



Swartland Local Economic Development Strategy

May 2007



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SWARTLAND LOCAL ECONOMIC DEVELOPMENT STRATEGY

May 2007

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Acronyms

AsgiSA	Accelerated Shared Growth Initiative
BAWSI	Black Association of Wine and Spirit Industry
CBD	Central Business District
CBO	Community Based Organisations
CSI	Community Social Investment
dplg	Department of Provincial and Local Government
GDP	Gross Domestic Product
GRP	Gross Regional Product
IDC	Industrial Development Corporation
IDP	Integrated Development Plans
IGR	Intergovernmental Relations
LED	Local Economic Development
MEDS	Micro Economic Development Strategy
MIG	Municipal Infrastructure Grant
MKB	Moorreesburg Koringboere
MRPBT	Mount Royal Public Benefit Trust
NDPG	Neighbourhood Development Partnership Grant
NGOs	Non-Governmental Organisations
NSDP	National Spatial Development Perspective
PGD's	Provincial Growth and development Strategies
PSDF	Provincial Spatial Development Framework
SDRC	Support Resource Mobilisation Centre
SDT	Swartland Development Trust
SETA	Sector Education and Training Authorities
SMMEs	Small Micro and Medium Enterprises
WCWD	West Coast Environmental Co-operation
WESGRO	Western Cape Investment and Trade Promotion Agency

DEFINITION OF KEY CONCEPTS

Capability differences refer to differences between the technology (computer services, machinery that can be accessed etc.) and skilled labour that one area can offer to business, as opposed to another.

Comparative Advantage: refers to the ability of one business entity to engage in production at a lower cost, and with greater efficiency than another entity. Meaning that when compared to another entity, a business is better (in terms of quality of products, efficiency and profitability) at performing this function. This can also refer to the relative advantages one place has over another, based on its unique characteristics and combination of resources in terms of its human, social, natural, financial and physical capital.

Competitive Place: This refers to places that are successful economically and have concentrations of specialised knowledge, support institutions, rival firms, related enterprises and sophisticated customers (Porter,1990).

Cost differences refer to costs of production and operation differing between various areas.

Gini Coefficient: Gini-Co-efficient measures wealth inequalities. The closer the index is to 100, the greater the inequality.

Economic Development: refers to the process of growth in total and per capita income, accompanied by fundamental changes in the structure of economies. The main objective of economic development is to raise the living standard and general well-being of the people in the economy.

Economic Growth: refers to the steady process of increasing production capacity of the economy and hence of increasing national income.

Economies of agglomeration: describes the benefits that firms can obtain when locating near each other. It is related to the idea of economies of scale and network effects, in that the more related firms are clustered together, the lower the cost of production, and the greater the market that the firm can sell into.

Executive Summary

Swartland is situated in the West Coast District, bordering the Atlantic Ocean in the west, the City of Cape Town in the south, the Cape Winelands District to the east and Saldanha Bay Municipality, Bergivier to its north and northeast. The largest towns in Swartland include Malmesbury, Moorreesburg, Darling, Riebeeck West, Riebeeck Kasteel and Yzerfontein. Malmesbury as an administrative centre of the Municipality, has a diversified economic base, which includes agriculture, as well as a diversified industrial sector and infrastructure, and although tourism does not currently play a major role, this avenue can be explored. In 2001, Swartland municipality had the largest population in the West Coast, but it has since been overtaken by Saldanha Bay by 2006. Approximately 71.16 percent of Swartland's population is urbanised, the second largest urban population in the district after Saldanha Bay. With an annual average growth of 3.6% between 1995 and 2005 for the municipality, compared to 2.4 for the district, Swartland is the fastest growing municipality in the district. Despite the growing economy of Swartland, the poor participation of the marginalised communities in the local economy as well as the growing gap between the haves and the have-nots, remain key challenges.

The Constitution provides for 'developmental' local government and Local Economic Development, which can be defined as a process by which public, private and community role players within a specific area (such as Swartland) manage their shared resources in a manner that is suitable and equitable through an inclusive and participative process. This process should ideally be based on partnership arrangements and the development of institutional thickness and social capital of the local community. The ultimate objective of local economic development should be to promote economic growth, create jobs and improve the quality of life of all residents in a specific area.

Swartland Municipality's vision stipulates that: "*We build sustainable partnerships with all our people*", this is complimented by its mission statement: "*We ensure social and economic stability and growth through the sustainable delivery of all primary and secondary services to all our interested parties*". This vision guiding the Municipality's Integrated Development Plan (IDP), relates well to the objectives of local economic development at a national and provincial level.

A set of goals/imperatives were identified for the formulation and monitoring of economic development strategies and these include sustainable economic growth; job creation; human resource development; poverty alleviation and Broad Based Black Economic Empowerment (BBBEE).

From the public sector perspective, sustainable economic growth and job creation are generally the outcome of a strategy (recognising that municipality cannot create jobs, except through direct employment). The following strategies are proposed and are further elaborated in the study:

- Growth of Economic Sectors with Comparative Advantage

- Education, Skills Development and Training
- Business Development and Support
- Spatial Planning and Township Development
- Poverty Reduction

Swartland has a number of challenges and opportunities influencing its potential to develop its economy. The key challenge faced by Swartland is to broaden its economic base and continuously improve the quality of life for all its residents, particularly among the historically disadvantaged communities, evidenced by the increasing gap between the rich and the poor, and high levels of unemployment.

Economic Growth Sector Strategy

Swartland's economy is mainly driven through agriculture, government, manufacturing and trade.. Swartland is endowed with the potential to diversify its economy and grow manufacturing, trade, tourism, agriculture and construction. Specific strategies regarding these opportunities are included in the overall strategy.

Education, Skills Development and Training Strategy

The ability of individuals to participate meaningfully in the economy depends on their levels of education, skills and training received. Lifelong education, training and skills development programmes should be pursued from early childhood to adulthood, in order to close the gap between required levels and availability of skills. Education, skills and training when matched to market demand, is a springboard to economic development and a better quality of life for all Swartland residents. In order to stimulate investment and create jobs it is important that Swartland retains and grows its current businesses, while attracting new businesses into the area. The municipality also has a role to play with regard to internal mentorship and apprenticeship programmes.

Business Support and Development Strategy

Swartland has a number of established local, national and international businesses operating within the area. It is important that Swartland remains a viable location for business operations, so that it can retain and grow existing business, and at the same time attract new business. Most businesses in Swartland are SMME's; these are important because they are locally-owned and therefore the source of employment and income generation for a considerable portion of the workforce. Swartland has the potential to market itself as a viable location for business and attract investment, which should absorb local labour and improve local buying power. Beyond attracting big businesses, the area has the potential to expand SMME's, which will play an important role in developing the local economy.

Spatial Planning and Township Development

Space has a direct impact on the ability of local communities to access economic opportunities as well as the rate at which assets, such as land, increase in value. A wide range of spatial development strategies should be pursued in order to restructure the space economy of townships, and these include the following:

- Linking the Development of Towns to their Growth Potential
- Increase linkages with CBDs and attract Private Sector Investment to Township
- Creating business opportunities for emerging SMMEs within existing CBDs
- Land Use Management and Business Licensing

The nature, form and location of low-income residential areas have a direct impact on their ability to attract private sector investment, associated employment opportunities and possibly SMME developments. The future development of towns, and in particular the extension of townships should be linked to their growth potential. Spatial planning measures to improve transport linkages between CBDs and townships should also be explored. Coupled with this is the need to significantly improve the quality of community facilities and spaces in townships, with the objective to increase the asset value of properties located there. Also of importance is the need to create business opportunities for emerging SMMEs within existing CBDs. Land use and licensing measures impacting negatively on the operation of businesses should be identified and reduced.

Poverty Reduction Strategy

Understanding poverty is important because poverty reduction is a critical pre-condition for economic development. Poverty can best be describes as "...more than lack of income. Poverty exists when an individual or household's access to income, jobs and/or infrastructure is inadequate or sufficiently unequal to prohibit full access to opportunities in society. The condition of poverty is caused by a range of social, economic, spatial, environmental and political factors".¹

The assets that form part of the approach for poverty reduction are: social, natural, financial, physical and human capital. It is important that poverty be reduced through adopting an approach that will sustain improvements in quality of life. Through focusing on the development of assets, as opposed to the expansion of welfare programmes, individuals are allowed the opportunity to break the vicious cycle of poverty. Reducing poverty in the Swartland should incorporate the programmes and thrusts outlined in the West Coast Region Poverty Alleviation Strategy. It is also important to ensure equitable developments throughout the region, and mitigate the migration of poor residents from neighbouring areas into Swartland.

¹ Rakodi, Carole and Lloyd, Tony (2002) *'Urban Livelihoods: a people –centred approach to poverty'*

Implementation Framework

The proposed implementation framework explores options regarding public partnerships, the role of Swartland Municipality, the proposed Business Support Resource Mobilisation Centre, the need to identify and engage specialist in developing key products and the prospects of a development agency.

The formulation of the Swartland LED Strategy is another step in the municipality's endeavours to develop the local economy and meet national objectives of halving poverty and unemployment by 2014. The proposed role of the municipality goes further than the traditional service delivery (which is a critical precondition for economic growth) to facilitating appropriate public private partnerships and lobbying other resources for various development initiatives. The intention is for this document to be considered and adopted by Swartland Council, to secure funding where required and then to proceed with implementation actions. The identified implementation interventions vary considerably, highlighting the fact that a wide range of strategies is required. The ultimate goal is to ensure sustainable growth of the local economy and to create increased economic opportunities for all residents, in particular those that are impoverished.

CHAPTER 1: BACKGROUND AND PROCESSES

Swartland Municipality forms part of the West Coast District Municipality, which also includes Saldanha Bay Municipality and Berggrivier Municipality (along its northern boundaries), while Drakenstein Municipality (part of Winelands District Municipality) is located along its eastern boundary and the Indian ocean forms its western boundary. Swartland makes the second highest contribution to the West Coast's GDP (29 percent), after Saldanha Bay, which makes a 33.6 percent contribution. In 2004 Swartland had a GDP of approximately R1,6 billion. Between 1995 and 2004 the average annual growth in GDP for Swartland Municipality was 3.4 percent, which made it the fastest growing economy within the West Coast. In 2004, Swartland's average annual growth rate was equivalent to national growth in GDP. Swartland absorbs 25.5 percent of the West Coast's labour market, making it the main employment area within this District.

1.1 BACKGROUND

Swartland Municipality embarked on a process of preparing an Economic Profile for the area during August 2005. This was undertaken by Octagonal (University of Stellenbosch), and titled *Swartland Municipality Economic Profile*. This initial process focussed on generating an overview of the local economy and included the following:

- An overview of the national and provincial contexts;
- A socio-economic profile of the local economy;
- Perspectives on selected sectoral activities;
- The space economy;
- Possible institutional structures for LED; and
- Key interventions affecting LED in Swartland.

This initial phase was primarily a desktop analysis and set the basis for the formulation of the next phase, the strategy formulation. The profile report is available from the municipality.

1.2 BRIEF AND STRATEGY FORMULATION METHODOLOGY

MCA was appointed during May 2006 to develop a Local Economic Development Strategy for the Swartland Municipality. The brief includes the following:

- Economic sector analysis;
- Economic evaluation and identification of key challenges;
- Formulation of economic development strategies;
- Implementation framework, IGR (Intergovernmental Relations), monitoring and evaluation;

The objective was not to redo the work undertaken during the process of preparing the economic profile, but rather to review this in relation to new data available since then.

The *Swartland Local Economic Development Strategy* was developed through a participative process involving a range of key role players. The process was guided by a Steering Committee, chaired by the Municipal Manager Mr Joggie Scholtz. Workshops were held during the course of the study in order to ensure participation in the process

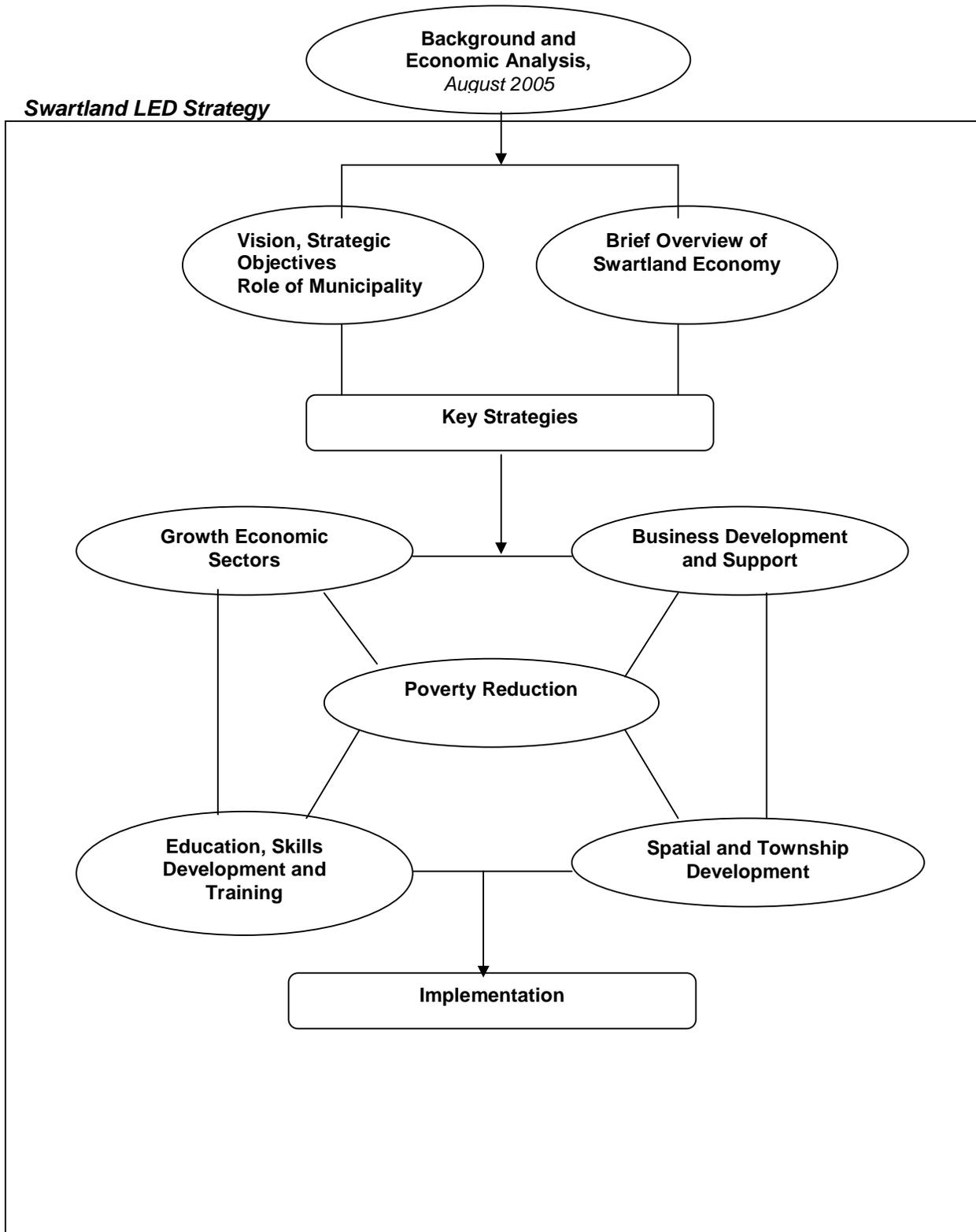
Extensive fieldwork was undertaken during July/August 2006 and interviews and discussions were held with a wide range of role players active in the Swartland area. The intention was not to undertake a quantitative survey, but rather to obtain qualitative perspectives from local role players and to contextualise the desktop profile. The bilateral discussions with public, private and NGO role players have generated further insights and details with regard to Swartland's economic development challenges. These interactions also directly inform areas where strategy formulation is required and provide the opportunity to ascertain the capacity these role players have to partake in the implementation process. The participation of role players also contributed towards a more informed understanding of the local context and ensured that the eventual strategy is tailored to the specific needs of the Swartland community.

The list of organisations and individuals consulted are listed in the Addendum. The fieldwork was undertaken in *Malmesbury, Moorreesburg, Darling, Riebeek-Wes, Riebeek Kasteel, Yzerfontein* and *Kalbatkraal* and the views were recorded *verbatim* as far as possible.

The draft Swartland LED Strategy was made available for comment during December 2006 and January 2007 and the comments received were incorporated within the report dated March 2007. The report was submitted to Council on 26 March 2007 and accepted with the proviso that a workshop session be held with Councilors. This occurred on 3 May 2007 and the further comments made, are included in this document, dated May 2007. The Final Swartland LED Strategy will be submitted for Council approval during May 2007.

The figure below shows the approach followed in preparing the Swartland Local Economic Development Strategy. As can be noted, the report includes the setting of a vision, strategic objectives and an overview of the Swartland economy. The focus of the document is on five key strategies, i.e growing key economic sectors; education, skills development and training; business development and support; spatial planning and township development as well as poverty reduction. The implementation aspects of these strategies are also considered.

Fig. 1 Method: Swartland Economic Development Strategy



1.3 WHAT IS LOCAL ECONOMIC DEVELOPMENT?

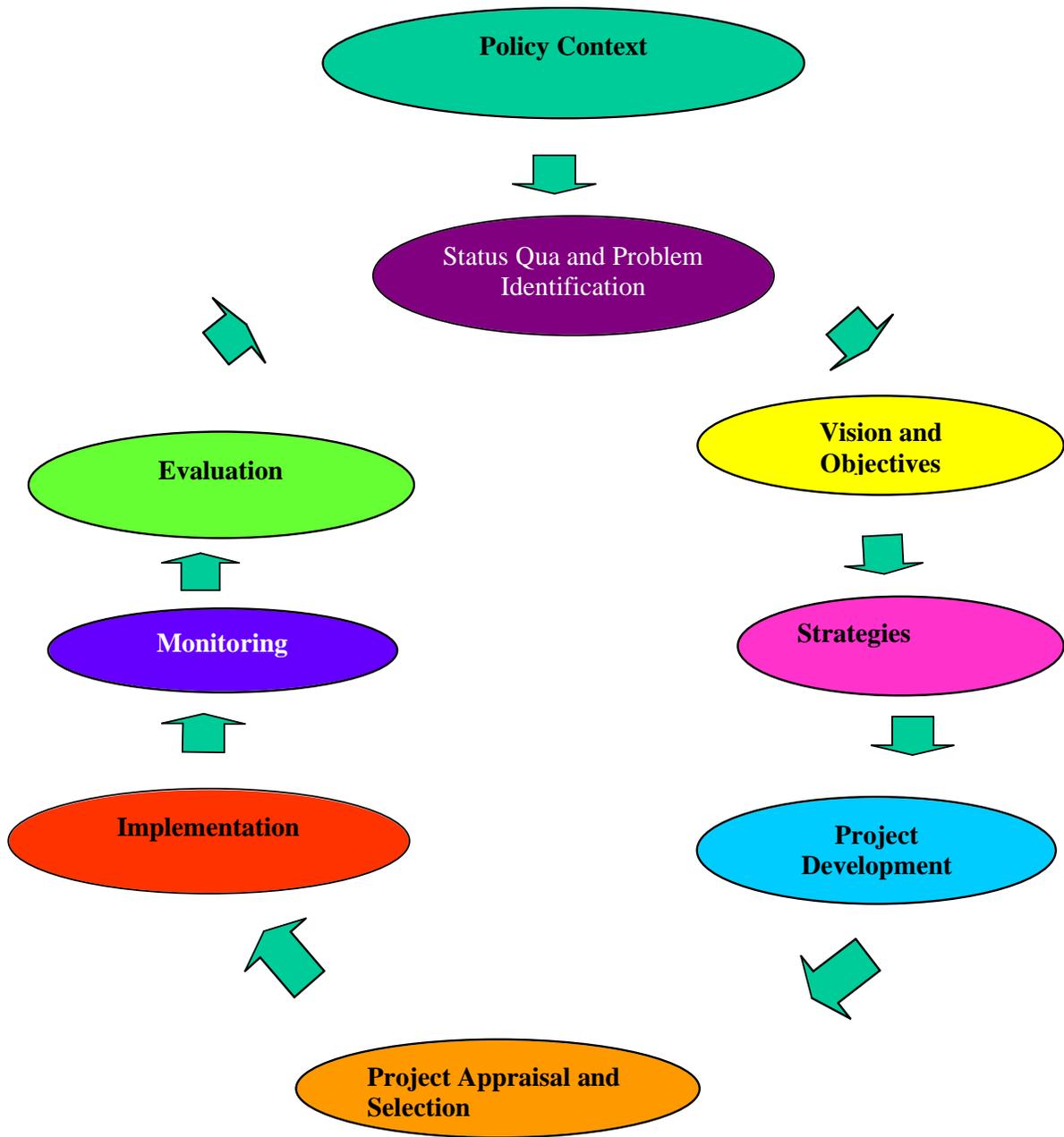
While LED can be understood in a number of ways, a description of LED, which clearly highlights the salient features of local economic development, is the following:

'Local Economic Development can be described as a process by which public, private and community role players within a specific area manage their shared resources in a manner that is sustainable and equitable through an inclusive and participative process. This process should ideally be based on partnership arrangements and could include the formation of new institutions, the development of alternative industries, the improvement in capacity of existing employers to produce better products, the development of new markets, the sharing of knowledge, as well as the promotion of new firms and businesses.' (Blakely, 1994)

From the above description it is clear that LED is essentially about building partnerships between role players within a shared area. These partnerships are necessary in order to identify the best means to use the resources that they share. These resources ultimately need to be used in a way that is sustainable and equitable. What the above description perhaps does not explicitly highlight is that beyond sustainability and equitability, LED is essentially about bringing economic benefits and an improved quality of life for *all* residents within an area. Since there can be no way of measuring our success in achieving our goals if we do not know what our goals are, it is essential that any LED strategy be cognisant of the primary goal of improved quality of life for all. The recognition of this fact will ensure that economic growth is not pursued as an end to itself, but rather as a vehicle through which an improved quality of life can be facilitated, particularly for poorer residents. This is also essentially the difference between economic growth and economic development.

Figure 2 illustrates a typical LED process. This document deals in essence with this process from understanding the policy context, the problem analysis, setting the vision and development of the strategy as well as its implementation. The development of projects that may emanate from the strategies are not included in this study.

FIGURE 2: TYPICAL LED PROCESS



Strategic Goals for LED

A Local Economic Development strategy that pursues an improved quality of life for all residents should incorporate the following five, nationally and provincially informed, strategic goals:

Sustainable Economic Growth has to focus on investment and growth that is based on the appropriate, effective and efficient development and utilisation of Swartland's human, physical, natural, financial and social resources - in essence its comparative advantage. Developing comparative advantages should be based on using resources that are renewable and growth has to facilitate broad-based access and participation in the local economy, in order to promote equitability and sustainability. Sustainability refers to the utilisation of resources in a manner that does not compromise the ability of future generations to address their specific needs (Agenda 21 definition).

Job creation has to focus on initiatives that create meaningful, sustainable and long-term employment opportunities; and be based on meaningful skills development and training.

Education, Training and Skills Development should be an integral part of an LED strategy and should include both formal and informal mechanisms such as mentoring and ongoing in-service training. This should be geared at developing technical and life orientation skills that encourages career growth and entrepreneurship, while the promotion of excellence in the execution of work is imperative. Investing in human resources requires increasing the capacity and ability of local education and vocational training institutions to provide the required services to the local population. Investment in human resources should promote greater equality and equity for all in terms of access to education and training facilities; it should consciously work towards addressing the specific needs and shortcomings of historically disadvantaged individuals and communities.

Poverty Reduction has to focus on the sustainable livelihoods approach as opposed to a 'welfare' approach. While the emphasis of poverty alleviation is on mechanisms such as grants and donations, poverty reduction considers more sustained and long term solutions. Recent initiatives in this regard focuses on facilitation of access to human, financial, natural, social and physical assets as key components of household's sustainable livelihood (discussed in greater detail in Chapter 7).

Broad Based Black Economic Empowerment has to lead to economic empowerment that not only benefits a few; it should ultimately increase broader based participation and ownership for the majority of disadvantaged communities and individuals in the local economy. BBBEE should focus on partnership initiatives that result in skills transfer and capacity building; that contributes towards reduction of the gap between the haves and have-nots. The requirements of the BBBEE Act 53 of 2003, the National Sector Charter as well as the *Codes of Good Practice* should be taken into

cognisance. Particular focus is required on key growth sectors and industries of relevance to Swartland such as agriculture; manufacturing; wholesale, retail trade, catering and accommodation as well as in finance, property, construction and business services. Considerable progress has been made over the last two years with the preparation and finalisation of the various charters. The charters will become enforceable in the near future and thus impact on the Swartland economy.

The *Code of Good Practice* outlines a scorecard comprising the seven elements of broad-based BEE as well as their weightings out of 100 as depicted below:

ELEMENT	WEIGHTING
Ownership	20%
Management and Control	10%
Employment Equity	10%
Skills Development	20%
Preferential Procurement	20%
Enterprise Development	10%
Residual	10%
Total	100%

The Codes will have the following implications for the public sector:

- It is binding on all organs of state and public entities.
- This means government must apply Codes when entering into decisions affecting procurement, licensing and concessions, public private partnerships (PPPs) and the sale of state-owned entities.

An enterprise will be measured in accordance with the Generic Scorecard² contained in Statement 000. This includes the targets and weightings contained in the Generic Scorecard, as well as the measurement principles contained in each of the corresponding Statement. Some charters are still in draft format; hence some are more detailed than others in terms of targets being set.

Measurement indicators and targets

- Ownership
 - black women ownership
 - employee share ownership
 - other broad based ownership
- Control
 - % of black people at executive board level by 200X
 - % of black woman as percentage of the above by 200X
 - % of black people at non-executive board level by 200X
- Employment Equity
 - senior management: X% black people 200X. X% black women 200X
 - middle management: X% black people 200X. X% black women 200X
 - junior management: X% black people 200X. X% black women 200X
- Enterprise Development
- Procurement

² Targets in the Generic Scorecard are subject to change w.r.t elements contained in Phase Two. Weightings, however, will remain unchanged.

- X% of total procurement of each company from BEE-accredited suppliers in X years
- Skills Development
 - Spend X of payroll, over and above skills development levy, on direct training costs on staff in general, of which X% must be on black staff in general and X% of that on black women
 - Spending X% of direct training costs on black youth development or through implementing X% of staff in learnerships over X years
- Corporate social investment
- Regulatory Issues

The following table provides a summary of the BEE Charter targets for the key sectors of the Swartland economy:

TABLE 1: BEE CHARTER TARGETS										
Summary of BEE Charter targets by 2010 (as per scorecards)										
Core Components of BEE		TARGETS (%)								
		Construction		Property		Tourism		Agriculture		Forestry
		BP ³	BW ⁴	BP	BW	BP	BW	BP	BW	
1	Equity Ownership	30	10	25	10	21		25	10	25.1
2	Management/Control	40	18	40	20	15		50	50	25.1
3	Employment Equity	40	20	30	10	18		30	30	60
4	Skills development ⁵	70	25	1.5		75		3		3
5	Preferential Procurement	70		70		40		50		10
6	Enterprise Development	5		2		1				0
7	Residual/CSI	0.25		1		1		1		1

1.4 SWARTLAND MUNICIPALITY IDP AND VISION

Goals are essentially a preview of future events and experiences. If this is true, then the Swartland can look forward to a thriving future. The Swartland Municipality's vision is: "*We build sustainable partnerships with all our people*". This is complimented by its mission statement: "*We ensure social and economic stability and growth through the sustainable delivery of all primary and secondary services to all our interested parties*"

The vision guides the Municipality's Integrated Development Plan (IDP) for 2006, which states that the Municipality's overall objectives for residents of the Swartland are: addressing housing needs; providing a sound economic basis; providing a healthy and safe living environment; empowering

³ BP refers to Black people

⁴ BW refers to Black women

⁵ e.g 1.5 refers to spent % of payroll and 70% refers to spent on training and % on black staff

residents through the provision of and exposure to the necessary training facilities; providing sporting and recreational facilities; protecting and preserving the natural environment in harmony with future town development.

The municipality's role in promoting the prosperity of its inhabitants and achieving its vision and objectives are outlined below.

1.5 THE MUNICIPALITY'S ROLE IN LED

The role of the municipality in local economic development is informed by a range of national, provincial and local policy and strategy frameworks

The Constitution and White Paper on Local Government

The municipality's role in LED is set out in the Constitution and in the White Paper on Local Government (1998).

- **The Constitution** says that the duty of a municipality is *to structure and manage its administration, budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community*⁵.
- **The White Paper on Local Government (1998)** says that ***Local Government is not directly responsible for creating jobs***. Rather, "it is responsible for taking active steps to ensure that the overall economic and social conditions of the locality are conducive to the creation of employment opportunities"

Accelerated Shared Growth Initiative (AsgiSA)

Core objective of National Government is to halve poverty and unemployment by 2014. The Accelerated Shared Growth Initiative (AsgiSA) is a national strategy for achieving these key objectives through a growth rate of 5 %. However, AsgiSA recognises that in order to achieve the objectives of halving poverty and unemployment, achieving a growth rate of 5% is not enough and this will need to be coupled with improvements to the environment and improved opportunities for labour intensive economic activities. Moreover, the benefits from increased growth need to be shared equitably in order to eliminate inequalities. AsgiSA identifies six constraints and endeavours to balance or match them to the following six initiatives:

- Macroeconomic issues
- Infrastructure programmes

⁵Constitution of the Republic of South Africa, Act 108 of 1996, Chapter 7, Section 153 (a)

- Sector investment strategies (or industrial strategies)
- Skills and education initiatives
- Second economy interventions
- Public administration issues

National Spatial Development Perspective (NSDP)

The rationale of the NSDP is that, in order to maximise return on investment, it is proposed that government focuses investments in relatively few areas that demonstrate positive agglomeration economies and economic potential. In areas of low economic potential but high need, government should maintain the current distribution of fiscal resources, but shift investment into less fixed assets. In other words, only basic levels of infrastructural services should be provided and the additional money should focus on providing skills development, labour-market information and other resources to enable people living in these areas to access economic opportunities within the area and elsewhere. In complying with the guidelines of the NSDP, Swartland towns were assessed so that a recommendation could be made concerning the type of investment mix (viz. infrastructure and social), which they should receive (Van der Merwe, 2006).

Draft dplg LED Strategy and Municipal IDP

The role of municipality in local economic development (according to the National Department of Provincial and Local Government (dplg)) is that it should: improve the social environment through developing social capital; assist with the development of co-operatives that will provide communities with the capacity to fend for themselves; support SMME development; prepare and implement technically good, viable and sustainable LED components for their Integrated Development Plans (IDPs), in alignment with the Provincial Growth and Development Strategies (PGD).

The role of the municipality is clearly one of facilitation; its function is to create an environment in which economic opportunities can increase, without being directly responsible for creating the opportunities themselves. It can stimulate business expansion and creation through the support it provides. The municipality can provide premises at low rent, or compile brochures on local investment opportunities, or provide key venues to promote initiatives for emerging SMMEs. It also plays the role of co-ordinator, using the IDP to draw together the developmental objectives, priorities, strategies and programmes of a municipality. The municipality can use the IDP to ensure that LED initiatives are co-ordinated with other municipal programmes, and appropriately linked to national and provincial initiatives.

iKapa Elihlumayo

The provincial government has set in place iKapa Elihlumayo as the core planning mechanism to guide investment decisions of multiple stakeholders towards realising the vision of shared growth and integrated development in the Western Cape. The following policies and strategies form part of iKapa Elhumayo:

- Strategic Infrastructure Plan (SIP)
- Micro Economic Development Strategy (MEDS)
- Provincial Spatial Development Framework (PSDF)
- Human Capital Development Strategy (HCDS)
- Social Capital Strategy (SCS)
- Sustainable Human Settlements Strategy (SHSS)
- Scarce Skills Strategy (SSS)
- Integrated Law Reform Project (ILRP)
- Sustainable Development Implementation Plan (SDIP)

Micro Economic Development Strategy (MEDS)

The Micro Economic Development Strategy (MEDS) identifies priority economic sectors that can have a 'significant impact' on growth and promoting greater equality. Using the MEDS as a guide, along with the Swartland's economic profile, the following sectors have been identified in which the area has a comparative advantage. The period 1999 to 2003 indicated above national average growth in:

- Agriculture
- Services (financial & business services, internal trade & catering)
- Manufacturing growing at half national rate
- Exports have also been growing faster than output.

Productive sectors that hold promise for employment creation include the following:

- Financial and business services
- Transport and communication
- Property and retail
- Wholesale trade and catering

Key responses suggested include:

- Working towards continued growth and increased employment
- Pursuing SMME and entrepreneurial development
- Human resource/capital development
- Capitalise on opportunities in EPWP and similar policies/strategies

- Aggressively develop new sectors, sub-sectors and niches

Five key areas in terms of potential impact of policy include the following:

- Call Centres/BPO
- Oil and Gas industry Services
- Tourism
- ICT
- SMMEs

Summary

LED is essentially a means of achieving a better quality of life for all South Africans. The description of LED national and provincial policies; as well as the Swartland's IDP and vision, provides a conceptual guide for developing the Swartland's LED strategy. The following chapter provides a brief overview of the Swartland economy.

CHAPTER 2: BRIEF OVERVIEW OF THE SWARTLAND ECONOMY

2.1 OVERVIEW OF THE SWARTLAND ECONOMY

The Swartland has a population of 72 115,⁶ with 71.16 percent urbanised and 28.84 percent living in rural areas. Swartland has the second largest urban population within the West Coast District. Some aspects of Swartland's economy such as its population per area, Gross Domestic Product Regional, racial breakdown, labour and employment, sector shares and level of education are summarised in Table 2 below.

The human development index (HDI) is a composite of life expectancy, adult literacy, school enrolment and GDP per capita. The closer an area's HDI is to 1 the higher its level of human development. With estimated HDI of 0.74, the Swartland may be regarded as an area with a high level of human development.⁷ However, although the area has a relatively good HDI, only 19 percent of the population has Grade 12. This is indicative of a situation in which school enrolment in the area is high at primary levels, but there is a high dropout rate at the secondary level. The result being that few learners reach Grade 12 and even fewer, only an estimated 7.5 percent, obtain tertiary education. This is also indicative of a highly skewed HDI, with an average closer to 1 attributed to higher figures for the wealthier sections of the population.

Unemployment in the area is estimated to be between 10 and 20 percent.⁸ This rate is relatively lower than national estimates, which are in the order of 25-30 percent. It is estimated that 4.47 percent of households in the area have no income⁹ and that approximately 8 percent of households use social grants as their main source of income. Though GDP per capita in the area is estimated to be R 22 187, the distribution of income within the area may explain the existence of dire poverty in the area.¹⁰ The Gini coefficient, which measures the gap between the income of the rich and the income of the poor, is estimated to be 0,68 in Swartland. With the white population group earning a monthly income that is approximately 7.5 times greater than the poorest black population group.

⁶ Data sourced from Census 2001.

⁷ Data sourced from the Western Cape Provincial Economic Review and Outlook (2006).

⁸ Unemployment is 10% based on the strict definition and closer to 20% based on the broad definition.

⁹ Data sourced from the Economic Profile of the Swartland (2006)

¹⁰ GDP per capita is calculated in the following way: GDP/population, which is R1,6 billion/72115

TABLE 2 Basic facts on Swartland Municipality's economy				
1	Swartland's population	2001¹¹	2006	
	Malmesbury	27000		
	Abbotsdale	2000		
	Chatsworth	1600		
	Riverdale	1500		
	Moorreesburg	8571		
	Koringberg	359		
	Yzerfontein	1200		
	Riebeek Kasteel	2700		
	Riebeek West	2660		
	Darling	7544		
	Kalbaskraal	100		
	Total population	72 370 (2001)	76 225 (2006)	
	Population growth rate (average annual %)	1.04% (2.38%)	0.54% (1.95%)	
2	Gross Domestic Product Regional			
	2004 in Swartland	R1,636.0 mill.		
	Percentage of West Coast District GDP	29.1,8%		
	<i>per capita</i> GRP			
	Average annual growth rate 2003 -2004	5.6%		
3	Racial Breakdown of the Swartland Population			
	Coloured	72.9%		
	Blacks	10.4%		
	White	16.9%		
4	Labour and employment (2005)	1996	2001	% in 2001
	Labour force	27914	30478	100%
	Employment	25525	27371	90%
	Unemployed	2389	3107	10%
	Labour increase between 1996 and 2001		2564	9%
5	Sector shares	2004 (formal and informal) GRP %¹²	1996 -2001 % GRP	1996- 2001 % Employment
	Agriculture	19.9	25	30
	Mining	0.3	1	0.9
	Manufacturing	20.8	17.7	14
	Electricity, water	2.6	2	0.6
	Construction	4.3	4	6
	Wholesale & retail trade, catering & accommodation	14.8	13	19.7
	Transport, communication	4.1	7.6	5
	Financial, property, business services	20.2	7.7	5.8
	Government, community, social and other services	12.9	22	18
	<i>GRP</i>	100	100	100
6	Highest level of education among Swartland District adults			
	No schooling	4.451	10.0%	
	Some primary	10,318	23.2%	
	Completed Primary	4.441	10%	
	Secondary School	13.672	30.7%	
	Matric	8.355	18.8%	
	Degree/diploma	3.319	7.4%	

The estimated HIV prevalence for the Swartland is 5 percent.¹³ This is lower than HIV prevalence for the Western Cape and national estimates. This means that potentially 8 581 individuals living in the Swartland are HIV positive. In 2006 there were approximately 86 HIV positive patients receiving life-

¹¹ Data sources from Statistics SA 1996 and 2001, the Swartland Economic Profile, August 2005; the Municipality's website <http://www.swartland.org.za>, WC Provincial Treasury. 2006. Socio Economic Profile:

¹² Provincial Treasury.2006

¹³ Data sourced from antenatal clinic surveys conducted by the Department of Health (2006).

prolonging highly active antiretroviral therapy, and 374 patients attending the antiretroviral clinic in Malmesbury.¹⁴ The number of crimes per 1000 individuals is estimated to be 78, which is the second highest in the West Coast. This could be ascribed to the population size of Malmesbury. Life expectancy in the area may currently be above average, but it is important to bear in mind that HIV, and crime, may have a negative impact on it in the future.

Swartland Municipality is the most southern municipality within the West Coast District; and as such is located closest to the Cape metropole. Its proximity to the metropole may be considered one of its greatest assets, as well as one of its greatest challenges. In recent times the Swartland has begun to experience a residential boom. The single biggest residential development thus far has been the Mount Royal Golf and Country Estate. This development is evidence of confidence in the Swartland, that it is magnetic enough to attract high-end property buyers. Part of the Swartland's appeal might lie in what an interviewee during fieldwork called: 'its country life style, without being too far removed from city comforts'. The suggestion from this remark is essentially that the Swartland is 'quasi-rural', which makes it appealing to urban dwellers that prefer for a slightly more rural existence. Though the 'quasi-rural' nature of the Swartland is debatable, it definitely is an area that has a beautiful landscape coupled with the charm of many small towns, and these characteristics may essentially be the reasons that draw people to the area, and create the impression of offering a more relaxed lifestyle.

The exponential increase in property prices within the metropole has further made the Swartland an attractive alternative to buying property in the metropole. With property prices increasing in all areas, there may be the perception that buying property in Swartland offers 'more value for money' than buying in the metropole. The accessibility of the metropole from the Swartland, for individuals with private transport, makes it appealing to live in Swartland and commute daily to work in the metropole.

The Swartland has a number of large national and international businesses operating in the area. Fieldwork identified that though many of the businesses are in the area for historical reasons, the Swartland's proximity to the metropole, along with the availability of land within the area, makes it attractive to industrialists. Swartland's location allows big businesses to be close to markets, as well as suppliers, located in the metropole. The location also allows access to international markets through the proximity to Cape Town harbour and Cape Town International Airport.

However, because of its location, Swartland is in direct competition with the metropole to attract new residents and industrialist, while maintaining existing residents and industrialist. If it is indeed true that the Swartland is appealing because of its quasi-rural quality; its availability of land; the road

¹⁴ Data sourced directly from Swartland Hospital and Malmesbury antiretroviral clinic (3 September 2006).

infrastructure linking the Swartland to the metropole; it offering better value for money to prospective home-owners; then it is imperative that as the Swartland develops it does not lose these alluring qualities, or it will lose these aspects of its competitive edge over the metropole.

2.2 ECONOMIC SECTOR ANALYSIS

The contributions of various sectors of the Swartland economy to GRP and employment for the period 1996-2001 as well as for 2004 are reflected in Table 2 (item 6). Swartland's economy displays a degree of diversity, with at least five sectors making a significant contribution.

The four key drivers of the local economy in terms of GRP (in order of importance) are manufacturing, financial and property services, agriculture as well as retail and trade, while government services is a significant fifth contributor. In contrast, the four biggest sectoral contributors to employment (in order of importance) are agriculture, retail and trade, government services and manufacturing. In terms of the MEDS study, construction, manufacturing, trade and to some degree tourism are some of the key economic sectors contributing to GDP and employment in the Western Cape. These sectors also hold potential for growth and creating new opportunities within Swartland.

Agriculture

Although agriculture remains the most important contributor in terms of employment, its GRP contribution has decreased from 25 % to 19.9 %, with better performance from manufacturing and financial and property services. Agriculture within the Swartland is diverse in the sense that it made up of farming grapes, olives, dairy, canola, legumes, sheep, beef and wheat. This diversity belies the stability and sustainability of the agricultural sector in this area. The Swartland is known as the breadbasket of the Western Cape because it is one of the main wheat producing areas within the winter rainfall region. With wheat as the main agricultural crop it adds a degree of volatility to the agricultural sector. This volatility stems from wheat being a high-risk crop, especially within the context of drought and falling wheat prices.

From Table 3 below it is clear that since 2002 the price at which farmers are able to sell their wheat has been declining steadily, while at the same time the input costs have remained high.¹⁵ Wheat yields in the area have been declining, in 2001 the crop estimate for wheat was 83 000 hectares, while or 2006 the crop estimate is 65 000 hectares. This represents a 22 percent decline in wheat yields in the past 5 years. Since 2003 farmers have been making losses, and it is estimated that farmers will once again experience a net loss during 2006. Though farmers in the area have been making losses, many continue farming. As an interviewee in fieldwork indicated, wheat farmers stay

¹⁵ The data was sourced from the Economist at MKB. MKB's statistics are based on using a representative sample of farmers in the area.

in the Swartland and continue to make losses because every year they believe that next year will be better.

TABLE 3: YEARLY WHEAT PRICES, COSTS AND INCOME (2000-2005)

Year	Price/hectare	Cost	Income/hectare
2000	R1 039	R 2 004	
2001	R1 157	R 2 366	R 1 120
2002	R1 650	R 2 943	R 1 049
2003	R1 416	R 2 377	R (888) loss
2004	R1 129	R 2 662	R (827) loss
2005	R1 092	R 2 550	

Source: Economist at MKB

There are factors over which control may be exercised, and factors over which there is no control. Natural disasters such as drought or too much rain are essentially beyond control, and wheat farmers need to adapt in the face of such disasters. It is also arguable that decreasing domestic wheat prices, which have fallen as the Rand have strengthened and cheaper wheat have been imported, as well as the fact that the international market sets the price for wheat, is beyond control. As a result of wheat prices being couched in a discourse of lack of control, the notion of wheat farmers having to 'adapt or die' is a very compelling argument. Within this notion it may be argued that wheat farmers who cannot be competitive, within an international wheat market, should stop farming wheat¹⁶. This will have a significant impact on employment levels in Swartland and increase the Western Cape's dependence on importing wheat from elsewhere.

Though there are arguments against protecting the wheat industry, the Provincial MEDS located agriculture within the high impact and high cost quadrant, indicating that it is a significant sector for development. A necessary question that therefore has to be answered is: 'By how much is the Western Cape willing to have its bread basket shrink?' It is important that the question answered, because if it is desired that the wheat industry in Swartland should not decline below a certain threshold, then provincial and national government may have to consider assisting farmers in some way, in order to prevent further declines in yields.

In terms of agriculture being the major employer in the area, there is anecdotal evidence that this sector that has not created many empowerment opportunities. For example, organisations such as the Black Association of Wine and Spirit Industry (BAWSI) faces challenges in motivating historically disadvantaged youth to choose agriculture as a vocation. Agricultural skills have not been developed among historically disadvantaged youth, and because youth see their options of being anything more

¹⁶ According to anecdotal evidence from Moorreesburg Koringboere (MKB) economist many wheat farmers are deeply indebted and have made every attempt to lower their input costs.

than farm labourers as limited, there is limited desire to consider small-scale farming as a career. However, focus on empowerment through agriculture, should not only be on the youth, as it has been demonstrated through their participation in LRAD (Land Reform for Agricultural Development) that older people have also an interest in small-scale farming.

Manufacturing

The contribution of manufacturing to the economy in terms of GRP as well as employment is steadily increasing. This can largely be attributed to the number of light industries and manufacturers of agricultural based products found in the area. It is possibly one of the Swartland’s greatest assets that it has a number of national and international businesses located within the area. The following list reflects the major businesses found in each town in the Swartland:

TABLE 4 MAJOR BUSINESS IN SWARTLAND
<p>Malmesbury Pioneer Foods - Bokomo, Sasko, Nulaid and Sugarbird, Nova feeds. Raiel - timber, aluminium, polyester handles Bonwit - clothing manufacture Swartland winery – Wine Cape-Agri -operating activities, insurance, grain, seed processing, mechanisation, trading stores</p>
<p>Moorreesburg Swartland Group – doors and window frames. Moorreesburg Koringboere MKB – wheat farming Atlas Staal – steel</p>
<p>Darling Lentefris – dairy products Bonwit – clothing manufacture Darling Cellars – Wine Cloof; Ormend – Wine Cape-agri - trading store, grain, seed processing</p>
<p>Riebeek Kasteel Riebeek Cellars – wine</p>
<p>Riebeek West PPC Cement – cement Pulpit Rock – wine Cape-agri -trading store, grain</p>

Though the list of businesses in the area is not exhaustive, it provides a clear indication that the Swartland has a number of established manufacturers and wine cellars in the area. Some of the businesses with international profiles are: Bonwit, Swartland Group, Raiel, Pioneer Foods, Swartland Winery and PPC Cement. As these businesses grow and expand, they can contribute to the development of the Swartland economy. Though many of these businesses have been established in the area because of historical reasons, they remain in the area because of good services provided by the municipality, easy access to markets outside of Swartland and the availability of land in the area.

Financial, Property and Business Services

This sector's contribution to GRP has increased significantly from 7.7 percent during 1996-2001 to 20.2 percent of the GRP for 2004. The services are mainly located in Malmesbury and can be attributed to the growth in manufacturing and increase in residential developments in the area, requiring these services. However this sector remains a relatively low employer in Swartland.

Whole, Trade and Catering

This sector has experienced a marginal increase from 13 to 14.8 increase over the period and linked to growth in other related sectors such as manufacturing, residential development and increased disposable income in the area.

Government

Government remains a key employer and contributor to the Swartland economy, of which the Malmesbury Prison is an important role player. Government's contribution to GRP has declined from 22 % during 1996-2001 to 12.9 % for 2004. This decline, in terms of its overall contribution to the economy, is desirable in order to ensure greater stability and diversity in the Swartland economy.

Construction

Though construction was ranked seventh in terms of its contribution to GRP, it is a sector that absorbs an estimated 6 percent of the labour force. More recent data that is available for this sector indicates that between 2001 and 2004 the value of building plans passed in Swartland increased from R87 million to R288 million, representing a 231 percent increase. As highlighted earlier, there has been an upsurge in residential development, along with an expansion of industrial operations, most notably that of Raiel and Bokomo.

Tourism

Finally, the sector that has promise, though perhaps not being one of the main drivers, but definitely playing a more significant role in the economy than it currently does, is tourism. Some the Swartland's greatest assets for developing tourism are:

- Its scenic beauty
- Its rural qualities that offer opportunities for relaxation
- Its many tourist attractions (game farms, 4x4 trails, bike trails, olive festival, Evita se Perron etc.)
- The advancement of its reputation as an area with good wines and wine farms
- Its coastal beauty along Yzerfontein
- Attractive places of accommodation
- Its cultural and historical towns such as Darling, Koringberg and Riebeek Kasteel

These characteristics endow the Swartland with the potential to market itself as a tourist destination of choice, for both domestic and foreign tourists. Though tourism is not reflected in the table, evidence suggests that tourism has not been a major contributor to the economy. Tourism overlaps with a number of other sectors, such as trade, finance and services. According to the *Swartland Economic Profile* report, the area attracts only 2 percent of Western Cape domestic tourists, and possibly an equal percentage of foreign tourists. Tourism accounts for some 10 percent of GRP for municipalities in the Western Cape and it is estimated that this figure may be similar for Swartland.

As stated earlier, the intention was not to provide a detailed analysis of the Swartland economy, as this is the purpose of the *Swartland Economic Profile* report, but rather to highlight the key features that need to be considered when developing the economic strategy.

2.3 BRIEF HISTORY, KEY OPPORTUNITIES AND CHALLENGES OF SWARTLAND TOWNS

The Swartland Municipal area includes eleven towns viz. Malmesbury, Abbotsdale, Chatsworth, Riverlands, Kalbaskraal, Moorreesburg, Koringberg, Darling, Yzerfontein, Riebeek Kasteel and Riebeek West (See Figure 3). Central to the development of the economy of the Swartland, is consideration of the economic status of its constituent parts, i.e. each of its eleven towns. Formulating a strategy for developing the Swartland economy therefore requires analysing the opportunities and challenges that exist for economic development within each town. Each town will have to develop from its base of assets, and though their strategies for development may have similar features, their endowments of assets differ. Data for the estimated population of each town are sourced from Census 2001. Once again as highlighted earlier, the data may be out-of-date, but it provides good base information. The municipality is currently in the process of conducting a skills audit and compiling a database of unemployed individuals. Once these are available it will provide greater insight into the skill levels and level of unemployment within each town.

Understanding a town's history is important, since the current profile of many towns are the result of the historical context in which they were established. For example, some towns originated because of their proximity to rail, which in the early 19th century was the dominant means of transportation across long distances. As the importance of rail declined in favour of road-based transport, the reason for the existence of some towns changed. As the historical context of towns has changed, their economic context has changed.

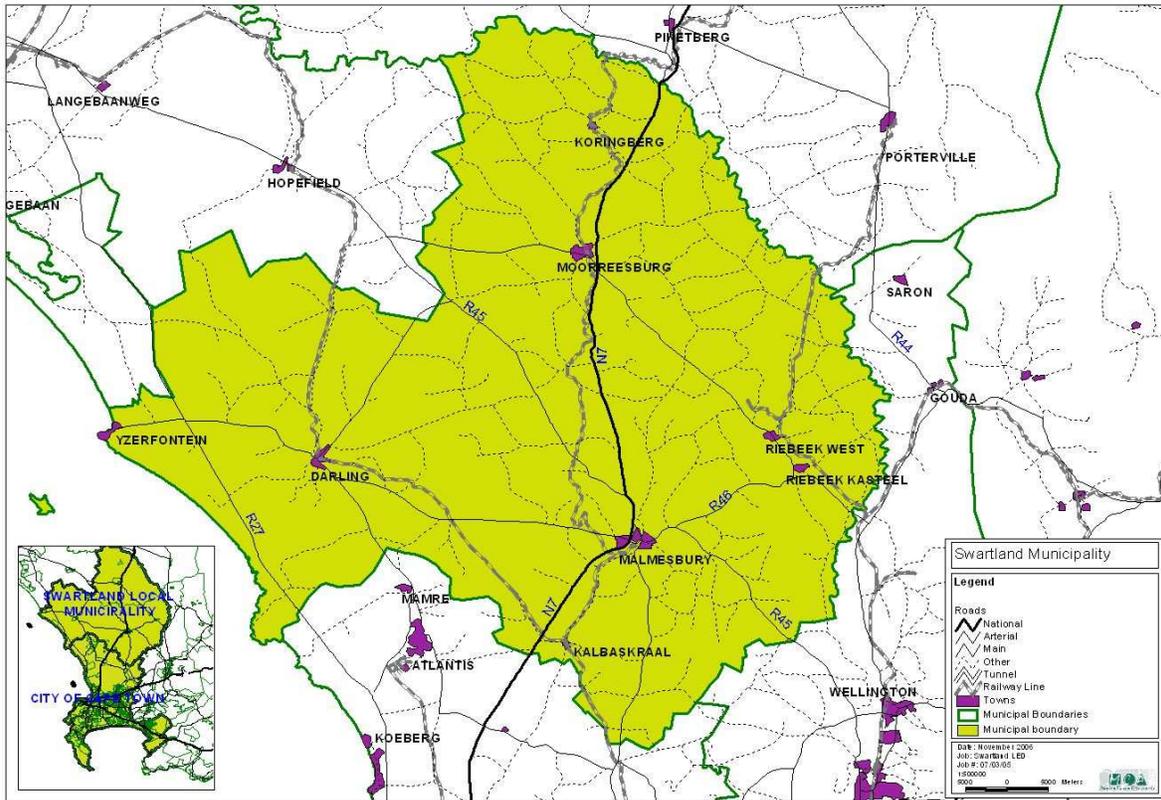


Fig. 3: The Swartland Municipal area

2.3.1 MALMESBURY

In early times an expedition led by Jan Wintervogel, in the direction of Malmesbury, found the area that was named 'Het Zwartland'. The settlement was so called until 1829, when Governor Sir Lowry Cole visited the town, and renamed the place in honour of his father-in-law, the Earl of Malmesbury. During its more than 178 years existence this town has developed into the central town within Swartland.

Malmesbury is the biggest town in the Swartland, with an estimated population of 25 706 (which includes the residents of Abbottsdale). It has a throbbing economic pulse, evidenced by the number of big national and international businesses (operating in agriculture, manufacturing and trade) found in the town. Many of the manufacturing processing activity is linked to agricultural activities such as the wheat and wine industry. Malmesbury fulfils an important development niche, ranking 14th out of 131 urban towns on the provincial growth potential of urban towns.¹⁷

¹⁷ Data sourced from 'Growth Potential of Towns in the Western Cape', Van de Merwe (2004).

Malmesbury clearly is the main regional urban centre in Swartland, evident by its banking, retail, service, health and dining facilities as well as the significant volume of traffic coming through the town. It also has the West Coast College and a private computer college that provide higher levels of education and training. The presence of the Malmesbury Prison has also a positive impact on the local economy, with many civil servants residing in the town earning salaries that are paid nationally. It also has the regional hospital viz. Swartland hospital; an antiretroviral clinic for HIV positive patients living in the Swartland; and the regional offices of the Swartland Municipality. The town has land available for residential as well as industrial development and growth is occurring in both a northerly and southerly direction.

In 2001 net in-migration into Swartland was at its highest, with migration projected to decline between 2006 and 2025. Most of the in-migrants, were black, with whites making up the greatest proportion of out-migrants from Swartland¹⁸. The Municipality has been pro-active in providing housing and utility services in poor areas. However, the activity within the Central Business District (CBD), does not extend to the surrounding townships of Illengu Lethu and Wesbank, which are located on the outskirts of the CBD and these are largely dormitory suburbs.

Given its proximity to Cape Town, residing in Malmesbury and working in Cape Town is a viable option. This suggests that people may indeed be lured by the idea of a more 'rural' lifestyle, while not wishing to be too far removed from urban comforts. Recent residential developments close to the town includes the Mount Royal Golf Estate, which consists of almost 7000 units, with a significant number of units being bought by individuals who are currently living outside of the Swartland.

Malmesbury has potential for tourism, though this is not the prime economic sector that will drive growth in this town. The town has a historic walkabout route that has a number of early Cape buildings dating from 1850, and some structures from later periods. This historical route caters to individuals who have an interest in architecture. The town hosts the head-office of the Swartland Wine Route, which stretches from the Paardeberg in the south, to Citrusdal in the north, including the Riebeek Valley, and the Piketberg areas. The wine route holds potential for expanding its popularity, though the Riebeek Valley is likely to be the most popular along the wine route.

2.3.2 ABBOTSDALE, CHATSWORTH , RIVDERSDALE AND KALBASKRAAL

Abbotsdale

Abbotsdale is approximately 5km south-west of Malmesbury and was developed on the farm Olyphantsfontein, which was bought in 1956 by Bishop Greyson. The town is flanked by a railway

¹⁸ Socio Economic Profile: West Coast District, 2006, Western Cape Provincial Treasury

line and the N7, and is essentially a dormitory town, with virtually no economic opportunities and associated employment.

Chatsworth

The combined population of Chatsworth, Riverlands and Kalbaskraal is estimated to be 1302. Both Chatsworth and Riverlands are approximately 15km outside of Malmesbury. Chatsworth was established in the early 19th century after an American Episcopical Church obtained the farm Michiel Heynskraal. The church and the primary school form the focal points of the town. There are no significant businesses in the town except a few house shops and taxi operators and it is also essentially a dormitory town. Growth in this town would likely be limited to entrepreneurial activities and tourism. As a dormitory town, the residents of this town may best be served by increasing their mobility so that they can access economic opportunities in other towns with significant growth potential i.e. Malmesbury and the Cape Metropole.

Riverlands

Riverlands was established in the late 1900's when the South African Railways obtained the land for this settlement. At the time of its establishment the town was meant to serve as a water point for passing trains. Similar to Chatsworth, Riverlands does not have significant businesses, and the church and the primary school form the focal points of the town. Though the town has the railway line as well as a well-maintained road leading into the town, it is essentially a dormitory town with limited potential for growth. However, similar to Chatsworth, Riverlands is linked to the N7 with a good service road. This link between these towns and the N7 creates opportunities for residents of these towns to access economic opportunities in Malmesbury and the Cape Metropole. However, exploiting these opportunities is dependent on access to affordable public transport; a service that is difficult to establish due to low residential densities, distance from the main centres and one directional movement during peak hours.

Kalbaskraal

Kalbaskraal has a unique history but it exhibits characteristics similar to Chatsworth and Riverlands. The town is situated south-west of Abbotsdale. The town was established in 1898 when a railway crossing was erected between Malmesbury and Cape Town and the farm Spes Bona was subdivided. Kalbaskraal has a railway line running along the length of the town. However, similar to Riverlands, with the move from rail to road as the main mode of transportation, the town's growth has been constrained. This move relegated the town to primarily being a dormitory town, with the highest poverty level in Swartland.¹⁹ Fieldwork conducted in the town provided anecdotal evidence that the town has a high rate of unemployment. Though the economic performance of the town appears

¹⁹ Data sourced from 'Growth Potential of Towns in the Western Cape', Van de Merwe (2004).

bleak, the N7 throws a lifeline to the town as it provides opportunities for growth. It is however imperative that residents of Kalbaskraal be able to access opportunities that arise out of linkages between dormitory towns and the N7. Such potential opportunities need to be explored. As with Chatsworth and Riverlands, due to the low-income and essentially dormitory nature of these towns, further residential growth should not be encouraged in this town.

2.3.3 MOORREESBURG

During the middle of the 19th century farmers in the area endeavoured to establish a church. Gentleman F Warnich and Dirk Kotze, who owned the farm Hooikraal, each relinquished a piece of their land for church purposes. Moorreesburg was subsequently founded in 1882, when a Dutch Reformed Church was built, and the town was named after Reverend H.A Moorrees.

Moorreesburg has an estimated population of 8 571. It is located at the centre of rich wheatlands, and was historically a thriving agricultural town. Agriculture continues to play an important role in the town, which is home to Moorreesburg Koringboere (MKB). MKB represents a total of 450 wheat farmers from surrounding towns. The decline in the wheat industry has had a negative impact on the farmers and economy of the town.

Fieldwork in the town provided anecdotal evidence that the decline in agriculture has resulted in the town having less retail and commercial activity, in comparison to Malmesbury. In the same study mentioned earlier, Moorreesburg was ranked 32nd in terms of its growth potential. Its opportunities for growth may be attributed to the town having light industry in the form of the Swartland Group, Skaarland, Atlas Staal etc. These businesses are major employers and have significant operations, both nationally and internationally.

The town has limited recreational facilities in the form of golf, tennis, the Samoa hotel and a few restaurants. It has potential for providing additional education and skill development through the Moorreesburg Training Centre. As with many towns in the Swartland, the central business area of the town and the surrounding township areas are not spatially integrated. The town has potential to grow its economy through maintaining and growing its agricultural sector, manufacturing and trade. There is also scope for entrepreneurial activities. Though opportunities for tourism exist, the scope for growing tourism in this town is likely to be limited.

2.3.4 KORINGBERG

The town was established on the farm Brakwater. Initially it was called Warren's camp, but it changed its name to Koringberg in 1923 when the community of the town decided to break away

from the Dutch Reformed Church in Moorreesburg and Hopefield. Koringberg is situated approximately 15km from Moorreesburg and 110km from Cape Town.

Koringberg has an estimated population of 359, though local residents estimated the current population to be closer to 1000. The town is historically an agricultural service centre, and primarily a small rural settlement. Export grape farms located on the Berg River, wheat farming, and sheep and cattle farming are the main agricultural activities feeding into the town. It is essentially a dormitory town, without any major businesses and a central business district. As with many other towns, apartheid planning has resulted in the township being spatially separated from the centre of town.

This town holds potential for growth through the agricultural sector and tourism. One of the town's greatest assets is the good road into town that branches from the N7. Within the town itself there are a limited number of tourist attractions. The current main attraction is a Doll Museum containing approximately 850 dolls, and the fountain that supplied Harry, die Strandloper's livestock with water can still be seen.

A tourist attraction that perhaps holds the greatest potential for expansion is the annual Broodfees that happens in September. The Broodfees provides visitors with the opportunity to experience true Swartland hospitality. Fresh meat, boerewors, pies, bread, rusks, cake and anything else from a farmhouse kitchen are on sale at the stalls, and it feeds into the FNB Swartland Mountain Biking Fun race weekend. Activities in surrounding towns offer clay pigeon shooting, water sports, hiking, birdwatching, 4x4 routes, biking and horse riding, primarily catering to tastes of adventurous tourists. There may also be scope for agri-tourism.

Consideration needs to be given to accommodation and restaurants facilities available to tourists visiting Koringberg. Currently the Cornberg Manor provides a level of luxury accommodation; there is self-catering accommodation and a newly established bed and breakfast. Opportunities within the township should also be explored, in order to increase the economic sustainability of this small settlement.

2.3.5 DARLING

In the 19th century the town of Darling was founded on the farm Langfontein when the farm was bought in order to build a village and a church. The town was named after Lieutenant Governor Charles Henry Darling. From the earliest years travellers through the area were overwhelmed by the beauty of the wild flowers, and ever since the inception of the annual Darling Wildflower show (started in 1917) the wild flowers have continued to be held in high regard.

In the past Darling was also known for producing butter and cream. In 1899 two Swedes settled in Darling and started a creamery, which was taken over by farmers who formed a corporation in 1906. Today Darling still has its own creamery, producing under the well-known Lentefris brand. The town also has a museum, which honours its butter making history, along with the history of the creamery.

Within the Swartland, Darling is arguably the non-coastal town with the greatest potential to grow tourism. Darling caters to a variety of tourists; individuals in search of culture, history, entertainment and adventure can find something to do in Darling. There are four renowned wine cellars viz. Groote Post, Cloof, Ormonde and Darling Cellars. For entertainment there is the Darling Golf Club, the art gallery called Chelsea on 34, live shows at Evita se Perron. The latter has been a national and international attraction driven by Pieter Dirk Uys. For the outdoors adventurer there is agri-tourism at Waylands farm, day hikes at Ronderberg, and the opportunity to view game at Buffelsfontein Game Nature Reserve. For tourists interested in history, there is the Hilebrand Monument, the Museum and the IKhwa Ttu San Culture and Education Village. Town specific activities that require consideration to improve tourism, include repair of signage²⁰ and flower display to the entrance of the town; improvement of picnic facilities and pavements and repair to the tennis courts and surrounding mini stadium.

Bonwit, an international clothing manufacturer, is located in the town, while there are also chicken farms in the Darling area. Of key importance is ensuring that beyond integrating the spatial divides that separate the town and the township, historically disadvantaged communities are empowered to share in accessing opportunities within growing the tourism, manufacturing and trade sectors.

2.3.6 YZERFONTEIN

In the early 1900's the Yzerfontein farm was consolidated and registered as the "Consolidated Yzerfontein Farm". Portions of the farm were subsequently sold to Yzerfontein Seaside Estates. This town was historically a fishing village, evidenced by the old fish house (which is the oldest building in the town), which presently houses the Yzerfontein Tourism Bureau. Yzerfontein is located approximately 80km from Cape Town, along the West Coast Road (R27). The town has historical significance in that it has the only two remaining lime kilns in South Africa, which were declared national monuments in 1980. It also has a historical jetty and has been the location of archaeological excavations.

The town has an estimated population of 514. Anecdotal evidence revealed that many of the town's residents are non-permanent residents. It is currently experiencing extensive holiday and resort development on the south side of the town. Though the town still has a traditional coastal linefish

²⁰ Save Water sign

industry (specifically fishing snoek, crayfish and abalone), fishing is playing a smaller role in the town evidenced by the Yzerfontein launch facility launching fewer fishing vessels and increasing the number of recreational vessels. Yzerfontein is redefining itself as a recreational and retirement town, using its famous scenic unspoilt beaches, its proximity to Dassen island, flora and fauna, beautiful views and whale watching. The town is also home to a number of bed and breakfasts that can cater to the needs of tourists.

The town has few businesses and related job opportunities, and the town has essentially chosen to define itself as one that focuses on growing tourism, though given its coastal location and history, consideration must be given to sustaining the livelihoods of fisherman and not promoting tourism at the expense of coastal fishing activity. The town seems to have a sound foundation for economic development, and its only challenge would be ensuring that economic development is shared equitably, and individuals from historically disadvantaged communities in the Swartland can access economic opportunities identified in the town.

2.3.7 RIEBEEK KASTEEL

During 1661 the Commander Jan van Riebeeck and his expedition descended upon the fertile Riebeeck Valley. They named the area after the Commander, and Riebeeck Kasteel was named after the Kasteelberg. The community had a squabble over where to site the church and this led to two churches being built and two towns being established, only three kilometres apart.

Riebeeck Kasteel is approximately 90km from Cape Town, off the N7, travelling inland. The town is estimated to have a population of 2 523. It is experiencing a rapid residential boom, and is popular among retirees because of its scenic beauty and 'value for money' properties.

Riebeeck Kasteel is an attractive historic centre, and holds opportunities to expand tourism. The Riebeeck Valley is growing in reputation for its wines and olives, and hosts an annual olive festival. It has many buildings of architectural significance, and enjoys some historical significance since D.F. Malan was born here. It is an attractive destination for people looking for a weekend getaway. Similar to Yzerfontein, there appear to be no development challenges facing this town. However, the relationship that Riebeeck Kasteel has with Riebeeck West is important, since economic opportunities and development should be equitable. Due to the proximity of these towns, their economic development is intertwined and joint strategies should ideally be considered.

2.3.8 RIEBEEK WEST

Riebeek West and Riebeek Kasteel are literally around the mountain from Malmesbury. Riebeek West is a quaint town with some historical significance since it is the birthplace of General Jan Smuts, a former South African prime minister.

The population of the town is estimated to be 2 667. The key tourist attraction in the town is the luxury Riebeek Valley Hotel. There is limited economic activity in the town and PPC cement, the wineries, and olives are on the outskirts of the town.

If Riebeek Kasteel has few development challenges; Riebeek West has many. The main road separates the west (higher income) and east (township) residential areas. The key challenge for development in the town, requires addressing the need to invest in individuals, through empowering them to access economic opportunities; and investing in social capital within townships. Riebeek West has also been the focus of a number of nationally funded LED projects in the past.

2.4 SUMMARY

The Swartland has a number of challenges and opportunities influencing its potential to develop its economy. The key challenges that the Swartland faces is to continually improve the quality of life of all its residents, in particular historically disadvantaged communities, evidenced by the increasing gap between the rich and the poor, and high levels of unemployment. Marginalised communities have limited access to finances, infrastructure, natural, and human resources; and this lays the foundation for a vicious cycle of deprivation, hopelessness and despair. Though the prevalence of HIV/AIDS in the Swartland is lower than provincial and national levels, the nature of the disease, and patterns of transmission, means that it is essential that treatment and prevention continue to be drastically expanded in order to mitigate its impact on the labour market. The historical planning of towns, with townships located on the outskirts of central business districts, has resulted in individuals being spatially distanced from economic opportunities.

Opportunities exist for growth within agriculture, manufacturing, trade, construction and tourism. Growing these sectors would allow the Swartland to diversify its economy and strengthen its economic base.

The town profiles highlight the opportunities and challenges that each town is endowed with. It clarifies the need for towns to adopt a strategy for economic development that is tailored to the

characteristics that it exhibits. The strategies followed by the towns should, however, be coordinated with an overarching Swartland economic development strategy. This essentially means that strategies followed by towns should not result in towns competing in a manner that the net sum gain is negative. Instead a coherent strategy should be developed within and between towns in order that economic development can be shared amongst towns and throughout the entire Swartland. The development and detailing of a Spatial Development Strategy in Swartland is key to this process and urgent consideration should be given to updating the current spatial development framework outlined for Swartland.²¹

From the profiles of the towns in the Swartland it emerges that a LED strategy should include: growing economic sectors with comparative advantages; elevating levels of education, skills development and training; attracting, retaining and expanding businesses; expanding and supporting small, medium and micro enterprises (SMMEs); reducing poverty; and integrating CBDs and townships. Each of these strategies are discussed in detail in the chapters that follow.

²¹ I. van Der Merwe (2006). 'Western Cape Provincial Spatial Development Framework: An interpretation within the Swartland Context'.

CHAPTER 3: GROWTH OF ECONOMIC SECTORS WITH COMPARATIVE ADVANTAGE

Comparative advantage refers to the ability of one business entity to engage in production at a lower cost, and with greater efficiency than another entity. Put more broadly, having a comparative advantage in performing a function means that, when compared to another entity, a business is better (in terms of quality of products, efficiency and profitability) at performing this function. Development should focus on economic sectors in which a comparative advantage exists, because it allows for a more efficient use of resources, and promises a greater return for these resources.

The economic overviews (section 2.2) and town profiles (section 2.3) reveal that potential exists to develop comparative advantages in the following economic sectors:

- Agriculture
- Manufacturing
- Trade
- Construction
- Tourism

3.1 KEY ISSUES

Agriculture is the main economic sector within the economy of the Swartland. Within this sector, wheat farming is the dominant agricultural activity. Wheat is a high-risk crop and farmers are recovering from drought and declining wheat prices. The combination of negative shocks to the wheat industry and greater mechanisation has contributed to job shedding in agriculture. The production of wheat related products is already well established in Swartland area, through industries such as Bokomo and Sasko.

Swartland Municipality should diversify its agricultural base and grow a range of economic sectors in order to reduce its dependency on agriculture. As shown in the previous chapter, manufacturing, trade, construction and tourism have been identified as economic sectors in which Swartland potentially has a comparative advantage; and which should be grown in order to promote a diversified economy²².

²² Table 2: Sectoral Contributions in the Swartland economy (1996-2001)

3.2 OBJECTIVES

The objective of diversification of the agricultural base and growing the above-mentioned sectors is to broaden the economic base of the Swartland, as well the scope of manufacturing activities (which are currently closely linked to agriculture). Diversification allows the economy to be resilient to negative shocks to any one specific sector. Stated plainly, if the economy was exclusively reliant on agriculture, a negative shock to agriculture would have a major negative impact on the economy, affecting employment and poverty negatively, and essentially possibly reducing the quality of life of residents.

There has been a steady growth in building plan approvals. The residential boom that some Swartland towns are experiencing, along with the expansion of some existing businesses, means that construction is a growing sector. Another possible reason for the exceptional growth in the construction sector could be effective land use management, e.g. the approval of the development of new precincts in towns such as Yzerfontein and Malmesbury. This is a labour-intensive sector and has significant potential for job creation, although this tends to be short term. This is also a sector that has backward and forward linkages to a number of other sectors. For example, the inputs in construction, such as electrical fittings, plumbing, painting, etc. will also need to be met and possibly sourced locally. Cement is already available locally. Other post construction benefits to the economy include home furnishing, and this creates linkages to manufacturing; as well as ongoing demand goods and services, creating linkages to trade.

Tourism has become an important and rapidly growing economic sector in South Africa and particularly in the Western Cape. Tourism is a sector of the economy, which has enormous potential to provide economic opportunities for many communities. Tourism was identified as one of the economic sectors that has the potential to reverse a sluggish economy, mobilise domestic and foreign investment and develop SMMEs.²³ The Swartland has significant potential to expand tourism; however, this potential currently remains largely untapped. Only 2% of Western Cape domestic tourists visit this area. Strategies should therefore be devised to increase the contribution of this sector to the Swartland economy in the future.

Trade is a significant contributor to the local economy in terms of GRP, and it is the second biggest job creator in the Swartland economy. It is important that trade's contribution to GRP increases as its workforce percentage increases. This sector is a growing sector, with the potential to absorb more labour, but it needs to grow through providing value added goods and services. In terms of the

²³ Source: Ten year review published by the Department of Environmental Affairs and Tourism.

Swartland economy, trade can be linked to manufacturing, construction and tourism. Linking the growth of trade to growth in these sectors creates opportunities to provide value added goods and specialised services. As tourism expands, and buying power increases through construction and manufacturing, a strategy could be developed to link trade to the expansion of these sectors.

One of the key objectives of a strategy to grow economic sectors would be to ensure that the participation of unemployed and historically disadvantaged communities increases within these sectors.

3.3. ECONOMIC SECTOR GROWTH STRATEGIES

The discussion that follows suggests strategies for growing economic sectors that have the potential to develop the Swartland economy. To recap, these sectors are: agriculture, trade and manufacturing, construction, and tourism.

3.3.1 STRATEGY FOR GROWING AGRICULTURE

Considering agriculture is the mainstay of the area, the future of wheat is critical for the area, and the challenges and opportunities regarding this cluster should be fully understood. Swartland Municipality could intervene by assisting and supporting a pressure group to engage the relevant national departments on policies and mechanisms to assist the wheat industry. The potential for further processing of wheat related products require further consideration and a specialised study is recommended to develop strategies in this regard.

Strategies are required to further develop niche agricultural production; such as producing organic products, making special breads and jams etc. in Koringberg, Darling, Chatsworth, Riverlands and the Riebeecks. Niche agricultural production can have limited scope, since it is essentially consumer-driven. It focuses specifically at the unique demands and preferences of customers, and caters directly to these needs. In order to be successful niche activities have to tap into a demand that is currently not being met.

Small-scale farmers can be encouraged to produce for niche markets, since these products generally receive premium prices because of the quality and uniqueness of the products. The Goedgedacht Trust, through the Goedgedacht Olive Farmers Association, works with small scale olive farmers in the West Coast, which includes the Riebeek Valley. The West Coast Ubuntu Farmers Union (a non-

profit organisation) represents, promotes and supports the interests of emerging, previously disadvantaged farmers, and works on addressing the imbalances of the past. Its main objectives are to assist the establishment of local farmers' associations and groups, to train members on organizational systems and procedures, to co-ordinate the setting up of savings and credit schemes, to resolve problems and conflicts, to negotiate on behalf of its members in order to remove constraints in terms of land, water, financial and other resource issues (i.e. access to land). The Goedgedacht Agricultural Resource Centre, and the Agricultural Research Council, provides training and technical skills. Effort should be invested in securing access to agricultural land, particularly for small scale and emerging farmers.

Relationships between organisations working with small-scale farmers, and communities interested in farming should be supported and strengthened. Shared learning processes could also be considered to facilitate contact and linkages between established and emerging farmers; allowing farmers to share research on production and markets. A relationship with Elsenberg Agricultural College may be helpful, in order to facilitate this process. Commercial farmers can be encouraged to mentor small-scale farmers. Through small-scale farming niche markets may be explored, which may be complementary to commercial farming markets or incentives can be given to commercial farmers who work in empowering small-scale farmers.

Agricultural products can be diversified through production, distribution and packaging. This essentially suggests that these products can be produced differently, they can be sold to different markets or they can be packaged in a way that differentiates them from other products. For example, olive oil from the Swartland could be sold in a unique bottle; and meat and grapes can be packaged in a special type of packaging. A strategy for encouraging agricultural marketing co-operatives could be linked to a strategy to diversify agriculture. Marketing co-operatives can be used to brand and market agricultural goods, and feed into a marketing strategy that promotes purchasing goods from the Swartland. Bokomo and Lentefris are examples of established brands operating in the Swartland. An example of an international marketing co-operative that has been very successful is the California Fruit Growers Exchange, which branded their citrus fruits as 'Sunkist'.

3.3.2 STRATEGY FOR GROWING TRADE

Currently trade and manufacturing in the Swartland are closely linked to the agricultural sector. These sectors can be diversified through exploring what the market demands. If the market exists, the manufacturing sector can use agricultural inputs and produce biofuels, beer, ales, salad dressing etc. This could be linked to a marketing strategy, which promotes the trade of these goods.

SMMEs, big businesses and community-based organisations (CBOs) can explore partnerships to offer a greater variety of products. An example of a functional partnership is the relationship between

the Darling Trust's Craft Market (a CBO operating in Darling) and manufacturers. In terms of this relationship, manufacturers source a range of their products from the Darling Craft Market. This allows manufacturers to outsource some manufacturing, and allows them to offer a unique range, and a greater variety of products; while creating jobs for women working at the craft market. It may be helpful to establish a SMME and CBO database that reflects the range of products that these entities manufacture and sell. Such a database can be used to facilitate the arrangement of such partnerships, and be a directory, which big businesses can use.

Towns like Malmesbury are becoming more a place of residence for workers from the City of Cape Town, and commuting from the city during peak hour is becoming difficult, to address this, an initiative to construct a dual road between Malmesbury and Cape Town could be started. At the same time the possibility of upgrading the rail infrastructure could also be considered.

3.3.3 STRATEGY FOR GROWING MANUFACTURING

Natural resources available in the Cape West Coast Biosphere Reserve can also be used to manufacture and trade in unique products. Partnerships with the West Coast Environmental Co-operative (WCEC) should be explored to determine whether the Atlantis job creation model, focusing on thatch reed harvesting and furniture manufacturing, can be replicated in the Swartland. There may be potential to create jobs in clearing alien vegetation (viz. Port Jackson, Rooikrans, Eucalyptus, Poplar and Black Wood), which can subsequently be used in manufacturing crafts and furniture.

The potential of economies of agglomeration should be explored. The term economies of agglomeration describe the benefits that firms can obtain when locating near each other. It is related to the idea of economies of scale and network effects, in that the more related firms that are clustered together, the lower the cost of production, and the greater the market that the firm can sell into. Even when multiple firms in the same sector (competitors) cluster, there may be advantages because that cluster attracts more suppliers and customers than a single firm alone could. Clusters with regard to food processing and wood products should be explored.

Organising a marketing campaign that promotes buying goods manufactured in Swartland may create a greater demand for locally manufactured goods. Such a marketing campaign could feed into a packaging campaign. Goods could be packaged as being made in Swartland; and a 'buy Swartland' marketing campaign could stimulate demand for these goods.

3.3.4 STRATEGY FOR GROWING CONSTRUCTION

Attention could be paid to facilitating the availability of property development training programmes offered at existing institutions such as the West Coast College. Additionally it is important that these

training programmes are accessible to historically disadvantaged individuals residing in communities where an interest in construction exists. Public land in particular in urban areas, can play a critical role in providing housing and public facilities. The procurement of public land should be managed, in order to ensure that land, is used optimally, and economic opportunities are unlocked. In order to assist the optimal use of land a comprehensive audit of publicly owned land should be prepared. The existence of such an audit would form the foundation of information that can be used to co-ordinate planning for the use of public land. This is important as the disposal of public land provide the authorities with some leeway to ensure that significant benefits derived from construction activity are also accrued to emerging developers and contractors.

It is also important that a database be developed that reflects locally available labour. The Swartland municipality has already initiated compiling such a database. Contractors should be encouraged to use such a database. Essentially, it would allow local labour to be used in construction in Swartland. Since, construction is labour-intensive, the utilisation of the database by construction companies will assist to employ local people in the Swartland. Construction also requires more skilled labour, and if local labour receives training and skill development, they have a skill that could be transferable. Incentives may have to be offered to encourage contractors to use the unemployed database. A possible incentive that could be given is for municipal tenders to give preference to contractors that use the unemployed database.

3.3.5 STRATEGY FOR GROWING TOURISM

The town profiles highlighted the potential that many Swartland towns have for growing tourism. There is currently a Swartland Wine Route, which has its head office in Malmesbury, and includes wine farms from the Riebeek Valley. This route should be promoted and marketed, and additional tourist attractions could be incorporated with the route. A wheat route could possibly be created, which includes Malmesbury, Moorreesburg and Koringberg. It could possibly be promoted along with the expansion of the annual Broodfees in Koringberg. The activities in each town can compliment one another and be linked to tourist attractions on other towns. A cultural route could also be established, extending from Darling to the Moravian church in Mamre, and including township tours.

The size of the Swartland is potentially one of its greatest assets. Towns are not far from one another, and the roads linking towns are generally good. This facilitates travelling between towns, and increases the possibility of marketing the entire Swartland as a tourist destination. However, the road between Malmesbury and Darling requires urgent upgrade

Swartland is a unique tourist destination because its many towns offer unique tourist attractions each. The Swartland offers: scenic beauty; a beautiful coastal town; wildflowers; wine; olives; game

farms; a range of outdoor activities; cultural experiences; local cuisine; and historical landmarks. Tourists can spend a few days leisurely travelling through the Swartland; or day tourists can visit a few towns and experience a range of tourist activities. Relationships with travel agents should be explored and the promotion of holiday packages to the Swartland should be considered.

A partnership could be established with the Cape West Coast Biosphere Reserve, in order to access the best use of natural resources in growing tourism, and developing recreational and resort activities. In all of these suggested strategies, the level of infrastructure should be considered before any strategy is followed. If tourist routes are to be promoted, it is essential that roads, and lighting along these roads are maintained. Information network points from where tourists can be directed can also be expanded, through improving tourism signage in towns and erecting information boards at the entrances of towns. For example, a suggested information board at the entrance of Koringberg may indicate that it hosts not only the annual Broodfees, but also other have tourist attractions available in the town, list places for accommodation, and provide a map of the town. It is recognised that Swartland is diverse from a tourism perspective and that different strategies will be required for each town. Uniform tourist signage, linking all the towns with clear information points, highlighting the uniqueness of each town, should be considered.

A further detailed separate study looking at tourism development and marketing should be undertaken. A tourism development strategy for Swartland Municipality should look at the following areas:

- Assessment of tourism supply and demand
- Tourism forecast
- Infrastructure assessment and development
- Product assessment and development
- Market development and promotion

A strategy for tourism development in Swartland would have to be in compliance with the economic, cultural, social and environmental goals nationally, provincially as well as of the area. It would therefore have to promote the participation of of HDI's.

3.4 WORLD CUP 2010

Cape Town will be the venue for some of the soccer World Cup 2010 games. Though Cape Town may be the preferred choice of accommodation for individuals attending the games, Swartland can be marketed as an attractive alternative for individuals looking for a place to stay. Swartland need not attempt to revamp itself and offer 5-star accommodation, since the metropole can accommodate individuals in search of luxury facilities. Swartland does, however, have the capacity to cater to

individuals who are looking for comfortable accommodation within a rural context. With the build-up to the World Cup, the cost of accommodation in the metropole is likely to increase exponentially. If the Swartland can offer their accommodation at affordable rates, they can attract World Cup attendees who are likely to be more 'middle income'. Swartland's proximity to the metropole, along with the N7, makes the venues of the games accessible to World Cup attendees. All these qualities combined comfort, affordable and good access to venues of games, can be packaged and marketed to individuals seeking accommodation for the World Cup. It creates opportunities for Swartland to, in conjunction with travel agents, build packages that not only include accommodation but perhaps also offers specials to tourist attractions within the Swartland. These packages can be used to encourage people to travel within the Swartland; instead of them simply overnighing in Swartland and being tourists in the metropole.

3.5 SUMMARY

The Swartland is endowed with the potential to diversify its economy and grow manufacturing, trade, tourism, agriculture and construction. Labour will play a pivotal role in growing these economic sectors. Not neglecting the contribution and opportunities related to the marine resources, a survey and analysis of the economic opportunities around the fishing industry should be undertaken. The chapter that follows discusses elevating levels of education, skills and training within the Swartland.

CHAPTER 4: EDUCATION, SKILLS DEVELOPMENT AND TRAINING

Although it is often argued that individuals who acquire skills will migrate to larger towns and cities, this does not negate the need to provide for training and skill development locally in order to grow the economy of Swartland and improve the quality of life of its residents. Through their skills, individuals are able to participate effectively in the economy of their chosen towns or cities, thus contributing to the national economy.

It is essential that human resource development strategies are aimed at the complete lifespan of individuals; thus including early childhood development, formal schooling, tertiary education, skills development and adult basic education. Recent research indicates that success in formal school education is to a large extent dependent on early childhood development and early schooling.

4.1 KEY ISSUES

Education, skills and training empowers individuals and facilitates their movement to better economic opportunities. Fieldwork identified a shortage of skills training and employment opportunities in Swartland, resulting in local people seeking education and skills training in other areas such as Cape Town. Though Swartland is located in close proximity to the metropolitan area for workers to commute, communities lose their role models, and people who are left behind can become despondent and interpret the move as indicative of a lack of economic growth. The flip side of the coin is that local labour may lack the education and skills training required by local businesses who then source labour from outside the area. From a sustainability perspective, local labour should be equipped to supply the local demand for labour. Retaining and developing skills capacity within the Swartland Municipality is also of concern, as the provision and maintenance of utility services is a basic precondition for sustainable local economic development.

4.2 OBJECTIVES

Education and skills training can facilitate movement of marginalised individuals into the first economy. Improving the economic opportunities that are accessible to individuals will likely increase household incomes, and local buying power. Through promoting life-long learning programmes, one can encourage and entrepreneurship, particularly in historically disadvantaged communities. Life-long learning programmes entail educating and training a child from early childhood, until adulthood. Ensuring that ongoing skill development and associated mentorship occur within all industries in Swartland, but also within the municipality.

4.3 EDUCATION, SKILL DEVELOPMENT AND TRAINING STRATEGY

The ability of individuals to participate meaningfully in the economy depends on their levels of education, skills and training received. Due to the gap between required levels and availability of skills nationally as well as locally²⁴, lifelong education, training and skill development programmes should be pursued, from early childhood to adulthood.

4.3.1 EARLY CHILDHOOD DEVELOPMENT PROGRAMME

Access to early childhood development is important to ensure that children have a sound foundation, which will prepare them for future learning. A strategy for such a programme should ensure that there are good quality buildings that are available to be used as educare facilities. Municipal regulations should be evaluated to determine that they do not hamper the establishment of educare facilities. Partnerships between the private sector and township educare facilities could be forged, and a community fund should be established to support the operation of educare facilities. Such partnerships could perhaps entail an 'adopt-a-creche' programme, in which a business adopts an educare facility and makes a monthly or annual pledge to this institution. Broader community involvement in educare facilities should be encouraged. Parents and communities surrounding educare facilities could assist in their maintenance, as well as promoting safety and security.

4.3.2 SCHOOL ASSISTANCE AND DEVELOPMENT PROGRAMME

This programme relates to the support that schools receive from the municipality, the private sector and the community, in order to facilitate their development. A role that the municipality could play is to identify problems with service provision that it can address. It is the municipality's role to ensure that school access roads are in good condition, and lighting around schools is good.

Channels of communication should be established between learning institutions, parents, and private businesses. Each of these groups can play a role in promoting the importance of education, skills and training to learners, and instilling within children a desire to attain academic excellence. Communities and the private sector can be involved in improving school facilities. Companies could for example, sponsor the building of a school hall, and parents could volunteer on weekends to assist with the maintenance of school grounds and buildings. All these groups should work together (pooling their resources, ideas and abilities) to develop responses to the challenges faced by learning institutions. Means of connecting future employers and learners should be explored. Businesses, schools and the municipality could organise a career exhibition event, similar to the recruitment drives that happen at universities around the country for Grade 12 learners. Businesses

²⁴ Many firms in Swartland have indicated that they are unable to source skilled workers locally.

can then identify students whom they want to assist in exchange for subsequent employment with the company. Such an arrangement could allow businesses to have access to a pool of labour for which may have otherwise remained untapped. This approach might also act as a motivation to learners to excel, since at the end of their schooling they are afforded the opportunity to be recruited by a company.

Nutrition and transport are also key aspects and relevant programme in this regard should be supported, in particular at township schools. Existing transport to primary and secondary learning institutions should also be evaluated, since transport directly impacts on accessibility.

The number of schools (divided by category) in each Swartland town is reflected in Table 5. This indicates that there are only 41 primary schools, but only 6 high schools to service all students in the area. To this could be added the boarding schools, some of which have both primary and secondary learners. Though this report does not contain detailed information on the number of students needing to attend high school, the preliminary analysis highlights the need to investigate if another high school is required in Swartland. A detailed audit of the number of primary and secondary schools and the number of learners should therefore be conducted.

TABLE 5: NUMBER OF SCHOOLS IN SWARTLAND TOWNS

Town	Pre-Primary	Primary	Intermediate	Secondary	Combined	Boarding	Higher
Malmesbury	7	13	3	3	1	(3)	2
Chatsworth	1	1					
Riverlands	1	1					
Abbotsdale	1	1					
Kalbaskraal	1	1					
Mooreesburg	3	10	1	1		(2)	2
Darling	3	12	2			(1)	
Yzerfontein							
Riebeek-West			1	1		(1)	
Riebeek Kasteel		1	1	1		(1)	
Koringberg	1	1					
Total	18	41	8	6	1	(8)	4

4.3.3 CO-ORDINATED ADULT SKILLS DEVELOPMENT PROGRAMME

A detailed audit of all current education and skills training institutions should be conducted; looking at all Technical Colleges (West Coast College), Private Colleges (Moorreesburg Training Centre, Private Computer Centre in Malmesbury), and Sector Education and Training Authorities (SETA). Channels of communication should be established between local businesses and existing learning institutions, in conjunction with the audit. It is important to determine the education and skills that the market demands; so that a strategy can be developed to provide the local community with the necessary education and skills needed to supply local business' labour demands. The audit of education and skills training institutions, along with labour market demands, and knowledge of the economic sectors that are growing, can inform educational institutions' curriculum design. Co-operation and co-ordination between these interested and affected parties could help business to identify gaps in skills training, that they are able to fill themselves through providing on-the-job training and apprenticeships.

An audit of available skills to bridge the gap between demand and supply would be necessary. This could be done in co-operation with local businesses to establish what current skills are needed by businesses and what skills are available. This could also inform the type of training programmes or institutions needed. Such a skills audit could be done per sector. Co-operation between businesses, training institutions as well as community-based organisations is imperative in the successful matching of available skills with the appropriate sector, and for the formulation of a skills development strategy.

The capacity of the West Coast College, the Moorreesburg Training Centre and Malmesbury Private Computer College, should be assessed in greater detail. This assessment would determine whether these institutions would be able to provide a wider range of courses, to equip individuals with the skills that local businesses demand. If it is determined that existing institutions would be unable to provide a wider range of technical courses, the establishment of a technical training school in Swartland should be considered as a public private partnership between the private sector and the National Department of Education. Potentially the current institutions could be forged into a single entity and capacitated with the necessary financial and other resources.

Consideration needs to be given to formulating innovative ways to provide basic literacy and numeracy and skills training. Also of concern is that language proficiency (English and/or Afrikaans), in particular for those with African home languages, is major constraint in terms of access training institutions and functioning in the workplace in Swartland. Reaching people in rural areas with basic education and training programmes is another major challenge. Fieldwork and workshops revealed that lack of finances to afford a myriad of costs, and a lack of accessible transport, make existing

institutions inaccessible to poor individuals. A possible solution could be to have a mobile training facility, which could service the townships as well as the rural areas. Once again, consideration should be given to supplementing such an initiative with a feeding scheme; perhaps a soup kitchen could accompany the mobile training facility when it goes into poor communities.

Ongoing skill development in existing industries as well as at the Swartland Municipality should include mentoring programmes as well as the introduction of apprenticeships. Considerable opportunity exists in particular within the municipality to introduce mentoring programmes within all of its departments. This should not only include existing staff, but also consider future prospective staff and students on an ongoing basis.

4.4 SUMMARY

Education, skills and training, when matched to market demand, is a springboard to economic development and a better quality for all Swartland residents. An on-going audit of the market to establish the labour needs of business as well as the current labour offering is imperative in facilitating the continuous supply of the correct skills. This approach should also include focus on mentoring and apprenticeship programmes within the private sector, but also within the municipality. In order to stimulate investment and create jobs it is important that Swartland retains and grows its current businesses, while attracting new businesses into the area. The chapter that follows discusses measures that can be taken to attract and retain business activity in the area.

CHAPTER 5: BUSINESS DEVELOPMENT AND SUPPORT

Swartland has a number of established local, national and international businesses operating within the area. The area is well endowed with infrastructure such as road and rail, the development of Malmesbury as an administration and manufacturing centre as well as its close proximity to Cape Town. Large firms such as the Swartland Group and Bokomo, have been located in the area for generations. If the area loses the assets that make it attractive to business, they may choose to relocate to other areas. It is therefore important that the Swartland remains a viable location for business operations, so that it can retain and grow existing businesses, as well as attracting new business. Businesses that are currently operating in the area are major employers; if they choose to relocate it is likely to have a significant negative impact on the economy. In addition, most businesses in Swartland are SMMEs (Small Medium and Micro Enterprises). SMMEs are important because they are locally owned and therefore the source of employment and income generation for a considerable portion of the workforce.

5.1 KEY ISSUES

Swartland needs to maintain the attributes and assets that make the area attractive to existing business. These attributes should be promoted in order to expand business operations in the area, attract new enterprise, create jobs and have linkages to SMMEs and entrepreneurship. Expansion and support of SMMEs is likely to promote entrepreneurship. SMMEs have the potential to make a substantial contribution to the growth of the local economy. In particular SMMEs could facilitate entry into the mainstream economy, for people who are unable to find employment. Entrepreneurship also encourages innovation and diversification. It is important that emerging SMMEs receive support from businesses that are established in the sector and this service must also be inclusive of farming activity.

5.2 OBJECTIVES

This strategy has two broad, interlinked objectives. *Firstly*, to retain the businesses operating in the area, while attracting new businesses to the area and using the growth of business to provide opportunities for job creation. Essentially, expanding business activity is pivotal to any strategy to grow an economy, since, the lifeblood of economies is the flow between factors of production and households. *Secondly*, to provide business support to emerging and growing SMMEs. SMMEs operate within a variety of economic sectors, which feeds into the strategy to diversify the local economy. Providing individuals with business education and skills enables them to pursue entrepreneurial activities, and facilitates their movement into being economically active. SMME

development is also closely linked to human capital development (viz. education, skills and training) as well as the reduction of poverty.

5.3 BUSINESS SUPPORT AND DEVELOPMENT STRATEGY

5.3.1 MUNICIPAL INFRASTRUCTURE AND SERVICES

The quality, extent and level of utility services such as water and electricity provision, roads, waste disposal, etc, provided to businesses remain critical reasons why firms remain and expand in an area. Engagement with established businesses indicated that Swartland Municipality is very responsive to business infrastructural needs and a good relationship exists. This infrastructural support should also be extended to the rural areas, in particular road infrastructure and utility services. Every effort should therefore be made to retain this good relationship with businesses and the medium to long term infrastructural needs of businesses must be built into the municipal IDP.

5.3.2 INVESTMENT INCENTIVES

Marketing a local area can play an important role in mobilising local stakeholders as well as in attracting businesses and industries to an area to facilitate job creation and increase the local tax base. Investment incentive is one tool used by governments to create favourable climates to attract direct investment. These incentives include a variety of measures, which could be used to attract investment, steer into favoured sectors and/or regions, or to influence the character of an investment, e.g. when labour-intensive investment is being sought. Incentives are any measurable economic advantage afforded to specific enterprises or categories of enterprises by a government in order to influence them to behave in a certain manner.²⁵

Swartland Municipality's mission statement: "*we ensure social and economic stability and growth...*" emphasises the commitment to ensuring economic development and growth and decreasing levels of poverty. Key to this is the retention and expansion of existing business, as well as the attraction of new investment. It is imperative to attract investments towards areas whose economic potential is still latent, as this will enable the poorest members of the communities within Swartland to share in the benefit of economic growth and development.

Strategies for investment incentive should include the reformulation of Swartland Municipality's regulatory environment so as to make business investment and relocation to the area more attractive and easy. This can be done through the provision of tax and financial incentives, improving market access to the area, tariff breaks, building competitive advantage and the establishment of industrial

²⁵ City of Cape Town Draft Investment Incentive Policy, March 2005

development zones (IDZs). Investment incentives are being proposed to unlock economic opportunities in low-income areas and to bring jobs closer to the poor.

The investment incentive strategy is in line with the existing national incentives offered by the Department of Trade and Industry, which, in co-operation with the Industrial Development Corporation, offers over 90 incentives, loans and rebates to attract investment and support business development. These incentives include the following categories:

- Investment support
- Small business development
- Empowerment finance
- Increasing competitiveness
- Innovation and technology
- Export assistance
- Industrial development zones
- Urban development zones (tax incentives)
- Film Incentive

It is also imperative that the investment incentive is aligned with other government policies and strategies. These include, inter alia, the following: Integrated Manufacturing Strategy, Micro-Economic Reform Strategy, Advance Manufacturing Technology Strategy, Western Cape Growth and Development Strategy (incl. IKapa Elihlumayo), Provincial Strategic Infrastructure Plan, Provincial Spatial Development Framework, National Skills Development Strategy and Expanded Public Works Programme.

5.3.3 PLACE MARKETING

There are a number of characteristics of an area that can attract investment, viz. capability differences, cost differences and other factors.

Capability differences refer to differences between the technology (computer services, machinery that can be accessed etc.) and skilled labour that one area can offer to business, as opposed to another. Businesses are likely to choose to operate in areas which has the technology and level of skills that they need; since these factors are likely to give them an edge over their competitors. Swartland's endowments of such factors can be used to differentiate it from other areas and an audit of the area's technology and skills is proposed.

Cost differences refer to costs of production and operation differing between various areas. These costs essentially refer to the cost of services, labour, land for expansion, capital, etc. for businesses

wishing to operate in an area. For example, one area may make itself more attractive to business, when compared to another, if it is able to offer services at a lower cost.

Other factors that can affect where businesses choose to invest are the logistics (or so-called ‘red tape’) that surrounds starting or expanding a business in a particular area. The proximity of the market to the business is also a factor. Proximity not only refers to physical distance, but also the accessibility. Thus, a town situated close to the business’ market, which has bad roads linking the business and the market, might be less attractive to investors than a town that is situated further away but has good road infrastructure.

Swartland currently has a number of major businesses established in the area and it can market itself as an area that is attractive for business. Swartland’s proximity to Cape Town, along with the N7 linking it to the metropole, opens up the metropole as a market. In addition, Swartland’s proximity to Cape Town International Airport, and the harbours in Cape Town and Saldanha Bay, are assets that it can promote to businesses that wish to access international markets.

It is important that place marketing is cognisant of business activity in each town, in order to emphasise towns that have the greatest potential. Table 6 is a blunt estimate of the number of businesses that were registered in each town in 2005. From the Table it is clear that Malmesbury and Moorreesburg are the towns with the greatest business activity. This suggests that they should be marketed more aggressively.

Table 6: Number of registered businesses by region (August 2005)

<i>Region</i>	<i>Number of Businesses</i>
Riebeeck West	40
Moorreesburg/Koringberg	283
Malmesbury/Abbotsdale	598
Darling/Yzerfontein	129
Riebeeck Kasteel	33
Total	1083

As mentioned the quality of services that the municipality provides, the relationship between the municipality and business, the availability of land for industrial use, the accessibility of local and international markets, the proximity of airports and harbours are all attributes that make the Swartland attractive to business. These characteristics should be used to market the Swartland as a unique place for business. The existence of perceptions of a positive economic climate should also be promoted. The Swartland municipality should make every effort to ensure that it does not lose the attributes that make it attractive to business.

Wesgro as a provincial trade and investment promotion agency and, being the main point of contact with exporters, importers and investors into the province, plays a key role in marketing the province as a competitive South African business location. The establishment of a sound working relationship with Wesgro will play a vital role in advancing economic development in Swartland. In addition the establishment of business forum is proposed to engage business, the community and the municipality with a focus on promoting Swartland as a place to invest in and also to encourage socially responsible business development²⁶.

5.3.3 AGGLOMERATION, CLUSTERS, HIVES AND NODES

Agglomeration economies, which describe the benefits that firms obtain when locating near each other, can attract businesses to an area. The logic is that arrangements such as business nodes and clusters (which is having a number of interconnected businesses, suppliers, and associated institutions in a particular field, located in one geographic area) can create economies of scale. The rationale is that the greater the number of related firms that are clustered together, the lower the cost of production (firms have competing multiple suppliers, greater specialisation and division of labour result), and the greater the market that the firm can sell to. Even when multiple firms in the same sector (competitors) cluster, there may be advantages because that cluster attracts more suppliers and customers than a single firm could alone

Clusters, hives and nodes can create economies of agglomeration; because it allows for the centralisation of administrative support services, it increases networking, and can facilitate mentoring and sharing advice. A feasibility study should be conducted to ascertain the types of business clusters that could be established, and the logistics of such a cluster (i.e. the availability of physical space; the best geographic location (is it close to potential markets, is it accessible to interested entrepreneurs); the quota of businesses in the cluster etc. Hives also provides for SMME's to enter the market and seek linkages with established businesses.

5.3.4 BUSINESS ADVISORY SERVICES

A Business Advisory Centre, should be established in Malmesbury. This centre could provide SMMEs with advice related to procurement and business development. It should also have a resource centre that does market research and can assist in planning and adapting the business, in order to ensure that they remain competitive in the market. The centre itself can create opportunities for networking and sharing ideas, in particular with established businesses.

²⁶ For example, Mount Royal Golf Estate has dedicated 2 percent of every re-sale to be used for community development in Swartland.

The centre should also have an accessible integrated business database (with businesses names, contact details, size, products offered, availability for mentorship etc.), and the programs offered by such a centre should be offered through a mobile service throughout Swartland. This is in contrast to efforts to establish advisory centres in each town, which is not feasible. The assistance of the Provincial Red Door Programme should be sought in this regard.

Access to finances is often identified as one of the main barriers to starting or expanding an SMME. It is therefore important to identify and ensure awareness of available financial assistance. Links between respective government departments should be co-ordinated in order to ensure that entrepreneurs in townships have appropriate information and necessary documentation to enable them to gain financial assistance. The current initiative from the Government Communication and Information Service (GCIS) to inform municipalities and local communities of available government sponsored programmes, is encouraging (details on the GCIS programmes are indicated in chapter 8).

5.3.6 BUSINESS EDUCATION AND SKILLS DEVELOPMENT

Entrepreneurs who lack business skills and experience are more likely to see their businesses fail. It is therefore important that individuals be equipped with the necessary education and skills needed to exploit economic opportunities and sustain their business. A business skills audit with SMMEs and entrepreneurs would assist in identifying the needs of small businesses. This could inform the type of courses to be offered. The availability of business courses should also be assessed, to determine whether additional courses are required. Some essential courses that should be offered to entrepreneurs are: business planning and financial planning. The accessibility of these courses, in terms of costs and transport to the educational institution and times that courses are offered should be considered. In the future, province will provide mobile Red Doors, and the Swartland should apply for one. The accessibility of funding should also be considered to address cost issues. A suggestion put forward twokshops is to offer some courses at workplaces during lunch, because some people work long hours and have to tend to their families when they get home. The West Coast College offer some business training programme, but this institution is under resourced. This facility could be further capacitated as one option to address training needs.

Business incubators are seen as important instruments to accelerate skills, experience and technology transfers in small enterprises generally and, more importantly, in particular sub sectors on niches. The injection of a significant skills-development component (also including managerial and entrepreneurial training packages) is generally viewed as a prerequisite for small incubators.

5.3.7 BUSINESS MENTORING

Established businesses can be partnered with emerging businesses for mentoring. Experienced businesspersons can share their knowledge of best practices, financial advice, resources of information with fledgling businessmen. It may be necessary to provide incentives for mentoring, such as municipal tenders preferring businesses engaged in mentoring. The role of local Chambers of Commerce could be critical in this regard. The presence of businesses that have been operating for long periods in towns such as Malmesbury as well as the active Swartland Chamber of Commerce, provide a good basis for this vital service which most probably is already happening informally, to be expanded.

5.3.8 MUNICIPAL PROCUREMENT

Municipal procurement is an important mechanism to supports emerging SMME's, in particular those owned by historically disadvantaged individuals. Swartland has a web-based procurement facility and pro-actively support local emerging and established SMMEs. Success achieved in terms of compliance should be actively monitored and reported on a regular basis to the broader Swartland community and local businesses.

5.3.9 REGULATIONS AND BY-LAWS

Regulations and by-laws that affect SMMEs should be reviewed. Consideration should be given to rezoning procedures, business-licensing procedures, the impact of financial procurement requirements etc., which all directly influences the establishment and expansion of SMMEs in particular those located in residential areas. Home-based SMME activities with negligible noise and traffic impact should be allowed, in particular if it creates income and job opportunities.

5.4 SUMMARY

Swartland has the potential to market itself as a viable location for businesses, and attract investment, which should absorb local labour and improve local buying power. Beyond attracting big businesses, the area also has the potential to expand SMMEs, which will play an important role in developing the local economy.

CHAPTER 6: SPATIAL PLANNING AND TOWNSHIP DEVELOPMENT

This chapter deals with the spatial aspects of township planning affecting the local economy. Space has a direct impact on the ability of local communities to access economic opportunities as well as the rate at which assets, such as land, increase in value. The aim is not to (re) produce a spatial plan, but rather to ensure that the economic implications of drawing up such plans, in particular for townships are, adequately taken into consideration.

6.1 KEY ISSUES

Apartheid, coupled with neighbourhood and suburban planning have resulted in a lack of significant retail, commercial and SMME development in most townships in South Africa. This pattern is also evident in towns within Swartland Municipality. These townships are de-linked from the main CBDs and due to their composition of mainly low income residents, road design and transport networks, do not attract any significant private sector investments. Consequently, this has resulted in limited economic and employment opportunities in townships. Further, due to high land prices and historic ownership patterns within older CBDs, access to land and building for emerging businesses are well beyond their reach.

6.2 OBJECTIVES

The long-term objective should be to generate employment opportunities in dormitory townships in order to eliminate the economic stagnation that is pervasive in many townships. Focus should in particular be placed on increasing linkages and accessibility of residents in townships to economic opportunities in CBDs in the main towns. Improved spatial linkages of townships with CBDs will also increase the viability of public transport, creating a cycle of movement, accessibility and retail and commercial growth. However, this should be in the context of the economic growth potential of each specific town. This does not imply creating secondary CBDs in townships, rather to ensure that new economic development is also directed to these areas, along routes such as activity streets and decentralised nodes. Also of importance is to generate economic opportunities within existing, established CBDs for emerging businesses.

6.3 SPACE ECONOMY STRATEGY

A wide range of spatial development strategies should be pursued in order to restructure the space economy of townships, and these include the following:

- (a) Linking the Development of Towns to their Growth Potential

- (b) Increase linkages with CBDs and attract Private Sector Investment to Township
- (c) Land Use Management

6.3.1 LINKING THE DEVELOPMENT OF TOWNS TO THEIR GROWTH POTENTIAL

The size and extent of residential development, and in particular low-income townships, should be in relation to the growth potential of a particular town. This does not imply that historical issues that prevented farm workers from living in towns, coupled with rural-urban migration due to the increased mechanisation of farms and land tenure, should not be addressed. However, the establishment of large low-income township outside towns with limited growth potential is not economically sustainable and will increase cycles of unemployment and poverty.

Spatial planning in Swartland must be informed by the National Spatial Development Perspective (NSDP) and the Provincial Spatial Development Framework (PSDF) as well as its associated Growth Potential Study of Towns for the Western Cape. In terms of the NSDP, government spending should be focussed on:

- *Fixed capital investment* which should be aimed at those localities illustrating both high levels of poverty and development potential; and
- *Social capital spending* which should be aimed at those localities illustrating low development potential. In these places the primary focus should be on people, their development, learning and skills development, to prepare them for the job market.

The Growth Potential Study of Town in the Western Cape ranked Malmesbury 14th, and Moorreesburg 32th. Based on the findings of this study, the focus of public investment in Malmesbury and Moorreesburg should be on both fixed capital investment in infrastructure and social development. However, the focus of other towns in the Swartland should be on *basic* infrastructure investment, and significant social investment.

6.3.2 INCREASE LINKAGES WITH CBDs AND ATTRACT PRIVATE SECTOR INVESTMENT TO TOWNSHIPS

Road transport linkages, facilitating connectivity between CBDs and townships should be improved in a manner that improves the possibility for commercial and retail activity to be developed along routes linking with the townships. This will increase opportunities for the informal sector and SMMEs to become sustainable due to exposure to passing trade and thereby increase their viability. This should in particular be pursued for towns such as Malmesbury, Moorreesburg and Darling. Investment in townships should also be encouraged through strategic investment in public facilities, public open spaces and landscaping of roads. Improving the quality of public spaces and roads will contribute towards increasing the value of residential properties as household asset, as discussed in

chapter 8. Part of basic infrastructure investment should be improving informal trading areas, not only in the townships but also so in the CBDs.

Neighbourhood Development Partnership Grant (NDPG)

The NDPG recognition that strategic public sector investment in community facilities and places can provide the stimulus for sustainable private sector investment and improvement in the asset value of township properties. The fund focuses not only on the nature of the community facility or place, but specifically how public sector investment can attract private sector investment in order to improve access to shops, markets, recreational and community facilities, and public transport.

Creating Opportunities within Existing CBDs

Emerging businesses and in particular those owned by historically disadvantaged individuals, have the challenge of both starting a new business as well as finding appropriate and affordable buildings and land to lease or for purchase. Opportunities that may arise within the existing CBDs, such as the sale of municipal land or buildings should aim to also create opportunities for such businesses. This could be achieved through renting out surplus space within municipal buildings or the inclusion of appropriate provisos in tender documentation.

6.3.3 LAND USE MANAGEMENT AND CONTROL

The application of land management mechanisms such as zoning schemes, assist with generating land use order and avoid conflicting land uses in close proximity to each other. However land use control has also been used to retain the dormitory status of suburbs. Households with high levels of car ownership may be able to easily access remotely located economic and social services and opportunities. However for many township residents, zoning that does not allow non-residential activities, and where the majority do not have a car, dormitory suburbs is a huge impediment and adds to disempowering poor residents. Therefore flexible zoning should be pursued and change in land use application should be accelerated in poor areas, where it will contribute to increased economic and business activity within towns.

6.4 SUMMARY

The nature, form and location of low-income residential areas have a direct impact on their ability to attract private sector investment, associated employment opportunities and possibly SMME developments. The future development of towns, and in particular the extension of townships, should be linked to their economic growth potential. According to the PSDF, only Malmesbury and Moorreesburg have potential to justify significant fixed capital investment. Consequently the development of large-scale dormitory low-income townships should be avoided in smaller in towns

with a limited economic base and job opportunities. Spatial planning measures to improve transport linkages between CBDs and townships should also be explored. Coupled with this is the need to significantly improve the quality of community facilities and spaces in townships, with the objective to increase the asset values of properties located here. It is also of importance that economic opportunities are created for emerging businesses within established CBDs.

CHAPTER 7: POVERTY REDUCTION

Poverty reduction is central to the government initiative to improve the well being of the poorest residents. Some of the aspects addressed in this section have already been discussed in previous chapters. A focus on sustainable livelihood provides a platform for a long-term poverty reduction strategy. In order to develop strategies to alleviate poverty it is important to define poverty. Poverty can best be understood through the following definition:

‘Poverty is more than a lack of income. Poverty exists when an individual or a household’s access to income, jobs and/or infrastructure is inadequate or sufficiently unequal to prohibit full access to opportunities in society. The condition of poverty is caused by a combination of social, economic, spatial, environmental and political factors.’²⁷

Understanding poverty is important because poverty reduction is a critical pre-condition for economic development. Households or individuals are considered to be poor when the resources they command are insufficient to enable them to consume sufficient goods and services to achieve a reasonable minimum level of welfare. Poverty has generally been measured in terms of a poverty line, based on the cost of a basic food basket.²⁸ This analysis has, however, neglected the dynamics of poverty and has failed to distinguish between aspects such as transient and persistent poverty; between different household trajectories; impoverishment or improved well-being; or between deprivation and insecurity. Poverty inhibits people’s ability to participate meaningfully in the economy and society. Poverty is intrinsically linked to economic, social and psychological well-being through its link to a host of factors such as: inadequate access to basic municipal services, under and unemployment, low levels of income, unstable economic assets, lack of access to shelter, positive correlation with poor health outcomes, poor education outcomes, limiting decision- making, etc. Poverty is characterised by individuals and households struggling to sustain their livelihood. This struggle may be characterised by individuals and households being caught up in vicious cycles of deprivation, which limit the ability of individuals and households to break out of the poverty trap.

Internationally poverty reduction strategies have moved away from merely focussing on reducing poverty through social welfare programmes to adopting a sustainable livelihood approach to poverty reduction. Assets are at the centre of this approach, with households or individuals drawing from these assets in order to build their livelihoods. Poverty reduction differs from poverty alleviation which focus more on social welfare interventions. It is not the intention of this document to deal with *poverty alleviation* programmes and this should rather be developed as a separate strategy.

²⁷ Rakodi, Carole and Lloyd-Jones, Tony (2002)

²⁸ Rakodi, Carole and Lloyd-Jones, Tony (2002)

7.1 KEY ISSUES

Property is prevalent in virtually all towns in Swartland but more so in towns such as Chatsworth, Riverlands and Kalbaskraal; as well as the townships located within Malmesbury (Illengu Lethu, West Bank), Darling, Moorreesburg, Koringberg. Social investment should be concentrated in the towns with the greatest need, without ignoring investing in all impoverished communities throughout the Swartland. Rural development and uplifting the quality of life of farm workers is essential. It is important to promote development and poverty reduction in neighbouring areas as well, because if neighbouring areas remain underdeveloped, their unemployed and poor will migrate to Swartland, which will create new challenges for Swartland's development.

7.2 OBJECTIVE

The intention of a poverty reduction strategy is to improve the quality of life of the poor and reducing a dependency on social welfare over time. Given the nature of poverty traps, poverty can become intergenerational, and programmes need to be put into place, which aim to break the cycle of poverty.

7.3 SUSTAINABLE LIVELIHOODS STRATEGY

The assets that form part of this approach are: social capital, natural capital, financial capital, physical capital, and human capital. The linkages between these assets are each discussed in greater detail in the sections that follow.

7.3.1 FINANCIAL CAPITAL

Improve access to finances so that individuals can engage in entrepreneurial activities. This calls for measures such as regulation of loan providers, so that the poor may have access to low interest loans, and enjoy protection from being charged exorbitant interest rates on loans. Although regulations in this regards is already in place, implementation and monitoring remains a problem. Providing low-interest loans may allow the poor to use this income to mitigate negative shocks to household income, and to be used as capital to start small businesses. Community saving schemes have also been successfully implemented in many poor areas in the country and NGO/private sector service providers can be approached to initiate such programmes in Swartland. In the short-term it is important to ensure that poor communities have easy access to government pension and welfare

grants through multi-purpose community centres and mobile pay points and clinics. This should be coupled with awareness programmes to ensure the poor access these.

7.3.2 PHYSICAL CAPITAL

Adequate shelter and basic services (especially access to water, electricity, and sanitation) should be provided in areas close to social and economic opportunities; such as public schools, healthcare, places of employment, etc. A variety of affordable housing options should be provided in well-located areas to ensure that these houses can be used as assets. Addressing backlogs in basic services should be coupled with improvement of public spaces (e.g planting trees, paving sidewalks) to allow poor households to leverage their houses as an asset. The provision of effective and efficient public transport between townships and CBO's is also critical.

7.3.3 NATURAL CAPITAL

This focus on facilitating access for the poor to natural resources, such as flora, fauna, the ocean, land, etc. to contribute towards sustainable livelihoods. This deals with aspects such as agricultural land for emerging farmers, the benefits from establishing nature reserves, the use of fishing resources etc. Developments should not deplete the areas wealth of natural assets, sustainable usage should therefore be encouraged. The national government has several programmes aimed at protecting and preserving our environment. The GCIS²⁹ publication has identified programmes such as the Working for Fire programme, Working for Water programme, Working for Wetlands and the social responsibility programme, which not only preserve the environment but has potential for creating employment. Swartland Municipality can play a role in co-ordinating as well as increasing awareness of these programmes amongst communities.

7.3.4 SOCIAL CAPITAL

Social capital is a broad concept, put simply it refers to the level of social cohesion within a community (i.e. how well people get along and relate to one another). Social capital is important because it affects people's ability to access network within their community. It also affects investors' perception of an area, and determines whether businesses choose to locate in a town. Therefore, a programme to increase social capital should address issues of youth developmental needs, substance abuse and crime. Rehabilitation clinics for substance abusers should be more accessible (lower costs or free), and should offer continued support to prevent relapses. Support groups should also be promoted for anyone in need of counselling.

²⁹ GCSI publication, Building a People's Contract for Faster and Shared Growth, 2006

There should also be adequate and accessible recreational facilities and activities, and the youth in particular should be engaged in constructive activities. Currently, there are a number of CBOs and NGOs working in various towns to build social capital (viz. NICRO, Moorreesburg Development Initiative, church organisations, Darling Trust, to name but a few). The Sondeza Afri Youth Camp that gets held annually in Ganzekraal, is such a initiative; as well as the camp for street children. Youth camps and life skills programmes should be expanded and replicated throughout Swartland.

CBOs and NGOs should be supported through partnerships with the private sector and the municipality. For example, businesses should be encouraged to donate a percentage of sales to a specific CBO or NGO. This encourages consumer loyalty for the business, and provides funding for the organisation. The actions of CBOs and NGOs should also be co-ordinated to avoid duplication, to ensure that all communities are reached, and to create awareness so people can access the organisations that they need. One tool for co-ordination could be the circulation of a monthly newsletter, or utilising the local newspapers (Swartlander and the Herald) to share relevant information pertaining to CBOs and NGOs. A municipal fund could also be established to promote and support community based organisations and non-governmental organisations to establish school feeding programmes, early childhood development programmes, food gardens, etc.

7.3.5 HUMAN CAPITAL

This strategy should focus on investing in education and training; and developing and supporting life-long learning programmes. As discussed in the chapter on elevating education, skills and training, building human capital should be related to growing economic sectors. A holistic approach to addressing health issues is required, with particular focus on HIV/AIDS. Such a programme should include promoting access to clinics, access to Highly Active Antiretroviral Therapy (HAART) for aids patients, access to treatment for chronic conditions (high blood pressure, diabetes etc.), access to family planning, access to nutrition and access to health education. CBOs and NGOs that provide education and care for people infected and affected by HIV/AIDS should be supported.

7.3.5 OTHER STRATEGIES

Other approaches that should be considered include a rural economic assistance strategy, targeting the rural poor. As part of such a strategy, the poor should be informed of the type of assistance the local authority could offer, as well as means of accessing such assistance. Partnerships with commercial farmers would play a vital role in ensuring the success of such a strategy. Reducing poverty in the Swartland should incorporate the programmes and 'thrusts' outlined in the West Coast Region Poverty Alleviation Strategy. If the Swartland reduces poverty, while neighbouring areas remain impoverished, poor residents may migrate to the area. It is therefore important to ensure equitable development throughout the region.

7.4 SUMMARY

It is important that poverty be reduced through adopting an approach that will sustain improvements in quality of life. Through focusing on the development of assets, as opposed to the expansion of welfare programmes, households will be able to break vicious cycles of poverty and marginalisation. A sustainable livelihood approach requires the simultaneous development of financial, physical, natural, social and human capital of poor communities to Swartland.

The chapter that follows addresses the implementation of the Swartland LED strategy.

CHAPTER 8: IMPLEMENTATION

Swartland Municipality's vision is to “..build sustainable partnerships with all our people” , while its mission states that the municipality strives to “... ensure social and economic stability and growth through the sustainable delivery of all primary and secondary services to all our interested parties. This vision and mission relates well to the objectives of local economic development at a national and provincial level, which aim to promote sustainable economic growth, create job opportunities, improve skill levels, reduce poverty and promote broad based economic empowerment.

8.1 THE IMPORTANCE OF PUBLIC PRIVATE PARTNERSHIPS

From the previous chapters it is clear that a wide range of strategies, associated programmes and projects would need to be implemented, in order to realise the local economic development objectives and contribute towards achieving the municipal vision and mission. The municipality is however not required to be the only role-player nor is it required to directly create jobs. However, Swartland Municipality has an important economic development role in terms of facilitation, co-ordination, mediation and capacity building of other role players. The implementation of the various strategies requires therefore the formation of partnerships with the public, community and CBO/NGO sectors, depending on the particular strategy to be pursued.

A number of partnership arrangements are possible and the following is not exhaustive and various combinations of these are possible. The key distinguishing characteristics of each are the primary driver and what form of secondary support is needed for success.

The possible partnerships with the private sector as a key role player includes the following:

- Private Driven-Public Response Partnership Model: This approach is based on the private sector planning and financing programmes, but mobilising public support. For example, the public sector could be requested to support approvals from other spheres of government finance bulk utility infrastructure, mobilise public sector funding, ensure that a certain number and range of jobs are generated, etc.
- Public Driven-Private Response Partnership Model: The primary driver would be the public sector creating an incentive (through example, tax rebates or subsidising infrastructure) for the private sector to respond. This approach can be used in areas (e.g. in poor areas) where the private sector has not been active in terms of economic development.

It is also possible to embark on economic development initiatives with the public and NGO/CBO sector as the key role players:

- *CBO/NGO Driven-Public Assisted Partnership Private Model:* This approach involves capacitated CBOs being awarded the primary responsibility for implementing an economic development programme and the public sector (e.g Swartland Municipality) providing administrative, logistic and possible financial support. This approach holds the potential to gain significant community support for an initiative, but could be undermined if the CBO/NGO does not have sufficient institutional capacity, or it has limited community legitimacy.
- *Public Driven–Community Development Partnership Model:* This approach is based on the public sector being the primary driver of a programme, with strong community development objectives. A key concern of this model is the risk of excluding the private sector, in particular if the objectives include creating new job opportunities.
- *Public-Public Partnership:* This involves the various spheres of government (district, local, provincial, and national government departments) forming partnerships with each other in order to plan and implement an economic development programme.

Obviously, various combinations of these are also possible. Ideally there should be a multiple of agencies involved in local economic development. It is, however, of importance that the **lead agency** should be clearly identified. This could differ, depending on the issue at hand and the capacity of the lead agency.

8.2 ECONOMIC DEVELOPMENT STRATEGIES AND PUBLIC PRIVATE PARTNERSHIPS

A GCSI publication ‘Building a People’s Contract for Faster and Shared Growth, gives a broad overview of programmes and job creation opportunities initiated by different government departments. These programmes focus on the following areas

- Agricultural and Land Programmes
- Construction
- The environment
- Working with and caring for people
- Small, Medium and Micro-Enterprises
- Tourism
- Arts and Culture Skills Training, Bursaries and Internships
- Arts and Culture

Table 7 below details some of the GCIS projects as well as the chapters within which they are referred to in this study.

TABLE 7: GCSI PROGRAMMES

GOVERNMENT PROGRAMMES		RELEVANT CHAPTERS
Expended Public Works Programme (EPWP)		
1 Infrastructure Programme	Emerging Contractor Development Programme Contractor Learnership Programme: Vukuzenzele National urban Reconstruction and Housing Agency Local Economic Development People's Housing Partnership Trust (PHPT) Social Programme Early Childhood Development Programme Home Community- Based Care (HCBC)	Chapter 3.3.3 Chapter 3.3.3 Chapter 3.3.3 Chapter 6 Chapter 6.3.2 Chapter 6.3.4 Chapter 6.3.4
2 Environmental Programmes	Working on Fire Programme Working for Water Programme Working for Wetlands Programme Social Responsibility Programme	Chapter 6.3.3 Chapter 6.3.3 Chapter 6.3.3 Chapter 6.3.3
3 Tourism Programmes	Transfrontier Conservation areas Programme Small, Medium Enterprise Programme Tourism Enterprise Programme	Chapter 3.3.4 Chapter 3.3.4 Chapter 3.3.4
4 Land and Agriculture	Land Redistribution for Agricultural Development Comprehensive Agricultural Support Programme Landcare Irrigation, Rehabilitation and Development Programme Integrated Food security and Nutrition Programme Micro-Agricultural Financial Institutions of South Africa (MAFISA) Commonage Programme	
5 Small Business Opportunities	Small Enterprise development Agency (SEDA) Support for Cooperatives Technology for Social Impact programme	Chapter 5.3.4 Chapter 5.3.4 Chapter 5.3.6
6 Enterprise Development	Khula Enterprise Finance Thuso Mentorship Programme	Chapter 5.3.7
7 Finance for Small, Medium and Micro-Businesses	Black Business Supplier Development Programme Small, Medium Enterprise Development Programme Business Partners Umsobombvu Franchise Fund and Umsobombvu Youth Advisory Centres South African Micro-Finance Apex Fund	Chapter 5.3 Chapter 5.3 Chapter 5.3 Chapter 5.3
8 Support for Women	Technology for Woman in Business Gender and Women Empowerment Unit	Chapter 5.3 Chapter 5.3
9 General	GODISA The Innovation Funds Companies and Intellectual property Registration	Chapter 7.3.3
10 Skills Development	Adult Basis Education and Training (ABET) Learnerships Kgabane Programme Thumisano Bursaries and Internship	Chapter 4.3.3 Chapter 4 Chapter 4 Chapter 4 Chapter 4
11 Arts and Culture	National Arts Council Business Arts South Africa National Film and Video Foundation Investing in Culture Programme	

Table 8 below indicate some of the key role players in Swartland, while Table 9 synthesises the economic development strategies formulated for Swartland.

TABLE 8: SWARTLAND KEY ROLE PLAYERS

Public	Private	NGO/CBO
<ul style="list-style-type: none"> - Swartland Municipality - Swartland Community Development Workers - WC Provincial Government Dept of Econ Dev. - Department Trade and Industry - Elsenberg College - West Coast Training College - Department of Agriculture 	<p>Malmesbury</p> <ul style="list-style-type: none"> - Pioneer Foods (Bokomo, Sasko, Nulaid and Sugarbird, Nova feeds); - Raiel; - Bonwit; - Swartland winery; - Cape-Agri (operating activities, insurance, grain, seed processing, mechanisation, trading stores) <p>Moorreesburg</p> <ul style="list-style-type: none"> - Swartland Group; - Atlas Staal; - Skaarland <p>Darling</p> <ul style="list-style-type: none"> - Lentefris, - Bonwit; - Darling Cellars; - Cloof; Ormend; - Cape-agri (trading store, grain, seed processing) <p>Riebeek</p> <ul style="list-style-type: none"> - PPC Cement; - Riebeek Cellars; - Pulpit Rock; - Cape-agri (trading store, grain) 	<ul style="list-style-type: none"> - West Coast Community Foundation - Swartland Business Chamber - Darling Trust - Darling Craft Market - Moorreesburg Training Centre - Moorreesburg Koringboere - Moorreesburg Training Centre - Moorreesburg Development Initiative - Mount Royal Golf Estate – Public Benefit Trust (MRPBT) - West Coast Environmental Co-operative - Swartland Tourism - Malmesbury Tourism - Cape Town Routes Unlimited - Wesgro

Also indicated in Table 9 is the possible form of partnership and relevant support programme that could potentially be approached for assistance. In some cases, the relevant organisation is indicated that needs to be engaged in order to ascertain what specific programme is available. Although Swartland Municipality is not explicitly mentioned in all cases, it will have to be involved in initiating, supporting or co-ordinating most of the programmes. Some of the programmes indicated, are elaborated on in the GCIS publication *Building a People’s Contract for Faster and Shared Growth (2006)*.

This table is by no means comprehensive, but rather indicative of the potential opportunities that could be explored. Please note, the potential role of the Mount Royal Public Benefit Trust (MRPBT) as indicated in the table, is only suggested at this stage, and will require to be further discussed with the Trust.

TABLE 9. SYNTHESIS OF ECONOMIC DEVELOPMENT STRATEGIES AND RELEVANT PROGRAMME

3. GROWTH OF ECONOMIC SECTORS	Possible Partnership	Key Role Players	Potential Support Programme
3.3.1. Agriculture			
<u>Product Development</u> <ul style="list-style-type: none"> Lobby national Dept of Agriculture to assist wheat industry with apr. policies Establish niche agricultural products and diversification of produce 	Public Driven-Private Response Partnership Model	National Dept of Agriculture Swartland Municipality Univ Stell Agric Dept CSIR Elsenberg College	Comprehensive Agricultural Support Programme
<u>Small Business Support</u> <ul style="list-style-type: none"> Encourage small scale farming, especially among HDI farmers Engage established farmers to mentor emerging farmers 	Public Driven-Private Response Partnership Model CBO/NGO Driven – Public Assisted Partnership Model	Micro-Agricultural Financial Institutions of South Africa Goedgedacht Olive Farmers Association; WCUFU	Land Redistribution and Agricultural Development
<u>Marketing</u> <ul style="list-style-type: none"> Establish a Marketing co-operative to promote Swartland agricultural products (wheat; wine; olives; poultry; etc) 	Public Driven-Private Response Partnership Model	Marketing Associations Farming Associations/ Cooperatives Moorreesburg Koringboere	
3.3.2. Trade and Manufacturing			
<u>Product Development</u> <ul style="list-style-type: none"> Diversify manufacturing and trade, other than the wheat industry. Increase processing activities related agricultural niche products and natural resources (e.g thatched roofs, furniture manufacturing, etc) 	Public Driven-Private Response Partnership Model	Furntech Cape West Coast Biosphere Reserve West Coast Env. Co-operative Technology for Social Impact	
<u>Small Business Support</u> <ul style="list-style-type: none"> Increase opportunities for outsourcing from big business to SMMEs. Establish a SMME and CBO database reflecting their range of products 	Public Driven-Private Response Partnership Model	SEDA Red Door Swartland Municipality	
<u>Marketing</u> <ul style="list-style-type: none"> Organise a 'buy Swartland' marketing campaign- package goods as locally produced 	Private Driven-Public Response Partnership Model	Local big businesses Trusts and cooperatives Swartland Municipality	
<u>Other</u> <ul style="list-style-type: none"> Lobbying for a dual carriageway between CT and Malmesbury 	Public-Public Partnership	National Department of Transport Swartland Municipality	National Road Fund
3.3.3 Construction			
<u>Small Business Support</u> <ul style="list-style-type: none"> Increase construction related training courses and support for emerging contractors 	NGO/CBO Driven – Public Assisted Partnership Model	West Coast College Construction Education and Training Authority Construction Seta	Vuku'phile
<ul style="list-style-type: none"> Develop, manage and make available database of local unemployed. Explore incentives for contractors to use database 	Public-Public Partnership; Public Driven –Private Response	Swartland Municipality Swartland Trust - MRPBT	
<ul style="list-style-type: none"> Manage procurement of public land (incl. audit) supporting emerging contractors 	Public-Public Partnership	Swartland Municipality Public Works Dept.	

3.3.4. Tourism			
<u>Product Development</u> <ul style="list-style-type: none"> • Improve and promote tourist routes (Wine Route; Wheat route; Cultural route) • Municipal Services <ul style="list-style-type: none"> – Improve signage and establish information points • Maintain infrastructure i.e. roads, lighting etc. 	Public Driven-Private Response Partnership	Swartland Municipality Swartland Municipality Tourism organisations Tourism operators Chamber of Commerce	Tourism Enterprise Programme MIG NPDG Municipal budget
<u>Small Business Support</u> <ul style="list-style-type: none"> • Provide business support to emerging tourism operators • Explore tourism opportunities with Cape West Coast Biosphere Reserve • Promote learnership programmes in the tourism industry 	Public Driven-Private Response Partnership	Swartland Municipality Swartland Tourism Malmesbury Tourism Private Tour Operators Cape West Coast Biosphere Reserve WC DEAT West Coast College Small, Medium Enterprise Programme	DEAT project funding. Tourism SETA
<u>Marketing and Branding</u> <ul style="list-style-type: none"> • Cooperation with tour operators, Cape Routes unlimited, etc • Further development of Swartland brand • Optimise opportunities with World Cup 2010 	Public Driven-Private Response Partnership	Swartland Municipality Swartland Municipality Tourism organisations Tourism operators Chamber of Commerce Cape Town Routes Unlimited	MRPBT
<u>Other Initiatives</u> <ul style="list-style-type: none"> • Scenic Drive Study • Swartland Tourism Study 	Swartland Municipality	Local tourism, community and business organisations	
4. EDUCATION, SKILLS DEVELOPMENT AND TRAINING			
<ul style="list-style-type: none"> • <u>Early Childhood Development programme</u> <ul style="list-style-type: none"> – Impact of municipal regulations on educare – Contributions from private sector; township facilities 	Public-Public Partnership	Day Care Centres Swartland Municipality WC Dept Social Welfare	Provincial Educare Support Programme Municipal budget MPRBT
<ul style="list-style-type: none"> • <u>School Assistance and Dev Prgm</u> <ul style="list-style-type: none"> – Community involvement in maintaining school facilities e.g est of community fund – Assess need for add. schools. – Consider est. of Technical Training School in Swartland – Ensure provision of municipal services (roads, lighting, etc) – Promote communication between learning institutions, parents and private businesses 	Public Driven – CBO/NGO Assisted Partnership Model	Primary Schools Secondary Schools WC Dept of Education Swartland Municipality	Safe School Project MIG MRPBT
<ul style="list-style-type: none"> • <u>Co-ordinated Adult Skills Dev.Prgm</u> <ul style="list-style-type: none"> – Evaluation of educational institutional capacity vs local training need. – Technical and Private Colleges; SETAs; etc – Participation of business. – Mobile education facilities 	Public-Public Partnership Public Driven – CBO/NGO Assisted Partnership Model	West Coast College Moorreesburg Training Centre Businesses SETAs Private training institutions	Learnerships Tshumisano MRPBT

<ul style="list-style-type: none"> – Mentorship and Apprenticeship Programmes, including Swartland Municipality 		Private Sector Swartland Municipality	
5. BUSINESSES DEVELOPMENT AND SUPPORT			
<p>Business Support</p> <ul style="list-style-type: none"> • Est. SMME Business Advisory Centre • Municipal Procurement Policy • SMME Business Education and Skills Development • Business Apprenticeship and Mentoring • Creating opportunities for SMME businesses within to townships and existing CBDs. 	<p>CBO/NGO Driven – Public Assisted Partnership Model</p> <p>Public Driven-Private Response Partnership</p> <p>CBO/NGO Driven – Public Assisted Partnership Model</p>	<p>Small Enterprise Development Agency (SEDA)</p> <p>Wesgro</p> <p>Swartland Municipality</p> <p>Social Development Resource Centre</p> <p>Malmesbury Chamber of Commerce</p> <p>Private Businesses Training and Education Institutions</p>	<p>PGWC – Red Door</p> <p>Khula Enterprise Finance</p> <p>Black Business Supplier Development Programme/ Umsobomvu Franchise Fund and Youth Advisory Centres</p> <p>Thuso Mentorship Programme</p> <p>MRPBT</p>
<p>Marketing</p> <ul style="list-style-type: none"> • Quality Municipal Infrastructure Services • Swartland Place Marketing • Plng and Businesses Regulations and Bylaws • Proactive business engagement <p>Focus on retaining existing businesses and attracting new firms.</p>	Public Driven-Private Response Partnership Model	Swartland Municipality Chamber of Commerce Private Sector	
<p>Other</p> <ul style="list-style-type: none"> • Study to investigate appropriate clusters within manufacturing industry • Study to est. hives within urban centres. 	Public Initiated-Private Response	Swartland Municipality DTI DBSA	
6. Spatial Planning and Township Development			
Linking the development of towns to their growth potential	Public-Public Partnership	Swartland Municipality	Neighbourhood Development Partnership Grant
Increasing linkages with CBDs and attract private sector investment to townships	Public-Public Partnership	Swartland Municipality	Neighbourhood Development Partnership Grant
Create opportunities for emerging businesses within existing CBDs	Public-Private Partnerships	Swartland Municipality and SMMEs	
7. POVERTY REDUCTION			
<ul style="list-style-type: none"> • Increase human capital in the district: <ul style="list-style-type: none"> – Education, skills and training – Holistic strategy to address health issues – Expand access to HAART for AIDS patients 	<p>Public-Public Partnership</p> <p>Public Driven – CBO/NGO Assisted Partnership Model</p>	<p>See section 4</p> <p>NGOs involved in HIV Aids Health departments</p>	MRPBT
<ul style="list-style-type: none"> • Increase social capital: <ul style="list-style-type: none"> – Support CBO's and NGO's working to build social capital – Ensure accessibility of rehabilitation facilities – Foster communication and 	<p>Public-Public Partnership</p> <p>Public Driven – CBO/NGO Assisted Partnership Model</p>	All community based organisations and NGOs	MRPBT

<p>co-operation between CBOs and NGOs to avoid duplication</p> <ul style="list-style-type: none"> - Expand youth camps and equip youth with life skills to make constructive social choices. 	Public Driven-Private Response Partnership Model		
<ul style="list-style-type: none"> • Increase physical capital in the district: <ul style="list-style-type: none"> - Ensure basic utility services are accessible to poor - Develop housing as an asset for the poor 	Public-Public Partnership Public Driven – CBO/NGO Assisted Partnership Model	National Dept of Housing Municipality Banks	MIG Housing Subsidy
<ul style="list-style-type: none"> • Increase financial capital in the district: <ul style="list-style-type: none"> - Regulate loan providers so that the poor may have access to low interest loans - In short-term, access to welfare grants 	Public-Public Partnership Public Driven – CBO/NGO Assisted Partnership Model Public Driven-Private Response Partnership Model	Financial institutions	
<ul style="list-style-type: none"> • Increase natural capital in the district: <ul style="list-style-type: none"> - Manage the WCBR - Secure agricultural land for emerging farmers 	Public-Public Partnership Public Driven-Private Response Partnership Model	Swartland Municipality Cape West Coast Biosphere Reserve	

8.3 ROLE OF SWARTLAND MUNICIPALITY

The role of Swartland Municipality in LED is highlighted in section 1.4, while specific actions are summarised in Table 7 and include the following:

- *Primary Role*
 - Appropriate spatial planning and associated township development.
 - Provision of utility services (water, waste management; electricity; roads, etc) in both established and poor areas (townships).
 - Place marketing Swartland in partnership with local business.
 - Procurement policies, including land and purchases, favouring emerging SMMEs and developers.
 - Investment in residential infrastructure and public facilities and spaces, including in townships (asset building and poverty reduction).
 - Mentorship and apprenticeship programmes within municipality

- *Secondary Role*
 - Facilitate the provision of business development service – partnership with other spheres of government; NGOs and private sector.
 - Facilitate the generation of employment opportunities and use of local labour (e.g assist with development of a data base and engaging employers on a regular basis)
 - Assist with product development and branding through partnership with sector specialist (agriculture; tourism; manufacturing and trade.)
 - Facilitating and co-ordinating the activities of role players providing education; skills development and training in partnership with NGOs and business.

Other potential municipal roles are identified in the previous chapters.

8.4 BUSINESS SUPPORT RESOURCE MOBILISATION CENTRE

The analysis and strategy development indicated that the need for product development, business support and marketing are common to all the sector strategies. This support centre is different from a Red Door approach by government. The public sector driven Red Door is an advice and networking centre. The proposal for a Business Support Resource Mobilisation Centre by SDRC³⁰ (consultants for the MRPBT), is therefore supported. The function of this centre would be to facilitate the provision of the following services:

³⁰ SDRC – Social Development Resource Centre

- Business Advisory Services
- Municipal Procurement
- Business Education and Skills Development
- Business Mentoring
- Skill Development and Training
- Internet facilities
- Partnerships between emerging SMMEs and established businesses
- Bases for networking, sharing ideas and showcasing good practice
- Promotion of sector product development and place marketing

It is proposed that the Centre be established as partnership between Swartland Municipality and the proposed Swartland Development Trust (SDT), with initial funding provided by the MRPBT. Additional funding should also be sourced from large firms based in Swartland. The Centre should be staffed with at least one person from the municipality as well as someone funded through the SDT. SDRC is currently in the process of developing this proposal in more detail, with recommendations to Swartland Municipality.

8.5 SPECIALIST IN PRODUCT DEVELOPMENT

This has to be pursued by specialist within the specific sectors of agriculture, manufacturing and trade and tourism. However, Swartland Municipality needs to play a facilitative and co-ordination role. As indicated in the table many of these specialist role players are government agencies and include organisations such as the CSIR, FurnTech, Elsenberg College, etc, but also relevant academic and technical research institutions.

8.6 DEVELOPMENT AGENCY

Swartland Municipality has also explored the possibility of establishing a Development Agency. Considerable funding would be required to fund such an initiative and the funding provided by the Industrial Development Corporation (IDC) has been considered in this regard. However, preliminary indications are that this fund is primarily targeted at large manufacturing and industrial developments but also projects such as waterfront developments and possibly commercial, retail complexes. No obvious business initiative that would suit the requirements of the IDC Development Agency fund was identified during the Swartland LED process. The type of strategies targeted are rather more aimed at SMME development and support place marketing, new product development and skill development and training.

The establishment of a Swartland Development Agency has however considerable merit, given the limitations municipalities have in terms of allocating human and resources to local economic development. The establishment of the proposed Swartland Development Trust, may be a forerunner for the eventual formulation of a Development Agency. Such a agency should however, be based on the needs within Swartland and not try to undertake activities that are not viable or suitable within the area.

9. CONCLUSION

The Swartland LED Strategy follows on the Swartland Economic Profile document and can be regarded as milestone in the municipality's endeavours to develop the local economy and meet national objectives of halving poverty and unemployment by 2014. The Swartland LED strategy focuses on growing key sectors of the economy and this is linked to strategies for education, skills development and training, business development and support, spatial planning and township development as well as poverty reduction.

The proposed role of the municipality goes further than the traditional service delivery (which is a critical precondition for economic growth) to facilitating appropriate public private partnerships and lobbying other resources for various development initiatives. The initiative from the Mount Royal Public Benefit Trust to establish a Business Support Resource Centre is regarded as opportunity to kick-start implementation of the overall LED strategy.

The intention is for this document to be considered and adopted by Swartland Council, to secure funding where required and then to proceed with implementation actions. The identified implementation interventions vary considerably, highlighting the fact that a wide range of strategies is required. The ultimate goal is to ensure sustainable growth of the local economy and to create increased economic opportunities for all residents, in particular those that are impoverished.

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- www.swartland.org.za/
- <http://www.statssa.gov.za/>

11. ADDENDUM: CONTACT DETAILS OF ROLE PLAYERS

Organisation	Designation	Person	Contact number	Area	E-mail
Swartland Tourism		Lindy Du Toit and Charlene?	(022) 487 1133	Malmesbury	swartlandtourism@westc.co.za
Swartland Group	Director	Hans Hanekom	(022) 433 8000	Moorreesburg	
Swartland Group	Director	James Hannekom	(022) 433 8030	Moorreesburg	
Swartland Group	Director	Hendrik Van Niekerk	(022) 433 8000	Moorreesburg	
Bokomo	Technical Manager	Peter Hardcastle	(022) 482 8400 083 628 9668	Malmesbury	pharcas@pioneerfoods.co.za
Moorreesburg training centre	Youth Development worker	Salome Persens	072 391 2271	Moorreesburg	
Swartland Municipality	Community Development Worker	Aubrey Engelbreght	072 239 2625	Moorreesburg	
Moorreesburg Koringboere (MKB)	Manager : Products	Charl Van der Merwe	(022) 433 8300	Moorreesburg	charl@mkb.co.za
Moorreesburg Koringboere (MKB)	Agricultural Economist	Johan Loubser	(022) 433 8381 083 462 0316	Moorreesburg	Loubser@mkb.co.za
WCEC	Chief Operations Officer	Martinus Fredericks	(021) 572 0272 083 461 8837	Atlantis	
WCEC	Public relations, communications and marketing	Melvin Miles	(021) 572 0272 082 856 8568	Atlantis	
Methodist Church - Malmesbury	Reverend	Reverend John Stewe	(022) 482 1632	Malmesbury	
Darling Trust	Assistant to Director	Sophie Pritchard	(022) 492 2749	Darling	Sophie@thedarlingtrust.org
Darling Cellars	Marketing Manager	Danie de Kock	(022) 492 2276/7/8 082 570 0250	Darling	dekock@darlingcellars.co.za
SDRC	Director	Hudson McComb	(021) 448 9442	Observatory	sdrcc@new.co.za
	Assist tourism related SMME's	Helena van Rooyen	(022) 4331072	Malmesbury	
Red Door		Dion Damons	(021) 483 8751		ddamons@pgwc.gov.za
Moorreesburg Development Initiative		Jannie Hendricks	(022) 433 3882	Moorreesburg	MDI@telkomsa.net
Malmesbury Business Chamber		GP Retief	083 658 2796 (022) 482 3845	Malmesbury	mburykwekery2@wcacess.co.za
Swartland Winery				Malmesbury	

PPC Cement				Riebeek Kasteel	
Swartland Municipality	IDP Manager	Jan Willem Van Staden	(022) 487 9400 082 324 5914	Malmesbury	vanstadenj@swartland.org.za

ADDITIONAL KEY ROLE-PLAYERS IDENTIFIED

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Ricardo Linnert	Cape Town Routes Limited (Marketing)	021 487 4800	Western Cape	
Fatima Toefy	CTRL	021 487 4800	Western Cape	
Helena van Rooyen	Assist tourism related SMME's	022 4331072	Malmesbury	
Red Door		021 572 0901/2	Atlantis	
Jannie Hendricks	Moorreesburg Development Initiative	022 433 3882	Moorreesburg	MDI@telkomsa.net
Swartland Winery			Malmesbury	
Dion Damons	Red Door Head Office (Department of Economic Development)	021 483 8751		ddamons@pgwc.gov.za
Mrs Tape	Grassroots (N.G.O involved in early childhood development)	021 638 311		