valley values.
  
  VI. Establish a performance-based culture.
  
  VII. Broaden and improve the revenue base.
  
  VIII. Enablement through partnerships.
b. To provide, maintain and assure basic services and social upliftment for the Breede Valley community

I. Infrastructure development and maintenance.
II. Improve costs and efficiencies.
III. Training and development of staff.
IV. Broaden and improve the revenue base.
V. Enablement through partnerships.

c. To create an enabling environment for employment and poverty eradication through proactive economic development and tourism

I. Infrastructure development and maintenance.
II. Improve internal and external communication.
III. Broaden and improve the revenue base.
IV. Enablement through partnerships.

d. To ensure a safe, healthy, clean and sustainable external environment for all Breede Valley’s people

I. Enhance social development.
II. Job creation and alleviation of poverty.
III. Establish and meet stakeholder needs.
IV. Infrastructure development and maintenance.
V. Improve costs and efficiencies.
VI. Improve internal and external communication.
VII. Corporate Governance and Risk Management.
VIII. Establish appropriate internal infrastructure and technology.
IX. Enablement through partnerships.
X. Recruit and retain competent staff.
XI. Broaden and improve the revenue base.

e. To actively participate in determining the future of our country

I. Improve internal and external communication.
II. Infrastructure development and maintenance.
III. Live the Breede Valley values.
IV. Recruit and retain competent staff.

f. To ensure a healthy and productive work place and an effective and efficient work environment

I. Establish a strong leadership culture.
II. Live the Breede Valley values.

III. Training and development of staff.

IV. Establish appropriate internal infrastructure and technology.

V. Improve internal and external communication.

VI. Recruit and retain competent staff.

VII. Embark on a proactive Wellness Strategy.

VIII. Establish a performance-based culture.

g. **Assure a sustainable future through:** sound financial management; continuous revenue growth; corporate governance and risk management practices; quality resources; and, value adding partnerships

I. Broaden and improve the revenue base.

II. Establish appropriate internal infrastructure and technology.

III. Corporate Governance and Risk Management.

IV. Recruit and retain competent staff.

V. Enablement through partnerships.

VI. The support objectives identified are:

VII. Provision of basic services.

VIII. Improve costs and efficiencies.

IX. Enablement through partnerships.

X. Establish appropriate internal infrastructure and technology.

XI. Establish and meet stakeholder needs.


A long term growth and economic development strategy is orientated to the definition of a pattern of actions that will define the scenario for the implementation of activities towards the creation of economic development environments.

In the context of the Breede Valley Municipality, this economic development document takes into account the urgent need for basic services and sustainable sources of income for the residence of the Municipality.

The document provides a strategic definition in terms of a cluster approach based on the management of several variables. The aim is that this would result into a process of skills transfer from governmental institutions and private sector companies. The idea is that there should be access to services and infrastructure in order to create a sustainable economic development environment in the Breede Valley Municipal area.

The document outlines various economic and demographic variables which serve as the starting point or baseline from which the strategy is developed. The document further outlines the basis of economic growth by means of comparative and competitive advantages within the Municipality.
The long term growth and economic development strategy identifies the following as strategic sectors within the Breede Valley Local Municipality:

a. Biotechnology  
b. Tourism  
c. Wine  
d. Olives  
e. Industrial Operations Services (World Cup 2010)

LED Projects within the Breede Valley Local Municipality include the following:

**Medicinal Plants for Pharmaceuticals Project**
This project aims to use medicinal plants to produce pharmaceutical products. The MRC and the municipality are working together. This project is going to be located in Touwsrivier.
*Touwsriver has potential for medicinal plants but water is a major problem in that area. There needs to be more investment in irrigation.*

**Industrial Development near the airport**
This project is only a concept at the moment.

**Glass Factory**
Proposed industrial development:
- Glass manufacturing industry
- 500 Direct permanent jobs
- 700 Related permanent jobs
- Vehicle manufacturing industry
- 700 Direct permanent jobs
- Municipal account of R30 Million per annum
- Wages and salaries of R135 Million per annum for glass manufacturing industry alone

**Landfill inferno plant**
This project aims to be similar to the Mosgas Plant in Mossel Bay. Instead of rubbish being thrown in landfills, this plant will incinerate the refuse. It will create an estimated 800 jobs and the plant will need 8ha of land. The municipality will benefit through the extra money they gain from tax payers refuse removal. This money (an estimated R26 million) can then be used for other municipal developments.

**Altona Development**
- 2600 residential units
- 17 hectare business development
- Public open space
- Resort Development

**Worcester Island Development**
- Eastward extension of the Mountain Mill Mall, with retail provided
- An office block
- 3 storey waterside apartments
A 4.7 Drakenstein Local Economic Development Strategy (2007)

The Drakenstein Municipality Local Economic Development Strategy (DLM-LED) (2007) outlines how the Council can create an enabling environment for economic growth that will benefit all of its citizens, especially those who are poor. The DLM-LED has been developed based on an analysis of the local economy; its connections to the wider District, Provincial and National economy; and an analysis of the living conditions of the people of Drakenstein. It gives particular attention to local structural opportunities and constraints.

LED is a locally driven process by which government, business, communities and labour work collectively to stimulate and transform the economy and create new job opportunities. LED is not one specific project or programme, rather it is an approach that includes the sum total of the individual and collective contributions of a broad spectrum of the community that build on opportunities and/or address economic development constraints. The aim is to enhance the community’s ability to adapt to and cope with changing economic conditions.

Economic development lies at the core of the mission of the municipality. The DLM-LED strategy therefore aims to assist in achieving Drakenstein’s vision of: “Working together to create a place of opportunity”. To achieve this vision the objectives of the DLM-LED strategy are:

a. To stimulate and maximise economic growth in the formal and informal sectors
b. To increase the number of job/economic opportunities, especially for the unskilled
c. To broaden participation of black people in the mainstream formal economy as owners, managers, professionals and workers
d. To maximise the social wage (indirect income) of the indigent and vulnerable
e. To increase the skills, capacity and networks of the poor
f. To improve the asset base, income and living standards of the poor

The approach to LED has therefore been informed by the need to enhance and grow the Drakenstein economy on the one hand and the need to reduce poverty on the other hand. This dual economic development mandate rests on recognising the local character of economic need and of potential areas of growth.

The Drakenstein LED also aims to help the poor through the economy. **Table A 4.1** below indicates the specific interventions the municipality aims to implement.
TABLE A 4.1: SPECIFIC INTERVENTIONS AIMED TO HELP THE POOR

<table>
<thead>
<tr>
<th>Economies of the poor</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objective</td>
<td>To increase &amp; broaden participation of the poor in the economy by creating an additional 12,500 jobs by 2014</td>
</tr>
<tr>
<td>Intervention</td>
<td>Maximise the creation of low skilled jobs via EPWP</td>
</tr>
<tr>
<td></td>
<td>Cooperative support programme</td>
</tr>
<tr>
<td></td>
<td>Unemployed, informal traders &amp; subsistence farmers</td>
</tr>
<tr>
<td></td>
<td>Small farmer support programme</td>
</tr>
<tr>
<td></td>
<td>New emerging farmers</td>
</tr>
<tr>
<td></td>
<td>Food gardens</td>
</tr>
<tr>
<td></td>
<td>Urban poor with no income living in the towns</td>
</tr>
<tr>
<td></td>
<td>SMME support</td>
</tr>
</tbody>
</table>

Source: Drakenstein LED 2007

The projects identified within the Drakenstein Local Municipality are as follows:

**De Vine Water Bottling Plant**
This project is located in Paarl on a farm called De Vine. A natural water spring source is targeted to be used and bottled on site. For more information contact Mac Dollie on 021 532 0319 or mac@mmd.co.za.

**Tyre Beneficiation Project**
This project is to be located on a piece of land off Jan Van Riebeeck road. The tyre beneficiation (or recycling of tyres) produces steel, carbon, and crude oil; which can all be used again in various fields.

**“Smokey” Fish Project**
Fresh fish is collected, smoked and then sold to retailers. The REAF gave this business a R1.5 million grant.

**Capetainer Inland Port with a Customs Clearance Facility**
Capetainer is a local company owned by Petros Jooste, their main business is to manufacture refrigerated containers. They were interested to invest in Drakenstein municipality and promise to create more than two hundred jobs. Dromedaries Street between Drakenstein municipality training center and Langabuya residential area were initially identify for the project and 11 hectares were offered for the new development. Later the area was reserved for housing. Farm 736 in Klapmuts was identify and 228 hectares near the rail were spotted for the creation of this Port. The latest is that the initial decision was again revisited by the Council 24 hectares was given to Capetainer and 60 hectares given to Regional Land Commission and the rest portion was set aside for future industrial developments. In addition a customs clearance facility will be established with this Inland Port. This will fast-track export movements at the Cape Town and Saldanha ports. More specific details can be found in Kei Business Link’s document “Final Report – Customs Clearance Centre”. The CWDM has copies of this document.

**Mbekweni Thusong Service Centre**
Mbekweni Thusong Service Centre is a one-stop centre for services and information, for the delivering of government services. This centre aims to bring government closer to the people. The management committee together with the DLM are in the final stages of finalising which services will be rendered at this centre. This is done by consulting the community.

**Levendale Social Development**
The Levendal Development has been approved as a special project by the provincial government and measures is been put in place to expedite the land use and other approval processes at a provincial level. The project is divided in 15 phases. Twenty-two properties have been earmarked for this development and will consist of the following sites:

- Agricultural Sites
- Farmstall
- Guesthouse sites
- Single dwelling sites
- Private open space sites
- Private road sites
- Business site – tourism node: Craft center, coffee shop and tourist facility
- 4 block of flat sites / superette & shop / deli / restaurant
- Institutional sites – one frailcare center / one school
- Sport field site
- Community site – community hall, church & clubhouse
- Group housing sites
- Public transport site – “taxi rank”
- Caravan park site

It has taken ten years for this project to get approved and to go through all the processes.

**Township Tours in Mbekweni**

There are township tours taking place in Mbekweni on demand. There will also be daily tours at the Madiba House during the Soccer World Cup. This is hoped to spur the beginning of a tourism route.

**SMME Business Hives (2 so far)**

This project is ongoing (there are two so far in Mbekweni and Gouda). The rest of the SMME candidates will have to wait because the DLM first wants to do feasibility studies and make a 5-year plan.

**Waterfront Development on the Berg River**

The whole development compromises of a 120 room four star hotel, restaurants, a retail component, office blocks, a sports science institute with medical facilities, a wellness centre, a gymnasium, residential component, a floodlit soccer/fan park with temporary stands, a media and events centre, conference facility, a décor (retail) component, a site earmarked for a future filling station (north of Market Street) and ample surface and basement parking.

**Paarl CBD Upgrade**

The Paarl CBD (north) is getting a new shopping centre with new parking areas. The aim is to have a cleaner, safer environment. This project was approved at the end of March and it will be situated at Patriot Square and Lady Grey Street (by Anytime Investments No.14).

**Pearl Valley Golf Estate**

Pearl Valley Golf Estates is a Jack Nicklaus-designed, 170-hectare championship golf course (par 72) lying in the heart of the Cape Winelands. Set against the stunning backdrop of the Drakenstein Mountains, it is one of the most visually spectacular golf courses in the world – and one of the most challenging in Africa. A lot of restaurateurs in the area and in particular the town of Paarl rely on what they call “swallows” – people that own properties in Pearl Valley. They are in South Africa for 6
months and in Europe for the other 6 months of the year. Pearl Valley is in phase 1 of expanding the resort, which still has some 140 plus stands and a hotel. Phase 1 should be complete in time for the 2010 Fifa World Cup. Phase 2 is currently under planning approval.

**Signage for Homestays**
This project involves Signage for Homestays upgrading to B&B’s: Funding 50% of first year membership fees of South African Grading Council. The CWDM is assisting them with application of signage and sponsoring of signs.

**TOPS Training**
The CWDM is organizing venues and paying advertisements for information sessions for people who are interested in starting up a tourism business. The problems experienced in this project is finding a suitable, free (no charge) venue; offering attendees refreshments; and obtaining transport to the venue.

**Petrol Attendants Training**
This project involves two levels. The first year involves the introduction to tourism and the participants learn to read maps; and they visit attractions. The second year focuses on Wine Tourism, which involves a wine appreciation lecture and visits to wine farms with other attractions available. The participants then receive certificates from CWDM. The only problem experienced with this project is that not all garages seem to think that the petrol attendants need training.

**De Poort Heritage Village**
De Poort Heritage Village is built on municipal ground. It houses the municipal collection of wagons and machinery. There is no money for marketing and day-to-day running of the village. This project is a good attraction for Drakenstein LM as well as a good nation building project to bring the different communities via heritage together again.

**Het Gesticht: Old Slave Church**
This project gets support via the tourism office with information and venue booking, as well as admin support to get the old grave yard clean and fenced. This church is the 4th oldest building still in its original form and in use in South Africa. The old slave grave yard is beyond saving, but the other grave yards are still in such a condition that something can be done. The CWDM is assisting them to get an exhibition in the church. The major problem with this project is getting the finances so that the doors could be permanently open to the public. At this stage the key is being held at the tourism office.

**Festival of Lights**
This takes place at the end of the year in four towns, namely: Wellington, Paarl, Saron and Hermon. The switching on of the Christmas Lights in each town is a big event for the community. At this festival local artists get the chance to show cast their talents and informal traders get the chance to trade their goods. Finances are the biggest problem for this project.

**Heritage Day Event**
This event will be planned in collaboration with the De Poort Heritage Village. It will include all the communities in Drakenstein. Problems or constraints include getting transport from Saron to Paarl, and getting the finances to pay the local artists.

**Street Maps & Wall Maps**
The updating of street maps took a very long time because of the lack of co-operation of internal
departments. The maps will also be printed as Wall maps (and laminated) and will be handed out to garages (24h service and those who took part in the training) as well as at police stations etc. The CWDM wanted to do lay-buys at entrances to the town, but the costs were too high. Lay-buys at the garages will also be expensive and thus we decided on the wall maps which must be hanged inside and not suitable for outside use unless it is under cover.

**Madiba House**
The CWDM is providing support by opening the house to the public. This project is struggling because there are too many parties involved to execute it successfully.

**Upgrading of Tourism Offices**
This project is ongoing and involves the upgrading of the tourism offices – paint, furniture, better infrastructure, etc. The problem with this project is finances.

**Ouma Granny**
This project is a yearly grant for the maintenance of the building, marketing at museum offices, and marketing material.

### A 4.8 Drakenstein Rural Development Strategy (2009)

The Drakenstein Rural Development Strategy was developed in accordance with the programme focus areas of the Drakenstein Municipal Integrated Development Plan which highlights the need for better alignment of rural development within the area. The focus is to consolidate and add value to exiting strategies and programmes within the Drakenstein Municipality.

The Rural Development Strategy provides the functional areas of intervention that the Drakenstein Local Municipality should target as part of an integrated and sustainable rural development programme. It identifies specific action steps to enable rural development in the Drakenstein Local Municipality, by addressing the shortcomings and stumbling blocks of existing programmes and projects. It addresses, inter alia:

a. **Sustainable Technologies**

The aim is to develop the Drakenstein Local Municipality as the first green district in South Africa. The Rural Development Strategy provides manual indicating specific guidelines to be followed in order to develop the Drakenstein Local Municipality as a Green District.

b. **Agriculture**

The strategy highlights the importance of agri-businesses in order to promote and ensure economic development and food security.

c. **Tourism**

The Drakenstein Local Municipality has various programmes to help entrepreneurs within the tourism industry. The problem however is that there is a lack of access to these programmes for the
rural communities. The Rural Development Strategy indicates the importance of access to rural communities as well as providing guidelines on how to achieve optimal access.

d. **Physical Infrastructure**

Rural communities rarely have adequate access to infrastructure due to financial constraints within the local municipalities. The Rural Development Strategy highlights these disparities with specific focus on access to transport infrastructure and information and communication technology. The strategy further provides guidelines on how to address the issues.

e. **Social Infrastructure**

The Rural Development Strategy focuses on the non-material deprivation experienced by the rural communities such as lack of access to health and education facilities.

Given the vast number of strategies, programmes and projects that already exist to target development issues, the **primary role of the Drakenstein Local Municipality is to be the bridge that links the people with these programmes and services.** For example, road shows and mobile support offices are needed to bring services to the rural poor. Essentially, integrated development planning is being referred to here. There needs to be

a. **Vertical communication:** feedback loops between the various National, Provincial and District authorities and the DLM.

b. **Horizontal communication:** feedback loops between the various functional departments of the DLM

Key **principles** that must guide initiatives include:

1. **Efforts must focus on the inherent growth potential**
   a. Aligned with resource base and development profile (this includes environmental resources, heritage and cultural resources, indigenous knowledge systems, existing infrastructure and economic activity and so forth)
   b. Aligned with needs for social and physical infrastructure

2. **Avoid futile efforts:**
   a. If no natural resource base exists, avoid settlement and infrastructure investments and rather attempt to create a vibrant and attractive hub where resources exist

3. **Spatial development and design must attempt to rectify and not entrench the segregation inherited from Apartheid.**
   a. To avoid persistence of pockets of high human need, settlements must as far as possible be clustered together (as opposed to subsidy housing in one area, and upmarket agricultural estates kept at a distance, for example – in this way the positive spill-over of new developments will fall into those local poorer households).
b. Use studies such as the *Growth Potential of Towns* and others to develop town profiles which can be used as guidelines for both public and private investments. These profiles can also be valuable information sources for local entrepreneurs and interested investors. Furthermore, they should be fed upward to inform SDFs at a District and Provincial level.
c. This should be reviewed every five years to monitor any changes in the factual situation over time.

A 4.9 Drakenstein Marketing Strategy (2008)

This Marketing Strategy maps out Drakenstein Municipality’s approach to positioning Drakenstein as a globally competitive tourist destination, to growing the local tourism economy and stimulates economic growth.

The guiding principles outlined in the Marketing Strategy are as follows:

a. **We will empower our staff by** - Defining latitude for action, providing guidance, ensuring follow-up, encouraging independent action and motivating staff to go above and beyond their job requirements.
b. **We will have a customer focus by** - Seeking to understand our customers, educating our customers, building collaborative relationships, taking action to meet customer needs and concerns and by implementing a customer feedback system.
c. **We will align our performance for success by** - Setting performance goals to a standard of excellence, establishing staff competencies and development plans, encouraging staff to take responsibility for tracking their own performance and by holding regular performance evaluations with staff and internal customers.
d. **We will be innovative by** - Keeping up to date with key trends and developments, challenging paradigms, leveraging resources, thinking expansively, ensuring relevance and implementing improvements and solutions.
e. **We will build trust within the organization by** - Operating with integrity, disclosing our thoughts, feelings and rationale, remaining open to ideas and demonstrating honesty.

The Marketing Strategy further provides goals and objectives which include the following:

1. **Objectives**
a. **DM will strive:** To contribute to sustainable economic growth, job creation, redistribution and transformation within Drakenstein through:
   I. Increasing tourist volumes;
   II. Increasing tourist spend;
   III. Increasing length of stay of visitors;
   IV. Improving the geographic spread of visitors;
   V. Improving seasonality patterns.
b. **To manage a strategic marketing framework** within which the local tourism marketing effort will be co-ordinated, funded and driven;
c. **To manage an international marketing strategy** specifically aimed at positioning Drakenstein favourably within selected international tourism markets;
d. **To manage domestic tourism marketing strategy** aimed at capitalising on the area's position in the region and at attracting a greater market share of domestic tourism from visitors outside of the Region;
e. **To manage the implementation of a dynamic tourism product development strategy** which aims to improve product, broaden ownership, and promote black economic empowerment through small business development and community-based tourism initiatives within the overall theme and branding of the Municipal area;
f. **To implement provincial and national tourism policy** in a participatory manner, together with its partners, through the development of an annual action plan, and the establishment of effective external communications systems.
g. **To utilise resources in a responsible and sustainable manner** and establish and sustain a lean, efficient and empowered corporation.
h. **Finally, as our most important resource, we will empower and reward our staff to play a central role in achieving these objectives.**

2. **Macro Goals**
   a. Economic growth, job creation;
   b. Redistribution and transformation;
   c. Increasing tourist volumes;
   d. Increasing tourist spend;
   e. Increasing length of stay of visitors;
   f. Improving the geographic spread of visitors;
   g. Improving seasonality patterns.
   h. Growth in domestic urban tourist arrivals
   i. Growth in foreign tourism arrivals
   j. Growth in direct tourism spending
   k. Total impact on GGP
   l. Growth in average length of stay
   m. Improving seasonality patterns
   n. Small business support
   o. Community-based tourism

3. **Micro Goals** - targets are additional targets against which the performance of DM will be measured.
   a. **Consumer Response**
      I. Brand recognition
      II. Use of web site - To increase the hit rate and user rate of the DM web site by
      III. Email, telephonic, postal, fax enquiries and walk-in enquiries
      IV. Brochure distribution
   b. **Trade Response**
      I. Recognition of slogan
      II. Awareness of campaigns
III. Perceptions of performance

c. Product Development
   I. Infrastructural Development
   II. Investment Promotion
   III. Small Business Support

d. Corporate Governance
   I. Remuneration and related costs
   II. HR Development and Training
   III. Operational costs.
   IV. Customer Care
   V. Risk management and Internal controls.
   VI. Treasury Regulations and Statutory Requirements.


The drafting of an IDP by municipalities is governed by Chapter 5 of the Municipal Systems Act, 2000 (Act 32 of 2000). In particular, Section 24 stipulates that a Municipality must review its integrated development plan annually in accordance with an assessment of its performance measurements and to the extent that changing circumstances so demand.

In essence an IDP represents the long-term strategy (or corporate game plan) of a municipality. With the new developmental role of local government and its many challenges, a new kind of management system is required – one that is explicitly focused on and designed to manage strategy.

Drakenstein Municipality subscribe to the following values and supporting principles that reflects what the organisation views as important in the conducting of its business.

a. Foster people development by being orientated towards and responsive to the people’s needs, with special reference to vulnerable groups
b. Develop a culture of participatory governance and contribute to building the capacity for such participation
c. To exercise rights and duties within the financial and administrative capacity of the municipality
d. To exercise rights and duties in a transparent and accountable fashion
e. Create sustainable and quality living environments
f. Effective & efficient administration

The Strategic Development Priorities identified as part of the Drakenstein IDP are as follows:

Municipal Infrastructure and Environment
LED & Job Creation
Social Upliftment
Housing
Community Safety
Institutional Development

The Strategic objectives are:

a. Sustainable and quality living environment with efficient infrastructure
b. Economic prosperity based on a dynamic, diverse and shared economic base
c. Improve quality of life and social well being
d. Efficient and financially viable municipality
e. Democratic and accountable governance
f. Institutional Excellence


The Drakenstein Municipality Spatial Development Framework (DLM-SDF) (2006) is compiled in accordance with the requirements of the Municipal Structures Act (RSA: No.32 of 2000). The DLM-SDF is a sectoral plan of the Drakenstein Municipality IDP and has as its main purpose to provide general direction in the creation of integrated, sustainable and habitable regions, cities, towns and residential areas. The DLM-SDF aims to improve the current spatial structure and definition of urban functions within the Drakenstein Municipality and to improve access to opportunities – social, economic and otherwise – in both the urban and rural areas of the municipality.

The following strategies and interventions are proposed in support of this objective:

a. The reinforcement of the current hierarchy of nodes (settlements)
b. Development of rural service centres (RSC’s) in “rural districts”
c. Formalising emerging settlement areas
d. Providing new and upgrading existing basic infrastructure to address backlogs
e. Development of one uniform land use mechanism for the entire municipal area
f. Support for land reform projects and security of tenure for the landless
g. Promotion of a variety of housing typologies and densities to provide for all demand categories
h. Integration of historically segregated communities to build a common sense of belonging and redress the imbalances of the past
i. Providing access to the full range of urban opportunities and benefits available to all citizens
j. The alleviation of poverty and eradication of inequality based on gender.

The SDF also highlights the following poverty priorities:

a. Jobs for meaningful employment
b. Housing backlogs
c. Co-ordinating and monitoring effort (i.e. transport, land reform, informal sector, etc)
d. Horticulture skills
e. Secure land tenure system
f. Basic services at farm village.


The vision of the Stellenbosch Spatial Development Framework is outlined in various statements which describe what the municipality want to achieve. The following statement outlines the vision for the Stellenbosch Spatial Development Framework:

Global Warming and Climate Change

The decade 2010 – 2020 provides an important opportunity to restructure consumption and production patterns so as to considerably reduce demand on eco-system services.

Social Justice and Human Development

The use of privately and publicly owned land should promote these sectors’ interests. Therefore, large scale, high income housing projects whose land take and development do not directly contribute to these sectors’ interests should only be considered to the extent that they are necessary to address the demand of local residents working in the local economy, i.e. they should not cater for commuters to the City of Cape Town and other surrounding settlements.

Economic Productivity

The continued success of these economic sectors is dependent on maintaining the Municipality’s agricultural base and scenic quality. Present and future housing need is situated in the social, GAP and lower middle income sectors. These sectors are where public and private sector housing should be focused and delivered in the next decade.

The Stellenbosch Spatial Development Framework provides a background overview of the following municipal wide issues. The strategy further also provides specific spatial development proposals for each of these issues.

a. Water (Quality and Quantity)
b. Biodiversity
c. Topography and Visual Amenity
d. Soils and Agriculture
e. Building Materials and Mining
f. Social Reproduction
g. Economic Production
h. Waste Water Treatment
i. Solid Waste Disposal
j. Property market patterns and growth pressures
k. Governance and Legislation
The Local Economic Strategy for Stellenbosch should contribute towards achieving the vision and mission for the municipality. This requires also alignment with national developmental parameters which articulates the following strategic goals:

a. **Sustainable Economic Growth:** Focus on investment and growth that is based on the niche sectors that enhances the competitive advantage of Stellenbosch. Also, finding mechanisms to retain and circulate income generated within towns and settlements and utilise resources in a manner that does not compromise the ability for future generations to utilize resources (Agenda 21 definition).

b. **Job creation:** Creating an environment that encourages the private sector to generate the maximum number of jobs, in particular in a manner that enables meaningful skill development.

c. **Skill Development:** Encouraging the private sector to invest in ongoing skill development and to support and facilitate national and provincial skill development, skill transfer and mentoring programmes within Stellenbosch.

d. **Poverty Reduction:** Use municipal resources and support national and provincial programmes aimed at reducing poverty within Stellenbosch, in particular within the rural areas and small settlements. Also to increase access to life skills and sustainable jobs.

e. **BBBEE:** Advance government programmes aimed at broad based black economic empowerment that increases access and ownership of assets, in particular for historically disadvantaged communities. This also implies inclusiveness in terms of economic participation, skills transfer and capacity building.

f. **Spatial Restructuring:** This requires change to the present race-based land use pattern and the associated value (and increase) of property assets. More equitable developments are required that enables historically dormitory settlements to evolve into more integrated and sustainable settlements.

g. **Co-operation and Partnerships:** Economic development should involve a wide spectrum of role players (public sector, private sector, NGO’s and CBOs); aimed at foster regional wide coordination and co-operation through partnerships and build institutional capacity through partnerships.

The following focus areas and strategies are proposed as part of the Stellenbosch Local Economic Development Strategy:

a. Firstly, focusing initiatives towards growth in the niche sectors (**Growth of Key Niche Sectors**) with significant growth potential, i.e. services; tourism; agri-processing; wood processing, informal sector and construction. Consideration is also given to the 2010 Soccer World Cup.

b. Secondly, focusing on spatial areas (**Spatial Economy and Infrastructure**) where growth can best be achieved; where produce can be processed, etc (i.e. CBDs of Stellenbosch and Franschhoek)
as well as areas where the greatest needs exist, essentially the poor areas (Kayamandi; Cloetesville; Idas Valley; Pniel; Johannesdal; Kyltemore, Languedoc; Klapmuts, etc). The emphasis is on the activities the municipality can engage in to change the space economy (e.g. land use planning; engineering infrastructure, etc).

c. Thirdly, education and skills development in relation to the niche sectors identified (Human Resource Development)

d. Fourthly, support for small businesses, the informal sector and entrepreneurs, including municipality and other public sector procurement (Small Businesses and Informal Sector Support).

e. Fifthly, Sustainable Livelihoods, dealing with aspects relating to poverty reduction and social welfare support.

f. Sixthly, BBBEE, Procurement and Land Reform, addressing issues relating to transformation and economic empowerment within the context and capacity of the municipality.

The following LED projects are identified for the Stellenbosch Local Municipality:

<table>
<thead>
<tr>
<th>Project Name</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Techno Park Development Strategy</td>
<td>This project involves the “greening” of the Techno Park in Stellenbosch. This includes energy efficient retrofits to the buildings as well as landscaping around the buildings.</td>
</tr>
<tr>
<td>Centrifugal/Belt Press Composting Plant</td>
<td>This project involves a solution for municipal sludge and seepage. The facility consists of six distinct operations: receiving, dewatering, amendment, composting, odour control and curing. The sludge is then blended with sawdust as a bulking agent, which also acts to absorb some of the moisture.</td>
</tr>
<tr>
<td>Refuse Recycling Sorting Centre</td>
<td>Recycling involves processing used materials into new products to prevent waste of potentially useful materials. This will reduce the consumption of fresh raw materials, reduce energy usage, reduce air pollution (from incineration), reduce water pollution (from land-filling), and lower greenhouse gas emissions. Recyclable materials include glass, paper, metal, plastic, textiles and electronics. Other waste such as food and garden waste is biodegradable and would need to be sent to composting plants.</td>
</tr>
<tr>
<td>The Eikestad Urban Renewal Initiative</td>
<td>The Eikestad Mall, Drostdy Centre, De Waal centre and a few other neighbouring buildings were all purchased as a joint venture between local developers Key Capital Property Investments and Abacus Asset Management. The plan is to develop a mixed-use shopping centre comprising approximately 35 000m of retail space (an increase from 24 000m), 1000 new parking bays and a luxury residential apartment next to Bergsig Plaza, A-grade office space and a boutique retail and commercial centre next to Ackermans in Plein Street. Proposals have also been made to convert the Drosdy Centre into a 100 room 4 star Hotel. While their traffic engineers investigated the possibility of completely pedestrianising Andringa Street, the current plan introduces a pedestrian priority zone with ‘traffic calming’ measures: the loading zones will be moved and the area levelled and resurfaced with paving stones.</td>
</tr>
</tbody>
</table>
| Gourmet Mushrooms | A group of women in Stellenbosch are being assisted by Women On Farms NGO to start a gourmet
A Netherlands ICT company is currently operating in Stellenbosch. The company provides solutions for Industrial and Process Automation. The value of this investment is R37 million and it will create 21 jobs.

Tour Operator
A United Kingdom investor has invested R1 million in a tour operating company in Franschhoek. They number of employments gained was 5.

2010 Legacy Projects – Upgrade of Public Viewing Areas
1. Kyamandi Upgrades
   - Level 1 – a vehicle tunnel, cloakrooms, & a lower level pavilion
   - Level 2 – public toilets, kiosks, a covered walk-way & living quarters
   - Level 3 – includes 9 suites
2. Cloetesville Upgrades include:
   - A clubhouse
   - A clip on pavilion
   - A balcony
   - Upgrade of sports fields
3. Idas Valley Upgrades include:
   - Renovation of existing clubhouse
   - Building 7 cloakrooms
   - Pavilion
   - Ablution facilities

Boschendal
The 19 Founder Estates: consist of 20 hectares of prime agricultural land on the slopes of the Simonsberg Mountain, enjoying some of the choicest portions of the farm's vineyards.
The Farmyard Estates: consist of generous sized farmyard erven, hidden away amongst Boschendal’s finest vineyards and orchards.
The Retirement Village: consists of a number of smaller holdings, situated in a secure and fully serviced country village setting.

Two-Rivers Golf Project
As you drive the road to Franschhoek, past Solms-Delta and the Groot Drakenstein Games Club, you see a small entrance and a dirt track with a humble sign that reads simply ‘Two Rivers Farm’.
Development Planning to build a ‘golf trail’ comprising 18 holes across six farms. This means that all but one will remain under ‘agricultural’ zoning and the design suggests six of the farms will have golf holes registered as servitudes on a consent use basis. Therefore, just one of the farms needs to be rezoned to ‘resort’ and the Herbert Baker-designed cottage known as Weltevreden stands here.
There are plans to build 25 cottages adjacent to the Clubhouse for the use of members and their resident guests, in addition to six guest suites that will be built as part of the Clubhouse werf, awaits rezoning approval from Province and is expected by mid-2010. Potential owners, therefore, can undertake conventional (or, as recommended, equestrian) farming but, in addition, will have approximately 14 kilometres of trails situated within the boundaries of Two Rivers for horse riding,
walking and cycling for exclusive use of the collective owners.

**Stellenbosch University is going to bring out a book – “Sustainable SLM by 2030”**

Stellenbosch University’s Sustainable Institute is putting a book together titled “A Sustainable Stellenbosch by 2030”. This book will be similar to Edgar Pieterse’s “Counter Currents”. The book will focus on energy, water, food security, ecosystem services, waste water, and business ethics. This book will be good for investors as well as the SLM.

**Spier – CSP plant**

There are discussions to build a pilot CSP (Concentrated Solar Plant) at Spier.


The vision of the Stellenbosch Local Municipal IDP is: “A dynamic, efficient, accountable and caring frontline organisation dedicated to professionalism, excellence, good governance and the pursuit of sustainability in delivering on our Constitutional mandate by fostering social and economic development in viable local economies and creating opportunities for all in Greater Stellenbosch to improve their quality of life in safe, sustainable human settlements.”

**The Core Values** guide the Municipality in how it conducts its business. They need to be actively promoted and contribute to defining the ethos of the organisation. The Municipality embraces the following core values:

- a. Respect for human dignity and human life
- b. Integrity / honesty
- c. Quality of service
- d. Accountability and responsibility
- e. Team work
- f. Excellence / professionalism
- g. Effectiveness and efficiency
- h. Transparency
- i. Equality

The strategic objectives of the Stellenbosch IDP are grouped according to various perspectives as follows:

1. **Serving the Community**
   
   a. **Civil Engineering Services:**
      
      I. Increased access to appropriate, affordable and well maintained services
      II. Basic services provided to all our citizens
   
   b. **Electrical Engineering Services:**
      
      I. An adequate, sustainable and safe supply of electricity to the communities of Greater Stellenbosch
      II. Increase access to electricity
      III. Minimum electricity losses
Cape Winelands District Municipality
Local Economic Development Strategy

IV. Investment in renewable energy initiatives
V. Promotion of energy efficiency practices
VI. Electricity Industry restructuring
c. Planning and Environment
   I. Facilitation and promotion of sustainable development
   II. An improved and predictable decision making environment with the delegations system linked to Council spatial policies
   III. A culture of respect and compliance with Council’s policies, building and zoning scheme regulations
d. Local Economic Development:
   I. Strategy and policy formulation and development
   II. Broaden economic participation through BBBEE, SMME development and land reform
   III. Increase the number of economic opportunities and widen participation in a robust diverse economy
   IV. Increase economic ownership through second economy interventions
e. Social Development Services (Social and Human Development):
   I. Establishment of an effectively managed new Social and Human Development Department
   II. Care for people living on the streets
   III. Social development of youth
   IV. Economic development of youth (sustainable poverty alleviation through job creation)
f. Community Safety Services:
   I. Improved community safety
g. Integrated Human Settlements
   I. Building Integrated Human Settlements
h. Social Development Services (Green Services):
   I. Greening the Greater Stellenbosch in a sustainable manner
   II. Regain public confidence in municipal service
   III. Creating partnerships on all levels of government and strengthening internal partnerships
   IV. Improve garden & tree maintenance to acceptable horticultural / arboriculture standards
   V. Sustainable practices
   VI. Sustainable natural environment
   VII. Provide parks and open spaces for the benefit, enjoyment, health and well being of residents of and visitors to Greater Stellenbosch
   VIII. Rehabilitate the riparian zones Greater Stellenbosch
i. Social Development Services (Cleansing and Amenities):
   I. A clean and attractive Greater Stellenbosch
   II. Accessible (well-maintained) public amenities
j. Strategic Services:
   I. A sense of community and shared community vision
   II. Effective community participation
   III. Increased social capital
2. Running the Organisation
a. Corporate Services:
I. A clean, stable and productive administration instilling trust and confidence
II. Proper and up-to-date Information Communication Technology systems and processes
III. Develop customer service aligned to world’s best practice

3. Managing Resources
   a. Financial Services:
      I. Financial viability and sustainability
      II. Implementing all Gamap/Grap accounting standards
      III. Efficient and effective revenue management
   b. Corporate Services:
      I. Proper management of council owned immovable property portfolio and vehicle fleet

4. Building Institutional Capacity
   a. Corporate Services:
      I. A well trained, motivated and professional workforce
   b. Planning and Environment:
      I. Staff development and skills transfer
   c. Social Development Services:
      I. Skilled staff

A 4.15 Witzenberg Local Economic Development Strategy (2005)

The Witzenberg Local Economic Development Strategy is a guiding document to promote the economic development within the municipal area. The strategy provides a clear overview of the current situation within the Witzenberg Municipal area as well as providing a review and alignment of the national, provincial, district and local objective in order to ensure that the Local Economic Development Strategy is aligned with the other policies.

The Local Economic Development Strategy also provides an assessment of the local areas within the municipal area in order to ensure that all risks and opportunities are identified on the local level. Based on the assessment the Local Economic Development Strategy identifies nine interventions in order to address issues as well as to ensure economic development within the municipal area. These interventions are as follows:

a. Encourage local business growth
b. Encourage new enterprises
c. Improve the business environment
d. Promote foreign and direct inward investment
e. Investing in “hard” infrastructure
f. Investing in “soft” infrastructure
g. Cluster and/or sector development to create value chains
h. Area targeting
i. Regeneration strategies

The following LED projects are identified for the Witzenberg Local Municipality:
Safron (spice from flowers)
According to Wesgro a French company has partnered up with a co-operative in Ceres to start growing flowers. An extract from the stems will be used to produce a spice (Safron) and will be looking at possibly exporting the spice and selling for the SA market. The investment value is R15 million and it will create 75 jobs.

Biomass to Energy Project
This project has direct links to Ceres’ Agriculture sector. This project involves converting biomass into energy by using very simple technology. The municipal buy-in is critical, currently stalling at the Municipal Manager and CFO. This project is awaiting a meeting to do their presentation. They still need to get information on biomass resources and possible linkages with other biomass waste in the municipal area. For more information contact: Micheal Guilfoyle on 021 418 1520 or michealg@biotechgroup.com.

The Ceres Golf & Eco Estate
The 2006/ 2007 Integrated Development Plan (IDP) for the Witzenberg Municipality highlights the Ceres Golf & Eco Estate as one of the major projects in Witzenberg. The Ceres Golf & Eco Estate includes a Golf Estate (18-hole + 340 residential opportunities), Housing Estate (either a 27 low density development or a 42 high density development) and Hotel (80 rooms). The Municipality will be in a position to increase the income base substantially whilst job opportunities on the short-term for the community will be created mainly in the construction industry. Furthermore, long-term job opportunities will be created for domestic workers, gardeners, the catering industry as well as the impact it will have on the tourism industry where further job creation opportunities exist. The golf course will also bring more tourists into the area, thereby bringing more money into the economy.

Two holiday resorts owned by WLM to be placed in PPP deals
There are two holiday resorts owned by the WLM that need to be placed in PPP deals because the WLM doesn’t have the capacity to run them. EIA’s have been started.

Youth Skills Development Centre in Tulbagh
The Youth Skills Development Centre is planned to be opened this year (2010).

Upgrade of Ceres Museum
This project involves painting the museum and doing some maintenance. The museum will need R25 000. Also wheelchair access is needed at the entrance of the museum, for this the museum needs R4 000.

Ceres Museum Research Project
This research project involves the history of Sakkiesbaai (the first black community in Ceres) and Nduli (the later black residential area outside Ceres). This information will be used as a travelling exhibition for the community of Nduli and will be stationed at the library. Schools and other organisations can use the information for educational purposes. The Ceres museum needs funding (approximately R10 000) for the second phase of this project which entails designing and printing the book.

The planning context of the Witzenberg Spatial Development Framework is biophysical and socio-economic in nature as opposed to a primary focus on development. The planning principles as outlined within the Witzenberg Spatial Development Framework are as follows:

a. Development should blend with the ecological characteristics of the environment
b. Natural processes should prescribe to development
c. Development in unsuitable environments, such as areas with a high water table, swamps, flood plains and on steep slopes should be discouraged
d. Development planning should heed carrying capacity restrictions, especially with regard to water shortages
e. Development should heed the aesthetic properties of landscapes and the environment

Various issues are identified within the Witzenberg Spatial Development framework. The objectives to address these issues are indicated as follows:

1. **Land Development Objectives**
   a. Access to the standard of services for land development, including public transport and water, health and education facilities
   b. Urban and rural growth and form in the relevant area
   c. The integration of areas settled by low-income communities into the relevant area as a whole
   d. The productive and sustained utilisation of the environmental assets
   e. The planning of transportation
   f. The provision of bulk infrastructure for the purpose of land development
   g. The overall density of settlements, with due regard to the interests of the applicable neighbourhoods
   h. Land-use management and control
   i. The optimum utilisation of natural resources
   j. The indication of mining and mineral resource opportunities
   k. The identification of opportunities for rural development, for resort, housing (farm labourers) and institutional purposes
   l. The number of housing units, sites or other facilities to be planned for
   m. The need for in situ upgrading, land development or re-development

2. **Conservation/Environmental Management Objectives**
   a. Bioregional planning principles and allocation of use zonings
   b. Development applications for resorts
   c. Proclamation of conservation areas and determination of applicable policies and guidelines
   d. Waste management plan – conservation of ground and surface water resources, recycling and re-use of solid waste as waste reduction programmes, pollution control and aesthetic function
   e. The preservation of agricultural resources
f. The establishment of public – private partnerships in the management and marketing of conservation areas  
g. Preparation of environmental management plan and rural development guidelines  

3. Socio-Economic Objectives  
   a. Promotion of tourism related development  
   b. Access to opportunities for land reform  
   c. Clustering of development opportunities at sub-regional level and establishment of opportunities at local level  


The Witzenberg Local Municipal Integrated Development Plan is a strategic document providing guiding principles for the local municipal area as well to provide an overview of the municipal progress regarding priorities and programmes implemented.  

The vision for the Witzenberg Local Municipal Integrated Development Plan is “A united, integrated, prosperous municipality progressively free of poverty and dependency”. Given the scope of the development challenge, limited resources and the many role players, the municipality identified the following goals as critical to the realization of our vision:  

1. To create integrated, sustainable, linked and productive human settlements.  
The municipal spatial development framework is critical to achieving this goal which has implicit in it, a capacitated municipality - able to deliver bulk and other municipal services in an affordable manner.  

2. To build our financial sustainability.  
This goal is absolutely critical to the credibility of this IDP, since failure in this respect would undermine all other development efforts.  

3. To deepen and entrench good governance practices, including better communication and public involvement.  
This goal should lead to a more informed citizen that participates in decision-making processes. The challenge here remains basic literacy amongst the poor and marginalised.  

4. To grow the local economy in order to increase opportunities for participation and equity.  
The Municipality will intervene to create an enabling environment for local economic growth and will prioritise those areas that have the greatest potential to have knock-on effects.  

5. To foster and strengthen strategic partnerships to make meaningful advances in the areas of health, safety and security, education and training, and poverty alleviation.  
This goal will facilitate the different role players in the municipal area working together around a common agenda to improve the lives of our people in spite of the resource constraints being faced.  

Supporting these goals are the following strategic thrusts:  

a. Build human and institutional capacity  
b. Promote broad based economic growth and empowerment
c. Develop smart partnerships

d. Focus on vulnerable groups

e. Build sustainability

A 4.18 Witzenberg Framework Agreement on Economic Growth and Development

The vision of the Witzenberg Growth and development Strategy is to create a viable Witzenberg community founded on the principles of individual enterprise, self sufficiency, fairness and equal opportunity for all. In particular the Witzenberg Local Municipality is mindful of the critical need of more and better local jobs as the basis for sustained poverty reduction through productive individual effort.

Strategic Objectives for the Growth and Development Strategy

The Witzenberg Local Municipality commits themselves within the Laws and Statutes of the Republic of South Africa to working together to achieve the following:

a. A structured, co-operative, community-based approach to economic development;

b. Development of a niche for Witzenberg in the provincial, national and global economy;

c. Accelerated economic growth based upon:

I. Fair and equal access to economic opportunity for all;

II. Increased productivity of human and material resources;

III. Empowerment of people – particularly the poor and disadvantaged - to achieve self-reliance, participate productively in the economic system and thereby also to contribute to the expansion of the collective economic capacity of Witzenberg;

IV. Increased productive engagement of the local population in the local economy;

V. Sustained reduction of poverty through the promotion of economic opportunity and the promotion of individual self-sufficiency; and

VI. The ecologically wise and sustainable use of Witzenberg’s resources.
Annexure B: Extract Cape Winelands Investment Attraction & Opportunities Strategy
2: HIGHLIGHTS OF THE INVESTMENT STRATEGY

This full details of this executive summary of the CWDM Investment Attraction and Opportunities Strategy can be found in Annexure’s A – D, where:

- **Annexure A: CWDM Investment Strategy** – which contains the main strategy of the Cape Winelands District Municipality Investment Attraction and Opportunities Strategy.
- **Annexure B: Background Information** – which includes investor trends, doing business in the Cape Winelands District, and the public participation conducted during the writing of the report.
- **Annexure C: Socio-Economic Aspects** – which includes the socio-economic aspects, sector analysis, and projects and opportunities of each local municipality within the CWDM.
- **Annexure D: Vacant Land** – which includes details of the vacant municipal land within the CWDM.

2.1. Introduction

Urban-Econ Western Cape was appointed by the Cape Winelands District Municipality (CWDM) to compile an Investment Attraction and Opportunities Strategy. This document should enable the CWDM and its development partners to make informed decisions regarding investing in areas with high economic potential and to create the enabling environment to attract investors into the area.

This report is for the CWDM and is aimed to **capacitate and guide** the CWDM to improve the business environment within their area, to attract new business and investments and to retain and expand existing businesses. The CWDM’s role will be to **assist and create** the conditions for local action to emerge and grow.

The CWDM is located in the Western Cape (WC) in South Africa (SA). It consists of 5 local municipalities (LM), namely, Drakenstein LM, Stellenbosch LM, Breede Valley LM, Langeberg LM, and Witzenberg LM.

2.2. Investor Trends

To attract domestic and foreign direct investment, there is a need to:
- Create an institutional framework that attracts desirable investment
- Capacitate its citizens with the knowledge and skills relevant to market demands
- Create a favourable legislative environment for investors
Investor trends can be found in Annexure B. The table below indicates the capability of the CWDM and the local municipalities to support local businesses and attracting new investment.

<table>
<thead>
<tr>
<th>Component</th>
<th>SLM</th>
<th>DLM</th>
<th>WLM</th>
<th>LLM</th>
<th>BVLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive Package</td>
<td>No</td>
<td>Currently (2010) formulating one</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Investment Promotion Centre</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Promotional material</td>
<td>Only tourism related</td>
<td>Investment Brochure</td>
<td>No</td>
<td>Brochures</td>
<td>Internet Magazines</td>
</tr>
<tr>
<td>Database of potential investors</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Corporate Services has a database</td>
<td>No</td>
</tr>
<tr>
<td>Marketing Activities</td>
<td>No</td>
<td>Magazines</td>
<td>Some</td>
<td>Brochures</td>
<td>Internet Magazines</td>
</tr>
<tr>
<td>Support received</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>Some (from private business)</td>
<td>None</td>
</tr>
</tbody>
</table>

The above table highlights that most of the Local Municipalities in the District are currently not equipped to market the area, attract new investors, and offer support to the local businesses. Take note that “Marketing Activities” in the above table indicates specific marketing activities for investors by government. This does not necessarily indicate that no investment marketing activities exist because there are other organisations in the private sector that do promote and advertise to investors. Drakenstein LM is currently the only local municipality that is improving their capacity to support local businesses and attracting new investment. They are doing this by formulating investment incentives and they already have an investment brochure that highlights the strengths in the Drakenstein area.

2.3. Doing Business in the CWDM

The present situation is that the District incorporates vastly different urban configurations, spatial arrangements, economic connectivity, biophysical sensitivities and resource capacity. These aspects determine human behaviour, needs and perceptions as well as economic realities and represent different spatial-development challenges, opportunities and trends.

The Cape Winelands District is advantageously located in close proximity to Cape Town and is well known as the source of internationally acclaimed wines and for some of the most renowned environmental and cultural landscapes in South Africa. The area has a well-established supply chain and benefits from being a few kilometres away from Cape Town and the ports of Cape Town and Saldanha Bay.
See Annexure B for more.

2.4. CWDM Economic Sector Analysis

Agriculture:
Agriculture forms the backbone of the Cape Winelands District economy. Two agricultural sectors dominate, namely horticultural produce (namely fruits, viticulture and vegetables) and animal and dairy. Almost 70% of South Africa’s wine production takes place within the District. The District also has a strong agro-processing industry, which comprises more than a quarter of all agro-processing in the Western Cape. The following agricultural projects and opportunities are found in the CWDM area:

<table>
<thead>
<tr>
<th>Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Gourmet Mushrooms</td>
<td>✓ Aquaculture</td>
</tr>
<tr>
<td>✓ Levendal Social Development</td>
<td>✓ Bio-tech products</td>
</tr>
<tr>
<td>✓ Medicinal Plants for Pharmaceuticals</td>
<td>✓ Biotechnology</td>
</tr>
<tr>
<td>✓ Rooibos Tea</td>
<td>✓ Bulbs, flowers, seeds &amp; hydroponics</td>
</tr>
<tr>
<td>✓ Safron (spice from flowers)</td>
<td>✓ Cultivation of table olives &amp; oil olives</td>
</tr>
<tr>
<td>✓ Biomass to Energy Project</td>
<td>✓ Essential oils</td>
</tr>
<tr>
<td></td>
<td>✓ Expanding dairy production</td>
</tr>
<tr>
<td></td>
<td>✓ Fresh &amp; dried flowers</td>
</tr>
<tr>
<td></td>
<td>✓ Fruit farming &amp; processing</td>
</tr>
<tr>
<td></td>
<td>✓ Fynbos, Buchu &amp; Honeybush Tea</td>
</tr>
<tr>
<td></td>
<td>✓ Game farming</td>
</tr>
<tr>
<td></td>
<td>✓ Poultry</td>
</tr>
<tr>
<td></td>
<td>✓ Snail farming</td>
</tr>
<tr>
<td></td>
<td>✓ Wine farms/wineries</td>
</tr>
</tbody>
</table>

Mining:
There are no mines in the Cape Winelands, only a few quarrying activities in blasted hard rock, river boulders, brick making, granite, and non-metallic minerals. With a sustainable future becoming increasingly important there will be more opportunities for sustainable building materials (i.e. clay bricks) and the crushing and recycling of building rubble. The following mining projects and opportunities are found in the CWDM area:

<table>
<thead>
<tr>
<th>Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ None</td>
<td>✓ None</td>
</tr>
</tbody>
</table>

Manufacturing:
The manufacturing sector is the second largest economic sector in the CWDM and is mainly concentrated in the further processing of agricultural products. Food manufacturing enterprises in the CWDM contribute almost a third of the total number of manufacturing enterprises. The following manufacturing projects and opportunities are found in the CWDM area:

<table>
<thead>
<tr>
<th>Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Centrifugal/Belt Press Composting</td>
<td>✓ Agro-processing</td>
</tr>
<tr>
<td>✓ Refuse Recycling Sorting Centre</td>
<td>✓ Bio-tech products</td>
</tr>
</tbody>
</table>
Electricity & Water:
The CWDM value chain for the electricity and water sector is mainly concentrated in the provision of services to the communities and businesses. The following electricity and water projects and opportunities are found in the CWDM area:

<table>
<thead>
<tr>
<th>Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Techno Park Development Strategy</td>
<td>✓ Renewable Energy</td>
</tr>
<tr>
<td>✓ Spier CSP Plant</td>
<td>✓ Biofuels</td>
</tr>
<tr>
<td>✓ Sustainable Stellenbosch book</td>
<td></td>
</tr>
</tbody>
</table>

Construction:
The construction sector in the CWDM is stretched in terms of resources and will need to increase significantly to meet demand. This provides opportunities in terms of SMME development, through sub contracting; BBBEE; training and skills development; and job creation. The following construction projects and opportunities are found in the CWDM area:

<table>
<thead>
<tr>
<th>Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ 2010 Legacy Projects</td>
<td>✓ Additional private schools</td>
</tr>
<tr>
<td>✓ Lavendale Social Development</td>
<td>✓ Retirement Villages</td>
</tr>
<tr>
<td>✓ Waterfront Development on the Berg River</td>
<td>✓ Industrial parks for light manufacturing</td>
</tr>
<tr>
<td>✓ Paarl CBD Upgrade</td>
<td>✓ Klapmuts mixed-use development</td>
</tr>
<tr>
<td>✓ Ouma Granny</td>
<td>✓ Regional shopping facilities</td>
</tr>
<tr>
<td>✓ Industrial Development near the airport</td>
<td>✓ Further accommodation facilities</td>
</tr>
<tr>
<td>✓ Attona Development</td>
<td>✓ The Eikestad Urban Renewal Initiative</td>
</tr>
<tr>
<td>✓ Worcester Island Development</td>
<td></td>
</tr>
<tr>
<td>✓ The Ceres Golf &amp; Eco Estate</td>
<td></td>
</tr>
<tr>
<td>✓ Upgrade of Ceres Museum</td>
<td></td>
</tr>
</tbody>
</table>

Wholesale & Retail Trade, Catering and Accommodation:
The Wholesale & Retail Trade, Catering and Accommodation sector contributed 15.2% to the Cape Winelands GDP in 2008, thus making it a very strong sector within the Cape Winelands. This sector is well established in the towns of Worcester, Stellenbosch, and Paarl. The sector is based primarily on wine and fruit sales. The following wholesale & retail trade, catering and accommodation projects and opportunities are found in the CWDM area:

<table>
<thead>
<tr>
<th>Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Transport & Communication:
The N1 national road runs straight through the District and is one of the main transport nodes. The R62 links to the N1 providing a major tourism route and the R62 also links up with the N2 national road that heads towards the Overberg District. A rail network system connects most of the towns within the region but does not have a significant impact on regional growth and development apart from limited freight and passenger transport – with insignificant dependency on intra-district linkages. The following transport and communication projects and opportunities are found in the CWDM area:

### Municipal Projects

- Levendal Social Development
- Dutch/SA Call Centre
- Taxi Rank in Zolani

### Opportunities

- Storage, cooling, drying & packing facilities
- Transport & communications services

Finance & Business Services:
The business sector is well established with businesses being well rooted in the CWDM. Activities in this sector, especially tourism real estate, accounts for 97% (2008) of investments in the Cape Winelands. The District hosts internationally competitive educational, training, research and development institutions. The following finance and business services projects and opportunities are found in the CWDM area:

### Municipal Projects

- Refuse Recycling Sorting Centre
- Boschendal
- SMME Business Hives
- Petrol Attendants Training
- Landfill Inferno Plant
- Youth Skills Development Centre

### Opportunities

- BPO
- Private skills training facilities

Services:
The CWDM has been said to be continually providing quality services in key areas such as primary health care, water, sanitation and subsidised electricity. However, given the large area that the region comprises, the economic performance of the region is not uniform across all municipalities, with some municipalities lagging behind. The following services sector projects and opportunities are found in the CWDM area:

### Municipal Projects

- Mbekweni Thusong Service Centre
- Levendal Social Development

### Opportunities

- Agricultural College or a venue for a Satellite College
Tourism:
The tourism sector has significant growth potential as the Cape Winelands has a rich historical heritage, wine routes and natural beauty. A number of well-equipped and top quality tourism establishments have been developed to support what the farms and the natural environment have to offer. Around 50% of all visitors to the District visit a wine route. In the Cape Winelands District there are a number of established as well as developing tourism routes which provides myriad of opportunities for the creative entrepreneur to mix and match marketable products and destinations. The following tourism projects and opportunities are found in the CWDM area:

<table>
<thead>
<tr>
<th>Municipal Projects</th>
<th>Opportunities</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ BWI</td>
<td>✓ Agri-Tourism &amp; Eco-Tourism</td>
</tr>
<tr>
<td>✓ Tour Operator</td>
<td>✓ Craft Products</td>
</tr>
<tr>
<td>✓ Two-rivers Golf Project</td>
<td>✓ Development of theme resorts</td>
</tr>
<tr>
<td>✓ Levendale Social Development</td>
<td>✓ Health tourism facilities</td>
</tr>
<tr>
<td>✓ Township Tours in Mbekweni</td>
<td>✓ Recreation &amp; sports-related facilities</td>
</tr>
<tr>
<td>✓ Waterfront Development on the Berg River</td>
<td>✓ Specialised farm &amp; township tours</td>
</tr>
<tr>
<td>✓ Paarl Valley Golf Estate</td>
<td>✓ Summer tourism activities</td>
</tr>
<tr>
<td>✓ Signage for Homestays</td>
<td>✓ Upgrade of tourism infrastructure</td>
</tr>
<tr>
<td>✓ TOPS Training</td>
<td></td>
</tr>
<tr>
<td>✓ De Poort Heritage Village</td>
<td></td>
</tr>
<tr>
<td>✓ Het Gesticht: Old Slave Church</td>
<td></td>
</tr>
<tr>
<td>✓ Festival of Lights</td>
<td></td>
</tr>
<tr>
<td>✓ Heritage Day Event</td>
<td></td>
</tr>
<tr>
<td>✓ Street Maps &amp; Wall Maps</td>
<td></td>
</tr>
<tr>
<td>✓ Madiba House</td>
<td></td>
</tr>
<tr>
<td>✓ Upgrading of tourism offices</td>
<td></td>
</tr>
<tr>
<td>✓ Ouma Granny</td>
<td></td>
</tr>
<tr>
<td>✓ Altona Development</td>
<td></td>
</tr>
<tr>
<td>✓ Worcester Island Development</td>
<td></td>
</tr>
<tr>
<td>✓ Development of Breede River into a Resort</td>
<td></td>
</tr>
<tr>
<td>✓ Arts &amp; Crafts (PPP with Nedbank)</td>
<td></td>
</tr>
<tr>
<td>✓ The Ceres Golf &amp; Eco Estate</td>
<td></td>
</tr>
<tr>
<td>✓ Two Holiday Resorts owned by the WLM to be placed in PPP deals</td>
<td></td>
</tr>
<tr>
<td>✓ Ceres Museum Research Project</td>
<td></td>
</tr>
</tbody>
</table>

Development constraints within the CWDM include:

<table>
<thead>
<tr>
<th>Constraint</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ An artisan skills shortage</td>
</tr>
<tr>
<td>✓ Lengthy approval periods</td>
</tr>
<tr>
<td>✓ Red Tape in government</td>
</tr>
<tr>
<td>✓ The price of land</td>
</tr>
<tr>
<td>✓ Delays and costs of servicing sites</td>
</tr>
<tr>
<td>✓ Lack of office space</td>
</tr>
<tr>
<td>✓ Restrictions on rezoning agricultural land</td>
</tr>
<tr>
<td>✓ Lack of available land and serviced land</td>
</tr>
<tr>
<td>✓ “Heritage” of certain towns may cause a stop to certain developments</td>
</tr>
<tr>
<td>✓ There is no relationship between the LED unit &amp; local businesses</td>
</tr>
</tbody>
</table>
Out of the projects and opportunities mentioned above, the following catalytic projects (i.e. the projects with the greatest potential) have been identified. These are projects that have already been identified, if the local municipalities have capacity to implement more projects (for example those with a shorter time frame) pre-feasibility studies should be done of the opportunities in the area.

2.5. Catalytic Projects

Table 2.5.1 below indicates the catalytic projects of the Cape Winelands District Municipality. The role of the CWDM is not to implement projects but to rather capacitate local municipalities to implement the projects. An extensive list of all the projects can be found in Annexure C. Only the catalytic projects are described below.

Take note that the projects and the catalytic projects will always change. The projects have only been listed to indicate what types of projects are being run in the specific local municipal areas. The most important part of this section comes in when the municipality needs to prioritise and package their projects. See Driver 1 for further details.

The time frames used in the table include:
- Short Term indicates a time frame of 6 months – 1 year
- Medium Term indicates a time frame of 1 – 2 years
- Long Term indicates a time frame of 2 – 5 years (or longer in some cases)

<table>
<thead>
<tr>
<th>PROJECT:</th>
<th>STATUS:</th>
<th>TIME FRAME:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stellenbosch Local Municipality</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Centrifugal/Belt Press Composting Plant</td>
<td>Project number: pj-06-0012 Project Manager: Ronald Brown (Technical Services) This project is in its planning stage.</td>
<td>Long Term</td>
</tr>
<tr>
<td>Refuse Recycling Sorting Centre</td>
<td>Project number: pj-07-0104 Project Manager: Thys Serfontein (Technical Services) This project is in its planning stage.</td>
<td>Medium Term</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

TABLE 2.5.1: CATALYTIC PROJECTS
### Drakenstein Local Municipality

**Tyre Beneficiation Project**
This project is to be located on a piece of land off Jan Van Riebeeck road. The tyre beneficiation (or recycling of tyres) produces steel, carbon, and crude oil; which can all be used again in various fields.

**Status:**
Not running yet, it is being implemented by the District through the SEED Funding Programme.

**Time Frame:**
Medium Term

### Capetainer Inland Port with a Customs Clearance Facility
Capetainer is a local company owned by Petros Jooste, their main business is to manufacture refrigerated containers. They were interested to invest in Drakenstein municipality and promise to create more than two hundred jobs. Dromedaries Street between Drakenstein municipality training center and Langabuya residential area were initially identify for the project and 11 hectares were offered for the new development. Later the area was reserved for housing. Farm 736 in Klapmuts was identify and 228 hectares near the rail were spotted for the creation of this Port. The latest is that the initial decision was again revisited by the Council 24 hectares was given to Capetainer and 60 hectares given to Regional Land Commission and the rest portion was set aside for future industrial developments. In addition a customs clearance facility will be established with this Inland Port. This will fast-track export movements at the Cape Town and Saldanha ports.

**Status:**
Capetainer is no longer involved in the project. Council wants to put it out to Tender with WESGRO. The DLM will implement it themselves apparently.

**Time Frame:**
Long Term

The CWDM has already compiled a “Customs Clearance Centre” report.

**Levendal Social Development**
The Levendal Development has been approved as a special project by the provincial government and measures have been put in place to expedite the land use and other approval processes at a provincial level. The project is divided into 15 phases. Twenty-two properties have been earmarked for this development and will consist of the following sites: Agricultural Sites; Farmstall; Guesthouse sites; Single dwelling sites, Private open space sites; Private road sites; Business site – tourism node; Craft center; coffee shop and tourist facility; 4 block of flat sites/superette & shop/deli/restaurant; Institutional sites (one frailcare centre/one school); Sport field site; Community site (community hall, church & clubhouse); Group housing sites; Public transport site (“taxi rank”); & Caravan park site.

It has taken ten years for this project to get approved and to go through all the processes.

**Status:**
This project has been coming on for 10 years now. Nothing has happened yet because they still need Town Planning approval.

**Time Frame:**
Long Term

### Breede Valley Local Municipality

**Medicinal Plants for Pharmaceuticals Project**
This project aims to use medicinal plants to produce pharmaceutical products. The MRC and the municipality are working together. This project is going to be located in Touwsrivier.

*Touwsriver has potential for medicinal plants but water is a major problem in that area. There needs to be more investment in irrigation.

**Status:**
There are 3 of these projects up and running, and they are ongoing projects.

**Time Frame:**
Long Term

**Glass Factory**
Planning stage.

**Time Frame:**
Medium
### Proposed industrial development:
- **Glass manufacturing industry**
  - 500 Direct permanent jobs
  - 700 Related permanent jobs
  - Vehicle manufacturing industry
  - Municipal account of R30 Million per annum
  - Wages and salaries of R135 Million per annum for glass manufacturing industry alone

- **Vehicle manufacturing industry**
  - 700 Direct permanent jobs

### Landfill inferno plant
This project aims to be similar to the Mosgas Plant in Mossel Bay. Instead of rubbish being thrown in landfills, this plant will incinerate the refuse. It will create an estimated 800 jobs and the plant will need 8ha of land. The municipality will benefit through the extra money they gain from tax payers refuse removal. This money (an estimated R26 million) can then be used for other municipal developments.

### Langeberg Local Municipality

#### Development of Breede River into a Resort
There are proposals to develop the Breede River into a holiday resort.

#### Multi-Purpose Centre
This centre will contain all government departments and other services so that it would make it easier for citizens to have access to these services. It will be located in Robertson North on Ext 15, and it will contain: the dept of labour; SARS; dept of housing; dept of social development; SASSA; dept of land affairs; GCIS; and an ABSA atm. The project will be built this year (2010) at a cost of R5-8 million.

### Witzenberg Local Municipality

#### Biomass to Energy Project
This project has direct links to Ceres’ Agriculture sector. This project involves converting biomass into energy by using very simple technology. The municipal buy-in is critical, currently stalling at the Municipal Manager and CFO. This project is awaiting a meeting to do their presentation. They still need to get information on biomass resources and possible linkages with other biomass waste in the municipal area. For more information contact: Micheal Guilfoyle on 021 418 1520 or michealg@biotechgroup.com.

### Youth Skills Development Centre in Tulbagh
The Youth Skills Development Centre is planned to be opened this year (2010).

### Two holiday resorts owned by WLM to be placed in PPP deals
There are two holiday resorts owned by the WLM that need to be placed in PPP deals because the WLM doesn’t have the capacity to run them. EIA’s have been started.

### 2.6. CWDM Investment Attraction & Opportunities Strategy

**Goal:**
The primary goal of the Investment Attraction and Opportunities Strategy is to provide guidelines that would promote investment in the Cape Winelands District, by focusing on...
retaining and expanding the existing businesses, opportunities in the area, and on attracting new investment in the area.

**Objectives:**
The following objectives support the achievement of this goal:

- To understand the current investor trends and opportunities
- To highlight economic sector potential
- To provide solutions for the main business/investor problems in the area
- To provide requirements to overcome potential obstacles and ensure successful implementation

<table>
<thead>
<tr>
<th>DRIVERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>✓ Package Projects</td>
</tr>
<tr>
<td>✓ Incentives (established)</td>
</tr>
<tr>
<td>✓ Skills Facilitation</td>
</tr>
<tr>
<td>✓ Infrastructure Development</td>
</tr>
</tbody>
</table>

**DRIVER 1:**
To create an **enabling environment** so that more investors and investments flow into the Cape Winelands District. The following aspects or interventions will be looked at:

- Package projects
  - List projects and prioritise
  - Package the projects
  - Interact and market to investors
  - Fast-track processes
- Incentives (established)
  - THRIP, SPII, FIG, EMIA, R&D, SMEDP, CIP, BPO&O, SSP, and so forth.
- Skills Facilitation
  - Skills Facilitation will involve two initiatives: (1) creating a ‘one-stop-shop’ for employees/employers in each local municipal area which facilitates opportunities and initiatives around skills development, and (2) providing more funds for bursaries and mentorships or by getting more businesses to provide sponsorships as part of their corporate social responsibility.
- Infrastructure development
  - There is an established transport system for the public (bus, rail and taxi) and for goods (rail and truck) but it needs to be extended. Too many people lose out on
opportunities because they do not have access to transport. Other infrastructure developments would have to do with the infrastructure requirements coming out of the CDM projects/initiatives and the infrastructure requirements coming out of the prioritised projects, thereby unlocking opportunities.

**DRIVER 2:**
The CWDM has a Business Retention and Expansion Strategy that was written by Bergstan Consulting and Development Engineers in June 2009. The Business Retention and Expansion Programme is a collaborative effort between local government, local businesses, local communities, agencies, and government organisations. It involves planning and implementation of activities that promote interaction with local stakeholders and create a conducive environment for their operations. In detail it is aimed at:

- Identifying needs and concerns of the local businesses
- Removing obstacles that prevent existing firms from continuing their operations or expanding
- Reducing costs and risks of doing business in the local economy
- Improve competitiveness of the local businesses
- Enhance market opportunities for the local businesses
- Improve business infrastructure for the local businesses, and
- Generally creating an environment that would improve businesses’ survivability and create a sustainable community through implementation of a defined set of actions

**DRIVER 3:**
This section entails interventions to create competitiveness so that more investors and investments flow into the Cape Winelands District. The following aspects or interventions will be looked at:

- Create an Information Desk
  - The District, as well as each LM, should implement an ‘Information Desk’ with a dedicated investment official that would be able to provide information to investors. This dedicated official will also need to work closely with other government departments and the private sector (especially the Business Chambers and Wesgro).
- Implement a CDM
  - The District should promote sustainable technologies by implementing CDM (Clean Development Mechanism) projects or promoting local businesses to create CDM projects. The District could promote this through greening guidelines that provides guidelines to public and private bodies on developments in the area and what developments are feasible in the Cape Winelands area. This should be complete with descriptions of different sustainable technologies, where they would be feasible, what mechanisms and incentives are in place to support it, and so forth. When municipalities upgrade their infrastructure they should incorporate these technologies and set up PPP’s to ensure these initiatives are continually monitored and upgraded. This Greening Strategy should be specific to each LM and the private sector and specific institutions should be involved in the entire process.
Create incentives
- A company’s main criterion in site identification is usually the long-term profitability that the community offers. An area which fails to meet this criterion will not be able to attract investors by merely providing additional investment incentives. At the same time, when a few sites are relatively similar with regard to the long-term profitability criterion, the provision of investment incentives can slant the decision of the managers to choose one locality over another. In this case, general financial investment incentives are provided in order to increase competitiveness of the area compared to similar regions. Targeted economic investment can be divided into four groups: (1) general financial investment incentives; (2) Performance-based investment incentives; (3) Non-monetary investment incentives; and (4) SMME and secondary economy investment incentives.

Access to information for investors
- Investors, especially foreign investors, are not always sure about the process of investing. The District should compile a document for investors outlining the specific guidelines that investors need to do when investing in the Cape Winelands. The document should not only be specific to each Local Municipality but also specific to every different industry. This document should be made freely available at the Information Desk (discussed earlier), at Tourism offices, on the internet, and so forth. This document will also have to be continually updated by the dedicated official at the Information Desk. Municipalities and contractors should also have information readily available as to know if, for example, 70 ha of grapes would be economically feasible or not. Municipalities should do an ‘environmental audit’ and the dedicated official at the Information Desk should know the results of the audit so that if a developer or investor comes with an idea the municipality and other consultants know almost immediately if it will work or not before an EIA process is done to prove it is not feasible.

SMME support
- National economic policies and programmes have shifted focus from major industrial growth towards smaller industries, such as SMMEs, as an option for economic growth and employment creation. CWDM will play a role in especially identifying opportunities for small businesses on the one hand, and working with the relevant institutions in securing support for these enterprises on the other. More generally, the CWDM will support small business development through: (1) the organisations procurement policies; (2) providing information and advice; (3) facilitating marketing support; (4) facilitating access to education and training; and (5) developing a SMME database and mentor panel. The municipality should develop a one-stop-shop initiative throughout the municipality. These facilities could be branded as “How to” shops and should offer emerging entrepreneurs with information on “how to” start a business and provide SMMEs with non-specialist advice. When specialist advice is needed they should be referred to a reliable source. “How to” brochures (e.g. how to start a business, how to manage your own business, how to manage your own finances, etc.) should also be developed and distributed at these one-stop-shops. These
one-stop-shop initiatives should take place at the skills centres (discussed in Section 7.4 above) that will be established within each local municipality. A SMME database and mentor panel can be implemented and kept up to date by the staff at the skills centres. Some funding mechanisms include: IDC, CLOTEX, CCDI, AGRI WESCAPE, SEDA, SBSDP, RED DOOR, CASIDRA, and so forth. More details can be found in Annexure A.

2.7. Conclusion

Apart from the catalytic projects discussed above, there are also catalytic opportunities (i.e. opportunities with lots of potential for their respective areas). Many opportunities were listed above and out of these catalytic opportunities were chosen. The table below indicates the ‘catalytic’ opportunities for each local municipality.

<table>
<thead>
<tr>
<th>SLM</th>
<th>DLM</th>
<th>BVLM</th>
<th>LLM</th>
<th>WLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Klapmuts mixed-use settlement</td>
<td>Informal Business</td>
<td>Olives &amp; Olive Oil</td>
<td>Biofuels</td>
<td>Honeybush in Op-Die-Berg</td>
</tr>
<tr>
<td>Industrial parks for light</td>
<td>Business and Destination</td>
<td>The Brandvlei Dam has extra capacity</td>
<td>BPO&amp;O</td>
<td>Snail Farming between</td>
</tr>
<tr>
<td>manufacturing (in Klapmuts)</td>
<td>Marketing</td>
<td>that can be used for irrigation</td>
<td></td>
<td>Wolseley &amp; Tulbagh</td>
</tr>
<tr>
<td></td>
<td></td>
<td>projects &amp; aqua-culture projects.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Agri-Tourism and Eco-Tourism</td>
<td>Private Skills Training</td>
<td>Kleinplasie expansion</td>
<td>Industrial</td>
<td>Summer tourism activities</td>
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<td></td>
<td>Facilities</td>
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<td>space (there</td>
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<td>are two sites)</td>
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TABLE 2.7.1: ‘CATALYTIC’ OPPORTUNITIES
## 5: IMPLEMENTATION PLAN

The following table provides an implementation plan for the CWDM Investment Attraction and Opportunities Strategy. It outlines the timeframes of various actions and activities that were proposed in the Strategy.

<table>
<thead>
<tr>
<th>Task</th>
<th>Actions</th>
<th>Timeframe</th>
<th>Responsibility</th>
<th>Budget</th>
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</thead>
<tbody>
<tr>
<td>To obtain support for the contents of this document</td>
<td>Communicate the document to relevant stakeholders, including the Municipal Manager, Councillors and the LED Forum.</td>
<td>July 2010 – May 2011</td>
<td>CWDM (coming from the Regional Development &amp; Planning Services Department)</td>
<td>This might entail another 1 or 2 workshops. They could be held at the CWDM’s offices in Worcester as this is a central location.</td>
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<tr>
<td>Package Projects</td>
<td>List projects and prioritise: To prioritise identified opportunities, projects and enabling public sector interventions to determine short-, medium- and long-term priorities.</td>
<td>June 2011 – ongoing</td>
<td>The CWDM: (1) The Regional Development &amp; Planning Services department, as well as the Engineering &amp; Infrastructure Services department will be in charge of running cross-border projects. (2) The CWDM will need to provide assistance to those local municipalities that do not have the capacity to implement projects.</td>
<td>Falls within salaries.</td>
</tr>
<tr>
<td>Package Projects</td>
<td>Package the projects: Determine which of the projects can be driven by members of the LED Unit, other CWDM departments, or LED Forum members. Package the projects with the relevant paperwork and forms.</td>
<td>July 2011 – ongoing</td>
<td>This aid could be in terms of providing incentives; releasing land; rezoning land; or providing grants/funding. (3) The Office of the Municipal Manager will oversee M&amp;E.</td>
<td>Falls within salaries.</td>
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<td></td>
<td>Interact and market to investors: using existing organisations like Wesgro, Trade Invest SA, and so forth. This could include: 1. Approve the</td>
<td>Ongoing</td>
<td>The CWDM: (1) Approve the package of investment opportunities developed by each project/policy leader/team. (2) The Financial Management Services department should release sources of funding that can be made available. (3) Corporate Services should market the</td>
<td>Falls within the allocated marketing budget of the District &amp; Locals.</td>
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</table>
## Task Actions Timeframe Responsibility Budget

<table>
<thead>
<tr>
<th>Package of investment opportunities developed by each project leader/team</th>
<th>Projects &amp; opportunities of the CWDM &amp; the local municipalities. This information should be made available to organisations such as Wesgro, Trade Invest SA, &amp; so forth. This information can also be used by municipal officials who go overseas to market their areas.</th>
<th>Ongoing</th>
<th>CWDM and Local Municipalities (all departments) need to look at their own internal processes and find innovative ways to improve them.</th>
<th>Falls within salaries.</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Identify desirable sources of funding &amp; investors</td>
<td>(4) The Regional Development &amp; Planning Services can hold an investors conference or indaba to market these projects &amp; opportunities. (5) Through these initiatives (i.e. point 3 &amp; 4 above) the CWDM can approach &amp; negotiate with funders/investors to commitment to each project.</td>
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<tr>
<td>3. Approach &amp; negotiate with funders/investors to commitment to each project</td>
<td>The Local Municipalities: (1) The Regional Development &amp; Planning Services department should give the information (i.e. opportunities &amp; projects information) to the CWDM’s Corporate Services department in order for them to market the information &amp; find potential investors. (2) The local Financial Management Services department should release sources of funding that can be made available for the projects that are run by the Local Municipalities.</td>
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<td></td>
<td>The CWDM: (1) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development. (2) If the SLM needs extra funding the CWDM’s Financial Management Services can allocate any funds that may be available. (3) Corporate Services should market the project &amp; this information should be made available to organisations such as Wesgro, Trade Invest SA, &amp; so forth. This information can also be used by municipal officials who go overseas to market their areas. (4) The Regional Development &amp; Planning Services department should do a feasibility study on how the biogas could be turned into energy to supplement Eskom’s supply.</td>
<td>Long Term</td>
<td></td>
<td>This project is in its planning stage already. Budgetary information can be sourced from Ronald Brown in SLM’s technical services.</td>
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<tr>
<td>Fast-track processes: these include the internal municipal processes so that the CWDM area can have a competitive advantage over other areas and attract investors.</td>
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### Catalytic Projects

- **Centrifugal/Belt Press Composting Plant**
  1. Liaise with the SLM on the progress of the project in order to help release land or fast-track rezoning applications.
  2. Do a feasibility study on how the biogas could be turned into energy to supplement Eskom’s supply.

- **The Stellenbosch LM:**
  1. SLM’s Engineering & Infrastructure Services department is the project driver for this project.
  2. The Corporate Services department can aid in administrative & communication services & recruitment requirements.
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<tr>
<td>(3) If a piece of SLM owned land is earmarked for this project, then the SLM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.</td>
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<td>(4) The Engineering &amp; Infrastructure Services department will need to be involved in servicing the land if necessary.</td>
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<td>(5) Funding may need to be sourced from the Financial Management Services department; other organisations like the DTI, IDC, DBSA, &amp; so forth. Funds can be gained from Carbon Credits gained from this project.</td>
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<td>(6) The Community &amp; Development Services department will need to made aware of this project for in terms of their emergency services provision.</td>
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<td>(7) The Corporate Services department needs to market the project locally &amp; they must hand the information over to the CWDM’s Corporate Services department in order for them to market to investors &amp; organisations such as Wesgro, Trade Invest SA, etc.</td>
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<td>(8) The Office of the Municipal Manager will oversee M&amp;E.</td>
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<td>Refuse Recycling Sorting Centre</td>
<td>Medium Term</td>
<td>The CWDM:</td>
<td>This project is in its planning stage already. Budgetary information can be sourced from Thys Serfontein in SLM’s technical services.</td>
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<tr>
<td>(1) Liaise with the SLM on the progress of the project in order to help release land or fast-track rezoning applications.</td>
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<td>(2) This is a potential CDM project &amp; can be used to leverage the green status of the municipality.</td>
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<td>The Stellenbosch LM:</td>
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<tr>
<td>(1) SLM’s Engineering &amp; Infrastructure Services department is the project driver for this project.</td>
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<tr>
<td>(2) The Corporate Services department can aid in administrative &amp; communication services &amp; recruitment requirements.</td>
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<tr>
<td>(3) If a piece of SLM owned land is earmarked for this project, then the SLM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.</td>
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<tr>
<td>(4) Funding may need to be sourced from the Financial Management Services department; other organisations like the DTI, IDC, DBSA, &amp; so forth. Funds can be gained from Carbon Credits gained from this project.</td>
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<tr>
<td>(5) The Engineering &amp; Infrastructure Services department will need to be involved in servicing the land if necessary.</td>
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<td>(6) The Corporate Services department needs to market the project locally &amp; they must hand the information over to the CWDM’s Corporate Services department in order for them to market to investors &amp; organisations</td>
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| **Tyre Beneficiation Project**  
(1) Liaise with the DLM on the progress of the project in order to help release land or fast-track rezoning applications.  
(2) Release the funds from the SEED Funding Programme.  
(3) Monitor the project to limit mismanagement. | Medium Term | The CWDM:  
(1) The Regional Development & Planning Services department through the SEED Funding Programme is the driver for this project.  
(2) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development & Planning Services department would need to release &/or rezone that piece of land for development.  
(3) The CWDM’s Financial Management Services can allocate any funds that may be available if there is not sufficient funding in the SEED Funding Programme.  
(4) The Engineering & Infrastructure Services department will need to be involved in servicing the land if necessary.  
(5) Corporate Services should market the project & this information should be made available to organisations such as Wesgro, Trade Invest SA, & so forth. This information can also be used by municipal officials who go overseas to market their areas.  
(6) The Office of the Municipal Manager will oversee M&E. | This project is not running yet. Budgetary information can be sourced from the District’s SEED Funding Programme. |
| **Capetainer Inland Port with a Customs Clearance Facility**  
(1) Liaise with the DLM on the progress of the project in order to help release land or fast-track rezoning applications.  
(2) Find investors and a project driver.  
(3) Facilitate with Transnet.  
(4) Talk to farmers & factory owners.  
(5) Monitor the establishment of the Customs Clearance Facility. | Long Term | The CWDM:  
(1) The Regional Development & Planning Services department is the initial driver for this project. A new driver from the private sector will need to be found to take the project further.  
(2) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development & Planning Services department would need to release &/or rezone that piece of land for development.  
(3) The CWDM’s Financial Management Services can allocate any funds that may be available.  
(4) The Engineering & Infrastructure Services department will need to facilitate with Transnet & service the land if necessary.  
(5) Corporate Services should market the project to locals (including farmers & factory owners) & this information should be made available to organisations such as Wesgro, Trade Invest SA, & so forth. This information can also be used by municipal officials who go overseas to market their areas.  
(6) The Office of the Municipal Manager will oversee M&E. | Capetainer is no longer involved in the project. Council wants to put it out to Tender with WESGRO. The DLM might implement the project. The CWDM has already compiled a “Customs Clearance Centre” report. |
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<th>Task</th>
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<tr>
<td><strong>The Drakenstein LM:</strong></td>
<td>The Corporate Services department can aid in administrative &amp; communication services &amp; recruitment requirements.</td>
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<td></td>
<td>(2) If a piece of DLM owned land is earmarked for this project, then the DLM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.</td>
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<td>(3) The Corporate Services department needs to market the project locally.</td>
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<td><strong>Levendal Social Development</strong>&lt;br&gt;Find out why the Town Planners have not approved the development yet &amp; see where the CWDM can assist.</td>
<td></td>
<td>Long Term</td>
<td>The CWDM:</td>
<td>This project has been coming on for 10 years now. Nothing has happened yet because they still need Town Planning approval.</td>
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<td></td>
<td>(1) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.</td>
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<td></td>
<td>(2) The CWDM’s Financial Management Services can allocate any funds that may be available.</td>
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<td></td>
<td>(5) Corporate Services should market the project &amp; this information should be made available to organisations such as Wesgro, Trade Invest SA, &amp; so forth. This information can also be used by municipal officials who go overseas to market their areas.</td>
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<td>The Drakenstein LM:</td>
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<td></td>
<td>(1) The Regional Development &amp; Planning Services department should find out why the Town Planners have not approved the development yet &amp; assist with the blockages.</td>
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<td>(2) If a piece of DLM owned land is earmarked for this project, then the DLM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.</td>
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<td>(3) The Engineering &amp; Infrastructure Services department will need to be involved in servicing the land if necessary.</td>
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<td></td>
<td>(4) The Corporate Services department needs to market the project locally.</td>
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<tr>
<td><strong>Medicinal Plants for Pharmaceuticals Project</strong>&lt;br&gt;(1) Liaise with the BVLM on the progress of the project in order to help release land or fast-track rezoning applications.</td>
<td></td>
<td>Long Term</td>
<td>The CWDM:</td>
<td>There are 3 of these projects up and running, and they are ongoing projects.</td>
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<td>(2) Work with the project owners to resolve ways to save water, even if this means funding irrigation equipment.</td>
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<td><strong>Glass Factory</strong>&lt;br&gt;(1) Liaise with the BVLM on the progress of the project in order to help release land or fast-track rezoning applications.&lt;br&gt;(2) Get all LM’s involved in order to ensure demand from farmers &amp; industry over the entire District.</td>
<td>Medium Term</td>
<td>The CWDM:&lt;br&gt;(1) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.&lt;br&gt;(2) The CWDM’s Financial Management Services can allocate any funds that may be available.&lt;br&gt;(3) Corporate Services should market the project to locals (including farmers &amp; factory owners) &amp; this information should be made available to organisations such as Wesgro, Trade Invest SA, &amp; so forth. This information can also be used by municipal officials who go overseas to market their areas.&lt;br&gt;The Breede Valley LM:&lt;br&gt;(1) If a piece of BVLM owned land is earmarked for this project, then the BVLM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.&lt;br&gt;(3) The Engineering &amp; Infrastructure Services department will need to be involved in servicing the land if necessary.&lt;br&gt;(4) The Financial Management Services department can offer incentives to the project leaders.&lt;br&gt;(5) The Corporate Services department needs to market the project locally &amp; get the other LM’s involved in order to market it to local farmers &amp; industry.&lt;br&gt;(6) The Office of the Municipal Manager will oversee M&amp;E.</td>
<td>This project is still in its planning stage. Budgetary information can be sourced from the BVLM.</td>
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<tr>
<td><strong>Landfill inferno plant</strong>&lt;br&gt;(1) Fast track Council’s approval as this project will slow down the rate of waste filling up in municipal landfill sites.&lt;br&gt;(2) Liaise with the BVLM on the progress of the project in order to help release the land.</td>
<td>Long Term</td>
<td>The CWDM:&lt;br&gt;(1) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.&lt;br&gt;(2) The CWDM’s Financial Management Services can allocate any funds that may be available.&lt;br&gt;(3) Corporate Services should market the project to locals (including farmers &amp; factory owners) &amp; this information should be made available to organisations such as Wesgro, Trade Invest SA, &amp; so forth. This information can also be used by municipal officials who go overseas to market their areas.&lt;br&gt;The Breede Valley LM:&lt;br&gt;(1) If a piece of BVLM owned land is earmarked for this project, then the BVLM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development.&lt;br&gt;(3) The Engineering &amp; Infrastructure Services department will need to be involved in sourcing extra irrigation requirements.&lt;br&gt;(4) The Financial Management Services department can offer incentives to the different project leaders.&lt;br&gt;(5) The Corporate Services department needs to market the project locally.&lt;br&gt;(6) The Office of the Municipal Manager will oversee M&amp;E.</td>
<td>This is a private project. Presentation s have been given to Council and other municipal managers. Project is trying to get approval.</td>
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<td>Task</td>
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| **Development of Breede River into a Resort**  
(1) Liaise with the LLM on the progress of the project in order to help release land or fast-track rezoning applications.  
(2) Use other agencies like Wesgro to secure investors.  
(3) Find a project driver within the tourism department. | Long Term | The CWDM:  
(1) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development & Planning Services department would need to release &/or rezone that piece of land for development.  
(2) The CWDM’s Financial Management Services can allocate any funds that may be available.  
(3) Corporate Services should market the project to locals (including farmers & factory owners) & this information should be made available to organisations such as Wesgro, Trade Invest SA, & so forth. This information can also be used by municipal officials who go overseas to market their areas.  
**The Langeberg LM:**  
(1) The Regional Development & Planning Services department will be the project driver.  
(2) If a piece of LLM owned land is earmarked for this project, then the LLM’s Regional Development & Planning Services department would need to release &/or rezone that piece of land for development.  
(3) The Engineering & Infrastructure Services department will need to be involved in servicing the land if necessary.  
(4) The Financial Management Services department can allocate any funds that may be available.  
(5) The Corporate Services department needs to market the project locally & they must hand the information over to the CWDM’s Corporate Services department in order for them to market to investors & organisations such as Wesgro, Trade Invest SA, etc.  
(6) The Office of the Municipal Manager will oversee M&E. | Planning phase; still need investors. |
| Multi-Purpose Centre  
Facilitate with the marketing of the centre. | Medium Term | The CWDM:  
(1) The CWDM’s Financial Management Services can allocate any funds that may be available.  
**The Langeberg LM:**  
(1) The Corporate Services department will be the project driver.  
(2) The Engineering & Infrastructure Services department will need to be involved in servicing the land if necessary.  
(3) The Financial Management Services department can allocate any funds that may be available.  
(5) The Corporate Services department needs | Planning phase. Architect’s drawings are available. The project will be built this year (2010) at a cost of R5.8 million. |
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| **Biomass to Energy Project** | (1) Engage with the DTI & DME regarding the promotion of the biomass industry.  
(2) MM & CFO should gain buy-in.  
(3) Development of a Carbon Credit Trading programme. | Long Term | The CWDM:  
(1) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development & Planning Services department would need to release &/or rezone that piece of land for development.  
(2) Corporate Services should market the project & this information should be made available to organisations such as Wesgro, Trade Invest SA, & so forth. This information can also be used by municipal officials who go overseas to market their areas.  

The Witzenberg LM:  
(1) Buy-in is still needed from the Municipal Manager and CFO.  
(2) WLM’s Engineering & Infrastructure Services department is the project driver for this project. They should engage with the DTI & DME regarding the promotion of the biomass industry.  
(3) If a piece of WLM owned land is earmarked for this project, then the WLM’s Regional Development & Planning Services department would need to release &/or rezone that piece of land for development.  
(4) Funding may need to be sourced from the Financial Management Services department; other organisations like the DTI, IDC, DBSA, & so forth. Funds can be gained from Carbon Credits gained from this project.  
(5) The Engineering & Infrastructure Services department will need to be involved in servicing the land if necessary.  
(6) The Corporate Services department needs to market the project locally & they must hand the information over to the CWDM’s Corporate Services department in order for them to market to investors & organisations such as Wesgro, Trade Invest SA, etc.  
(7) The Office of the Municipal Manager will oversee M&E. | Buy-in is still needed from the Municipal Manager and CFO.  
Budgetary information can be sourced from Michele Guilfoyle. |
| **Youth Skills Development Centre in Tulbagh** | (1) Liaise with the WLM on the progress of the project in order to help release land.  
(2) Assist with advertising & funding. | Short Term | The CWDM:  
(1) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development & Planning Services department would need to release &/or rezone that piece of land for development.  
(2) Corporate Services should market the project & this information should be made available to organisations such as SETA’s, Wesgro, Trade Invest SA, & so forth. This information can also be used by municipal officials who go overseas to market their areas.  

The Witzenberg LM:  
(1) The Regional Development & Planning Services department should be the project driver.  
(2) If a piece of WLM owned land is earmarked for this project, then the WLM’s Regional Development & Planning Services department would need to release &/or rezone that piece of land for development. | Negotiations have started. |
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| **Two holiday resorts owned by WLM to be placed in PPP deals** | (1) Find interested parties that will form the PPP.  
(2) Find a project driver within the tourism department to facilitate marketing & funding. | Medium Term | The CWDM:  
(1) Corporate Services should market the project & this information should be made available to organisations such as SETA’s, Wesgro, Trade Invest SA, & so forth. This information can also be used by municipal officials who go overseas to market their areas.  
(2) With the help of Corporate Services & organisations such as Wesgro, possible PPP partners should be sourced.  
(3) Funding may need to be sourced from the Financial Management Services department; other organisations like the DTI, IDC, DBSA, & so forth.  
(4) The Engineering & Infrastructure Services department will need to be involved in servicing the land if necessary.  
(5) The Corporate Services department needs to market the project locally & they must hand the information over to the CWDM’s Corporate Services department in order for them to market to investors & organisations such as SETA’s, Wesgro, Trade Invest SA, etc.  
(6) Corporate Services should also get the local schools & tertiary education institutions involved.  
(7) The Office of the Municipal Manager will oversee M&E. | EIA’s have been started. |
| **Capture Incentives** | Established incentives should be made available to businesses and investors. This would be detailed in the “Information for Investors” document and should be readily available at the “Information Desk”. | Ongoing | Established Incentives are already formulated by National Government. The “Information Desk” in the District and in each LM (mentioned below) will just need to make sure that the information is made available to the public & is kept updated. | Falls within the salaries of the officials running the ‘Information Desk’. |
| **Skills Facilitation** | 1. Locate a building for the Skills Facilitation one-stop-shop.  
2. Write and advertise | July – December 2011 | The CWDM:  
(1) If a piece of District owned land is earmarked for this project, then the CWDM’s Regional Development & Planning Services department would need to release &/or rezone Project budget should be determined as part of | |
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<td></td>
<td>the job descriptions (i.e. 2-3 people). 3. Recruit and select suitable candidate 4. Orient candidate to this report and supporting manuals</td>
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<td>that piece of land for development. 2. Corporate Services should market the project &amp; this information should be made available to organisations such as Wesgro, Trade Invest SA, &amp; so forth. This information can also be used by municipal officials who go overseas to market their areas. <strong>ALL The Local Municipalities:</strong> (1) The LM’s Regional Development &amp; Planning Services departments must be the project driver for this initiative. (2) If a piece of LM owned land is ear-marked for this project, then the LM’s Regional Development &amp; Planning Services department would need to release &amp;/or rezone that piece of land for development. (3) Funding may need to be sourced from the Financial Management Services department; other organisations like the DTI, IDC, DBSA, &amp; so forth. (4) The Engineering &amp; Infrastructure Services department will need to be involved in servicing the land if necessary. (5) The Corporate Services department needs to market the project locally &amp; they must hand the information over to the CWDM’s Corporate Services department in order for them to market to investors &amp; organisations such as Wesgro, Trade Invest SA, etc. The Corporate Services. (6) Corporate Services also needs to recruit the necessary staff required for these ‘one-stop-shops’. (7) The Office of the Municipal Manager will oversee M&amp;E.</td>
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<tr>
<td>Establish a employment database</td>
<td>January 2012 – ongoing</td>
<td>This must be done by the Skills Facilitation staff.</td>
<td>Falls within the salaries of the officials running the ‘Skills Centre’.</td>
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<tr>
<td>Advertise the ‘Information Desks’</td>
<td>January 2012 – ongoing</td>
<td>The CWDM: Corporate Services should market the project &amp; this information should be made available to organisations such as SETA’s, Wesgro, Trade Invest SA, &amp; so forth. <strong>ALL The Local Municipalities:</strong> The Corporate Services department needs to market the project locally &amp; they must hand the information over to the CWDM’s Corporate Services department in order for them to market to investors &amp; organisations such as SETA’s, Wesgro, Trade Invest SA, etc.</td>
<td>Falls within the marketing budget of the CWDM. The Skills Centre itself could advertise through the marketing budget of the local municipaliti es.</td>
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<tr>
<td>Establish more bursaries and sponsorships</td>
<td>Ongoing</td>
<td>The CWDM: The Financial Management Services departments should find ways of getting more businesses involved in bursaries &amp; sponsorships. <strong>ALL The Local Municipalities:</strong> The ‘Information Desk’ (discussed below) can advertise these to the local community.</td>
<td>This will be determined by local businesses &amp; the Grant Funding budget of the CWDM.</td>
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| New transport proposals to be put in the local IDP’s: This will require extensive public participation and detailed proposals to be written up. | July 2011 – December 2012 | The CWDM:  
(1) This initiative should be driven by the Engineering & Infrastructure Services department & Transnet.  
(2) A consultant should be appointed to develop a feasibility study that covers all the local municipalities’ unique spatial situations & come up with proposals that can be implemented.  
**ALL The Local Municipalities:**  
(1) These proposals (from the consultant mentioned above) must be placed in the IDP’s of each local municipality.  
(2) Once in the IDP the Engineering & Infrastructure departments, as well as the Financial Management Services, need to become the project drivers to implement the proposals. | Consultant fees of an average of R250,000.00 |
| Subsidised taxi’s for quieter routes: This will require proposals made by the public, as well as taxi operators. | September 2011 – February 2012 | The CWDM:  
(1) The Engineering & Infrastructure Services department should be the driver of this initiative.  
(2) Workshops should be held to get all stakeholders (i.e. the public, Taxi drivers, COSATU, SANTACO; SABTA; Transnet) involved in coming up with innovative solutions & new subsidised routes.  
(3) A consultant may need to be appointed to test the viability of the proposals & suggestions.  
**ALL The Local Municipalities:**  
(1) The Financial Management Services departments will need to provide funds for the subsidising of the taxi’s who drive the quieter routes.  
(2) The Office of the Municipal Manager will oversee M&E. | Project budget should be determined as part of the business plan development. |
| Tourism bus/minibus: This will require proposals made by the tourism organisations within the CWDM area, and the public. | September 2011 – February 2012 | The CWDM:  
(1) The Regional Development & Planning Services department should be the driver of this initiative.  
(2) Workshops should be held to get all stakeholders (i.e. the public, Taxi drivers, COSATU, SANTACO; SABTA; Transnet; & tourism organisations & establishments) involved in coming up with innovative solutions & new subsidised routes.  
(3) A consultant may need to be appointed to test the viability of the proposals & suggestions.  
**ALL The Local Municipalities:**  
(1) The Regional Development & Planning Services departments must become the drivers of the proposals & suggestions formulated by the CWDM.  
(2) The Office of the Municipal Manager will oversee M&E. | Project budget should be determined as part of the business plan development. |
<p>| Approve by Council | Was submitted in June 2009. It is a year later &amp; it is still being approved by Council. | This Report will contain its own Implementation Plan &amp; Budgetary Requirements (refer to the report). |</p>
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<tr>
<td>Create an Information Desk</td>
<td>A dedicated investment official in the District and in each local municipality: 1. Determine where to locate the ‘Information Desk’ within each municipality. 2. Write and advertise the job description (i.e. 1 person) 3. Recruit and select suitable candidate 4. Orient candidate to this report and supporting manuals.</td>
<td>July 2011 – July 2012</td>
<td>The CWDM: (1) The Regional Development &amp; Planning Services will be the driver of this ‘Information Desk’. One official will be needed to run the ‘Information Desk’. (2) The ‘Information Desk’ can be located at the Skills Facilitation one-stop-shop. (3) The Corporate Services department will need to recruit a suitable candidate. <strong>ALL The Local Municipalities:</strong> (1) The Regional Development &amp; Planning Services will be the driver of this ‘Information Desk’. One official will be needed to run the ‘Information Desk’. (2) The ‘Information Desk’ can be located at the Skills Facilitation one-stop-shop. (3) The Corporate Services department will need to recruit a suitable candidate. (4) The Office of the Municipal Manager will oversee M&amp;E.</td>
<td>Project budget should be determined as part of the business plan developmen t.</td>
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<td></td>
<td>The information desk should be easily accessible and work closely with relevant stakeholders in the private sector.</td>
<td>Ongoing</td>
<td>The staff at the ‘Information Desk’.</td>
<td>Falls within the salaries of the officials running the ‘Information Desk’.</td>
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<td>Implement CDM’s</td>
<td>The District should promote sustainable technologies by implementing a CDM (Clean Development Mechanism) projects or promoting local businesses to create CDM projects. This CDM involves a “green” restructuring of the CWDM area in terms of energy, water, sanitation, refuse removal, building, green spaces, transport, and so forth. There should be a very practical guide and technical guide for implementation. The projects that come out of this should be marketed to investors.</td>
<td>August 2011 – August 2012, and then ongoing</td>
<td>The CWDM: (1) The Engineering &amp; Infrastructure Services department will be the driver of this initiative. (2) A specific sustainable development consultant, either a private company or by the Stellenbosch University’s Sustainable Institute or the Stellenbosch University’s CRES (Centre for Renewable Energy Studies) will need to be appointed to do feasibility studies. (3) Corporate Services should market the project &amp; this information should be made available to organisations such as Wesgro, Trade Invest SA, &amp; so forth. This information can also be used by municipal officials who go overseas to market their areas. <strong>ALL The Local Municipalities:</strong> (1) The Engineering &amp; Infrastructure Services department will be the driver of these initiatives. (2) Funding should be made available from the Financial Management Services departments &amp; other sources like funds from Carbon Credits, IDC, DBSA, etc. (2) The Corporate Services department needs to market the project locally &amp; they must hand the information over to the CWDM’s Corporate Services department in order for them to market to investors &amp; organisations such as Wesgro, Trade Invest SA, etc. (3) The Office of the Municipal Manager will oversee M&amp;E.</td>
<td>Consultant fees of an average of R250,000.00. Once new projects have been identified then the projects budgets should be determined as part of the business plan developmen t.</td>
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<tr>
<td>Create incentives</td>
<td>Some of the incentives include: ✓ General financial investment</td>
<td>July 2011 – ongoing</td>
<td>The CWDM: (1) Corporate Services should market the project &amp; this information should be made available to organisations such as Wesgro.</td>
<td>Falls within salaries.</td>
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cape@urban-econ.com
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<td>incentives</td>
<td>✓ Performance-based incentives ✓ Non-monetary investment incentives ✓ SMME and secondary economy investment incentives ✓ General tax incentives ✓ Infrastructure incentives ✓ Land and Buildings incentives ✓ Regulatory reform incentives ✓ Finance incentives ✓ Approval process incentives</td>
<td></td>
<td>Trade Invest SA, &amp; so forth. This information can also be used by municipal officials who go overseas to market their areas. (2) The Financial Management Services department may need to help the LM’s with funding to establish these new incentives. <strong>ALL The Local Municipalities:</strong> (1) The Financial Management Services departments will be the driver of this initiative. (2) Incentives should be created that will be specific to each local municipal area (a consultant may be needed to do this). (3) The ‘Information Desk’ can market these new incentives.</td>
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<tr>
<td>Access to information for investors</td>
<td>The document that is compiled by the Cape Winelands District needs to be very specific to each industry, down to the exact process of the nature of their development, to the specific person to contact and how long it will take. This document will then be handed over to the “Information Desk’s” to be kept updated. Sections of the document should be packaged that can be used for promotions, marketing (domestically &amp; internationally), &amp; to feed to Wesgro.</td>
<td>September 2011 – September 2012</td>
<td><strong>The CWDM:</strong> (1) The Regional Development &amp; Planning Services departments is the driver for this initiative. (2) A consultant will need to be hired to formulate this document. (3) The ‘Information Desk’ in the CWDM will be in charge of distributing this document to potential investors &amp; marketing it. <strong>ALL The Local Municipalities:</strong> (1) The ‘Information Desks’ in each LM will be in charge of distributing this document. (2) The Office of the Municipal Manager will oversee M&amp;E.</td>
<td>Consultant fees of an average of R250,000.00. Updated of the document will fall within salaries.</td>
</tr>
<tr>
<td>SMME support</td>
<td>CWDM will play a role in especially identifying opportunities for small businesses on the one hand, and working with the relevant institutions in securing support for these enterprises on the other. CWDM will support small business development through: ✓ The organisations procurement policies ✓ Providing</td>
<td>July 2011 – ongoing</td>
<td><strong>The CWDM &amp; the Local Municipalities</strong> Regional Development, &amp; Planning Services departments, and relevant stakeholders like AgriWC, Casidra, Red Door, etc. <strong>The CWDM:</strong> (1) The Regional Development &amp; Planning Services department will be the driver of this initiative. They will need to identify opportunities for SMME’s. (2) Stakeholders (such as AgriWC, Casidra, Red Door, SETA’s, colleges, universities, local businesses, etc) will need to be involved. (3) Consultants could be hired to do feasibility reports if necessary. (4) The Office of the Municipal Manager will oversee M&amp;E. <strong>ALL The Local Municipalities:</strong></td>
<td>Falls within salaries. Extra Grant Funding may need to be requested if necessary.</td>
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</table>
|      | **Information and advice**  
   ✓ Facilitating marketing support  
   ✓ Facilitating access to education and training  
   ✓ Developing a SMME database and mentor panel | Ongoing | (1) The Regional Development & Planning Services departments can drive the different projects/opportunities that are identified by the CWDM.  
(2) The Financial Management Services should make funds available or source the necessary funds from the outside.  
(3) The Office of the Municipal Manager will oversee M&E. | Falls within the marketing budgets of the municipalities. |
|      | **Marketing**  
   This involves the specific marketing of the outcomes of the implemented investment strategy & projects. Specific marketing initiatives would include:  
   ✓ Investors Conference  
   • Relatively inexpensive if you do it yourself.  
   • Builds credibility with investors.  
   • Provides feedback about the initiatives image and position.  
   ✓ Market projects through Wesgro & Trade Invest SA.  
   ✓ Create a regular brochure outlining comparative advantages of each local municipal area, with the newly established incentives, & projects that are looking for investors.  
   ✓ Marketing can also be done on the municipalities websites | Ongoing | The CWDM:  
(1) This needs to be driven by the Corporate Services department together with the Regional Development & Planning Services department.  
(2) Organisations like Wesgro, Trade Invest SA, & so forth will need to be involved.  
(3) The Office of the Municipal Manager will oversee M&E.  
**ALL The Local Municipalities:**  
The Regional Development & Planning Services of the local municipalities may, if necessary, develop their own marketing brochure. | Falls within the marketing budgets of the municipalities. |
|      | **Monitoring & Evaluation**  
   1. Get feedback from ward councillors as well as participating organisations/programmes with regards to the success of the implementation of the “CWDM” | Ongoing | CWDM & the Local Municipalities (the departments will depend on the projects & who was involved in the projects), and relevant stakeholders (again depending on who was involved).  
M&E is usually done by the Office of the Municipal Manager, but every project is different & will have their own requirements | Falls within salaries. |
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<td>Investment Attraction &amp; Opportunities Strategy “projects.</td>
<td>2. Obtain regular feedback from the local citizens &amp; relevant organisations about the efficiency of the implemented mechanisms (i.e. the Information Desk; Information for Investors; Support mechanisms; etc) 3. Determine what obstacles are hindering growth in underperforming sectors, and target programmes (IDP) etc to remove those obstacles / enable growth.</td>
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For this Investment Attraction and Opportunities Strategy to be successful all the Local Municipalities within the Cape Winelands District need to be capacitated and aided by the District so that they can operate efficiently.
Annexure C: Cape Winelands
Investment Attraction & Opportunities Strategy – Doing Business in the CWDM
Annexure B: Background information to the CWDM Investment Attraction & Opportunities Strategy
1: INTRODUCTION

1.1. Introduction

Urban-Econ Western Cape was appointed by the Cape Winelands District Municipality (CWDM) to compile an Investment Attraction and Opportunities Strategy. This document should enable the CWDM and its development partners to make informed decisions regarding investing in areas with high economic potential and to create the enabling environment to attract investors into the area.

This report is for the CWDM and is aimed to capacitate and guide the CWDM to improve the business environment within their area, to attract new business and investments and to retain and expand existing businesses. The CWDM’s role will be to assist and create the conditions for local action to emerge and grow.

Annexure B contains the background information that helped shape the Cape Winelands District Municipality Investment Attraction and Opportunities Strategy. All other background information can be found in Annexure C.

1.2. Outline of Annexure B

Section 2: Investor Trends – The current investor and investing trends on a global and domestic level and what future trends will have an impact on investing.

Section 3: Public Participation – Which identifies which stakeholders were interviewed, who was spoken to, and who were invited to the stakeholder workshops.

Section 4: Doing Business in the CWDM – The cost of doing business in the CWDM, the areas image, natural resources, access to markets, and so forth.
2: INVESTOR TRENDS

2.1. Introduction

To attract domestic and foreign direct investment, there is a need for South Africa to:

- Create an institutional framework that attracts desirable investment
- Capacitate its citizens with the knowledge and skills relevant to market demands
- Create a favourable legislative environment for investors

While the role of business in local economic development is widely recognised there is a tendency to only focus on big business and the formal sector. The informal sector also has an important role to play as investor and entrepreneur. Roles cross the formal and informal divide:

- **Investor**: The private sector is a major investor. Its resources both drive and stimulate the local economy both spatially and sectorally. This role is at times shared with donors or parastatals, who provide capital to the public or private sectors and become partners in the development of the area.
- **Stimulator / entrepreneur**: In this role the private sector promotes particular sectors or areas that could be sustained by the market in the long-term, for example, the development of business infrastructure to attract business in a situation where the market (consumer or skills) exists, or the development of specialist skills, e.g. in specialised agriculture or the mobilisation of a sector on the understanding that organised business is better able to engage government than fragmented and disparate individuals and firms.

From time to time government might need to take on the role of entrepreneur, for example, in a joint venture with the private sector to develop a business or sector.

The NSDP (The National Spatial Development Perspective, RSA 2003) establishes normative principles to guide all government infrastructure investment and development spending in order to meet the national objectives of economic growth, employment creation, sustainable service delivery, poverty alleviation and correction of historical inequalities. The normative principles should be used as a guide by all spheres of government when making decisions on infrastructure investment and development spending. The normative principles are:

- Economic growth is a prerequisite for the achievement of other policy objectives
- Government spending on fixed investment should be focused on places of economic growth and potential. This will play a role in attracting private-sector investment, stimulating sustainable economic activities, and creating employment opportunities
The focus should be on people, not places in order to address past and current social inequalities. Places of high levels of poverty and development potential should receive fixed capital investment. In areas of low development potential and high levels of poverty, the development focus should be on providing social transfers, human resource development and labour market intelligence in order to capacitate people to access economic opportunities.

Future settlement and economic development opportunities should be channelled into activity corridors and nodes adjoining or linked to main growth centres. This will play a role in overcoming spatial distortions of apartheid.

This section will look at:

- Investors and investing trends
- The significance of sustainable development in the investment environment
- Starting a business in South Africa
- Investment promotion capacity review within the CWDM

2.2. Investors & Investing Trends

The South Africa of today is one of the most sophisticated and promising emerging markets globally. The unique combination of a highly developed first-world economic infrastructure and a huge emergent market economy has given rise to a strong entrepreneurial and dynamic investment environment.

South Africa has achieved a level of macro-economic stability not seen in the country for many years. Such advances create opportunities for real increases in expenditure on social services, and reduce the costs and risks for all investors, laying the foundation for increased investment and growth. (DTI: Why Invest in SA 2010)

One example of a large investor includes Istithmar PJSC. Istithmar PJSC is the investment company of Dubai World. It has an investment portfolio which includes more than 50 successful companies. Istithmar PJSC is well known in South Africa for its massive investment in the V&A Waterfront in Cape Town, and now they are moving into golf estates. The company has looked in Europe and Asia, but they are very interested in South Africa, stating that “South Africa has fantastic upside potential – you have some fantastic golf and golf-related real estate investments here” (David Spencer from Leisurecorp 2009). In December 2009 they acquired 100% of Pearl Valley in the Cape Winelands District. There has been increasing investment interest in South Africa as a base for accessing Africa’s potential as an almost untapped source of raw materials. In 2008 over US$14 billion worth of Foreign Direct Investment (FDI) entered South Africa, more than double the previous year’s recorded investment flows. (DTI 2009)

1 [www.nomadtours.co.za/dubai_gets_another_cape_asset.html](http://www.nomadtours.co.za/dubai_gets_another_cape_asset.html)
David Spencer has this to add: “I think if you look at the level of investment that our company Istithmar has made in South Africa we’ve definitely voted with our feet or voted with our chequebook – we have absolute confidence in South Africa, and we will stand together shoulder to shoulder with the people of South Africa and develop our projects – and hopefully see some more foreign investment come into South Africa, and hopefully attract some more foreign investment into South Africa. We think South Africa is so perfectly platformed to take this product to the rest of the world. At the moment the South African tourism numbers, while they are increasing, we still feel there is a long way to go – we think South Africa provides an unbelievably unique lifestyle”.

David Spencer from Leisurecorp 2009
www.nomadtours.co.za/dubai_gets_another_cape_asset.html

Other investments include Cape Town's film boom which has attracted 120 investments worth over R52 million to the region since July 2005, injecting over R2.6 billion into the Western Cape economy. Commission chief executive Laurence Mitchell told Cape Business News last week that 2006 was a successful year for film in the Western Cape, with positive partnerships between the government and the film industry as well as significant international investment in the province. Last week, the commission told the city's portfolio committee for economic and social development, tourism and property management that it had fielded over 22 000 industry-related inquiries between July 2005 and December 2006. During the same period, the commission said, it had given assistance to just over 1 000 small businesses and 400 empowerment firms, trained 974 people, established 55 new businesses, hosted 74 industry events, and created over 2 000 new jobs. "The phasing out of all tariffs charged to the film industry is one initiative that needs to be investigated as a vehicle to attract more business to the city in this sector," Grindrod said. (Cape Film Industry Pulls Investors, 14 March 2007) The Cape Town Film Studio is located on the outskirts of the Cape Winelands and opportunities can be tapped into in the Cape Winelands near to these studios, for example accommodation facilities and tourist attractions. The Cape Winelands also have beautiful landscapes to offer to the film industry.

Economic development in the Western Cape is characterised by a broad sector base, with good growth potential in several major sectors and a range of significant niche sectors. In line with worldwide trends, South Africa's export-oriented industries tend to shift towards port cities and coastal industrial belts – the drop in import duties and the establishment of Saldanha Steel as a basis for Western Cape heavy industry adds more momentum to this shift.

Over the past decade, the Western Cape has developed into a world class BPO destination, attracting a number of high profile international companies including: Budget Group,
Merchants, Lufthansa Global Telesales, Shell Global, the Dialogue Group, Teleperformance, TeleTech and Stream Global Services. The BPO sector plays a key role in the job creation in the Western Cape, providing in excess of 30 000 jobs. This number is set to increase on the back of the 2010 World Cup which is estimated to drive further investment into the region. The Western Cape is an ideal call centre destination with excellent infrastructure, highly qualified labour force, low staff attrition rates, cultural affinity to both Europe and the US. The province is also perfectly positioned to the European market in relation to time zones and with a broad range of language capabilities which include Dutch and German is able to cater for a number of foreign speaking countries.\(^3\)

The Cape Winelands is well known for its wines and has created a definite hype in the domestic and international markets. This hype can thus be utilised as a draw card and a method of introducing other activities that the Cape Winelands has to offer. The attractiveness of the Cape Winelands and its proximity to Cape Town has resulted in a number of national and multinational corporate head offices, such as Medi-Clinic Corporation, Parmalat, Distel and KWV Holdings, choosing to locate here. Factors influencing location are:

- Favourable social and family aspects
- Low levels of crime
- Proximity to schools, shops, health care and other facilities

These competitive advantages place the Cape Winelands in a unique position to attract further such investments.

Having spotted a possible company, investors look at these three criteria:

1. Profitability
2. Price, and
3. Whether or not it has a good business model.

(Proven Strategies of the World’s Greatest Investors 2008)

The global economic slowdown has brought into question whether the investment climate has been affected in emerging economies. Emerging economies have been forced to take a hard look at their investment strategies and find ways to remain an attractive destination for FDI (Foreign Direct Investment). Because FDI has proven to be resilient during financial crises, as opposed to other forms of private capital flows, it becomes vital for emerging economies

\(^3\)http://www.contactindustryhub.co.za/news_item.php?news_id=789&news_headline=Global%20companies%20choose%20Western%20Cape%20for%20BPO%20investment

“Go for a business that any idiot can run – because, sooner or later, any idiot probably is going to run it.”

Proven Strategies of the World’s Greatest Investors 2008
to harness and focus on their FDI strategies. Globally, the top-ranked industries in terms of prospects for FDI are hotels and restaurants, tourism, computers/information and communication technologies (ICT), and retail and wholesale – all in the services sector. The agriculture and food processing industry has also been identified as a prospect for FDI in South Africa in particular. As the Western Cape is the leading region in agri-business in the country and is a strong region in the abovementioned services sectors, it becomes clear that the Western Cape has the opportunity for increased inward FDI.

The export value of trade and investment has increased by almost 400% in the Cape Winelands or by R4.8 billion between 1996 and 2006. The top five growth product groups are:

- Wine (R3 billion)
- Vegetable products (R2 billion)
- Machinery / mechanical appliances (R78 million)
- Chemical / allied industries (R57 million)
- Vehicles / associated transport equipment (R49 million)

Investment strategies can also denote the investment strategies a national government should follow to bring about economic growth in a country. This can only be achieved by domestic investment as well as significant FDI (Foreign Direct Investment) flows to particular sectors of countries. Infrastructure problems, excessive government intervention, rigid labour laws and corruption are stifling the flow of FDI in the critical sectors.

All over the world recent global events and a greater awareness of long-term structural changes (like climate change, energy crises and other shifts) make planners aware of the need to take a broader look at environmental changes. Naturally, this should also apply to expected future developments in this region:

- The global recession has had its impact on this region. World market prices of higher quality wines will dampen over the next few years; overseas tourists in the high earnings segment will be much fewer in numbers; the influx of high income retirees (who buy or build luxury homes in CWDM-towns and popular villages) will subside; and property markets in general will be dampened.
- Current political issues in South Africa have also lead to some dampening of the earnings and spending patterns of higher income households in South Africa and abroad. Tourists who usually book now (i.e. in April and May) for an expected holiday in South Africa in November, have decreased in numbers due to the fear of the political situation in South Africa (i.e. Julius Malema’s controversial “Shoot The Boer” and the murder of Eugene Terblanche). This, again, may negatively affect those settlements in the Cape Winelands who depend a lot on high income visitors, luxury property purchases or retirees moving

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4. [www.tradeinvestsa.co.za/investment_opportunities/759796.htm](http://www.tradeinvestsa.co.za/investment_opportunities/759796.htm)
5. CWDM GDS 2006
south (e.g. Franschhoek). Despite this there may still be some positive spinoffs from the 2010 Fifa Soccer World Cup but the benefits still need to be determined.

✔ Over the longer run there are clear signs that climate change will affect South Africa quite significantly, implying lower rainfall and some dampening of the current diverse pattern of agricultural production. At the same time efforts to better utilise local water resources, dams and other storage facilities will probably be intensified. The same can be expected in the sphere of power generation and the utilisation of alternative energy sources.

Climate change presents enormous risks and opportunities for investors. Climate risk is now embedded in investment portfolios, as companies worldwide face regulatory, legal, physical and competitive risks. But where there are risks, there are also opportunities. The next 50 years will require a massive shift to cleaner energy sources and technologies to avoid unmanageable climate disruption. Legendary venture capitalist John Doerr recently called finding solutions to climate change “the biggest economic opportunity of the 21st century.” More is given in the next Section.

There are numerous issues that should be considered when deciding to do business in South Africa, one of the most relevant and unique is Black Economic Empowerment (BEE). BEE is a pragmatic growth strategy that aims to realise the Country’s full economic potential. For a prospective foreign investor, intending to do business in South Africa for the purposes of procuring government work, BEE is a crucial factor. There are, however exemptions to the application of BEE, entities with a turnover of less than R5 million per annum are exempt from being measured against any BEE scorecard. It is almost inevitable that a government tender, will have as a mandatory condition, BEE provisions. The purpose of this is to encourage and enhance partnerships between foreign investors and black empowered entities or individuals.

According to certain survey reports, skilled labour and skilled middle management are in short supply, and on the regulatory front, legislation such as the Broad-Based Black Economic Empowerment (BBBEE) Codes and the National Credit Act make finding the right talent all the more challenging. One of the main challenges of black economic empowerment (BEE) is the perception of foreign investors that it is an investment risk. Though the risks of empowerment can be exaggerated, the perceptions of risk could have a big effect on the SA economy. SA faces a unique challenge: attracting desperately needed foreign direct investment while transforming the racial ownership profile of its businesses. To achieve this, government must win the confidence of multinational corporations.

The broad-based scorecard, which allows flexibility to score points in areas such as employment equity, skills development, procurement, enterprise development and corporate social investment, makes it possible for traditional white-owned companies to have a better status than some black-owned companies. An acceptable scorecard will ensure: being part of a transforming and vibrant growing economy, thereby escalating profits; lower tax rates due
to increased black participation; greater efficiency and competitiveness, increased productivity, improved customer relationships; and increased investment by foreign investors. The essence of BBBEE is in how it spreads the benefits of economic growth to the majority, thus making the economy sustainable, empowering black people by means of more interventions than merely selling shares to black investors. The majority is not only comprised of people wanting to own shares in companies, but also those only interested in getting good jobs (employment equity), improving their skills (skills development), starting and running their own businesses (enterprise development) and simply living a better life.

Some of the benefits of, and reasons for embracing the process are:
1. It will safeguard existing business. The ripple effect that preferential procurement will have down the supply chain will eventually affect almost all business entities. An acceptable scorecard will ensure that business is not lost to competitors that are BEE compliant.
2. If done quickly and efficiently the opportunity will be there to gain business from non-compliant competitor business entities.
3. Being part of a transforming and vibrant economy. The burgeoning motor and building industries exemplify the positive effect black purchasing power can have on stimulating the economy.
4. As economic growth takes effect, escalating profits of business entities, and the broadening of the tax base due to increased black participation in the formal business sector, will lead to lower tax rates for all.
5. Skills development, one of the seven BEE scorecard elements, will lead to greater efficiency and competitiveness, increased productivity, and improved customer relationships.
6. Increased investment in South Africa by foreign investors.
7. Unemployment, and therefore poverty and crime, will be reduced.

2.3. Significance of Sustainable Development

Sustainable development is defined as development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.

Brundtland Commission

With sustainable development being pro-growth the term “sustainability” is also used to describe a value change or lifestyle change. Given the fundamentals of sustainable development as maintaining the integrity of biophysical systems and reducing poverty and
risks\textsuperscript{8}, the emphasis, for now at least, must be on ensuring sustainable development as primary goal. (CWDM SDF 2009) Climate change puts at risk everything that climate governs, including:

- Availability of water
- Productivity of farms, forests, and fisheries
- Prevalence of oppressive heat and humidity
- Geography of disease
- Damages from storms, floods, droughts, and wildfires
- Property losses from sea-level rise
- Distribution and abundance of species

The next 50 years will require a massive shift to low-carbon energy sources and technologies to avoid unmanageable climate change. Major capital investments are needed to make that shift, creating large economic opportunities.

The Cape Winelands region is sensitive to climate change and global warming. Some of the most important activities in the region, such as agriculture, wine and deciduous fruit production, tourism and forestry, are dependent on the current state of the environment. Since climate change will impact on soil quality, several of these industries above could fall into decline. Furthermore, the biomes (Cape Floristic Kingdom and Succulent Karoo) found in this region are sensitive to climate change. Since biodiversity is a key attraction for tourists to the region, changes in temperature may negatively affect the economy of the region.

Water supply is vulnerable to periodic droughts and temperature increases that speed up the rate of evaporation. Therefore, climate change and temperature increases can have serious implications for the competing interests of environmental integrity and socio-economic development.

As the world hits ‘peak oil’ production, oil prices are set to escalate to the point where dependence on the private motor car will no longer be viable and the importation of vital resources and food will also no longer be affordable. Global warming will undermine water supplies and food production in the Western Cape, and the costs of energy are set to more than double within a few years due to both investments in additional generation and global penalties on CO\textsubscript{2} emissions.

The balance of residential electricity demand will have to be met from renewable resources, primarily solar energy and to a lesser extent wind-generated power: to achieve this will require municipal regulations requiring retrofitting of existing housing, and installation to new housing, of solar water and solar voltaic panels.

Revised building standards regulations will require energy efficient design (i.e. north

\textsuperscript{8} Kemp, R. Martens, P. Sustainable development: how to manage something that is subjective and never can be achieved, 2007, p3
orientation, roof overhands, correct window sizes and locations, ceilings, roof insulation, ventilation flows) and building materials (i.e. low cement building materials, a wide range of materials and systems, including adobe, sand bags, recycled bricks, crushed rubble made into SABS bricks [Cape Brick], strawbale, wood, plus various other options), as well as geothermal heating and cooling systems for those who can afford

**Box 1: Outcomes of the 2008 Investor Summit on Climate Risk**

BT Pension Scheme, a conventional mainstream investor at the forefront of sustainable investments in existing property portfolios, is now looking to invest US $1 billion in clean building technology and clean development. In its conventional portfolio, it is trying to apply existing efficiency and renewable energy technologies in an integrated way.

Investors’ focus has gone beyond the major GHG-emitting sectors to sectors like banking and insurance. Some banks are now adding climate as a risk factor in their assessments and are also looking to reduce the carbon footprint of their loan portfolios. There is also some focus on big-box retailers, some of whom are using their tremendous clout with vendors to reduce energy throughout the supply chain, causing a ripple effect through the business community.

The “colossal challenge” of dealing with energy scarcity and global warming can mean enormous opportunities for developed and developing countries, for investors across asset classes, and for workers.

“When we invest our money, the majority of us are looking for a degree of security, the anticipation of good returns and peace of mind: a combination rarely achieved. By investing in Carbon Credit projects, an investor can enjoy high returns on his investment plus satisfaction in the knowledge that they are truly helping to change our planet for the good. The DTI envisages R115 billion worth of investment projects over the next three years, which is largely earmarked for the renewable energy sector” (Business Report, 5 May 2010). South Korea, as another example, is estimated to have dedicated 81 per cent of its total fiscal stimulus to green projects (Rhode & Burdett 2009:15).

The Kyoto Protocol provides for three mechanisms that enable countries or operators in developed countries to acquire greenhouse gas reduction credits.

- Under Joint Implementation, a developed country with relatively high costs of domestic greenhouse reduction would set up a project in another developed country.
- Under the Clean Development Mechanism (CDM) a developed country can ‘sponsor’ a greenhouse gas reduction project in a developing country where the cost of greenhouse gas reduction project activities is usually much lower, but the atmospheric effect is globally equivalent. The developed country would be given credits for meeting its emission reduction targets, while the developing country would receive the capital
investment and clean technology or beneficial change in land use.

- Under International Emissions Trading (IET) countries can trade in the international carbon credit market to cover their shortfall in allowances. Countries with surplus credits can sell them to countries with capped emission commitments under the Kyoto Protocol. These carbon projects can be created by a national government or by an operator within the country. In reality, most of the transactions are not performed by national governments directly, but by operators who have been set quotas by their country.

The growth and diversification of investment flows seen in the global renewable energy sector has confirmed that sustainable energy has become a mainstream investment class. The growing interest in renewable energy in South Africa has increased tremendously, and the implementation of wind parks throughout the country has become more viable as a result of local market mechanisms like NERSA’s Feed-in-tariffs. (TradeInvestSA 2008) Ethical, or Socially Responsible Investments (SRIs), are one of the most rapidly growing areas of finance today. (Ethical Investing: The Green Guide 2009/2010)

According to finance experts, green investments are sound investments notwithstanding the global economic recession. On the contrary, the recession provided boost to green investment opportunities, as companies strive to cut costs, promote efficiency, and manage climate change risks. Furthermore, green investments are expected to yield good returns in the long run with the integration of the economic stimulus programs. As of now, green stocks are demonstrating a consistent return on investments and for investors.

It is projected that green building, recycling, and water will be the strongest growth points for green investments. There have been huge expansions in investment in energy technologies globally. Earlier this year, the market for green stocks rose to as high as 30%. Also, 15% of the global stimulus packages are being spent on clean technology. The leading recipient energy technologies for green investments were wind, solar, and solar hot water.

### 2.4. Starting a Business in South Africa

South Africa follows a system of land registration where every piece of land is reflected on a diagram and ownership recorded in one of the regionally located Deeds Registries, where documents are available for public viewing. South Africa is reputed to have one of the best deeds registration systems worldwide with an exceptional degree of accuracy and guaranteed tenure⁹. Starting a business in South Africa is also very easy: no permits are required to begin a business, businesses can be wholly foreign owned, and anybody can own land. When a business is started in South Africa the company will need to register with CIPRO, SARS, VAT, PAYE, and get approvals from the local authority.

Business licences are only required for companies whose products or services need to comply

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with health and safety regulations. These include:
- Producers and sellers of food
- Health and entertainment activities (including cinemas, night clubs, saunas, beauty salons, etc)

Local municipalities are responsible for administering business licences and businesses will need to comply with zoning, health and safety requirements.

All construction must also be approved by the relevant local municipality. Factors which are taken into account for the building to be approved include: provision of sanitary, natural lighting and ventilation, dimension and height, refuse and storage, occupancy classification and facilities for the disabled (if relevant). Land or office space can also be rented with rentals in the District ranging from R40m\(^2\) – R130m\(^2\).

Investment treaties are most commonly used to create transparency regarding investment-related requirements and rights between foreign investors and host countries. Typical rights for foreign investors include:
- Safeguards against expropriation (property rights protection)
- Access to information
- Non-discrimination between local and foreign investors
- Most Favoured Nation treatment

Obligations on investors typically include issues such as environmental impact assessments and adherence to environmental standards, corporate accountability and labour standards. The South Africa/European Union Agreement on Trade, Development and Co-operation agreement provides for the development, over a number of years, of a Free Trade Area between South Africa and the EU countries. The 27 EU countries now are Austria, Belgium, Bulgaria, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, the Netherlands, Poland, Portugal, Romania, the Slovak Republic, Slovenia, Spain, Sweden and the United Kingdom. South Africa also has individual agreements with Malawi, Mozambique and Zimbabwe; India; Republic of China (Taiwan); and People’s Republic of China. The Africa Growth and Opportunity Act (AGOA) is not a trade agreement but is a schedule of import duty concessions allowed by the United States on imports of certain products from countries in Africa, including South Africa.\(^{10}\)

Foreigners have mentioned that they like South Africa because of its natural beauty, opportunity, climate, space, and a more relaxed attitude towards business and life in general. Foreigners, who purchase property in South Africa in order to relocate, often launch new businesses, thereby creating job opportunities while injecting much-needed capital investment into the country. They tend to purchase a hospitality establishment such as a guesthouse or lodge. Generally they look for property with spacious grounds, with areas such as Somerset West, Stellenbosch and Franschhoek in the Cape Winelands and some of the

\(^{10}\) Wesgro 2010: How To Choose An Export Market
most preferred areas. (eProperty 2009)
Starting a business in South Africa is easy:

- No permits are required for foreigners to begin a business
- Businesses can be wholly foreign owned
- Foreigners are permitted to own land

BEE measures are not compulsory for enterprises in the private sector. However, there is considerable commercial advantage in adopting them, especially for firms which seek to do business with government or parastatal organisations. BEE status is also taken into account when firms apply for licences, concessions or authorisations. In general, firms that implement some BEE measures are likely to enjoy a commercial advantage in South Africa over those that do not. Foreign firms are not compelled to implement policies toward BEE, unless they wish to access government contracts.

The South African government also encourages the use of PPP’s (Public Private Partnerships) to increase the speed and efficiency of service delivery. For investors, PPP’s are an excellent investment vehicle to capitalise on investment opportunities ensuing from public sector operations. South African law defines a PPP as a contract between a public sector institution or municipality and a private party, which entails the private party taking substantial risk for:

- Financing a project’s capital and operating costs
- Designing and building a facility
- Managing its operations to specified standards (normally over a significant period of time)

Land typically remains the property of the state or municipality, and any fixed assets developed in terms of the PPP are thus state property. Advantages to private investors for entering into PPP’s include:

- PPP’s typically generate steady revenue streams (so long as the service is provided to the agreed standards)
- Risks are clearly identified, clearly costed and appropriately allocated, so all participants know in advance what they are committing to
- Return on equity to the private party is competitive where risk is properly assumed

More specific details are given below in the section titled “Access to Information for Investors” in Section 10.5.

### 2.5. Investment Promotion Capacity Review

Investments, or capital formation, are an essential factor for economic growth as they enlarge the scale of production and increase employment opportunities. Investment incentives can potentially provide an environment conducive for capital accumulation in the area.

Table 2.5.1 below indicates the capability of the CWDM and the local municipalities to
support local businesses and attracting new investment.

**TABLE 2.5.1: INVESTMENT PROMOTION CAPACITY REVIEW**

<table>
<thead>
<tr>
<th>Component</th>
<th>SLM</th>
<th>DLM</th>
<th>WLM</th>
<th>LLM</th>
<th>BVLM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incentive Package</td>
<td>No</td>
<td>Currently (2010) formulating one</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Investment Promotion Centre</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Promotional material</td>
<td>Only tourism related</td>
<td>Investment Brochure</td>
<td>No</td>
<td>Brochures</td>
<td>Internet Magazines</td>
</tr>
<tr>
<td>Database of potential investors</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Corporate Services has a database</td>
<td>No</td>
</tr>
<tr>
<td>Marketing Activities</td>
<td>No</td>
<td>Magazines</td>
<td>Some</td>
<td>Brochures</td>
<td>Internet Magazines</td>
</tr>
<tr>
<td>Support received</td>
<td>None</td>
<td>None</td>
<td>None</td>
<td>Some (from private business)</td>
<td>None</td>
</tr>
</tbody>
</table>

The above table highlights that most of the Local Municipalities in the District are not equipped to market the area, attract new investors, and offer support to the local businesses. Take note that “Marketing Activities” in the above table indicates specific marketing activities for investors by government. This does not necessarily indicate that no investment marketing activities exist because there are other organisations in the private sector that do promote and advertise to investors.

Drakenstein LM is currently the only local municipality that is improving their capacity to support local businesses and attracting new investment. They are doing this by formulating investment incentives and they already have an investment brochure that highlights the strengths in the Drakenstein area.

The sustainable development of new tourism products requires private sector investment. In partnership with investment promotion agencies, the DLM aims to ensure that new tourism products are properly packaged to take to the market, and are then effectively profiled. DLM will ensure that investment advice is available and accessible to potential investors and that public and community based tourism infrastructure programmes are strategically aligned with those of investment promotion. This indicates that Drakenstein is committed to improving their investment environment and could provide support to the other local municipalities in the Cape Winelands.
2.6. Conclusion

The CWDM can by no means generate sufficient job opportunities on its own and therefore has to facilitate or attract private sector investment. From the above it is clear that there is huge potential to attract opportunities into the Cape Winelands area and that the municipalities will have to work together with stakeholders to achieve results.
4: DOING BUSINESS IN THE CWDM

4.1. Introduction

When a company is planning to expand, relocate or to build a new facility in an area, or when an investor is looking for opportunities to invest in an area, they first compare geographic regions and identify the most suitable one, and then select a locality within the identified region through comparison of different sites based on specific criteria identified for the project. Some of the criteria that companies or investors use to evaluate regions and districts to select a number of potential sites are as follows:

- The areas image
- The location of suppliers and markets
- The cost of energy
- Transportation costs
- The cost, size and quality of available land
- The cost of capital
- The availability and cost of housing
- Agglomeration economies
- Distance from markets / transport hubs

These aspects will be covered in this section.

An investor’s main criterion in site identification however, is usually the long-term profitability that the community offers. An area which fails to meet this criterion will not be able to attract investors by merely providing additional investment incentives. At the same time, when a few sites are relatively similar with regard to the long-term profitability criterion, the provision of investment incentives can slant the decision of the managers to choose one locality over another.

Why do firms invest? Firms invest because they hope to earn profits. They estimate the cost of the capital goods concerned (e.g. buildings, machinery, equipment, etc) and compare these costs to the amounts they expect to earn from the investment.

The profit that a firm expects to make from a specific investment depends on the cost of obtaining the capital goods and the revenue that these goods are expected to yield in future. They must also consider the cost of borrowing the funds required to buy the capital good. A large portion of investment spending by firms is financed by borrowing. When they borrow, firms have to pay interest on the borrowed funds. The interest rate is therefore an important element of the investment decision.

Also, little knowledge of the area decreases the effectiveness of investment promotion
programmes; therefore a key component of any Investment Strategy should be to increase the awareness of local opportunities.

4.2. Location & the Areas Image

The Cape Winelands District is advantageously located in close proximity to Cape Town and is well known as the source of internationally acclaimed wines and for some of the most renowned environmental and cultural landscapes in South Africa. The District is therefore increasingly globally integrated with global agriculture and manufacturing export markets and foreign investment dynamics, as well as service exports linked to tourism, film, and business process outsourcing. (CWDM Economic Status Quo Report 2009) The Cape Winelands is also located in close proximity to suppliers and markets. The area has a well-established supply chain and benefits from being a few kilometres away from Cape Town and the ports of Cape Town and Saldanha Bay.

Worcester, Paarl and Stellenbosch are the most regionally significant settlements in the Cape Winelands District. These three regional settlements have the largest population concentrations and the most number of non-residential functions, and the greatest economic potential in the Cape Winelands District Municipality.

The present situation is that the District incorporates vastly different urban configurations, spatial arrangements, economic connectivity, biophysical sensitivities and resource capacity. These aspects determine human behaviour, needs and perceptions as well as economic realities and represent different spatial-development challenges, opportunities and trends.

The Breede River valley contains a string of urban settlements from Tulbagh in the north to Swellendam in the south with Worcester, the main town, located near the centre straddling the valley and the N1. The valley possesses even greater water resources than the Berg River catchment area but has only 10% of its population. The main economic activities in the valley are agriculture, particularly viticulture which has seen an increase in employment as farmers vertically integrate their operations to include winemaking, and closely allied to the wine industry and taking advantage of the often spectacular scenery and cultural heritage of the
area, tourism. The tourist route, R62, overlaps with the northern section of the valley between Tulbagh and Ashton before branching off at Montagu to the Klein Karoo.

From a transport point of view, Paarl, Wellington and Wolseley also form part of this corridor as the Gauteng – Cape Town rail line passes through these settlements and there is increasing traffic on the accompanying road route as well as road freight trucks seeking to by-pass the Du Toits Kloof tunnel. There were also reports at the public participation workshops of how communities along the rail line such as Wolseley depend on the main line passenger trains for commuting, post and parcel movement and are being negatively affected by reductions in these services.

These various factors suggest that the Breede River valley has considerable potential to become a primary linear settlement able to absorb much of the Province’s population growth in the near future. This growth could take the form of increasing the density of the current towns and villages. This densification should be sensitively done emphasising walking distance. One to two storey buildings should be located close to their front and side boundaries thereby enclosing the streets. To further enhance the rural character of these settlements there should be strict control on their outward expansion so as to preserve the valley’s scenic beauty and agricultural and biodiversity resources.

4.3. Transport & Communication

Transport as an economic sector refers to activities concerned with land transport, railway transport, water transport, transport via pipelines, air transport, activities of travel agencies, post and telecommunications, courier activities, as well as storage and warehousing activities.

To understand the different transport costs it needs to be determined what distances need to be travelled. Distances to markets have an effect on the cost of transportation. Table 4.3.1 below indicates some of the distances to ports from the CWDM area.

<table>
<thead>
<tr>
<th>Location</th>
<th>Destination</th>
<th>Distance (in km’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stellenbosch</td>
<td>Cape Town</td>
<td>46</td>
</tr>
<tr>
<td>Stellenbosch</td>
<td>Saldanha Bay Port</td>
<td>152</td>
</tr>
<tr>
<td>Klapmuts</td>
<td>Cape Town</td>
<td>54</td>
</tr>
<tr>
<td>Klapmuts</td>
<td>Saldanha Bay Port</td>
<td>140</td>
</tr>
<tr>
<td>Paarl</td>
<td>Cape Town</td>
<td>65</td>
</tr>
<tr>
<td>Paarl</td>
<td>Saldanha Bay Port</td>
<td>144</td>
</tr>
<tr>
<td>Wellington</td>
<td>Cape Town</td>
<td>78</td>
</tr>
<tr>
<td>Wellington</td>
<td>Saldanha Bay Port</td>
<td>137</td>
</tr>
<tr>
<td>Worcester</td>
<td>Cape Town</td>
<td>120</td>
</tr>
<tr>
<td>Worcester</td>
<td>Saldanha Bay Port</td>
<td>180</td>
</tr>
<tr>
<td>Touwsrivier</td>
<td>Cape Town</td>
<td>182</td>
</tr>
</tbody>
</table>
Annexure B: Background information to the CWDM Investment Attraction & Opportunities Strategy

<table>
<thead>
<tr>
<th>Location</th>
<th>Destination</th>
<th>Distance (in km’s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Touwsrivier</td>
<td>Saldanha Bay Port</td>
<td>198</td>
</tr>
<tr>
<td>Robertson</td>
<td>Cape Town</td>
<td>170</td>
</tr>
<tr>
<td>Robertson</td>
<td>Saldanha Bay Port</td>
<td>238</td>
</tr>
<tr>
<td>Montagu</td>
<td>Cape Town</td>
<td>197</td>
</tr>
<tr>
<td>Montagu</td>
<td>Saldanha Bay Port</td>
<td>262</td>
</tr>
<tr>
<td>Ceres</td>
<td>Cape Town</td>
<td>130</td>
</tr>
<tr>
<td>Ceres</td>
<td>Saldanha Bay Port</td>
<td>156</td>
</tr>
<tr>
<td>Tulbagh</td>
<td>Cape Town</td>
<td>122</td>
</tr>
<tr>
<td>Tulbagh</td>
<td>Saldanha Bay Port</td>
<td>134</td>
</tr>
</tbody>
</table>

Map 4.3.1 below indicates the local travel distances within the CWDM.

The costs of transporting goods will vary considerably depending on the weight of the cargo and the distance travelled. Some areas have fixed rates while others do not, all depending once again on what you are transporting. When a company wants to export goods they will need to obtain a container from the respective port, load the goods onto the container at their...
factory/facility, and then transport the container back to the respective port. The same applies for domestic exporting. Table 4.3.2 below indicates the prices (2008) of domestic transportation costs by rail (Spoornet).

**TABLE 4.3.2: DOMESTIC TRANSPORTATION COSTS**

<table>
<thead>
<tr>
<th>Location</th>
<th>Destination</th>
<th>3 Metre, 9 Ton Container</th>
<th>6 Metre, light, up to 13 Ton Container</th>
<th>6 Metre, heavy 13 – 20 Ton Container</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Container delivery to facility</td>
<td>Railage</td>
<td>Delivery to Destination</td>
</tr>
<tr>
<td>Cape Town</td>
<td>Johannesburg</td>
<td>R1,548</td>
<td>R2,937</td>
<td>R1,548</td>
</tr>
<tr>
<td>Cape Town</td>
<td>Port Elizabeth</td>
<td>R1,548</td>
<td>R4,625</td>
<td>R1,548</td>
</tr>
<tr>
<td>Cape Town</td>
<td>Durban</td>
<td>R1,548</td>
<td>R8,525</td>
<td>R1,548</td>
</tr>
<tr>
<td>Cape Town</td>
<td>East London</td>
<td>R1,548</td>
<td>R6,004</td>
<td>R1,548</td>
</tr>
<tr>
<td>Cape Town</td>
<td>Bloemfontein</td>
<td>R1,548</td>
<td>R3,992</td>
<td>R1,548</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: DTI Doing Business in SA 2008)

These prices are dependent on the diesel price and these are 2008 prices so they will be more expensive now. All these prices are also excluding VAT and may change without prior notice. The Drakenstein LM is looking at a project to develop an Inland Port and Customs Clearance Facility in their area; this will be very beneficial to exporters and importers in the CWDM area, making the delivery of their goods to other markets a more competitive.

**TABLE 4.3.3: RATES FOR THE HIRE OF VEHICLES**

<table>
<thead>
<tr>
<th>Type of Vehicle</th>
<th>Cost per Hour (Rands)</th>
<th>Cost per Km (Rands)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Truck</td>
<td>100</td>
<td>13.10</td>
</tr>
<tr>
<td>Single axle semi-trailer</td>
<td>120</td>
<td>15.76</td>
</tr>
<tr>
<td>Tandem axle semi-trailer</td>
<td>130.35</td>
<td>18.75</td>
</tr>
<tr>
<td>Bogie-bogie semi-trailer</td>
<td>150</td>
<td>20.65</td>
</tr>
</tbody>
</table>


Approximately 98% of South Africa’s international exports are conveyed by sea. The cost of exporting and importing goods internationally is dependent on the nature of the goods, freight forwarder, the shipping line, etc. Table 4.3.4 and 4.3.5 below indicates the international
transport costs for exporting and importing.

TABLE 4.3.4: INTERNATIONAL TRANSPORT COSTS (EXPORTS)

<table>
<thead>
<tr>
<th>Location</th>
<th>Destination</th>
<th>20 foot Container</th>
<th>40 foot Container</th>
</tr>
</thead>
<tbody>
<tr>
<td>City Deep Terminal,</td>
<td>Tilbury (UK Port)</td>
<td>US$ 2,563</td>
<td>US$ 4,612</td>
</tr>
<tr>
<td>Johannesburg</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Deep Terminal,</td>
<td>Le Harve (French Port)</td>
<td>US$ 2,563</td>
<td>US$ 4,612</td>
</tr>
<tr>
<td>Johannesburg</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Deep Terminal,</td>
<td>Bremenhaven (German Port)</td>
<td>US$ 2,563</td>
<td>US$ 4,612</td>
</tr>
<tr>
<td>Johannesburg</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Deep Terminal,</td>
<td>Singapore (Singapore Port)</td>
<td>US$ 1,743</td>
<td>US$ 2,822</td>
</tr>
<tr>
<td>Johannesburg</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Deep Terminal,</td>
<td>Long Beach (USA West Coast</td>
<td>US$ 8,600</td>
<td>US$ 12,519</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>Port)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>City Deep Terminal,</td>
<td>Newark (USA New York East</td>
<td>US$ 5,293</td>
<td>US$ 8,632</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>Coast Port)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: DTI Doing Business in SA 2008)

TABLE 4.3.5: INTERNATIONAL TRANSPORT COSTS (IMPORTS)

<table>
<thead>
<tr>
<th>Location</th>
<th>Destination</th>
<th>20 foot Container</th>
<th>40 foot Container</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tilbury (UK Port)</td>
<td>City Deep Terminal, Johannesburg</td>
<td>US$ 3,188</td>
<td>US$ 6,362</td>
</tr>
<tr>
<td>Le Harve (French Port)</td>
<td>City Deep Terminal, Johannesburg</td>
<td>US$ 3,138</td>
<td>US$ 6,262</td>
</tr>
<tr>
<td>Bremenhaven (German Port)</td>
<td>City Deep Terminal, Johannesburg</td>
<td>US$ 3,138</td>
<td>US$ 6,262</td>
</tr>
<tr>
<td>Singapore (Singapore Port)</td>
<td>City Deep Terminal, Johannesburg</td>
<td>US$ 3,443</td>
<td>US$ 6,872</td>
</tr>
<tr>
<td>Long Beach (USA West Coast</td>
<td>City Deep Terminal, Johannesburg</td>
<td>US$ 6,468</td>
<td>US$ 10,207</td>
</tr>
<tr>
<td>Port)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newark (USA New York East</td>
<td>City Deep Terminal, Johannesburg</td>
<td>US$ 5,763</td>
<td>US$ 8,657</td>
</tr>
<tr>
<td>Coast Port)</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Source: DTI Doing Business in SA 2008)

The export rates include all South African Landside export charges (FOB’s) such as local transport, rail to Durban Harbour, Port Fees, etc as well as all the sea freight costs. These also exclude mark-ups by the freighter. The reverse applies on the imports. These figures also exclude Marine Insurance. This data is outdated (2008) and is based from the City Deep Terminal in Johannesburg therefore the prices will be different depending on where you are exporting or importing from and may change with inflation or other circumstances.

The top Western Cape export products include: fruit; wine, beer and spirits; fish; iron and steel; machinery; textiles; jewellery; clothing; plastics; leather and skins. Major foreign investments into the Western Cape include: textiles; automotive components; health tourism; agricultural engineering; steel manufacturing; and commercial property development. The CWDM will benefit from the Inland Port and Customs Clearance Facility that is planned by the Drakenstein LM and should be made a priority.
All of the domestic and international transport costs above may cost more if your container is stored for a certain period or if the container needs to moved within the terminal and if you need to hire a crane. Full details can be obtained from Transnet.

Map 4.3.1 below indicates the main roads (i.e. the N1), railway lines, and airports located in the Cape Winelands.

MAP 4.3.1: TRANSPORT & COMMUNICATION NETWORK (CWDM)

(Source: www.agis.agric.za 2006)

The Cape Winelands District Municipality is landlocked and therefore has no ports, but the Drakenstein LM is looking at a project to develop an Inland Port and Customs Clearance Facility in their area. This will be very beneficial to fast-track goods to the Saldanha Bay Port on South Africa’s West Coast or the Cape Town in Cape Town. A main railway line runs through each local municipal area and the N1 also slices straight through the District. There is also a small airport in Robertson (see Map 4.3.2 below).
In terms of public transport, the following aspects are found in the Cape Winelands area:

- The area is served in varying degrees by three public transport nodes: minibus-taxi, bus and rail
- Taxi services are the overwhelming mode of transport
- Limited bus services exist, many of these are specially contracted services to factories
- Special subsidised learner transport services are provided in some areas
- Commuter rail services are provided from Cape Town and Bellville on two lines: the Stellenbosch line and the Paarl line with a limited service extending to Worcester
- Long distance rail services to Johannesburg and Durban are provided from certain stations
- Long distance intercity bus services are provided
- Farm transport is provided especially during the season, often using farm vehicles

In terms of public transport, municipalities should consider approaching Metrorail for more express trains or a tourism train.

### 4.4. Cost of Doing Business

The cost of doing business in South Africa compares favourably to other emerging world markets. According to an annual World Bank study, titled the Ease of Doing Business, South Africa ranks 32nd out of 181 of the economies surveyed in 2009 for ease of doing business. The country boasts the lowest electricity prices in the world and despite looming challenges in this sector, doubling its electricity price will still place the country as the cheapest provider. South Africa's labour costs are significantly lower than those of other key emerging markets. It also has a favourable corporate tax rate compared to other emerging markets. The costs for labour, land, rental, human resources, transportation and general living expenses do,
however, vary from province to province. (DTI Why Invest in SA? 2010)

According to the CWDM Top Companies Report (2008) the majority of inputs/supplies are obtained from the manufacturing and agricultural sectors, while the markets/clients range from the public, other manufacturers to wholesale and retail trade companies. A large portion of these inputs/supplies are located within the CWDM, illustrating the importance of business relationships and linkages within the District’s area. Although the majority of inputs are sourced within the CWDM, the Top Companies’ markets/clients are located across South-Africa, with large shares in the Western Cape, other African Countries and Gauteng. This underlines that national importance of the CWDM’s Top Companies.

### 4.4.1. Cost of Land & Buildings

In 2008/2009 the world was gripped with a financial crisis and many economies suffered the recession. The property market was deeply affected by this, with growth in property prices declining and in some cases turning negative, overall sales volumes declining and vacancy rates increasing. By the end of 2009, early 2010, the risks of the global financial system seem to have moderated due to co-ordinated policy actions implemented by governments and central banks. Yet there are still some risks to the economic recovery, which include renewed loss of confidence, rising unemployment and further deleveraging by banks. The percentage of loans impaired has risen to levels last seen in the peak of the 1990 credit cycle, fortunately banks and other large financial firms remained well capitalised. Banks have since then loosened their lending criteria as the economy started to recover.

The improvements that can be seen in the economy since the 2008/2009 global financial crisis can be attributed to a broad range of legislative and other initiatives that have been implemented to give the considerable current and future enhancements to strengthen the domestic financial system. These interventions include: competition and consumer protection legislation; enhanced corporate governance standards; the regulatory framework for co-operative banks; and a re-evaluation of South Africa’s compliance with international anti-money laundering standards.

Despite the situation in the macro environment, which the developers to a large extent are unable to control, he/she is still able to control and minimise unsystematic risks, and respond to opportunities that occur in the local environment. Therefore it is essential for the developer to understand the micro market trends of the environment in which the proposed development would take place. Micro market trends are important to understand so that a developer is able to match the demand of a local area, for a particular market, with the supply of that market. Timing also becomes an important factor, which needs to be understood so that an oversupply or a glut of a particular land-use is not created within the market, which would result in lower sale prices and low take-up rates. Socio-economic trends in the CWDM can be found in Annexure A.
A general problem in the CWDM that came out in the stakeholder interviews is that there is a lack of office space in the CWDM area and that the prices are usually so expensive that some company’s buy a residential property and turn it into offices. Table 4.4.1.1 below indicates some price indications of land and buildings in the CWDM and Cape Town areas.

The office market can be divided into different categories of office space. These categories relate to the quality of office space provided. The market generally distinguishes between the following grades of office space:

- **A Grade Offices** – are usually new and not older than 10 years, unless renovated. These offices are located in a prime location and provide high quality finishes, on-site parking and air conditioning. A Grade offices typically accommodate financial service activities and rely on agglomeration provided by large retail nodes.

- **B Grade Offices** – are generally 10 to 20 years old, unless renovated. Accommodation is modern and situated in good locations. On-site parking and air-conditioning is provided. B Grade offices typically accommodate government institutions and small businesses (SMMEs). These offices are usually located in the vicinity of smaller retail centres and in CBDs.

- **C & D Grade Offices** – are generally 20 to 30 years old. Buildings are in a fairly good condition, although finishes are not completed to modern standards. C Grade offices generally accommodate government institutions, small businesses and activities related to industrial uses. C Grade offices are typically located in older CBDs.

Table 4.4.1.2 below indicates the market rental rates for office buildings (2009).
TABLE 4.4.1.2: MARKET RENTAL RATES FOR OFFICE BUILDINGS 2009

<table>
<thead>
<tr>
<th>Area</th>
<th>Grade A+</th>
<th>Grade A</th>
<th>Grade B</th>
<th>Grade C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cape Town CBD</td>
<td>95</td>
<td>88.5</td>
<td>55</td>
<td></td>
</tr>
<tr>
<td>Tygervalley Area</td>
<td>115</td>
<td>100</td>
<td>85</td>
<td>75</td>
</tr>
<tr>
<td>Bellville CBD</td>
<td>80</td>
<td>65</td>
<td>50</td>
<td></td>
</tr>
<tr>
<td>Cape Winelands</td>
<td>45</td>
<td>45</td>
<td>25</td>
<td></td>
</tr>
<tr>
<td>East London CBD</td>
<td>55</td>
<td>45</td>
<td>35</td>
<td></td>
</tr>
<tr>
<td>Johannesburg CBD</td>
<td>68.75</td>
<td>48.75</td>
<td>21.50</td>
<td></td>
</tr>
<tr>
<td>Durban CBD</td>
<td>82.50</td>
<td>57.50</td>
<td>40</td>
<td></td>
</tr>
</tbody>
</table>

(Source: Rhode’s Report 2009)

This indicates that Cape Town, Bellville and the Tygervalley area are more expensive than East London, Johannesburg, and Durban.

Industrial developments can vary in size and in the type of business on offer. Some industrial parks have to be situated far from residential developments, like large factories, or industries that produce a lot of waste. Other industrial developments are much smaller and include warehousing and storage facilities. These can be located in a residential area. Table 4.4.1.3 below indicates the industrial market rentals for areas around South Africa.

TABLE 4.4.1.3: INDUSTRIAL MARKET RENTALS 2009

<table>
<thead>
<tr>
<th>Area</th>
<th>R/m² per month, gross lease (excl VAT)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>250m²</td>
</tr>
<tr>
<td>Cape Peninsula</td>
<td>32.58</td>
</tr>
<tr>
<td>Cape Winelands</td>
<td></td>
</tr>
<tr>
<td>R12 – R20 per m²</td>
<td></td>
</tr>
<tr>
<td>Bloemfontein</td>
<td>27.90</td>
</tr>
<tr>
<td>East London</td>
<td>26.04</td>
</tr>
<tr>
<td>Johannesburg</td>
<td>35.03</td>
</tr>
<tr>
<td>Durban</td>
<td>38.94</td>
</tr>
</tbody>
</table>

(Source: Rhode’s Report 2009)

It seems that overall that property in the Cape Peninsula is more expensive than property in Johannesburg, Durban, or Port Elizabeth. In terms of the CWDM, Stellenbosch and Franschhoek are the most expensive areas; and the further you move into the CWDM area the cheaper it gets. This could be due to the fact that as you move further into the CWDM area the further you move away from Cape Town and its ports.

4.5. Natural Resources

A key aspect of any economy and the development thereof is the state in which the environment is found and the manner in which the environment is protected and utilised.
The combination of the physical contextual characteristics of the Cape Winelands Area, including topography, climate hydrology, geology, soil and indigenous vegetation, has a direct effect on economic activity (in particular agricultural and related production) and tourism, as well as settlement patterns in the District.

The area has a Mediterranean climate, which is characterised by hot, dry summers and cold to moderate, wet winters. The different climatological conditions have a direct impact on the various agricultural activities in the sub regions. Approximately 65% – 80% of the area’s rainfall occurs between April and September. The Cape Winelands mountain ranges are the most significant aspect of the region. Together with a number of important rivers they form the spines of the rich valleys that provide much of the wealth of the Cape Winelands economy.

The region is well endowed with both public and private nature areas that conserve the wild life and the floral kingdom of the area. The District is part of the Cape Floral Kingdom and is unique because it envelopes two distinct biomes characterized by distinct soils, climate, and vegetation. The two biomes are the Fynbos biome and the Succulent Karoo Biome. Both have high levels of plant diversity and endemism and are regarded as being of global botanical importance. Nevertheless, the Cape Winelands area faces a number of significant threats to the biophysical environment. These include:

- Over consumption of water relative to available resources with parts of rivers are often pumped dry during the dry mid-summer. Together with the pollution of water sources in some areas, this problem has a detrimental effect on the natural environment.
- Water quality is negatively affected by farming activities, informal settlements, leaching from land-fill sites and unsuitable sewage removal systems that lead to river pollution.
- Other problems include erosion, soil pollution loss of biodiversity and natural beauty, particularly on the lower mountain slopes through agriculture and infrastructural development.

These vegetation types provide habitat for many animal and micro-organism species that together provide ecological services. Even though a particular organism may not provide a direct or indirect service to the human system it helps maintain balances within the natural system that in turn provides important ecological services. Although there is limited research on the role of biodiversity in the functioning of ecosystems, there is general consensus that a loss of biodiversity would impact ecosystem services and in turn on human well being. Biodiversity plays an important role in the pollination of crops and natural vegetation; the provision of useful species such as flowers for harvesting; fauna and flora species for pest control; and the creation of a pleasant and attractive environment for tourists.

This biodiversity is being protected through the Cape Winelands Biosphere Reserve. It is a site that explores and demonstrates approaches to conservation and sustainable development on a regional scale. The total extent of the designated area is approximately 322 030 ha with a
core area of 99 459 ha. The biosphere reserve should not be seen as an island isolated from its surroundings, but as an integral part of a regional planning and development strategy aimed at promoting sustainable development. As was seen in the section above, sustainable development principles can easily be incorporated into developments and both the environment and civil society can live in harmony.

Map 4.5.1 below indicates the Cape Winelands Biosphere Reserve.

**MAP 4.5.1: THE CAPE WINELANDS BIOSPHERE RESERVE**

![Map of the Cape Winelands Biosphere Reserve](source: CWDM SDF 2009)

### 4.5.1. Water

Water resources in the Cape Winelands provide a variety of direct and indirect ecosystem services. Not only is drinking water essential to human survival, but water resources are also
critical to cultivation, processing and manufacturing. In addition the river systems of the Cape Winelands are important tourist and recreational resources and contribute to the sense of the place of the Cape Winelands.

There are four Water Management Areas (WMA) in the Cape Winelands: Gouritz, Olifants / Doorn, Breede, and Berg. Of these the Breede River and Berg River systems provide most of the water used to irrigate crops, as well as water for domestic purposes within and beyond the boundaries of the Cape Winelands, mostly notably also contributing significantly to the supply of the Cape Metropolitan Area. Map 4.5.1.1. below indicates the rivers and dams found within the Cape Winelands.

The Cape Winelands area is well endowed with river systems and the main river in the area is the Berg River. The Berg River is a river located just north of Cape Town in the Western Cape Province. It is approximately 294km long with a catchment of 7,715km² and outlets into the Atlantic Ocean. About 65% of the Berg River is under agriculture. The major towns in the Berg River area are Velddrift, Laaiplek, Piketberg, Hopefield, Mooreesburg, Darling, Wellington, Paarl, and Franschhoek. According to Morris (2007) “if pollution of the Berg River, the lifeblood of the Western Cape, (is) not brought under control, South Africa's fruit, vegetable and wine exports to the EU and the US would be in danger”. Efforts have been made to clean up the river and improve sanitation and illegal dumping, but it still poses a...
threat to farmers. Investors would also not invest in an area that poses these kinds of risks.

The following large dams are located in the Cape Winelands area:
- Klipberg Dam (29,898 million cubic metres at full storage capacity)
- Kwaggaskloof Dam (17,375 million cubic metres at full storage capacity)
- Poortjieskloof Dam (993 million cubic metres at full storage capacity)
- Voelvlei Dam (158,101 million cubic metres at full storage capacity)

Other dams include:
- Stettynskloof Dam
- Fairy Glen Dam
- Roode Elsenberg Dam
- Brandvlei Dam
- Lakenvallei Dam
- Keerom Dam

Map 4.5.1.2 below indicates the annual rainfall of the Cape Winelands area.

Map 4.5.1.2: ANNUAL RAINFALL (CWDM)

(Source: Von Doderer 2009)
From the above it is clear that the Stellenbosch LM and the Drakenstein LM receive the most annual rainfall averaging between 600 – 3,200 mm per year (indicated by the green and blue on the map above). The Langeberg LM, Breede Valley LM, and Witzenberg LM receive less annual rainfall averaging between 0 – 500 mm per year (as indicated by red and orange on the map above).

Regarding the environmental impact towards the water resources presented by situations like climate change, it is predicted that ongoing warming will bring about a decrease in rainfall over the Western Cape Region. This could cause substantial reductions in stream flow with associated impacts on the surface and groundwater yields. This may severely impact the local municipal areas that get very low rainfall levels during the year (i.e. Witzenberg LM, Breede Valley LM, and Langeberg LM). Sustainable development initiatives should be incorporated into the entire of the Cape Winelands region to mitigate these effects of climate change.

There is a rapid expansion of inappropriate agricultural development in spite of the problems associated with manifesting climate change (e.g. crops with high water needs such as fruit). Inappropriate agricultural development is that which has a high water demand in an area that could experience significant water stress in the future. Better farming practices should be encouraged and water saving technologies should be implemented in the District.

### 4.5.2. Minerals

There are no mining operations in the Cape Winelands District Municipality, but there are three quarrying sites in:

- Worcester – The Brewelskloof Quarry (specialising in blasted hard rock)
- Rawsonville – The Smalblaar Quarry (specialising in crushed river boulders)
- Robertson – The Kleurkloof Quarry (specialising in blasted hard rock)
- Stellenbosch – Koelenhof Quarry (specialising in bricks)
- Paarl – J A Clift (Pty) Ltd (specialising in crushed and broken granite)
- Paarl – Advanced Projects (Pty) Ltd (specialising in miscellaneous non-metallic minerals)
- Paarl – Boulevard Mining CC (specialising in miscellaneous non-metallic minerals)

Map 4.5.2.1 below indicates the mining sites in South Africa, as can be seen there are no mines in the Cape Winelands area.
4.6. Conclusion

The Cape Winelands is located in close proximity to suppliers and markets. The area has a well-established supply chain and benefits from being a few kilometres away from Cape Town; and the Ports of Cape Town and Saldanha Bay. The District is endowed with natural resources and a favourable climate for agriculture. Stellenbosch LM has a diversified economy which enables the area to have a comparative advantage as well as security as the economy is not focused on just one or two industries. The CWDM should look at diversifying the other LM’s economies.

It seems that overall that property in the Cape Peninsula is more expensive than property in Johannesburg, Durban, or Port Elizabeth. In terms of the CWDM, Stellenbosch and Franschhoek are the most expensive areas; and the further you move into the CWDM area the cheaper it gets. This could be due to the fact that as you move further into the CWDM area the further you move away from Cape Town and its ports.

Climate change has the potential to have many negative effects on the CWDM’s natural resources and favourable climate. From the above sections it is clear that there is a market for green technologies and these should be made a priority in future developments.