



Swartland Economic Development and Recovery Plan



20 May 2021

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1. INTRODUCTION

Neither the public sector, nor the private sector on their own, has all the insights and answers. However by combining insights, power of influence and resources, much more is possible. This strategy aims to establish improved economic development cooperation amongst stakeholders – to systematically identify and utilise more beneficial economic opportunities.

This strategy is a response to the need to improve performance of the local economy, to benefit local citizens. Economic Development and recovery is an ongoing process by which key stakeholders and institutions from all spheres of society, the public and private sector as well as civil society, work jointly to create a unique advantage for the locality and its firms, tackle market failures, remove bureaucratic obstacles for local businesses and strengthen the competitiveness of local firms/SMEs.

Sustainable jobs are created mainly in the private sector, which creates wealth from markets. To grow the economy, businesses need to increase their revenues by competing successfully in markets, which are increasingly contested by global competitors. To grow the local economy, competitive local firms need to earn more revenue from external markets, and spend much of this locally, for more money to flow into the local economy. In addition, improved competitiveness of local firms in local markets ensures that less money flows out of the economy. Distribution within the economy takes place through wages and purchases from other businesses.

The COVID-19 pandemic is having a deep and significant impact on health, social development and the economy of South Africa. The associated national lockdown has severely impacted on economic performance during 2020 and 2021.

2. CONTEXT

Unless indicated otherwise, the economy information below was obtained from Provincial Treasury's *2020 Municipal Economic Review and Outlook (MERO) and Socio-Economic Profile (SEP) Reports*.

2.1. ECONOMIC CONTEXT

(a) Growth and GDPR contribution

In 2018 Swartland was the second largest contributor (27.3%; R8 324 million) to the GDPR of the West Coast after Saldanha Bay (30.7%; R9 336 million). The total GDPR of the West Coast was R30 451 million.

In 2018 the local economy in the Swartland municipal area was dominated by the manufacturing sector (24.9%; R2 073 million), followed by wholesale and retail trade, catering and accommodation (17.8%; R1 478 million) and agriculture, forestry and fishing sector (14.7%; R1 220 million).

Swartland GDP contribution per sector - 2018

Sector	% of GDP	GDP contribution (R million)	Average growth 2014-2018 (%)
Agriculture, forestry and fishing	14.7	R1 219.9	0.9
Mining and quarrying	0.2	R13.2	1.4
Manufacturing	24.9	R2 072.9	2.7
Electricity, gas and water	2.3	R188.7	-1.6
Construction	5.4	R452.7	1.3
Wholesale and retail trade, catering and accommodation	17.8	R1 477.9	2.3
Transport, storage and communication	7.3	R605.1	0.8
Finance, insurance; real estate and business services	9.2	R766.5	1.9
General government	11.5	R961.4	1.9
Community, social and personal services	6.8	R566.2	2.0
Total	100.0	R8 324.4	1.8

The trend from 2014-2018) shows that the manufacturing sector registered the highest average growth rate (2.7%), followed by the wholesale and retail trade, catering and accommodation sector (2.3%) and the community, social and personal services sector (2.0%). Overall, between 2014 and 2018, all economic sectors in Swartland grew positively in terms of GDP except for the Electricity, gas and water sector that experienced a negative growth of -1.6%.

(b) Employment

Swartland employment by sector - 2018

Sector	% of workforce	Number of jobs	Jobs lost/gained 2014-2018
Agriculture, forestry and fishing	28.8	13 470	236
Mining and quarrying	0.0	21	-
Manufacturing	10.6	4 930	110
Electricity, gas and water	0.3	134	2
Construction	4.6	2 155	56
Wholesale and retail trade, catering and accommodation	20.4	9 547	346
Transport, storage and communication	2.4	1 132	20
Finance, insurance; real estate and business services	9.0	4 201	144
General government	11.7	5 444	133
Community, social and personal services	12.1	5 660	100
Total	100.0	46 694	1 147

In 2018 Swartland (25.4%; 46 694 jobs) was the second largest contributor to employment in the West Coast after Saldanha Bay (28.2%; 51 924 jobs). The total number of jobs in the West Coast was 183 969.

The agriculture, forestry and fishing sector contributed the most jobs to the area in 2018 (13 470; 28.8%), followed by the wholesale and retail trade, catering and accommodation sector (9 547; 20.4%) and the community, social and personal services sector (5 660; 12.2%).

(c) Skills level (formally employed) - 2019

The majority of workers in the Swartland labour force in 2019 were low-skilled (49.6%), while only 15.3% were skilled. The growth in low-skilled employment was at a faster rate than that of semi-skilled, although growth in skilled employment was the fastest over the period 2015 – 2019.

Level	Skills level contribution	Average growth 2015-2019	Number of jobs
Skilled	15.3%	2.7%	5 648
Semi-skilled	35.1%	2.3%	12 952
Low skilled	49.6%	1.4%	18 297
Total	100.0%	1.9%	36 897

(d) Unemployment Rates (%)

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
7.5	8.7	9.2	9.0	8.6	9.2	8.2	9.1	9.9	10.1	11.0

Since 2015, the unemployment rate has been rising steadily in the area, reaching 11.0% in 2019. This is slightly lower than the District rate of 11.9% in 2019, as well as significantly lower than the provincial rate of 19.4%. Unemployment remains a key challenge for the Swartland area, with rising population numbers. Up-skilling of the labour force, implementation of levers such as local economic development strategies are all key in order to increase potential employment opportunities and boost economic growth in the area.

2.2. MAIN COMPETITIVE ADVANTAGES

No matter how much growth is needed and desired, business and citizens will choose to locate in places that offer better economic opportunity. An economy's relative strengths and weaknesses, therefore determine the viable growth options. The stronger the competitive advantages (strengths), the easier it is to attract businesses. The competitive disadvantages (weaknesses) combined with threats, discourage potential investors. The main findings are therefore presented as follows:

(a) Competitive advantages

Strategic location for business

- The Cape Town Metro is expanding northwards due to sensitive urban edges at Paarl and Stellenbosch.
- Close enough to Cape Town to serve the markets there, draw on expertise if required, or purchase specialised items or services. Malmesbury provides quicker access to the city than Paarl. The N7 less congested than N1 and N2.

- The road network provides 8 entry points to the Metro.
- Land is available and affordable.
- Some large (>R billion turnover) firms already choose to operate from here.
- Many firms serve the national market from Swartland, even some retailers.
- Strong agricultural - and agro-processing sectors with associated supplier and distribution channels.
- Some strong networks to leverage.

Lower costs

- Clear evidence of how the cost advantage is used to penetrate markets. Even some retailers and services firms compete as far as Polokwane via online sales.
- Cost of land and property. Cost of property development.
- Cost of living.
- Staff costs and statutory wage rates.

Lower risk

- Safer: less crime and therefore less security costs.
- Quality of labour with a good work ethic.
- Good social cohesion. Politically stable.
- Good race relations. There exists a sense of community.
- Local government that works and is reliable.

A municipality that values business

- Municipality is competent, positive and supportive of business
- Services are effective. Infrastructure is reliable.
- Quick approvals: EIAs, engineering approvals, building and development plans.
- Can get things done.

Growing investor confidence

- Some large (>R billion turnover) firms already choose to operate from here
- Numerous investors planning to develop.

A good place to live

- Country lifestyle and city close when wanted
- Mountains, beaches, hills and valleys – variety of options.
- Lower cost of living
- Good schools
- Less crime than city

(b) Competitive disadvantages (including constraints to growth)

Limited access to business information.

- Some small businesses feel excluded and want to be better informed.
- In almost all cases the municipality was able to confirm that the services or information was available. The issue is the chain of provision, flow and access.

Agriculture employment is declining

- Agricultural input costs are increasing faster than prices of goods sold.
- Price pressures are forcing economy of scale in production and associated automation.
- To compete in commodity markets, farmers need to “go big or go home”.
- This results in fewer farm owners, more automation and fewer employees.

Appearance of towns

- Swartland towns are not attractive vs other places in WC. For instance compared to Paarl, Franschhoek and Stellenbosch.

Technical skills difficult to attract

- Some businesses find it difficult to attract specialist technical expertise from cities.

Shortage of certain types of housing and rentals

- Lower income, mid lower income and up to the range of R1 million.
- Makes it hard to attract artisans / technical skills.

Red-tape and regulatory uncertainty

- Businesses complain about government red-tape including:
 - National government: DoA, SARS duties, land reform, BEE
 - Provincial government: The Spatial Development Framework stifles the logical farm transition towards tourism, as happened in Stellenbosch and Drakenstein.
 - Municipality: Small businesses, tourism signage, town beautification, markets.

Safety & security in pockets

- Crime is increasing in some places. Still lower than metro.
- Farms close to town suffer from theft

Transport

- No public transport (train too slow) for commuting cost to and from Cape Town.

Limited investment promotion

- Investment promotion mainly by municipal leaders with limited time.

Limitations in schools

- Applicable mainly to the poorer population, too few taking higher grade maths & science and school drop-out rates are still high.

Facilitation of economic development

- Institutional effectiveness is questioned by business: Chamber, Ward Committees, Tourism, small business support.
- Limited engagement and collaboration with the private sector and sector associations regarding economic development constraints or priorities.

(c) Threats identified

- Competitors to Swartland for investment e.g. Atlantis
- Inadequate marketing
- New malls will place pressure on existing retail in town/s (Opportunity and a threat)
- Development that makes towns less attractive

3. IMPACT OF COVID-19

3.1. Possible scenarios

Insolvency – businesses that are highly geared cannot pay their debt, and more specifically cannot pay the interest on the debt. This will over time lead to liabilities exceeding assets, and thus to a negative net asset value = insolvency. The focus should be on businesses with the potential to recover with some kind of intervention.

Poor liquidity – businesses that are running a tight ship, where cash flow is balancing on a tipping point each month, will suddenly not be able to pay suppliers and then not pay staff. Income is now exceeded by expenditure. Income is flexible – based on sales. Expenses are flexible and fixed – lease agreements = fixed, stock = fixed where stock was delivered before lockdown, and flexible where stock needs to be purchased based on the start-up after lockdown.

Closing down – businesses that are – due to economic conditions – simply not able to remain open as they already had to retrench staff, negated on their lease payments and they are facing the final close down. These are/were subsistence businesses, always on the brink of success or failure, and one good transaction will launch them, and one bad transaction will sink them.

Informal sectors - Street vendors, spaza shops, mobile airtime sellers that need to buy product to start again after using all cash and product during lockdown.

3.2. Impact on GVA and Employment

Overall, it is estimated that in the first 2 months of the lockdown, total GVA output will decline by 4.0%. For months 3 – 6 months, an additional 4.5% decline is expected and within 7 - 12 months post-lockdown, an additional 4.1% decline. This brings the total economic decline for the 12-month post-lockdown period at 12.6%. In months 13 – 24 post - lockdown, GVA will still be 5.1% lower than its 2019 pre-lockdown level.

In terms of employment, it is estimated that within the first 2 months of the lockdown, total employment will decline by 1.6%. For months 3 – 6 months, the decline will be an additional 3.2% and in months 7 – 12 post - lockdown, it is likely to result in a further decline of 3.4% in employment. Overall, employment is estimated to fall by 8.2% within the 12 months post-lockdown. In months 13 – 24 post - lockdown, employment will still be 2.6% lower than its 2019 level.

Although the tourism and construction sectors have relatively small (1.4 and 4.7% respectively) contributions to total GVA, a large proportion of the GVA of these sectors is projected to have been wiped out, with devastating implications on employment. Within 13 – 24 months after lockdown, most sectors would have in large part regained losses suffered in the first - year post-lockdown; the exceptions being the tourism and construction sectors which are estimated to have regained 50% and 90% respectively of its 2019 GVA value.

There is projected to be lesser impact on the high employment sectors (agriculture, finance and manufacturing) relative to the number of employed within these sectors. The largest number of job losses expected within 12-months after lockdown is in the tourism, construction and informal sectors. Individually, each of these three sectors have a less than 10% contribution to Swartland's total

employment; combined they represent 20.9% of Swartland's employed (2019) but 73.4% of the total job losses at 12 months after lockdown.

3.3. Impact on manufacturing

The impact of COVID-19 and its related restrictions is expected to shave R177.460 million off this sector over a 12-month period within Swartland Municipality. The loss presents a 14.8% contraction to this key sector in terms of GVA in the local economy. Although there is some recovery in the 13 - 24 months post lockdown, it is still forecasted to fall 6.5% (or R78.413 million) short of its 2019 GVA level. Employment losses are estimated to be less severe, in the region of 201 or 3.8% for the 12-month period, with recovery in the 13 - 24 months' economic recovery period bringing employment losses to 2.2% in comparison with its 2019 employment level.

3.4. Impact on trade

The impact of COVID-19 and its related restrictions is expected to strip R116.260 million off this sector within the 12-month post lockdown period. The loss presents a 13.3% contraction to this key sector in terms of GVA in the local economy. Although there is some recovery in the 13 - 24 months post lockdown, it is still forecasted to fall 6.0% (or R52.369 million) short of its 2019 GVA level. Employment losses for this sector are estimated to be less severe, in the region of 244 or 5.2% for the 12-month period, with recovery in the 13-24 months' economic recovery period bringing employment losses to 2.7% (127) in comparison with its 2019 employment level.

3.5. Impact on construction

Swartland's construction sector is projected to take a 40.7% (R113.410 million) dive in the 12- month post-lockdown period. Recovery in this sector is expected in the 13 - 24 months post lockdown period, bring the shortfall to 10% of its 2019 GVA sectoral value.

The construction sector, which makes up 5.4% of total Swartland employment is expected to lose 25.9% (or 562) of jobs within 12 months after lockdown, but is likely to recover within 13 – 24 months of the lockdown, but still leaves this sector with a 4.8% employment shortfall compared to its 2019 pre-lockdown employment figure.

3.6. Impact on tourism

Although the tourism sector has a relatively small (1.4%) contribution to total 2019 GVA, a large proportion of the GVA of this sector is projected to have been wiped out, with considerable losses for employment. Within 13 - 24 months after lockdown, most sectors would have in large part regained losses suffered in the first - year post-lockdown; tourism being the exception, estimated to have recovered to only 50% of its 2019 GVA value.

The impact on employment for the sector, which employed 5.6% of the Swartland workforce (2019), is also severe, with 60% (or 1 350) of workers in this sector losing their jobs within one year from lockdown. It is encouraging that in the second year after lockdown, there is likely to be substantial recovery however still falling significantly (24%) short of its 2019 employment figure. This indicates a long and slow recovery for this sector and its employment prospects.

3.7. Impact on the informal sector

Within the Swartland, the informal sector provides employment to 9.9% of the Swartland workforce. It is expected that this sector will register a 12.7% (507 jobs) decline in this sector's jobs within one year after lockdown. The impact of the losses on this largely financially vulnerable group may require some intervention to keep these households afloat for a period, until such time where they could regain some income. Most of these jobs lost is likely to be recovered within the 13 – 24 months post lockdown, registering 0.8% (32) less jobs than the sector's 2019 employment figure.

After the Covid-19 lockdown, the revival of the Informal sector and township economies will be essential if South Africa is to avoid massive unemployment, increased levels of poverty, food insecurity and the potential for social unrest and upheaval.

Covid-19 has already had a devastating impact on small business and while both the public and private sectors have implemented various interventions to ease the blow, there are gaps and serious challenges in the current solutions.

3.8. Challenges faced by the business sector

- Businesses do not know where to access emergency funding.
- Some cannot run their business from home.
- They cannot support themselves or their families during emergency situations such as the lock down.
- Most funding platforms require businesses to be registered, tax compliant and UIF compliant, with further requirements being six months of bank statements and financial projections.
- Funding requirements are often ambiguous. Business owners think that many funding options are grants, when they are actually loans, which can be misleading.
- The waiting period between the funding application and the disbursement is too long for business in distress.
- These SMME's and usually their team of 1-3 individuals, are not eligible to apply for any of the funding relief because they have never applied for or contributed to UIF, not paid tax or even registered their businesses.
- They do not have enough infrastructure and market to warrant the hiring of personnel and in some instances, they lack the maturity required to be formidable businesses.
- In most instances, they do not have the skill and knowledge to deal with the position they find themselves in.

4. NATIONAL AND PROVINCIAL POLICY DIRECTIVES

4.1. National Development Plan

(a) By 2030

- Eliminate income poverty – Reduce the proportion of households with a monthly income below R419 per person (in 2009 prices) from 39% to zero.
- Reduce inequality – The Gini coefficient should fall from 0.69 to 0.6.

(b) Enabling milestones

- Increase employment from 13 million in 2010 to 24 million in 2030.
- Raise per capita income from R50 000 in 2010 to R120 000 by 2030.
- Increase the share of national income of the bottom 40% from 6% to 10%.
- Establish a competitive base of infrastructure, human resources and regulatory frameworks.
- Ensure that skilled, technical, professional and managerial posts better reflect the country's racial, gender and disability makeup.
- Broaden ownership of assets to historically disadvantaged groups.
- Increase the quality of education so that all children have at least two years of preschool education and all children in grade 3 can read and write.
- Provide affordable access to quality health care while promoting health and wellbeing.
- Establish effective, safe and affordable public transport.
- Produce sufficient energy to support industry at competitive prices, ensuring access for poor households, while reducing carbon emissions per unit of power by about one-third.
- Ensure that all South Africans have access to clean running water in their homes.
- Make high-speed broadband internet universally available at competitive prices.
- Realise a food trade surplus, with one-third produced by small-scale farmers or households.
- Ensure household food and nutrition security.
- Entrench a social security system covering all working people, with social protection for the poor and other groups in need, such as children and people with disabilities.
- Realise a developmental, capable and ethical state that treats citizens with dignity.
- Ensure that all people live safely, with an independent and fair criminal justice system.
- Broaden social cohesion and unity while redressing the inequities of the past.
- Play a leading role in continental development, economic integration and human rights.

(c) Critical actions

- A social compact to reduce poverty and inequality, and raise employment and investment.
- A strategy to address poverty and its impacts by broadening access to employment, strengthening the social wage, improving public transport and raising rural incomes.
- Steps by the state to professionalise the public service, strengthen accountability, improve coordination and prosecute corruption.
- Boost private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers.
- An education accountability chain, with lines of responsibility from state to classroom.

- Phase in national health insurance, with a focus on upgrading public health facilities, producing more health professionals and reducing the relative cost of private health care.
- Public infrastructure investment at 10% of gross domestic product (GDP) financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy and water.
- Interventions to ensure environmental sustainability and resilience to future shocks.
- New spatial norms and standards – densifying cities, improving transport, locating jobs where people live, upgrading informal settlements and fixing housing market gaps.
- Reduce crime by strengthening criminal justice and improving community environments.

4.2. Provincial strategic plan 2019-2024

The Provincial Strategic Plan (PSP) sets out the Western Cape Government’s (WCG) vision and strategic priorities. The PSP 2019-2024 builds on the firm foundations that were put in place during the last two terms of office.

Vision Inspired Priority	Focus Areas
<p>1 Safe and cohesive communities <i>The Western Cape is a place where residents and visitors feel safe</i></p>	<ul style="list-style-type: none"> ▪ Enhanced capacity and effectiveness of policing and law enforcement ▪ Strengthened youth-at-risk referral pathways and child- and family-centred initiatives to reduce violence ▪ Increased social cohesion and safety of public spaces
<p>2 Growth and Jobs <i>An enabling, competitive economy which creates jobs and is demand-led and private sector driven</i></p>	<ul style="list-style-type: none"> ▪ Increasing investment ▪ Building and maintaining infrastructure ▪ Growing the economy through export growth ▪ Creating opportunities for job creation through skills development ▪ Creating an enabling environment for economic growth through resource resilience
<p>3 Empowering People <i>Residents of the Western Cape have opportunities to shape their lives and the lives of others, to ensure a meaningful and dignified life</i></p>	<ul style="list-style-type: none"> ▪ Children and families ▪ Education and learning ▪ Youth and skills ▪ Health and wellness
<p>4 Mobility and Spatial Transformation <i>Residents live in well-connected, vibrant, and sustainable communities and move around efficiently on safe, affordable, low carbon public transport</i></p>	<ul style="list-style-type: none"> ▪ Better linkages between places through safe, efficient and affordable public transport ▪ Inclusive places of opportunity ▪ More opportunities for people to live in better locations ▪ Improving the places where people live
<p>5 Innovation and Culture <i>Government services are delivered to the people of the Western Cape in an accessible, innovative, and citizen-centric way</i></p>	<ul style="list-style-type: none"> ▪ Citizen-centric culture ▪ Innovation for impact ▪ Integrated service delivery ▪ Governance transformation

5. STRATEGY

5.1. Points of departure

The following points of departure are important in the identification of potential interventions for the economic development and recovery of Swartland Municipal Area:

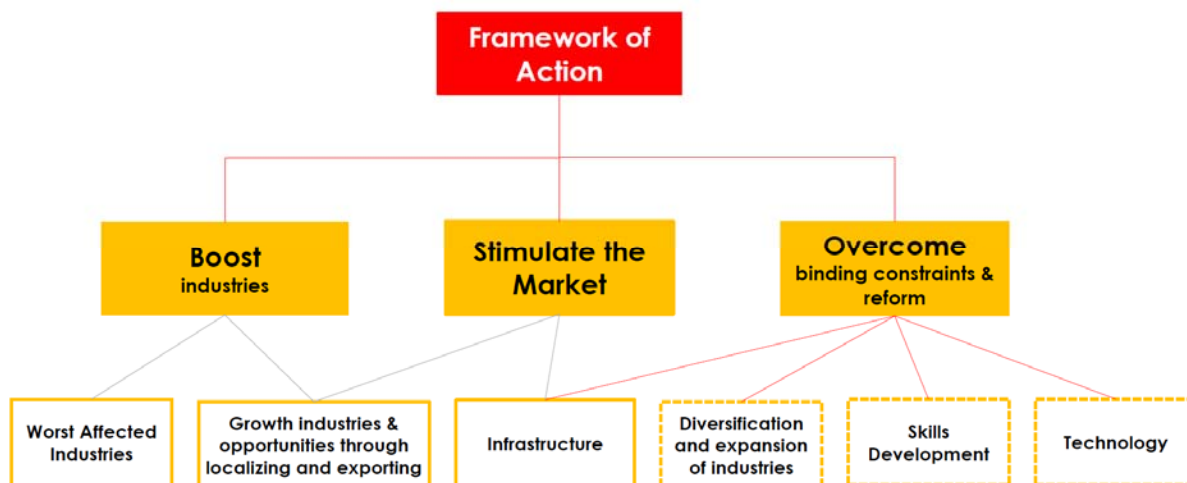
- All interventions must be realistic and implementable to have an impact.
- Distinguish between short, medium and long term interventions.
- Support worst-affected sectors.
- Be responsive to businesses in crisis through information, communication, guidance, support to access funding and advocacy.
- Government does not have the fiscal resources to effect the economic plan and it requires other stakeholders and resources from private sector to contribute.
- An integrated aligned approach that includes all three spheres of government will be needed.

5.2. Approach to economic development

In support of the above National and Provincial directives, the Swartland municipality aims to stimulate sustained growth in the Swartland jurisdiction, by promoting and implementing a set of mutually supportive economic-, spatial- and social-development initiatives.

The main aim is to increase employment - which leads to increased quality of life, social cohesion and sustainability. Employment is a consequence of increased investment by the private sector and/or by the public sector institutions. To stimulate growth, Swartland must compete effectively with the alternatives, to secure such investment. In addition, growth can also be enhanced by attracting persons employed in other municipalities, to live in Swartland.

5.3. Framework of action



(a) Boost affected sectors

The focus is on -

- sectors that have been worst affected because:
 - The industries represent a large contributor towards the Swartland's employment

- The industries are unlikely to recover without some support from government
- sectors of growth as a result of COVID-19 because:
 - Already momentum and simply need to maximise opportunities for the Swartland
 - Limited 'window of opportunity' to exploit as will be filled by other players
 - Lays strong foundation for improved resilience and preparedness for future shocks

(b) Stimulate the market

The focus is on infrastructure because:

- Construction industry can quickly absorb jobs and has high multiplier impact on the economy
- Already a pipeline of projects – imperative is to fast-track this
- Opportunity to leverage PPP and develop new models of collaboration
- Additional benefit if focused on infrastructure which addresses competitiveness and productivity

(c) Overcome binding constraints

If we want to grow the economy, we HAVE to improve competitiveness and productivity. A few points:

- Levers of Swartland Municipality are limited and fiscal scope severely constrained
- Need to maximise the tools we do have
- Need to note the strong interplay between a number of binding constraints
- Need to relook supply chain legislation and policies

5.4. The South African Economic Reconstruction and Recovery Plan

(a) Principles

- Protection for low income workers, the unemployed and vulnerable groups
- Enhance the capacity of the economy to grow and create decent jobs is enhanced
- Ensuring that local communities, particularly historically marginalized communities, are removed from the vicious cycle of under-development.
- Strengthening of the productive capacity of the economy
- Maintaining the planned levels of investment in public infrastructure
- Ensure localized procurement of key inputs, in order to strengthen and deepen backward and forward linkages within the domestic industrial base
- Strengthening the capacity of the state to intervene in the economy and to deliver on social services
- Crafting employment-intensive ways in which a turnaround can be achieved

(b) Focus Areas

To achieve these goals, the Plan prioritises high impact employment interventions with the following specific areas of focus:

- Infrastructure roll out
- Localization through Industrialization
- Energy security
- Food security

- Support for tourism
- Green economy interventions
- Public employment programs
- Micro-economic policy interventions

(c) Enablers

The following enablers to the success of the plan have been identified:

- Ensuring optimal revenue collection, fiscal sustainability, improved efficiency of spending, elimination of wastage and corruption and improved state capacity to collect revenue
- Increased access to finance: Ensuring expanded access to the R200 billion Covid-19 credit facility
- Establishment of a state bank & the amendment of Regulation 28 of the Pension Funds Act in order to unlock funding for long term infrastructure projects and high impact capital projects, as well as facilitate direct access to pension funds pool of resources by Development Finance Institutions (DFIs)
- Increased issuing of green infrastructure bonds as a critical step in reducing carbon footprint and in order to secure the funding of infrastructure at concessional cost. Increased capacity for project preparation, to develop projects to bankability
- Regulatory changes to reduce the cost of doing business and facilitate ease of doing business
- Building a state that is equipped to deliver
- A social compact for fair choices and sustainable trade-offs
- Skills development and a population that is equipped for the new normal
- Communication and the digital economy
- Economic Diplomacy and further integration into the African continent

5.5. Western Cape Economic Recovery Plan

The economic recovery plan is mindful of economic context described above and the fundamental economic challenges that brought about an economy that has been underperforming for more than a decade. Informed by the understanding of the existing economic challenges, a number of themes require intervention in order to create jobs and grow the Western Cape economy. The interventions will be applied within a spatial context.

THEMES					
Accelerate Ease of Doing Business	Boost Investment and exports	Boost infrastructure	Support SMMEs and the informal sector	Scaling up work opportunities and skills for people without jobs	Economic resilience
OBJECTIVES					
Enable the ease of doing business by "attacking" significant constraints on economic growth	Boost private sector investments. Promote and support exports	Stimulate the economy by boosting infrastructure investment and job creation in the public sector	Support SMMEs and the Informal Sector	Boost employment for people without work through accelerating skills supply and work placement initiatives	Enable energy and water resilience
TRANSVERSAL THEMES					
Spatial - Rural Economies and Towns					
Business and Stakeholder Eco-system					

The following paragraphs unpack each of the themes.

(a) Accelerate ease of doing business target

- Red tape reduction support for municipalities. Examples include land use applications, like rezoning and departure; building plan approvals; heritage management; event permitting and regulation of liquor trading hours.
- Efficiency improvement in government procedures and administrative systems across a range of sectors including SMMEs, formal and informal businesses as well as the tourism sector.
- Legislative reform
- Innovative business support

(b) Boost investment and exports target

Investments:

- Red tape support to remove administrative and legislative blockages
- Increase investment promotion initiatives
- Lobby national government to remove investor-unfriendly policy
- Drive improvements in the planning and approvals system
- Support and facilitate economic infrastructure

Exports:

- Promote trade in key destination markets including trade with the rest of Africa
- Increase exports through widening exportable products through productivity growth and product complexity

- Unblock export constraints such as in the ports
- Support tourism and trade through developing Air Access routes
- Stimulate key export sectors such as tourism, BPO and agriculture

(c) Boost infrastructure target:

- Identify and guide the planning and execution of major public infrastructure interventions
- Support municipalities to drive government spending on the development, maintenance and protection of core infrastructure, particularly on labour intensive projects.
- Focus on identifying the necessary enabling infrastructure gaps
- Mobilise and direct new infrastructure investments

(d) Support SMMEs and the informal sector target:

- Improve SMME access to WCG initiatives and opportunities
- Support growth through facilitating access to finance
- Provide support to businesses (e.g. advisory services and training)

(e) Scaling up work opportunities and skills target:

- Increase employment through internships and skills programmes
- Improve access to skills opportunities specifically focused on the capability of youth by addressing constraints related to work readiness, appropriately skilled workers and suitable experience as demanded by private sector business.
- Improve the skills ecosystem

(f) Economic resilience target:

- Support businesses and municipalities through technical, regulatory and financial knowledge development, sharing and partnerships
- Unlock general barriers to green investment and resource resilience

5.6. Western Cape Business Survey Report (24 April 2020)

(a) Both businesses and employees need support, urgently

- Many of the businesses surveyed are dependent on domestic demand. Although demand is, and probably will be constrained in the near future, support to stimulate demand is needed as businesses are challenged to remain operational. Particularly, businesses in the retail and trade, construction and general services sectors generated no revenue over the lockdown period.
- With no revenue coming in, business needs assistance with wage and rental bills that are accruing.
- Business needs assistance with operational cost buffers to address overheads and cash flow challenges.
- Business requires government to consider municipal utilities and tax relief or reprieves (like interim concession on carbon tax, PAYE, etc.).
- Business needs assistance to understand the implications and gain access to, support containment strategies around bridging finance and business continuity planning.

- Similarly, business needs to understand the implications of selecting containment strategies like downscaling, wage reductions, retrenchments and business closure.
- Businesses need to be encouraged to reach out to banks, shareholders and important stakeholders to learn what support may be available; businesses need to be informed about any opportunities that may exist in their sector.
- Institutions like banks, insurance companies, business chambers, etc. need to give serious consideration to where they direct appropriate support and 'put skin in the game'.
- It is particularly important that businesses engage with their banks given that financial containment strategies have been identified. Support is required around issues like debt restructuring or reducing the cost of borrowing, reduction in bank fees, etc.
- Insurance companies to consider reducing excess amounts on insurance claims; Insurance companies have been less visible in announcing support to business than the banks have. There should be an exploration to see what can be offered; greater awareness (like that required for the banks), is needed.
- Organised business formations like business chambers and sector forums should establish working groups on innovative ways where some sectors could increase their work-from-home segment of their operations, consider online processing and/or sales.
- Existing consumer behaviour (and delivery constraints) limits expanding online sales; however, there is an opportunity for consumer education by retailers for various LSM levels. Now is the time to educate South African customers to shift shopping patterns.

(b) Workers need support with the ability to return to work and earn

- Easing and opening of sectors require lockdown restrictions to lift, i.e. essential needs to be redefined in an evolving manner.
- The provision of protective wear for all workers needs to be mandatory where any new sectors or industries can operate.
- Workers need safe and sanitized public transport options.
- Workers need government support to consider minimizing short-time and retrenchments.

(c) Government needs to protect jobs and drive recovery of the economy

- Government needs to consider financial and non-financial support interventions and measures to assist business and employees in the above areas highlighted.
- Government needs to accelerate availability and applicability of support strategies, schemes, funding models and most importantly, access for business and workers (like secured access to UIF funding support).
- With more than 80% of respondents to the survey being SMMEs, dedicated support from government, for small business, is imperative. The survey shows that these SMMEs do not have financial buffers for an extended period of inactivity.

(d) Greater awareness and access to information needs to increase

- Feedback to businesses via as many networks as possible on this 'snapshot' of the two-week real time window' of the local economy.
- Communication Initiatives are still not optimally reaching businesses and increased awareness of websites hosting business information and support available, needs to occur.
- Businesses need to be fed tips and be given assistance on how they could take their business digital

5.7. Wesgro initiatives

(a) Export Advancement Programme and Export mission plan

The Export Advancement Programme is a vocational training tool in international trade designed to build export competence within companies globally. This programme provides the expertise, knowledge and network needed to help businesses grow internationally and offers a blend of company best practice, export coaching in local seminars in standardised training modules.

To benefit from this valuable opportunity companies must have a product or service that is currently supplied to the domestic market, have been in business for about two years and have a reasonable turnover.

The Export Advancement Programme runs several times each year. For further information, please contact the course coordinator Ms Nadine Smith Clarke - nadine@wesgro.co.za

(b) Municipal Capacity Building

An important component within investment promotion value chains is investment facilitation. Effectiveness with dealing with investor queries, applications and by extension creating an overall investment friendly business climate can significantly benefit the pursuits of municipalities in seeking development and job creation through investment.

Relevant teams are trained on the importance of effective internal processes and systems in economic terms along the investment facilitation life cycle. We have thus arranged for the Economic Promotion e-learning programme via Wavteq.

(c) Event Support

Event Sponsorship. Wesgro's role is to attract visitors, both international and domestic to visit the Western Cape. Our event partnership provides various levels of support to leisure events where opportunities exist to promote the Western Cape as an attractive destination.

We work with event organisers, regional and local tourism offices, government and industry and media partners to maximise the marketing of the event where possible and within our available resources.

5.8. Western Cape Department of Agriculture (WCDa)

- The WCDa has expanded its alien clearing programme in the entire Western Cape in order to stimulate and create additional employment.
- The Agricultural Producers Support and Development Programme within WCDa has embarked on the establishment of additional food gardens as part of our food security programme.
- In terms of our support to the tourism sector the Department has supported the wine tourism economy by registering 1165 employees in the Wine Tourism sector and securing a wine tourism workers support stipend to the amount of R12 million in attempt to sustain jobs.
- The Department is currently as part of its contribution towards the economic recovery in the process to appoint 120 unemployed graduates in the Agricultural sector.

6. BASIS FOR THE DEVELOPMENT OF IMPLEMENTATION COMMITMENTS

6.1. National and provincial initiatives to which local government can contribute

National	Provincial
<p>National Development Plan</p> <ul style="list-style-type: none"> ▪ Establish a competitive base of infrastructure, human resources and regulatory frameworks. ▪ Realise a developmental, capable and ethical state that treats citizens with dignity. ▪ A social compact to reduce poverty and inequality, and raise employment and investment ▪ Boost private investment in labour-intensive areas, competitiveness and exports, with adjustments to lower the risk of hiring younger workers ▪ Public infrastructure investment at 10% of gross domestic product (GDP) financed through tariffs, public-private partnerships, taxes and loans and focused on transport, energy and water <p>SA Economic Reconstruction and Recovery Plan</p> <ul style="list-style-type: none"> ▪ Ensuring optimal revenue collection, fiscal sustainability, improved efficiency of spending, elimination of wastage and corruption and improved state capacity to collect revenue ▪ Increased access to finance: Ensuring expanded access to the R200 billion Covid-19 credit facility 	<p>Western Cape Strategic Plan</p> <ul style="list-style-type: none"> ▪ Building and maintaining infrastructure ▪ Creating opportunities for job creation through skills development ▪ Creating an enabling environment for economic growth through resource resilience <p>Western Cape Economic Recovery Plan</p> <ul style="list-style-type: none"> ▪ Red tape support to remove administrative and legislative blockages ▪ Drive improvements in the planning and approvals system ▪ Efficiency improvement in government procedures and administrative systems across a range of sectors including SMMEs, formal and informal businesses as well as the tourism sector. ▪ Support municipalities to drive government spending on the development, maintenance and protection of core infrastructure, particularly on labour intensive projects. ▪ Focus on identifying the necessary enabling infrastructure gaps. ▪ Improve SMME access to WCG initiatives and opportunities ▪ Support growth through facilitating access to finance

<ul style="list-style-type: none"> ▪ Regulatory changes to reduce the cost of doing business and facilitate ease of doing business ▪ Skills development and a population that is equipped for the new normal ▪ Communication and the digital economy 	<ul style="list-style-type: none"> ▪ Provide support to businesses (e.g. advisory services and training) ▪ Increase employment through internships and skills programmes ▪ Improve access to skills opportunities specifically focused on the capability of youth. ▪ Support businesses and municipalities through technical, regulatory and financial knowledge development, sharing and partnerships
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6.2. Other initiatives in this document to which local government can contribute

- Support to stimulate demand as businesses are challenged to remain operational. Particularly, businesses in the retail and trade, construction and general services sectors generated no revenue over the lockdown period.
- Consider municipal utilities and tax relief or reprieves (like interim concession on carbon tax, PAYE, etc.)
- Support people and businesses to access the economic relief measures
- Support businesses to learn about any opportunities that may exist in their sector
- Communication initiatives are still not optimally reaching businesses and increased awareness of websites hosting business information and support available, needs to occur
- Businesses need to be fed tips and be given assistance on how they could take their business digital
- Effectiveness with dealing with investor queries, applications and by extension creating an overall investment friendly business climate can significantly benefit the pursuits of municipalities in seeking development and job creation through investment
- Wesgro's role is to attract visitors, both international and domestic to visit the Western Cape. Our event partnership provides various levels of support to leisure events where opportunities exist to promote the Western Cape as an attractive destination
- Buy local from struggling businesses and strengthen SME supply chain inclusion – without hampering effectiveness and efficiency principles.

7. CONCLUSION AND THE WAY FORWARD

Swartland Municipality is committed to support economic development and recovery in order to attract investments and make the Swartland an area of choice to do business. The Covid-19 pandemic had a devastating impact on the economy and the consequent national lockdown made it extremely difficult for businesses to remain sustainable.

The Municipality cannot grow the economy or create jobs. Therefore, to implement this plan, a partnership between the public and private sector is inevitable.

The national, provincial and other initiatives identified above provides a framework within Swartland Municipality can develop its own implementation commitments, i.e. how and where the Municipality can become involved or provide support to economic development and recovery initiatives.

If there is agreement on the implementation commitments, key performance indicators and targets must be developed for inclusion in the five-year IDP for 2022-2027. The key performance indicators will identify the actions that the Municipality need to take and will include targets for each indicator. Any financial implications will have to be investigated for (1) inclusion in the municipal budget, (2) allocations by other spheres of government, or (3) contributions from the private sector.