SWARTLAND
Munisipaliteit
Municipality
Umasipala

# Swartland LED strategy

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## Executive summary

Dialogue with the private sector and municipal leaders has allowed this version of the LED strategy to sharpen its focus on developing and promoting competitive advantage. Swartland undoubtedly does have competitive advantage in the current economic context. It offers easy access to 80% of the Western Cape markets, with lower cost structures, reduced risks and good quality of life. Given the Cape Town metro growth trend, increasing numbers of businesses will view Swartland as a good place to locate, similar to growth patterns of towns on the outskirts of other cities world-wide.

Since August 2015 the main constraint to growth has been removed. Industrial property has become available again after a few years of not being accessible. The fact that the N7 is being upgraded makes it all the more attractive. Some investors are already investing. Others are considering investing here and are likely to become more confident when they fully understand the competitive advantages offered by Swartland.

Prospective investors are however not always aware of the opportunity. Unless promotion gets the message across, investment opportunities for Swartland may be lost. Investors, through their networks also check with local businesses and citizens if it truly is good for business. Local business leaders must therefore become Swartland brand ambassadors, and must be able to articulate the competitive advantages confidently.

Due to the nature of the factors driving the growth opportunity (proximity to Cape Town and road linkages), most of the growth is expected near Malmesbury. Investment is expected mainly from sectors such as: agro-processing, transport and logistics, retirement villages, increased retail and services. This will result in a boost for construction and property markets.

The economic development strategy is kept simple to focus on 5 key areas:

1. Strengthen the competitive advantages of Swartland.
2. Attract business to locate and grow here.
3. Make local markets work better to increase opportunity for small business.
4. Attract more rate paying citizens to live here.
5. Make it easier for local citizens to access economic opportunity.

Implementation of the strategy requires continuing some good work already in progress, and by introducing 10 additional initiatives, aimed at filling the current gaps.

The current institutional capacity involved in economic development consists of a complex set of organised groups. Smart systems and tools are likely to enhance their ability to contribute more cohesively to economic development.

## Contents

## Introduction

*After 16 years of democracy, unemployment and poverty remains widespread and persists alongside affluence. Local Government is both the most intimate sphere of government and the one that impacts most on the everyday lives of citizens. Its responsibilities include helping our citizens to be successful by enabling opportunities and driving local economic growth. I invite all of you – councillors, officials, citizens, business, government and non-government organisations - to become part of this journey. Join hands with us -* ***LET'S MAKE IT HAPPEN!***

***Tijmen van Essen*** *- adapted from foreword to IDP May 2015*

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 LED strategy aims to establish improved economic development cooperation amongst stakeholders – to systematically identify and utilise more beneficial economic opportunities.

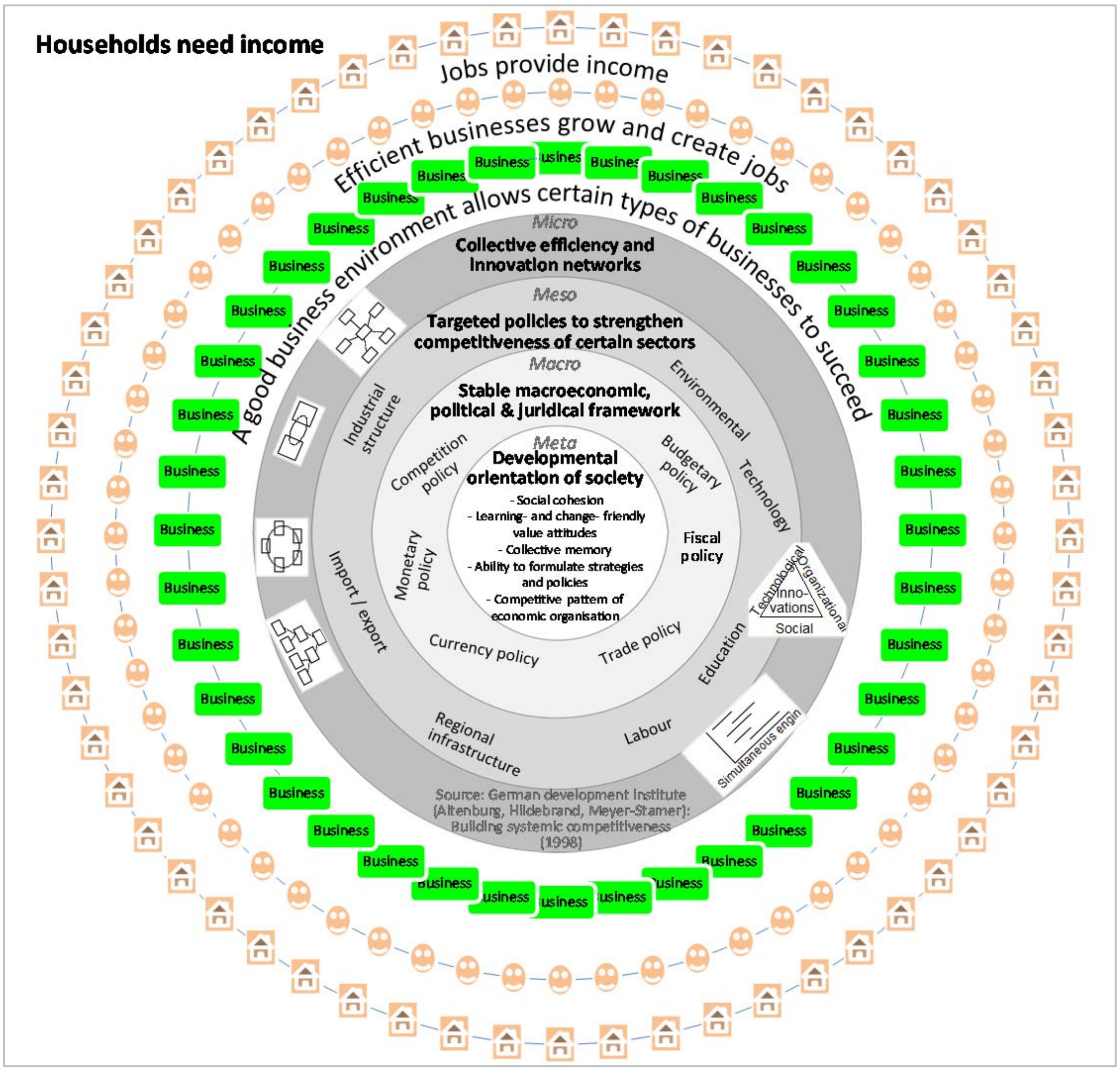
Local Economic Development (LED) is a specialised methodological response to the need to improve performance of the local economy, to benefit local citizens. LED is defined as an ongoing process by which key stakeholders and institutions from all spheres of society, the public and private sector as well 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.

Firm performance/competitiveness does however not just depend on the factors inside the firm. Externalities such as market demand, market competition, supply conditions and local business environmental conditions are also major determinants. This "eco-system" *(illustrated in Figure 1 on the next page)* within which the firms find themselves, to a large extent determines how is easy or how difficult it is for an entrepreneur/ firm to succeed. These factors also determine whether a local economy is attractive for investors.

*“The most successful economic regions turn out to be those in which groups of relevant stakeholders succeed in organizing rapid and effective learning and decision-making processes that actively shape locational and competitive advantages for their economy.”*
***Jorg Meyer-Stamer***

**Figure 1: Concept of an “economic eco-system”, which economic development strives to improve**




### Why another strategy?

This strategy builds on the good work and plans that are already in place, much of which is summarised in the Integrated Development Plan (May 2015 revision). This includes alignment and support of national, provincial and regional strategies. More in depth dialogue with the private sector and municipal leaders has allowed this version of the LED strategy to sharpen its focus on developing and promoting competitive advantage. More attention is placed on what must be done and by whom - to make the strategy easier to execute with success.

## Economic profile

# Swartland: At a Glance

### Demographics, 2015

| Population | Households |
|---|---|
| 120 314 | 32 029 |

### Education

| | |
|---|---|
| Matric Pass Rate 2014 | 88.3% |
| Literacy Rate 2011 | 78.0% |

### Poverty

| | |
|---|---|
| Households earning less than R400 in 2011 | 12.2% |
| Per Capita Income 2013 | R28 307 |

### Health, 2015

| Primary Health Care Facilities | Immunisation Rate | Maternal Mortality Ratio (per 100 000 live births) | Teenage Pregnancies - Delivery rate to women U/18 |
|---|---|---|---|
| 5 | 74.9% | 0.0 | 8.2% |

### Safety and Security Actual number of crimes in 2014/15 year

| Residential Burglaries | DUI | Drug-related | Murder | Sexual Crimes |
|---|---|---|---|---|
| 721 | 125 | 1 708 | 29 | 176 |

### Access to Basic Service Delivery, 2014 Minimum service level

| Water | Refuse Removal | Electricity | Sanitation |
|---|---|---|---|
| 99.1% | 76.2% | 97.8% | 90.4% |

### Economy

GDP Growth 2005 – 2013

3.7%

### Labour

Employment Growth 2005 – 2013

-1.8%

### Broadband

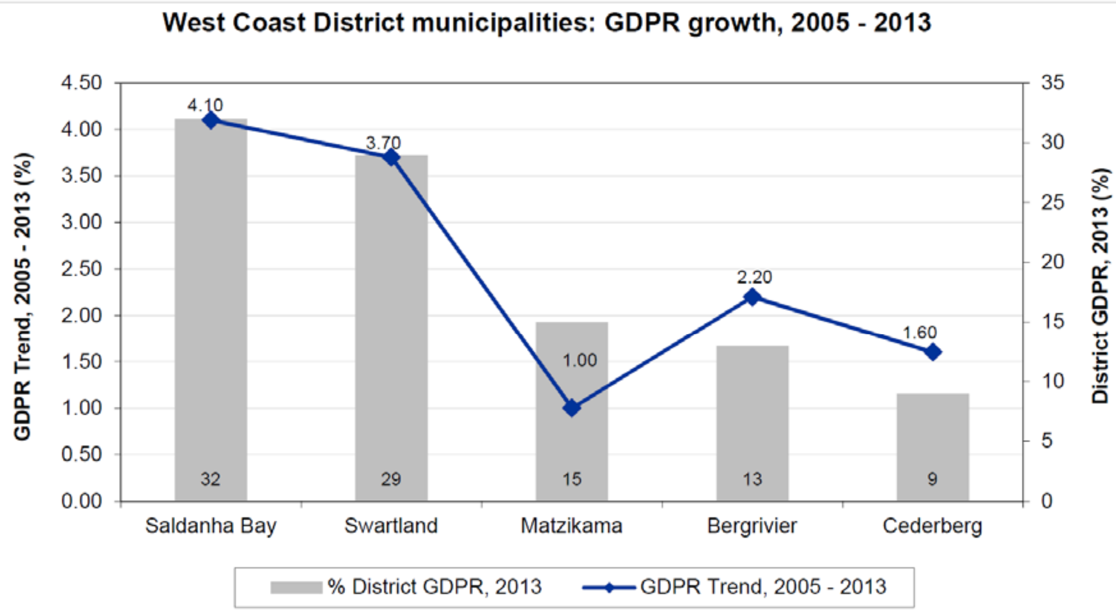
| | |
|---|---|
| Percentage of HH with access to internet 2011 | 30.4% |
| Wi-Fi Hotspots by 2017 | 12 |

### Largest 3 Sectors, 2013

| Finance, Insurance and Business Services | Manufacturing | Agriculture, Forestry and Fishing |
|---|---|---|
| 35.7% | 20.1% | 14.3% |

Swartland comprises the second largest share (29%) of the District's GDPR of R19 billion in 2013. The region experienced average year-on-year growth of 3.7% from 2005 - 2013, on par the Province's growth rate of 3.6% over this period.

**Figure 2: Economic growth in the West Coast District Municipalities**




*Source: Municipal Economic Review and Outlook (MERO), 2015*

The declining economic growth rate experienced in Swartland follows the national and global trends. Economic growth in Swartland tapered off to 3% annually during the recessionary period 2008 - 2009 from 4% average growth over the 2000 - 2007 period. Growth however continued to fall (2.6%) during the 2010 - 2013 recovery period.

**Figure 3: Swartland economic growth similar to rest of South Africa (Source: Mero 2015)**

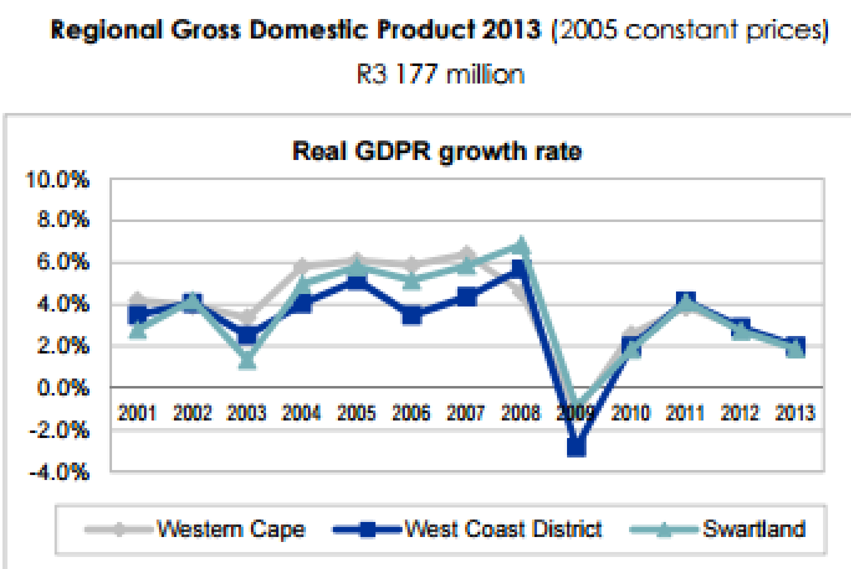
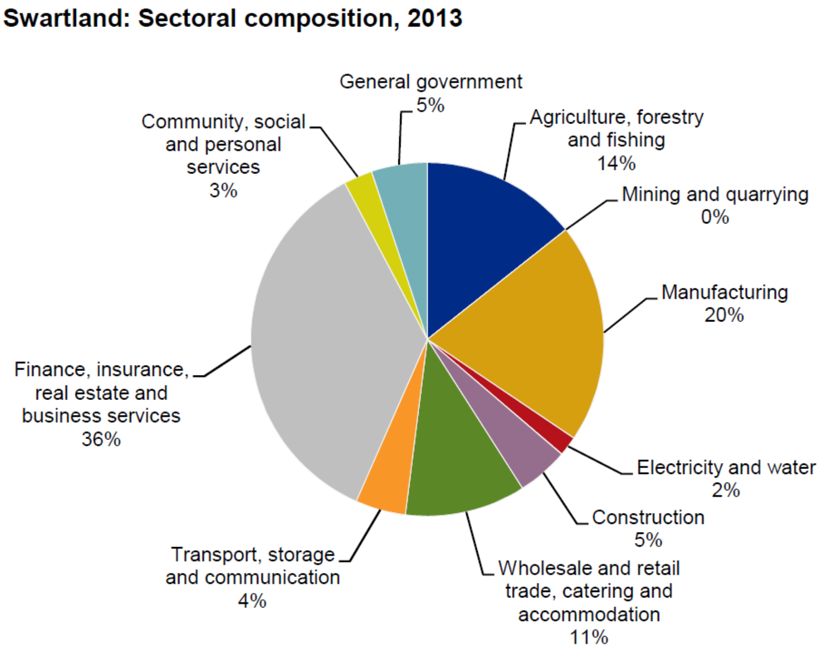
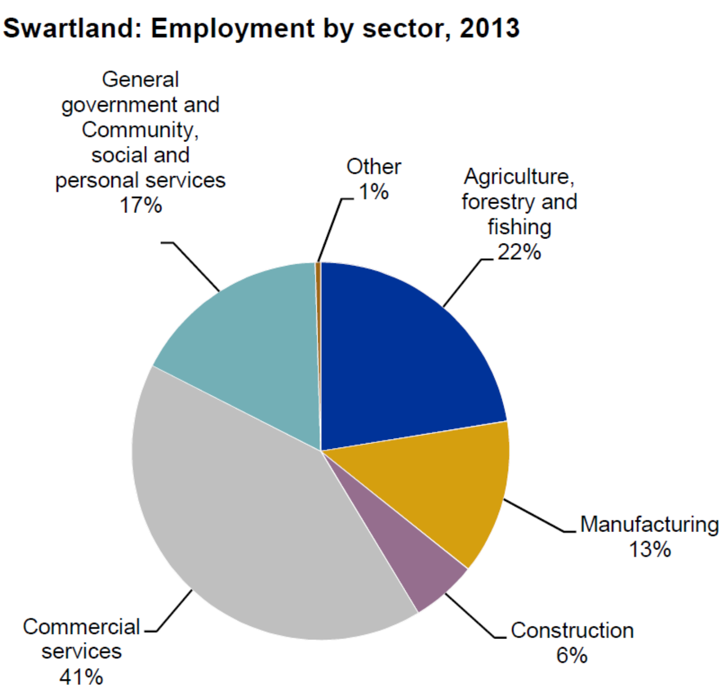


**Figure 4: The sectoral composition of the local economy**




*Source: Municipal Economic Review and Outlook (MERO), 2015*

**Figure 5: Employment contributions by economic sectors**




*Source: Municipal Economic Review and Outlook (MERO), 2015*

**Table West Coast District: GDPR growth vs net employment, 2005 - 2013**

| | Matzikama | | Cederberg | | Bergrivier | | Saldanha Bay | | Swartland | | West Coast District | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Industry** | **GDPR trend** | **Net employment** | **GDPR trend** | **Net employment** | **GDPR trend** | **Net employment** | **GDPR trend** | **Net employment** | **GDPR trend** | **Net employment** | **GDPR trend** | **Net employment** |
| Agriculture, forestry and fishing | -0.3% | -3 325 | -1.5% | -4 086 | -2.7% | -5 385 | 3.7% | -3 177 | 0.3% | -4 707 | -0.3% | -20 804 |
| Manufacturing | -0.2% | -32 | -1.9% | -522 | 2.3% | -310 | -4.1% | -2 566 | 2.1% | -773 | -0.3% | -4 108 |
| Construction | 7.5% | -146 | 10% | 14 | 9.2% | -26 | 3.4% | -665 | 5.1% | -611 | 6.2% | -1 395 |
| Commercial services | 2.6% | -160 | 4% | 550 | 6.4% | 1 947 | 6.9% | 3 872 | 7.7% | 3 047 | 6.1% | 9 566 |
| General government and Community, social and personal services | 2.3% | 360 | 4.3% | 824 | -1.7% | -828 | 6.4% | 2 925 | -2.8% | -1 669 | 2.8% | 1 741 |
| Other | -10% | -13 | -1.1% | 58 | -7.2% | -2 | 3% | 293 | 0.3% | 16 | -3% | 385 |
| **Total** | **1%** | **-3 316** | **1.6%** | **-3 162** | **2.2%** | **-4 604** | **4.1%** | **681** | **3.7%** | **-4 698** | **3%** | **-14 615** |

*Source: Municipal Economic Review and Outlook (MERO), 2015*

Overall, Swartland has been the second fastest growing (3.7%, 2005 - 2013) in the region. It experienced strong growth in its commercial services (7.7%; i.e. wholesale, retail, catering and accommodation; transport and communication; and finance, insurance, real estate and business services) as well as construction (5.1%) sectors. The only sector which contracted over the 2005 - 2013 period was the general government and community, social and personal (CSP) services (-2.8%) while agriculture growth although positive, was negligible. Manufacturing in Swartland experienced a steady 2.1% growth even though manufacturing dwindled for the District.

Swartland however experienced an overall drop in employment levels by 1.8%. Despite agriculture's growth, the sector experienced the high job losses (-4 707) over the period. Commercial services contributed a significant number of jobs (3 047) over the period.

In terms of the skills demand in Swartland, the area experienced slight growth in terms of the highly skilled and skilled categories over the 2005 - 2013 period. There was however a large decline (-5.3%) in employment growth for semi- and unskilled workers over the period. The job losses in this sector are congruent with the job losses experienced in the agriculture, manufacturing, construction and general government and CSP services sectors and represent an increasing trend in the demand for skilled employment (employment in the tertiary sector) over unskilled labour. The informal sector exhibited strong growth of 3.5% over the period, seemingly picking up some of the losses of the semi- and unskilled.

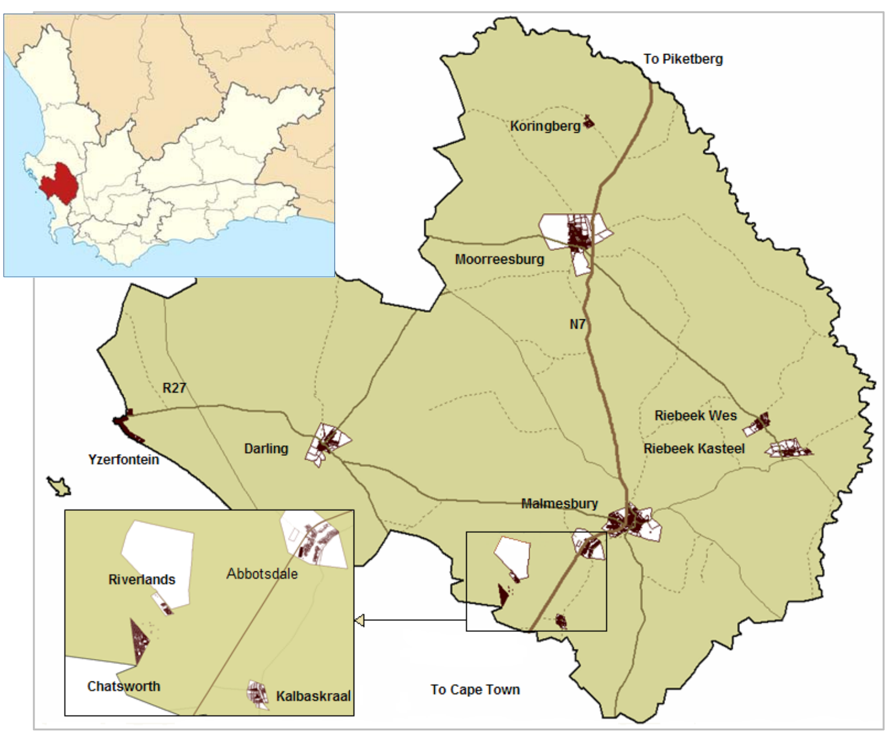
**Table West Coast District municipalities: Employment per skills sector, 2005 - 2013**

| | Matzikama | | Cederberg | | Bergrivier | | Saldanha Bay | | Swartland | |
|---|---|---|---|---|---|---|---|---|---|---|
| Sector composition | Number | Growth p.a. 2005 - 2013 | Number | Growth p.a. 2005 - 2013 | Number | Growth p.a. 2005 - 2013 | Number | Growth p.a. 2005 - 2013 | Number | Growth p.a. 2005 - 2013 |
| Highly skilled | 1 606 | -0.2% | 1 193 | 0.7% | 1 654 | -1.4% | 4 742 | 3.3% | 2 698 | 0.1% |
| Skilled | 3 669 | -1.7% | 2 838 | -0.6% | 4 392 | -0.5% | 10 790 | 1.5% | 7 410 | 0.1% |
| Semi- and unskilled | 6 845 | -4.7% | 6 136 | -5.4% | 6 105 | -6.8% | 10 748 | -3.5% | 10 087 | -5.3% |
| Informal | 3 595 | 3.8% | 2 791 | 4.4% | 3 821 | 4.6% | 6 120 | 5% | 5 873 | 3.5% |
| **Total employment** | **15 714** | **-2.1%** | **12 958** | **-2.3%** | **15 972** | **-2.7%** | **32 400** | **0.3%** | **26 068** | **-1.8%** |

*Source: Municipal Economic Review and Outlook (MERO), 2015*

In summary, the economy is still growing, especially in the services sectors. Agriculture and to a lesser extent manufacturing are showing job losses which are not unexpected given the current South African business climate. This does not imply that these sectors are declining. They are becoming more productive, adding more value per person. The job losses however are not good for Swartland – jobs need to be created and business as usual leads to increased unemployment. Combined with the rapid influx of poor people from rural areas, who require government services but do not contribute to municipal income, this increases pressure on the municipal budget. Simply stated, if the economy does not grow faster, the municipality needs to increase costs to rate payers or decrease service delivery.

**Figure 6: Economic activity other than agriculture and mining is concentrated in and near the towns - depicted in the map below.**



**The dominant factors that emerged from the strategic conversation during the PACA process.**

1. **Assured Growth:** The Swartland population is growing at a rate 50% higher than the national average. This growth is likely to continue and more likely increase on the back of the Saldanha IDZ gaining momentum, the upgrading of the N7 and as the reputation for service delivery excellence spreads. The key issue is how this growth is channelled and how it can benefit citizens, especially people actively looking for work.
2. **Agriculture:** a staple employment generator was shedding jobs even though the main sub-sectors were growing in total value. The reasons attributed are:
    a. Complexity of the labour environment as well as insecurity of land tenure has contributed to moving the business decisions from a question of cost of entry into business to one where the cost of exit becomes more pressing.
    b. Pricing pressure was driving a move to bigger farms [economies of scale] and mechanisation.
    c. Large scale farmers are also vertically integrating the supply chain by doing more packaging, processing and marketing of their own production and as a result reducing opportunities for small farmers.
    d. Phytosanitary and traceability requirements for retailers were increasing costs and making compliance unviable for small labour intensive farmers.
    e. Transport costs are squeezing margins. The fact that the retailers dominate the supply chain effectively transfers the price pressure to primary producers and consumers.
3. **Disconnect and/or Marginalisation:** there are communities within the municipality that consider themselves as being excluded from mainstream economic development, lagging in municipal services and to an extent socially 'segregated'.
4. **Municipal and towns identity and personality:** in all areas where workshops were held there was an underlying theme and question of who are we, what's important to us? What sets us apart? and what message is being sent out to both residents, potential investors or current and potential visitors? This question will become even more significant with the upgrading of the N7 and therefore the relative proximity to Cape Town.
5. **Small and medium size enterprise development:** was also a cross cutting issue with people observing that, even with a good idea, it was difficult to start and grow a business. The perennial issues of business training and support, access to funding, development of 'bankable' business plans and market access were evident.
6. **Skills mismatch and skills development**: Evident in Swartland, and for that matter the West Coast District as a whole, is the fact that the training offered by higher education institutions may play to the aspirations of entrants into the job market but, the reality is that these are not the skills that are needed by the labour market or that are conducive to starting and growing a business.

## LED goals

**The five provincial strategic goals identified by the Western Cape Government** aim to improve the lives of citizens over the next five years are:

**1. Create opportunities for growth and jobs:** We are committed to creating an enabling environment to attract investment, grow the economy and create jobs by supporting high growth economic sectors.

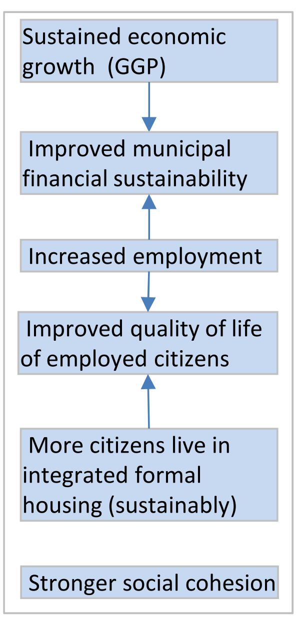
**2. Improve education outcomes and opportunities for youth development:** We're committed to expanding quality education across the province and providing opportunities for youth to realise their full potential.

**3. Increase wellness and safety, and tackle social ills:** We're committed to addressing health, safety and social ills by supporting healthy communities, a healthy workforce, and healthy families, youth and children.

**4. Enable a resilient, sustainable, quality and inclusive living environment:** We're committed to improving urban and rural areas through enhanced management of land, an enhanced climate change plan, and better living conditions for all.

**5. Embed good governance and integrated service delivery through partnerships and spatial alignment:** We're committed to delivering good governance and an inclusive society that increases access to information, in partnership with active citizens, business and institutions.

In support of the National Development Plan and the 5 strategic goals ("PSGs") of the Western Cape Government, 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.

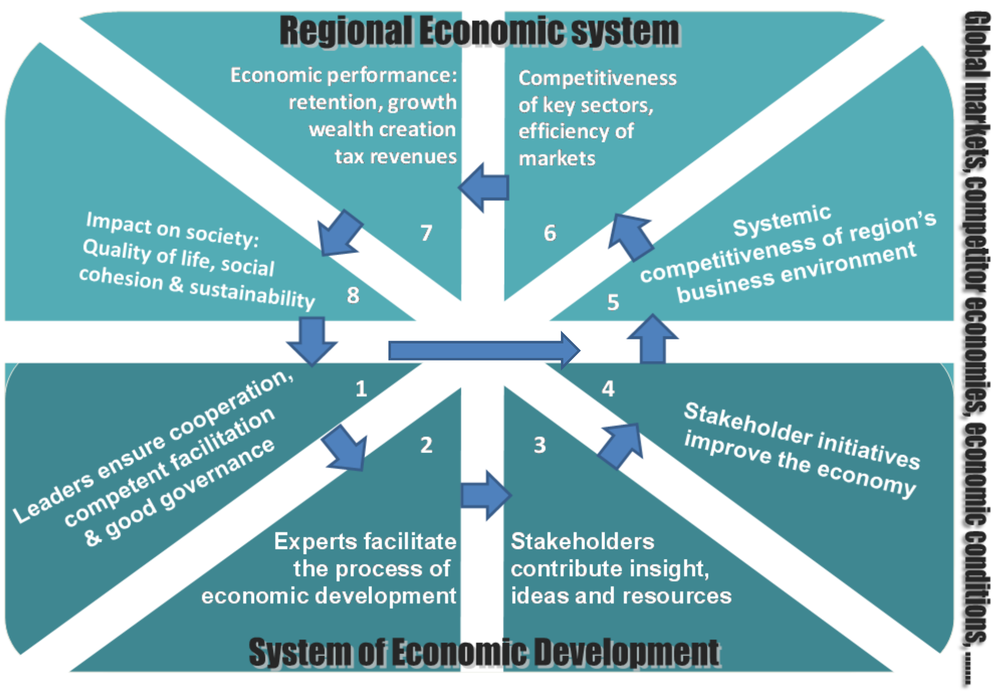
**Figure 7: The main LED goals**

The comprehensive goal structure depicting how LED contributes to employment and the other LED goals follows on the next page.

### Critical factors in LED and corresponding generic goal structure

The framework below depicts LED as eight inter-dependant categories of critical factors. The bottom four segments make up the LED system that aims to improve the performance of the local economy, shown in the top four segments. The arrows depict causality - the virtuous cycle as the main aim. Each preceding segment aims to improve the following. Not all inter-dependencies are depicted. The goals therefore include succeeding with this virtuous cycle.

**Figure 8: Factors critical to success and their inter-dependency**




Starting at the bottom left, moving counter-clockwise:

- Elected leaders of government and business take ownership of their economic future and ensure cooperation, competent facilitation and good governance.
- Appointed LED experts mobilise stakeholders and facilitate processes of economic development.
- Stakeholders participate in these processes and contribute insight, ideas and resources to conceive stakeholder driven initiatives to improve the economy.
- Stakeholder initiatives are implemented to improve the economy.
- Systemic competitiveness of the local business environment is improved, typically by reducing constraints to economic growth.
- This enables businesses in key sectors compete more effectively and improves efficiency of markets,
- resulting in increased investment, economic growth, increased employment, increased earnings ad equity shifts, which all contribute
- to improve quality of life, social cohesion and sustainability to the benefit of citizens.

## Approach to Economic Development

The approach to territorial development is from the point of departure of the private sector. The guiding question is: What is the most important manifest or potential business opportunities in a given territory and what must happen to unlock these opportunities? Conceptually, this leads back to two concepts:

- Market development. In this perspective, the primary objective of territorial development is to make markets work, i.e. address and remedy market failure (Meyer-Stamer 2006).
- Territorial competitive advantage. In this perspective, the ultimate objective of territorial development is to create a unique advantage that cannot be easily replicated by other territories and that creates the basis for sustained growth and prosperity (Porter 2000, Porter and Wayland 1995).

The most important of the **institutional interventions** (McMillan, 2002) that can and should be addressed for a market system to develop and become sustainable consists of the following key elements:

- Availability and access to information of what is available, where and who wants it is critical.
- Property rights are protected and mechanisms are put in place to ensure that monopolistic influences are minimised.
- People can be expected to live up to their promises and mechanisms to facilitate this are implemented.
- Competition is fostered and interventions that distort the market are minimised. Especially subsidies that in the longer term, are simply unsustainable.

## Processes that informed this strategy

This strategy is the culmination of information gathered from many sources. The economic profile is provided courtesy of provincial government treasury. The IDP process engaged ward stakeholders for their views relating to community needs. The private sector was consulted in 2014 via the PACA workshops and in 2015 by 20 interviews with key business leaders. The municipal leadership has maintained ongoing dialogue with organised business. Municipal stakeholder contributed through PACA workshops as well as a workshop in 2015.

## Main findings

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:

- Competitive Advantages
- Competitive disadvantages (including constraints to growth)
- Threats
- Options for growth

## Main Competitive Advantages

1. **Strategic location for business**
   - ☑ The Cape Town Metro is expanding northwards due to sensitive urban edges at Paarl and Stellenbosch.
   - ☑ Close enough to CT 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.

2. **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 statuary wage rates.

3. **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 relationships. There exists a sense of community.
   - ☑ Local government that works and is reliable.

4. **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.

5. **Growing investor confidence**
   - ☑ Some large (>R billion Turnover) firms already choose to operate from here
   - ☑ Numerous investors planning to develop.

6. **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

## Main Competitive Disadvantages (including constraints to growth)

1. **No industrial land was available (up to August 2015). Now resolved!**
   - ☒ The most suitable land for industrial property development at Malmesbury became unavailable due to bankruptcy of the property owner.
   - ☒ A new investor has stepped in, taking the business out of bankruptcy, and is actively making many industrial sites available.

2. **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.

3. **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.

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

5. **Technical skills difficult to attract**
   - ☒ Some businesses find it difficult to attract specialist technical expertise from cities.

6. **Shortage of certain types of housing and rentals**
   - ☒ Lower income, mid lower income and up to the range of R 1 million.
   - ☒ Makes it hard to attract artisans / technical skills.

7. **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.

8. **Safety & security in pockets**
   - ☒ Crime is increasing in some places. Still lower than metro.
   - ☒ Farms close to town suffer from theft (One farm: 250 Sheep p.a. @ R2000 each)

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

10. **Limited investment promotion**
    - ☒ Investment promotion mainly by municipal leaders with limited time.

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

12. **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.

## Threats identified

1. **Competitors to Swartland for investment e.g. Atlantis**
   - ☒ Advantages over Swartland towns
     - Serviced sites R150 - R200/m² vs R2000/m² Montague Gardens
     - Cheap buildings available
     - FET college - free labour from students doing internships etc
     - Atlantis industrial initiative forum - open channel to city
     - No load shedding - local factories manage to "save" 10 - 20% on sub-station .... (Will not publicly admit this)
     - High speed data infrastructure available
     - Closer to Cape Town - where senior management live.
     - Quicker for staff from Bellville to commute to Atlantis vs Cape Town.
   - ☑ Disadvantages compared to Swartland towns
     - 3 year EIA delays on new developments
     - + 15% higher statuary wage rates
     - No power to build new sites R1mil / MVA set-up cost
     - Atlantis now fully populated
     - Road from Atlantis to N7 not so good.

2. **Inadequate marketing**
   - ☒ If investors don't know what is good about Swartland, they will not come here.

3. **New malls will place pressure on existing retail in town/s** (Opportunity and a threat)
   - ☒ Four new malls are being contemplated. Once they are built, the current buying power of Swartland will be divided amongst them. This will decrease sales at current retailers. Less money will be spent outside the economy. Existing retailers need somehow to strengthen their competitiveness.

4. **Development that makes towns less attractive**
   - ☒ Examples in Malmesbury main road during the eighties, and recently in Riebeek-Kasteel
   - ☒ Keep the country lifestyle character.
   - ☒ Keep the overall town competitive advantage in mind.

## Options for growth

The primary factor driving growth in Swartland is the Cape Town metro growth trend. Both businesses and citizens will increasingly view Swartland as a good place to locate. Similar to growth patterns of towns on the outskirts of other cities world-wide. The benefits include a lifestyle alternative to city life, lower cost structure, good municipal services whilst still having good access to markets in the metro.

A secondary factor driving growth is the increasing trade link via the N7 that links Cape Town to Namibia and Angola. Increasing number of trucks delivering to Cape Town, need to time their arrival in Cape Town. Delivery points in Cape Town vary, so trucks choose from eight entry points, from Malmesbury onwards. A truck stop is planned near Moorreesburg.

Since August 2015 the main constraint to growth has been removed. Industrial property has only recently become available again. The fact that the N2 is being upgraded to reduce travel time, makes it even more attractive. Some investors are already investing. Others are considering investing here and are likely to become more confident when they fully understand the competitive advantages offered by Swartland.

Due to the nature of the factors driving the growth opportunity (proximity to Cape Town and road linkages), most of the growth is expected near Malmesbury. Investment is expected mainly from sectors such as: agro-processing, transport and logistics, retirement villages, increased retail and services. This will result in a boost construction and property markets.

**Figure 9: Growth potential study of towns in the West Coast District**

| | | *Socio-economic needs* | | | |
|---|---|---|---|---|---|
| | | ***Very low*** | ***Low*** | ***Medium*** | ***High*** |
| ***Growth potential*** | ***Very low*** | Bitterfontein<br>Doringbaai<br>Kliprand<br>Nuwerus<br>Rietpoort<br>Strandfontein | | | |
| | ***Low*** | Aurora<br>Ebenhaesar<br>Graafwater<br>Koekenaap<br>Redelinghuys | Goedverwacht<br>Klawer<br>Lamberts Bay<br>Lutzville<br>Vanrhynsdorp | Citrusdal<br>Clanwilliam<br>Vredendal | |
| | ***Medium*** | Dwarskersbos<br>Eendekuil<br>Elandsbaai<br>**Koringberg**<br>Paternoster<br>**Yzerfontein** | **Darling**<br>Hopefield<br>St Helena Bay<br>Velddrift | Piketberg<br>Saldanha/Jacobsbaai | |
| | ***High*** | | **Kalbaskraal**<br>Langebaan | **Moorreesburg**<br>Porterville<br>**Riebeek-Kasteel/Riebeek-Wes** | |
| | ***Very high*** | | | | **Malmesbury**<br>Vredenburg |

## Strategy for economic growth and inclusion

> 'Information is the lifeblood of markets. Knowledge of what is available where, and who wants it, is crucial.' (McMillan, 2002)

The strategic rationale follows simple economic development good practice.

**1. Strengthen the competitive advantages of Swartland -** to make it increasingly attractive as a good place for business to operate from, for their employees to work, live and play. Build on the current advantages including: Easy access to metro markets, good work ethic, lower costs structures, country lifestyle, good government, quicker decisions and social cohesion.

**2. Attract business to locate and grow here.** Make it quick and easy to invest and expand. The consequence will be growth in employment and more money circulating in the local economy. This money will benefit local businesses in the retail and services sectors.

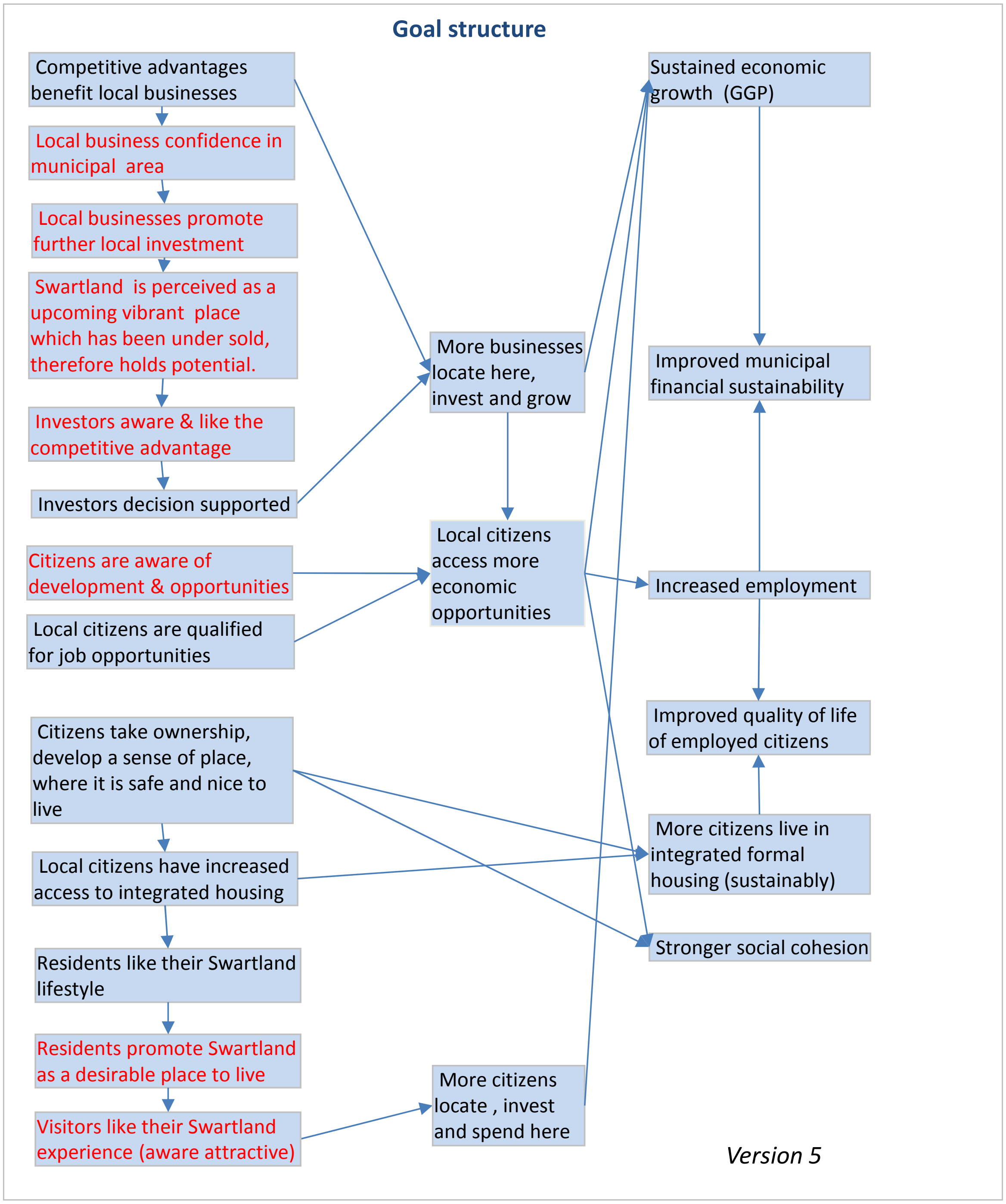
**3. Make local markets work better to increase opportunity for small business.** Improve small business access to: new market opportunities, access to business development support services and to finance. The municipality cannot provide these services but can assist to facilitate easier access to these services. Market access can be improved by systematic linking of local suppliers to the large public- and private sector buyers. Linking these local firms also to networks of expertise will further enhance their ability to meet the requirements of the large buyers. Businesses linked to lucrative value chains grow faster.

4. **Attract more rate paying citizens to live here.** Target families who are cost aware and who seek a safer, country lifestyle with good schools. Also tap into the ongoing exodus of retirees from all over the country - escaping specifically from government failure, increasing crime levels and rising cost of living. Besides contributing to municipal financial sustainability, their investment and spend in the local economy will provide further increase money circulating in the local economy.

**5. Make it easier for local citizens to access economic opportunity.** Support citizens to access new job opportunities and skills development that will qualify them for new job opportunities.

This strategic rationale and how it is expected consequences are illustrated in figure 8 on the next page.

**Figure 10: The strategic rationale described as a strategy map**




Much of the right building blocks for the strategy are already in place. The text in red above indicates areas where improvement emphasis is required. Implementation of the strategy therefore requires continuing some good work already in progress, and by introducing additional initiatives to fill the gaps. The action plan that follows, describes the existing and new initiatives that are key to strategy implementation.

## Action plan

The plan of action consists of existing initiatives most relevant to economic development as well as some new proposed initiatives.

## Existing development initiatives key to LED

The municipality is proactive in identifying and pursuing opportunities to benefit the local economy. The following initiatives / opportunities are included and detailed in the IDP:

## List of New LED initiatives

New economic development initiatives were selected to achieve maximum impact, quickly and efficiently. Keep in mind economic development initiatives typically take many years to realise impact on scale. The following are proposed new economic development initiatives:

**1. Stakeholders support the development of a more competitive local economy**

- On-going and systematic improvement of local competitive advantage.

**2. Development of industrial park/s**

- Establish attractive and functional industrial park/s visible form passing N7 traffic.

**3. Make Swartland the easiest place to invest in**

- A critical differentiator which allows businesses to start 3 months earlier.

**4. Rejuvenation of Malmesbury and Moorreesburg town centres**

- First step towards more attractive town centres and rejuvenation.

**5. Investment promotion to attract more investment**

- Make investors aware of benefits of investing here rather than elsewhere.
- Both private sector (industry and retail) and public sector (especially education).

**6. Improve tourism promotion and development**

- Although tourism is under- developed, tourism by nature constantly brings visitors to the area, and if the experience is positive, makes some visitors consider locating here.

**7. Establish a local business opportunity network**

- Make the local business opportunities easily accessible for all local businesses.

**8. Establish an employment opportunity and career guidance network**

- Ensure local job opportunities are easily accessible to all local citizens.

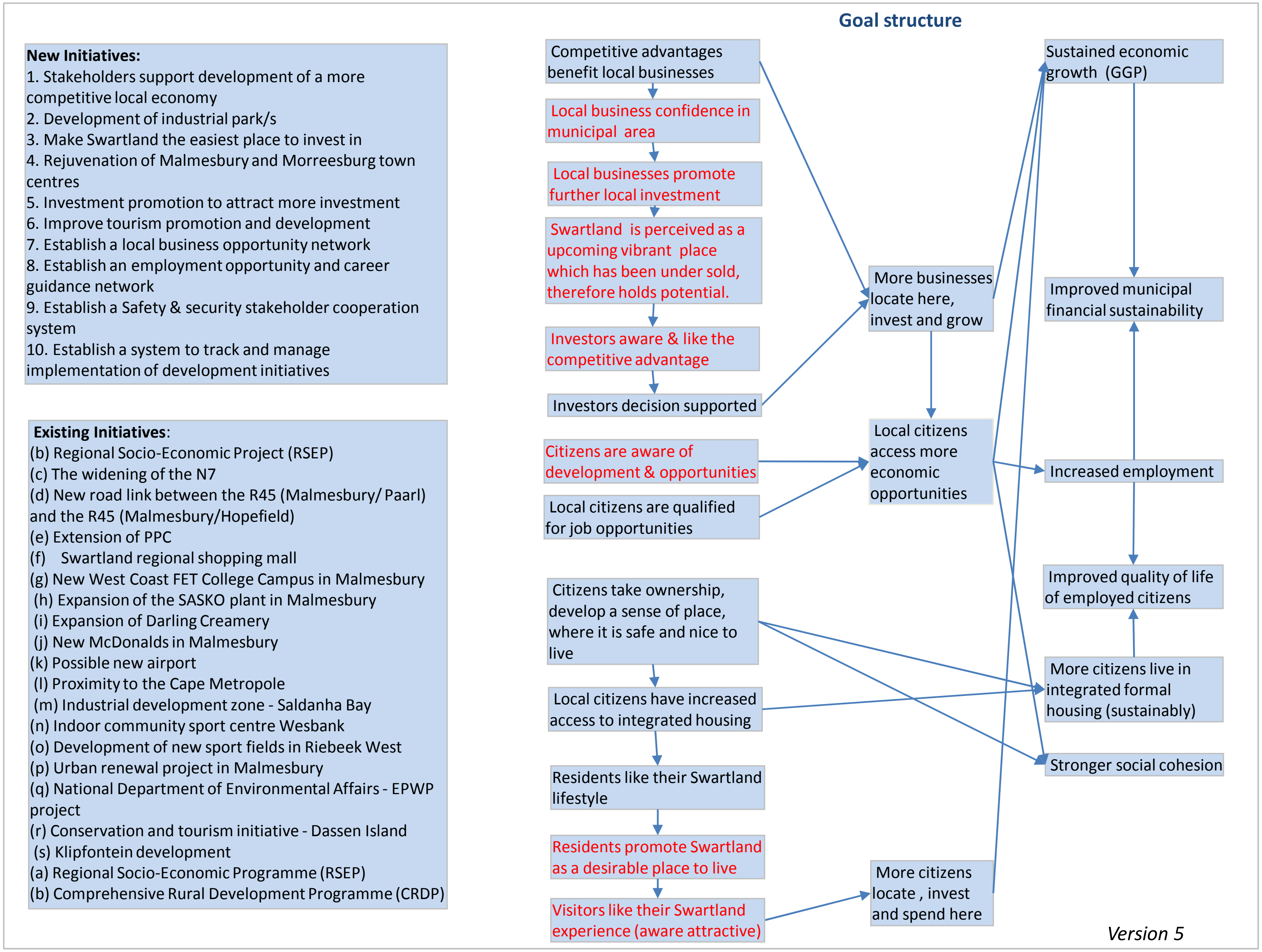
**9. Establish a safety & security stakeholder cooperation system**

- Enable businesses and citizens to collaborate easily and effectively in reducing crime.

**10. Establish a system to track and manage implementation of development initiatives**

- Ensure all important developments are monitored and supported to fulfilment.

## Figure 11: Contribution of LED initiatives to strategic goals



## The new LED initiatives

### 1. Stakeholders support development of a competitive local economy

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Ensure all stakeholders understand, value and contribute to strengthening of the competitive advantages.<br>Publish and promote current competitive advantages.<br>Both municipality and organised business commit to this as a policy principle. | Municipal integrated development keeps strengthening the competitive advantages.<br>Other economic stakeholders are informed about what is going on in development and engage in building a better place. | On-going and systematic improvement of local competitive advantage. | An easier place for business to invest and succeed. | Growth, jobs, municipal sustainability. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Manager Strategic Services<br>Leaders of organised business | Manager Strategic Services | Executive Mayor | No additional | Existing |

## 2. Development of industrial park/s

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Purchase land for development. Prepare development plans and approvals. Promote to interested investors and secure investment. | Establish attractive and functional industrial park/s visible form passing N7 traffic. Establish attractive and functional mixed development spaces including retail malls. | Land and serviced sites with services, readily available for investors to start building. Industrial park, retail and housing developments. | Logical expansion of the existing food cluster, with associated distribution and warehousing (and associated logistics), Truck sales and servicing. New head offices and retail on the west side of the N7. | Investment drives growth, employment and municipal revenues. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Private developers | Municipal Planning Department | Municipal Manager | Unknown | Developers |

### 3. Make Swartland the easiest place to invest in

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Procure investment promotion and facilitation platform.<br>Define investment facilitation process.<br>Expedite plans linked to key investments. | Investment promotion and facilitation platform.<br>Investment facilitation process.<br>Quick response times from building and zoning approvals.<br>Blanket EIAs for e.g. Schoonspruit industrial park. | Innovative systems and processes for effective public-private-dialogue which speed up development and make Swartland one of the easiest place to invest in, Including:<br>• All info needed including support services online<br>• Investment facilitation<br>• Quick approvals<br>• Blanket EIAs save investors time | A critical differentiator which allows businesses to start 3 months earlier.<br>More investors establish business in Swartland. | Increased investment drives growth, employment and municipal revenues. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Appointed service provider.<br>Municipal Planning Department | Manager Strategic Services | Municipal Manager | Unknown | WC: Dept. Local Govt and housing |

### 4. Rejuvenation of Malmesbury and Moorreesburg town centres

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Appoint town managers to take ownership. Create aesthetic committees with governance. Change signage. | Town managers active. Aesthetic committees active – start by developing a vision of more attractive town centres. | Stakeholder support and contribute towards more attractive town centres. Direct traffic with signage to manage expectations (e.g. entrances Malmesbury industrial vs Malmesbury Town). Aesthetic committees guide plan approvals to strengthen competitive advantage. Town centres become more attractive and vibrant to compete with new malls. | To assist town retailers to survive vs new competition from malls. Attract more tourism visitors, if they like their experience they may consider moving to these towns. More citizens choose to live in these towns. | Increased local business survival rates – saving jobs. Increased investment drives growth, employment and municipal revenues. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Town managers. Aesthetic committees. | Municipal Planning Department | Municipal Manager | Unknown | Unknown |

## 5. Investment promotion to attract more business investment

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Develop a sustainable and marketing campaign. Target:<br>- Businesses that can best benefit from the competitive advantages.<br>- Education services.<br>- Families that seek a safer, country lifestyle.<br>- Retirees from all over the country.<br>Encourage local businesses and citizens to actively promote themselves and to promote more investment into the area.<br>Grow the Swartland brand. | Marketing campaign to attract investment-business and households.<br>An online platform for investors to find the information they need, and easily interact with municipality and other key stakeholders. | Awareness in the target markets, that Swartland is an attractive option.<br>Local business and citizens are investment promotion ambassadors.<br>Information and services required by investors available online. | Private sector (industry and retail) and public sector (especially education) investors aware of benefits of investing here rather than elsewhere. | Increased investment drives growth, employment and municipal revenues.<br>Increased GGP to contribute to more local spend – retail and services where 80% of SMEs find themselves. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Appointed service provider.<br>Municipal Planning Department | Manager Strategic Services | Municipal Manager | Unknown | WC: Dept. Local Govt and housing |
| | | | | |

## 6. Improve tourism promotion and development

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Improved online marketing. Integrated events calendar. Better events. Develop better anchor attractions and visitor experiences. Review tourism funding – possibly centralise for quality. | Online marketing. Better events portfolio and calendar. Better anchor attractions and visitor experiences. | Attract more visitors. Better events. Utilise old farm homesteads (like Stellenbosch, Franschhoek & Paarl) better for tourism and for promoting the country life style brand. | Tourism growth. More visitors like Swartland and choose to live (invest) here. Declining agricultural business models benefit from Wine & Food tourism by utilising the beautiful old farms buildings in and settings. | More rate paying citizens live here and spend more money at local retailers and services providers. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| ? | ? existing | ? existing | Existing | Existing |

## 7. Establish a local business opportunity network

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Provide an inclusive networking and information platform. | Business networking and information platform.<br>Local business directory. | Information about the local opportunities from the larger local organisation supply chains are easily accessible for local businesses who wish to receive this and have access to the internet.<br>Local business directory is easily accessible to buyers.<br>Suppliers explain to local businesses what they need to achieve to qualify as suppliers.<br>Local businesses have online access to many support services. | Local businesses qualify for more business opportunities from other local business purchases. | Reduced economic leakages.<br>Increased sales lead to growth of local businesses.<br>Over time contributes to jobs, GGP & taxes. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Appointed service provider.<br>Business chambers.<br>Sector bodies.<br>Large and lead firms.<br>Municipality Supply chain unit | Manager Strategic Services | Municipal Manager | Unknown | WC: Dept. Local Govt and housing |

### 8. Establish a local employment opportunity and career guidance network

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Establish an employment opportunity and career guidance online network. | Local job opportunities are easily accessible to all local citizens.<br>Enable new job seekers to submit their job applications online. | Local businesses have an easy way to advertise new job opportunities for local citizens to access.<br>Career guidance information easily available online. | More locals employed at local businesses. | Increased local employment. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Appointed service provider.<br>Large and lead firms.<br>Municipality Supply chain unit | Manager Community development<br>Business chambers.<br>Sector bodies. | Municipal Manager | Unknown | WC: Dept. Local Govt and housing |

## 9. Safety and security stakeholder cooperation system

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Establish a Safety and security stakeholder cooperation system | An online platform which enables citizens to capture evidence and records of crime efficiently, and enables them to react and plan jointly.<br>Smarter use of combined eyes, ears, ideas and resources | Businesses, safety and security services and citizens collaborate easily and effectively in reducing crime.<br>Municipality introduces a new valuable service to rate payers. | Reduced crime. Increased investor confidence. | Increased GGP. Increased investment. |

| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Appointed service provider.<br>Agri Wes-Kaap<br>Business chambers<br>Safety and security organisations | ? | Municipal Manager | Unknown | WC: Dept. Local Govt and housing |

### 10. System to track and manage implementation of development initiatives

| Results chain hypothesis (Benefits) | | | | |
|---|---|---|---|---|
| **Activity** | **Output** | **Improved business environment** | **Benefits for business** | **Economy benefits** |
| Establish a system to track and manage development activities. Training of key stakeholders in the use of the online systems. On-boarding support for key stakeholder organisations to get critical mass on platform and ensure good introduction to system. | A system for sustained planning, implementation and marketing available. Users of the system are ready to use it. | Development stakeholders are able to collaborate easily across institutional boundaries. Important development initiatives are monitored and supported to fulfilment. Improved governance oversight. | Strengthened local competitive advantages. Escalation of property values. | Sustained growth in investment. |

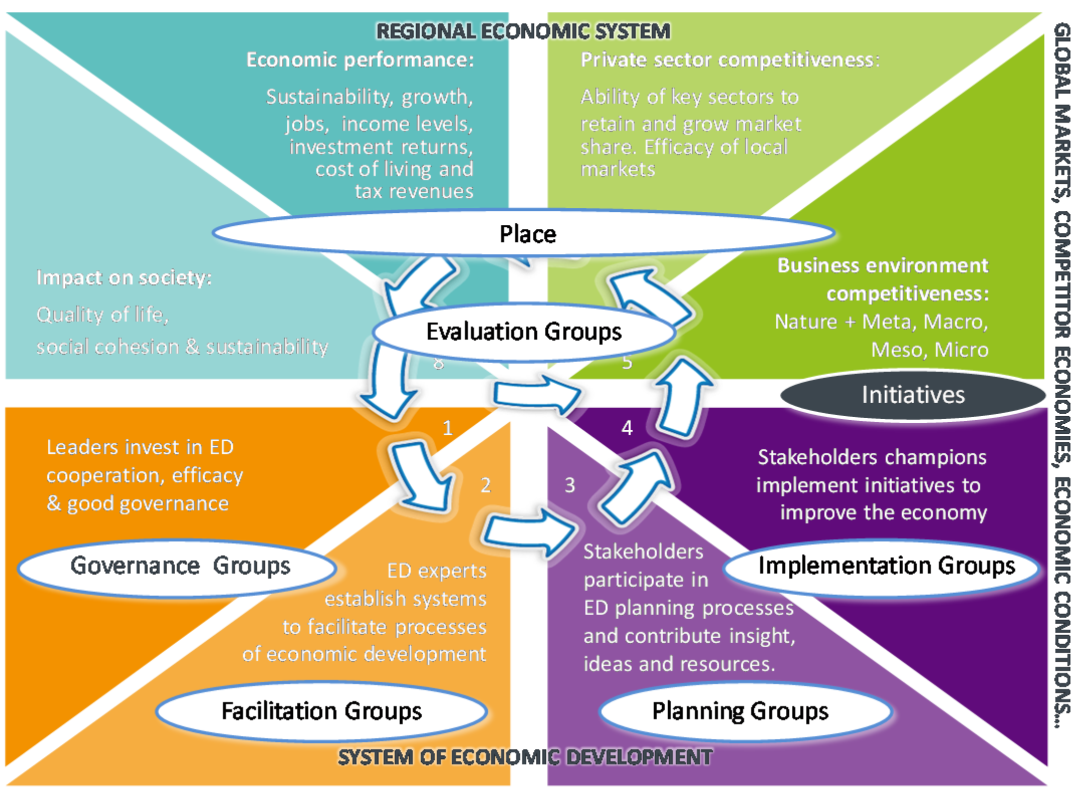
| Input requirements (Costs) | | | | |
|---|---|---|---|---|
| **Implementation Champion** | **Development facilitator** | **Governance sponsor** | **Funds required** | **Source of funding** |
| Appointed service provider. | Manager Strategic Services | Municipal Manager | Unknown | WC: Dept. Local Govt and housing |

### Institutional capacity for economic development

The economy is complex and the right people need to discuss the right topics, without wasting time. Various role players have different interests and therefore different dialogue requirements. When dialogue takes place it needs therefore to be focused and relevant to participant interests. Focussed group dialogues make more sense than large meetings if they are integrated cohesively. To assist in achieving both focus and integration we provide a framework to conceptualise such dialogue as various groups.

**Figure 12: Capacity and cooperation required to execute Local Economic Development**

**The right people need to discuss the right topics, without wasting time**






**1 Governance groups** oversee on behalf of stakeholders, the quality and the integrity of the economic development effort and associated investment.

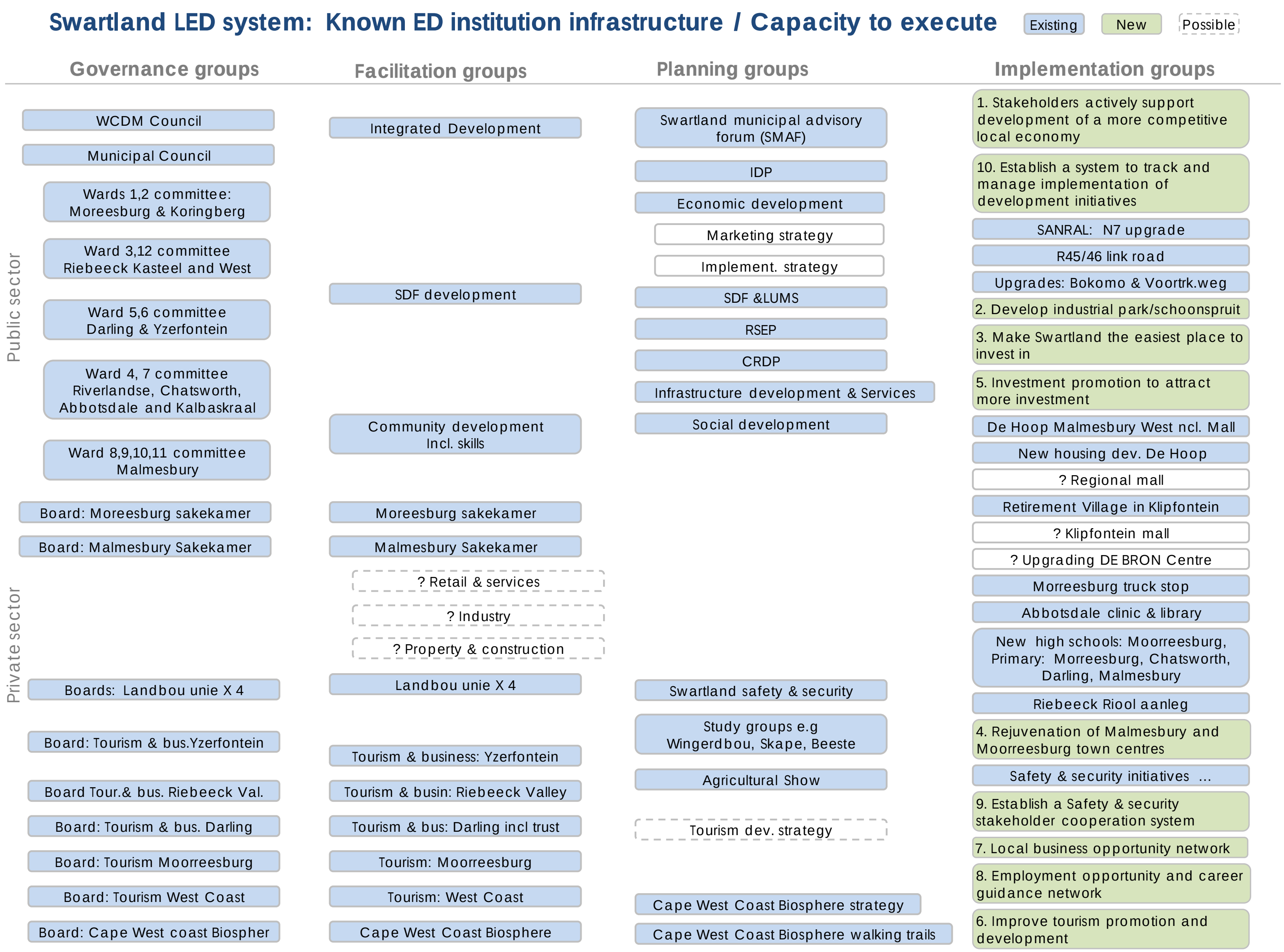
**2 Facilitation groups** establish strong stakeholder networks which cooperate to continuously improve the most important parts of the place economy.

**3 Planning groups** mobilise stakeholder insight, ideas and resources to identify the most promising and pragmatic improvement initiatives.

**4 Implementation groups** focus on implementation of specific economic development initiatives to unlock new opportunities.

**5 Evaluation groups** determine the actual results achieved to support learning and improvement.

**Figure 13: The Swartland LED institutional capacity or system mapped to these group types.**



Achieving effective economic development cooperation integration with such a complex set of organisations is surely a challenge. There may be more efficient ways of organising capacity, but this may be too disruptive from the outset. By providing smart systems and tools for better development cooperation, these groups are likely to firstly perform better, and thereafter re-organise themselves more efficiently – once the benefits become apparent.

## Implementation plan and Timescales

Implementation is led by champions identified for each initiative. The implementation timescales are currently being determined. As soon as these are ready this document will be updated accordingly.

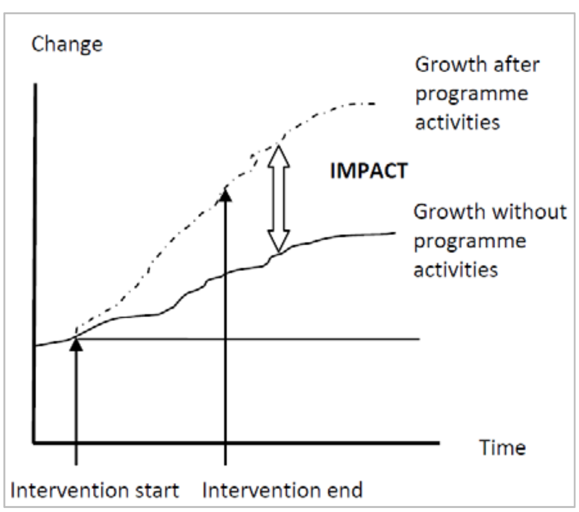
## Results framework for monitoring and evaluation

Implementation progress of each initiative will be updated on a monthly basis and will be available online for invited stakeholder groups to monitor. The governance teams will meet quarterly to reflect on progress and to provide support to the technical facilitation teams, to use their influence to remove blockages to cooperation.

Once a year stakeholder groups in each key sector will reflect on progress over the past year, to assess success and failure. Whereas the main objective is to learn, it is important to also utilise the opportunity to recognise the champions of success stories.

Evaluation entails measurement of actual output, outcomes and impact resulting from economic development Initiatives. The purpose of this measurement is to evaluate progress, reflect on what worked as planned and what did not. And then to learn from the new insights gained. Working smarter increases the scale of future results. Without evaluation, mistakes are repeated.

**Figure 14: Evaluate impact as the variance from trend**




Source: The DCED standard for measuring results in private sector development

Evaluation will utilise the performance framework attached to evaluate progress towards goal attainment.

## Results measurement framework for Monitoring and Evaluation of Local/Regional Economic Development

| Generic LRED results chain | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Govern economic development | Facilitate Econ. Dev. cooperation & Prog Man. | Mobilise stake-holder input, commitment & investment | Improvement initiatives | Improved competitiveness of the business environment | Improved competitivenes s of sector/s & market efficacy | Value added by economic performance | Impact on society |

| | Activities & input | | | | Outcomes attributable | | Impact attributable | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **What?**<br>**- result area** | **Leadership & Governance** | **Facilitation** | **Stakeholders contribute (Input)** | **Stakeholder LED Initiative/ Activity / project** | **Improved business environment / markets** | **Businesses benefitting** | **Revenue / GGP contribution** | **Direct Jobs (secured)** | **Indirect jobs (secured)** | **BBBEE** | **Municipal income secured** | **Household impact** |
| **Who is responsible or benefits** | Initiative / project sponsor | LED process Facilitator | Initiative investor/s | Initiative champion/s | Service provider org/s? | Sector/s | Town /place (society) | Types of jobs (no temporary jobs) | Types of jobs (no temporary jobs) | Types of beneficiaries | Name of municipality | Which towns's citizens benefit |
| **Description - of result required** | Initiative approval: Poject ID no. + Name of initiative | Opportunity found: Origin of init. - facilitated process or ad-hoc | Commitment: Investor motive / Primary objective / (ROI) | Activity / project description | Improvement in competitiveness of the business environment? | Competitive advantage gained? | Hypothesis (calculation rationale) of attributed additional GGP contribution | Hypothesis (calculation rationale) of attributed change in target sector job trends | Hypothesis (calculation rationale) of attributed job spin-off change in other sectors | Nature of sustained empowerment | Hypothesis (calculation rationale) of attributed additional municipal revenue | Household members benefit from higher household income. Where do new job employees live? |
| **KPIs** | Municipal investment (money even if just PR) | Facilitation Person days (Investment) | Leveraged investment | % completeness of implementation | Participating business verify improved bus.env. | No. firms benefitting? | Attributed additional GGP contribution | Attributed no. of jobs in target sector | Attributed no. of jobs in other sectors | No. benefitting? | Increase in municipal income | No. of Citizens with improved household income |