



DRAKENSTEIN

MUNISIPALITEIT • MUNICIPALITY • UMASIPALA

Paarl | Wellington | Gouda | Saron | Simondium

Drakenstein Integrated Economic Growth Strategy

Draft

A city of excellence

www.drakenstein.gov.za

Contact

Ms Cheryl Phillips

Mr Peter Mogale

Planning and Development Department

Drakenstein Municipality



E-mail:

Peter.Mogale@drakenstein.gov.za

Call:

(021) 807 4815

Professional team

TurnCorp (lead advisory)

John Morris

Phumla Ndaba

Lloyd McPatie



Economic Rise Consultancy

Shirley Robinson

Alison Goldstuck

E-mail:

jmorris@turncorp.co.za

TABLE OF CONTENTS

1. EXECUTIVE SUMMARY	6
2. GLOBAL MEGATRENDS AND THE IMPLICATIONS FOR CITIES.....	8
2.1 Global Megatrends.....	8
2.1.1 The Fourth Industrial Revolution	8
2.1.2 The Future of Skills.....	9
3. CITY COMPETITIVENESS AND ECONOMIC DEVELOPMENT	10
4. THE POLICY ENVIRONMENT	11
4.1 The NDP and IPAP	11
4.2 OneCape 2040	12
4.3 Western Cape Provincial Plans	12
4.4 Drakenstein IDP and SDF	13
4.4.1 Rural Development Strategy 2032.....	14
4.4.2 Violence Prevention.....	15
4.4.3 Informal Trading Management Policy	15
4.4.4 Initiatives Aimed at Fast Tracking Investments	16
4.4.5 Investment Incentives.....	16
5. ECONOMIC ANALYSIS.....	17
5.1 Demographics and Education Levels	17
5.2 Economic Growth, Employment and Investment	18
5.3 Trade.....	20
5.4 Sectoral Analysis	20
5.5 Drakenstein Socio-economic Performance	23
5.6 Conclusion	23
6. STAKEHOLDER CONSULTATIONS.....	24
6.1 Interviews.....	24
6.2 Business Survey	25
6.3 Consultations with the Community.....	27
6.4 Consultations with Drakenstein Management	28
7. KEY FINDINGS	28
8. SWOT ANALYSIS.....	29
9. INTEGRATED ECONOMIC GROWTH STRATEGY	30
9.1 Economic Vision and Mission	30

9.2	Strategic Objectives	31
9.3	Strategic Pillars.....	31
9.4	Implementation Framework.....	32
10.	PRIORITY SECTORS.....	33
10.1	Agriculture.....	33
10.2	Informal Sector.....	34
10.3	Manufacturing.....	34
10.4	Technology	35
10.5	Tourism.....	36
10.6	Transport and Logistics	37
11.	CREATING AN ENABLING ENVIRONMENT	38
11.1	Attracting and Facilitating Investment.....	38
11.1.1	Drakenstein’s Strategic Positioning	38
11.1.2	Branding and Social Media	40
11.1.3	Targeted Investment Promotion	41
11.1.4	Investment Facilitation	41
11.1.5	Investment Retention and Expansion.....	41
11.2	Industrial Parks and Developments.....	42
11.2.1	Priority Big Move Projects	42
11.2.2	Other Important Initiatives.....	45
11.3	Fibre Infrastructure	46
11.4	Water Security.....	47
11.5	Skills Development.....	47
11.6	Small Business Development.....	49
11.7	Summary of Benefits for Sectors and Sub-Sectors	51
12.	IMPLEMENTATION: STRUCTURE AND PLAN.....	53
13.	RESULTS MEASUREMENT	55
14.	CONCLUSION.....	56
	REFERENCES.....	57
	ANNEXURE 1: IEGS STRATEGY IMPLEMENTATION PLAN	61
	ANNEXURE 2: ECONOMIC KPI TRACKING	67

LIST OF FIGURES

Figure 1: Global Megatrends	8
Figure 2: Drakenstein IDP Catalytic Zones	14
Figure 3: Drakenstein Population Pyramid (Number of People)	18
Figure 4: Education Level of Adult Population in 2017 (Percentage).....	18
Figure 5: Economic Growth Trends between 2007 and 2016	19
Figure 6: Capital Investment - 2007 and 2016 (Value and Growth)	19
Figure 7: Top Ten Sub-Sector Economic Growth Trends in 2016	21
Figure 8: Skills Breakdown for the Top Ten Sub-Sectors	21
Figure 9: Household Income Breakdown	23
Figure 10: Top Ten Sub-Sectors: GDP-R, Employment, Investment and Exports	24
Figure 11: Municipal Constraints to Investment and Growth.....	26
Figure 12: Skills Required Over the Next 5 Years	27
Figure 13: SWOT Analysis	30
Figure 14: Strategic Pillars	32
Figure 15: Implementation Framework	33
Figure 16: The Inter-relationship between Strategic Enablers.....	38
Figure 17: Western Cape Economic Infrastructure	39
Figure 18: Drakenstein Big Move Priorities.....	45
Figure 19: Skills Development Pipeline	48
Figure 20: Small Business Development Approach	50
Figure 21: Cross-functional Team Delivery Mechanism.....	53
Figure 22: The Journey to Excellence	54
Figure 23: IEGS Priority Projects.....	54

LIST OF TABLES

Table 1: Drakenstein Investment Incentives	16
Table 2: Tourist Data for Cape Winelands	22
Table 3: Benefits for Sectors and Sub-sectors	51
Table 4: Compendium of Economic Indicators.....	55
Table 5: IEGS Implementation Plan.....	61

1. EXECUTIVE SUMMARY

Vision 2032 in the Integrated Development Plan (IDP) sets Drakenstein on the path to evolve into a City of Excellence. The Integrated Economic Growth Strategy (IEGS) has been developed as part of the IDP and details how economic excellence, growth and development can be achieved.

Global megatrends are impacting significantly on cities. Factors such as rapid urbanisation; rising inequality; resource constraints; and fundamental changes in technology, driven by the Fourth Industrial Revolution, are altering the way cities plan, build and grow their economies.

Both domestic and foreign direct investment (FDI) are core to growth. Attracting the right types of investors can integrate capabilities into global value chains; fostering innovation, technology and employment. Investors are increasingly comparing and assessing the attractiveness of cities rather than countries when making investment decisions. Cities must become globally competitive to attract investors and the most successful cities use a range of policy levers such as (i) institutions and regulations; (ii) infrastructure and land; (iii) skills and innovation; and (iv) enterprise support to build competitiveness. A collaborative, stakeholder-driven approach is central. Development should be balanced, addressing the needs of business as well as sustainability imperatives.

Whilst Drakenstein has strengths, the economic analysis shows that manufacturing has declined significantly. The tertiary sector, in particular business services, is growing. The analysis further indicates that the economy is not sufficiently diversified, including the export basket. As a result, the economy is vulnerable to external shocks such as drought. Capital investment is declining year-on-year and the pace of job creation is too slow to absorb labour. There are high levels of youth unemployment. Education is a major challenge: only around 22% of the adult population have a matric and only 8.8% have a tertiary qualification. As in many parts of South Africa, inequality persists.

Intensive stakeholder engagement including interviews with 33 organisations and businesses, a business survey and community workshops has taken place. As part of Vision 2032, a new economic vision has been developed:

*A globally competitive and innovative city that provides
opportunities for all its residents*

The vision is supported by a mission, key objectives and strategic pillars. Drakenstein has significant locational advantages and the overarching strategic approach is to position the city as an agri-logistics hub, and potentially an inland port over the longer term, to increase trade efficiencies in support of the City of Cape Town and the region. Drakenstein will need to be differentiated and branded. Close alignment between investment and tourism branding and destination marketing will be required.

International best practice suggests that instead of overhauling an economic system, the emphasis should be on becoming better at what an economy does and focusing on niche products and services. Priority sectors are discussed: agriculture; the informal sector; manufacturing including agri-processing; technology; tourism; and transport and logistics. Whilst the agricultural sector is undergoing uncertainty, there are significant opportunities for increasing resilience and deepening the city's technological base by attracting investments in Fourth Industrial Revolution technologies, which in turn will enable services to grow. Sensible partnerships between large and small farmers can also be facilitated, combined with access to municipal land where this is feasible. The manufacturing, technology, tourism and informal sectors play an important role in economic development, whilst transport and logistics investments are key to the city's strategic positioning.

Economic development requires an integrated approach, addressing both red tape reduction and support for business. Based on policy considerations and identified needs, the IEGS recommends focused interventions. A set of strategic enablers aimed at improving the ease of doing business, facilitating industrial infrastructure, tourism infrastructure, increasing fibre coverage, enhancing water security and promoting small businesses development are recommended to diversify and strengthen the economy. Most stakeholders identified skills as critical and building the skills pipeline will help to position the city for the Fourth Industrial Revolution.

The effective implementation of the IEGS will depend on three factors: accountability for delivery, cross-functional work across divisions within the municipality, and the extent to which partnerships with the private sector and civil society organisations can bolster delivery. The municipality should play a facilitative role and leaders in the latter sectors have indicated a strong desire to collaborate. A detailed implementation plan has been developed to manage accountability. An implementation structure, based on a cross-functional team approach, has been designed. Results measurement forms an integral part of the strategy and a compendium of key performance indicators (KPIs) to measure the economic impact of the strategy has been developed.

2. GLOBAL MEGATRENDS AND THE IMPLICATIONS FOR CITIES

2.1 Global Megatrends

Major changes are taking place globally and these drivers are impacting on cities. A rapid increase in urbanisation and a rising middle class is an important driver in developing countries. Inequality is rising whilst climate pressures are impacting on resources. The recent trend towards protectionism, specifically the US - China trade war, is impacting on emerging market sentiment. In terms of local government, citizens are increasingly calling for more robust governance.

The six global megatrends are shown below:

Figure 1: Global Megatrends

No.	Global Driver	Strategic Trends
1.	Urbanisation	<ul style="list-style-type: none">• 50% of the world's population live in cities (20% in the 1980's)• Growing middle class• Youth bulge in Africa
2.	Rising inequality	<ul style="list-style-type: none">• Inequality is rising - China, India, OECD, RSA and Russia• Globalisation & technology rewards those who are skilled and have capital• Development gap between cities and rural areas
3.	Sustainability	<ul style="list-style-type: none">• Major climate pressures e.g. drought, heat• Cities are major users of energy, food and water - technology provides solutions• Development needs to be compatible with available natural resources
4.	Technology	<ul style="list-style-type: none">• Technology increases efficiency, speed of communication and reduces costs• Disruptive impact on jobs• Some cities that were over-reliant on one industry have hollowed out
5.	Value chains and clusters	<ul style="list-style-type: none">• Global value chains unite exports, imports, FDI and technology seamlessly• Cities have "agglomeration" or clustering advantages• Increase in protectionism - US/China trade impacting on global trade
6.	Governance	<ul style="list-style-type: none">• Global governance remains weak• Economic, social and technological factors are decentralising governance• Increasing expectation of transparency, accountability and governance at city level

Source: TurnCorp team analysis and World Economic Forum (2014).

The Fourth Industrial Revolution is resulting in technology that is altering the nature of production.

2.1.1 The Fourth Industrial Revolution

In 2015, Klaus Schwab, Chairman of the World Economic Forum (WEF), defined the technological changes that are taking place as the Fourth Industrial Revolution. He argues that the impact will be systemic and fundamental:

“We stand on the brink of a technological revolution that will fundamentally alter the way we live, work, and relate to one another. In its scale, scope, and complexity, the transformation will be unlike anything humankind has experienced before the response to it must be integrated and comprehensive, involving all stakeholders of the global polity, from the public and private sectors to academia and civil society”.

Whilst the Third Industrial Revolution used the Internet and electronics to automate production, the Fourth Industrial Revolution is characterised by *“a fusion of technologies that is blurring the lines between the physical, digital, and biological spheres”*. There are technological breakthroughs in fields such as *“artificial intelligence, robotics, the Internet of Things, autonomous vehicles, 3-D printing, nanotechnology, biotechnology, materials science, energy storage, and quantum computing.”*¹

The Fourth Industrial Revolution is an important consideration in terms of economic strategy and is discussed further in chapter 10 of this report. Whilst technology can raise productivity and living standards, the downside risks are significant, particularly increased inequality and the disruption of labour markets.

2.1.2 The Future of Skills

The WEF carried out a detailed study on the impact of the Fourth Industrial Revolution on jobs.² The findings project a global net loss of more than 5.1 million jobs from 2015 to 2020 and a total loss of 7.1 million jobs across the surveyed countries. Job losses are likely in administration, manufacturing and production whilst there will be a total gain of 2 million jobs in computer, mathematical, architecture and engineering fields. Demand for data analysts and specialised sales staff will increase.

In South Africa, the study projects that employment will increase in sectors such as financial services and investment. Jobs in the ICT, consumer and infrastructure industries are expected to decline. Sales, and technical production jobs are reportedly growing whilst management, office administration, and installation and maintenance jobs are declining. Processing power and big data are major industry trends. Sixty eight percent of respondents are investing in reskilling employees.

Given the above backdrop, the question is how are cities responding to the global challenges?

¹ Schwab, K (2015).

² World Economic Forum (2016a). The study interviewed 371 global companies across nine industries in 15 countries.

3. CITY COMPETITIVENESS AND ECONOMIC DEVELOPMENT

The World Bank analysed how leading cities have become competitive.³ These cities leverage comparative advantages and are characterised by high levels of FDI, growth, increased jobs, increased incomes and productivity, and rapid industrialisation especially in secondary cities where market-towns or service centres have become world class production centres. Leading cities are also focussing on meeting the United Nations (UN) Sustainable Development Goals (SDGs).

Cities that have become competitive focus on the following:

- ***Deliberate changes in the structure of the economy:*** instead of overhauling the system, emphasis is on becoming better at what a city produces and focusing on niche products/services.
- ***Implementation of four categories of selected policy levers:*** (i) Institutions and regulations; (ii) infrastructure and land; (iii) skills and innovation; and (iv) enterprise support and finance.
- ***Pursuance of growth coalitions:*** a collaborative, stakeholder-driven approach is central in driving competitiveness. Cities must be realistic about their role and own competencies.
- ***A strong focus on delivery and implementation:*** This is an area that often eludes the public sector and yet is quite fundamental for the IEGS. The focus must be on budgeting, problem solving, and institutional accountability and capacity or “getting the right people to do the right things”.

As cities increasingly link into global value chains, efforts to attract domestic as well as FDI require well-resourced investment promotion capabilities for larger cities and pro-active investor response, as well as business retention and expansion support for smaller cities. Smaller cities linked to larger urban hubs should also lever off the regional investment promotion capacity of larger cities.

In South Africa, spatial transformation is important. This needs to underpin and strengthen city competitiveness in a way that intensifies economic inclusion and heightens city economic performance, given apartheid’s legacy of dispersed and distorted spatial settlement patterns. In addition to mixed use development, investment in digital infrastructure reduces spatial barriers and opens cities to the digital revolution. Competitive cities have large and deep labour pools that enable employers to match and adapt their workforce with changing technology and business needs.

³ World Bank (2015).

City density and diversity boosts innovation and the free flow of ideas and information. Networking and knowledge spill-overs inspire entrepreneurship and enhance productivity, particularly for newly emerging industries. The downside of urban agglomeration includes higher costs of doing business, such as property rental and labour costs. Greater demand for city space also leads to higher levels of congestion and pressure on urban infrastructure. Development requires a balanced approach.

More subtle, yet increasingly important, is attractiveness as a place to live. Urban cultural and recreational amenities draw skilled professionals and tourists and build common spaces that encourage people from different communities to meet in a way that strengthens social cohesion and builds a common city identity and understanding.⁴ A competitive and inclusive city helps poor people and migrants “move on up” through access to good basic services, quality education, and decent work. Soft connectivity embodies skills, innovation and entrepreneurship as well as networks and collaboration. Youth entrepreneurship is becoming increasingly important for cities.⁵

The above approaches require institutional reforms that focus the city outwards to be ‘client or customer-centric’ as well as open to building growth partnerships and coalitions. Driving a unique city vision and brand requires strong and collaborative city leadership as well as institutional change management and strengthening of appropriate capabilities.⁶ City ease of doing business depends significantly on efficiency and cost of basic service delivery, as well as the quality and cost of transport and digital infrastructure and connectivity.

Cities can pursue appropriate strategies to become competitive and sustainable. The local policy environment is an important consideration in this regard.

4. THE POLICY ENVIRONMENT

4.1 The NDP and IPAP

The National Development Plan (NDP) aims to “eliminate poverty and reduce inequality by 2030”. In 2030, the aim is for the South African economy to reach close to full employment.⁷ The NDP emphasises the importance of international markets, exports and competitiveness and plans to

⁴ South African Cities Network (SACN), 2016.

⁵ OECD (2009).

⁶ World Economic Forum (2016b).

⁷ National Planning Commission (2012).

improve the innovation system. Emphasis is placed on support for small, medium and micro-enterprises (SMMEs). Infrastructure spend is a major stimulant of growth. The NDP intends to improve education and vocational training. The report calls for measures to reduce the regulatory burden on businesses and the formation of partnerships between the public and private sectors to improve delivery capacity.

The Industrial Policy Action Plan (IPAP) is linked to the NDP. Transversal focus areas include public procurement, industrial financing, incentive schemes, innovation, technology, Special Economic Zones (SEZs), developmental trade policy, and African industrial development. Focus sectors include mineral beneficiation; manufacturing; green industries; business process services; and water and sanitation.⁸

4.2 OneCape 2040

OneCape 2040 is a vision for the Western Cape rather than a plan of Government. It envisages a transition towards a more integrated and resilient economic future for the Western Cape region:⁹

“A highly-skilled, innovation-driven, resource-efficient, connected, high opportunity and collaborative society”.

The achievement of the vision will be achieved through a phased step-change approach until 2040. The vision outlines four enablers: (1) Regulation - red tape reduction and alignment across the province in spatial planning; (2) Infrastructure - transport, energy, water and broadband; (3) Funding and Investment - institutional systems such as micro-credit systems; and (4) Spatial Framework - regional development and transport corridors.

4.3 Western Cape Provincial Plans

The Provincial Strategic Plan (PSP) 2014 - 2019 aligns with the NDP and OneCape 2040.¹⁰ The PSP translates the vision into an “actionable and measurable policy agenda”. The province has one of the best performing regional economies in South Africa but faces challenges related to resources, energy, infrastructure, housing, skills, and social issues. The Provincial Strategic Goals (PSGs) are to: (1) create

⁸ Department of Trade and Industry (2017).

⁹ The Western Cape Agenda for Joint Action on Economic Development (2012).

¹⁰ Western Cape Government (2014a). Provincial Strategic Plan 2014 - 2019.

opportunities for growth and jobs; (2) improve education, and opportunities for youth development; (3) increase wellness, safety and tackle social ills; (4) enable a resilient, sustainable, quality and inclusive living environment; and (5) good governance and integrated service delivery. The PSP stresses the importance of optimising land-use, including economic and residential node integration. Game changers include Project Khulisa; targeting agri-processing, oil and gas services, and tourism.

The Western Cape Provincial Spatial Development Framework (PSDF) 2014 provides a spatial framework for the Province's urban and rural areas.¹¹ The core components are settlements, space economy and resources. The PSDF aims to cluster economic infrastructure and facilities along public transport routes, connecting urban and rural markets, and emphasising mixed land use and economic diversification. Drakenstein is a key secondary city to the Cape Metro economic engine.

4.4 Drakenstein IDP and SDF

Drakenstein has a well-developed and diversified infrastructure base, exceptionally strong locational advantages and an economy that has been built around the agricultural sector. However, the city faces key challenges including unemployment. The legacy of Apartheid spatial planning combined with hard geographic and spatial borders has resulted in a “tale of two cities”.¹²

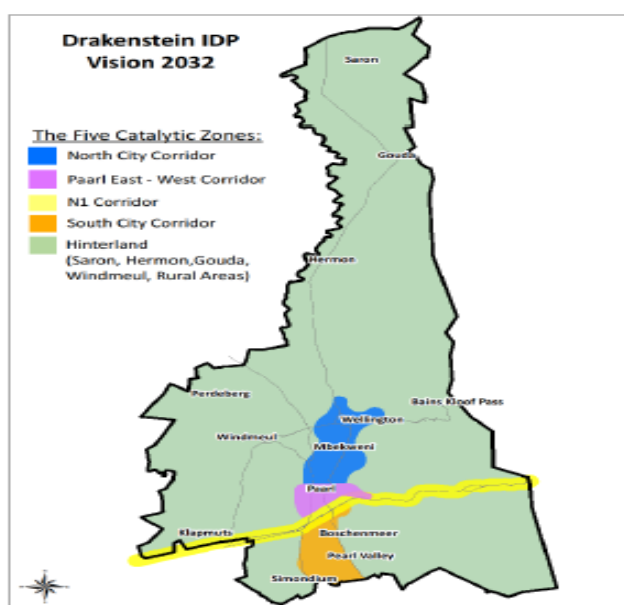
The Integrated Development Plan (IDP): 2017-2022 intends to address the challenges. Vision 2032 sets the Municipality on the strategic direction to become a City of Excellence within the next 15 years. The key outcomes of the vision are economic dynamism; quality of life for all; a strong well governed brand; and financial sustainability. Increasing national and international competitiveness is important.

The IDP adopts a systems approach to planning. The municipality has identified key initiatives, programmes and projects allocated to a series of “Big Moves”. The Big Moves will “*dramatically alter and improve*” the space, economy and sustainability of Drakenstein. These include housing developments, industrial infrastructure projects, the regeneration of town centres and urban rural integration initiatives. The Big Moves are located within 5 catalytic zones:

¹¹ Western Cape Government (2014b).

¹² Drakenstein Municipality (2016a).

Figure 2: Drakenstein IDP Catalytic Zones



Source: Drakenstein Municipality (2016a)

The Drakenstein Spatial Development Framework (SDF) promotes the spatial strategy for the IDP and focuses on environmental management; agriculture and rural development; heritage and the cultural landscape; connectivity; green logistics; sport and recreation; and settlements and communities.¹³ Both the IDP and SDF:

- Emphasize the movement to city status.
- Highlight the importance of excelling as a city.
- Emphasize a long-term strategy for Drakenstein Municipality.
- Build on the municipality's key assets, quality of life and economic sustainability.
- Realise the municipality's competitiveness on a regional, national and international level.

4.4.1 Rural Development Strategy 2032

A new rural development strategy has been developed. The vision of the strategy is "a sustainable rural economy through partnerships and innovation".¹⁴ The approach includes collaboration between administrators, politicians and the community; rural development at ward level; development

¹³ Drakenstein Municipality (2017a).

¹⁴ Drakenstein Municipality (2017b).

priorities in each ward converted into organisational performance; the need for a municipal incentive scheme for land owners to encourage land reform projects; and the need for the municipality to acquire land to meet increasing housing needs.

The priorities in each ward are clustered under infrastructure, social development, local economic development and social cohesion. These include electrification (for specific informal settlements), housing, clinics, Early Childhood Development (ECD) centres and skills development training.

4.4.2 Violence Prevention

Drakenstein is one of three municipalities participating in the Violence Prevention through Urban Upgrading (VPUU) Programme.¹⁵ The VPUU takes a holistic approach focussing on situational interventions including urban design, urban farming and integration; institutional interventions including skills development, training and alignment of budgets; and social interventions including dealing with substance abuse, crime and nutrition.

Initiatives include co-ordination amongst safety and security services, community awareness on crime prevention, training for small businesses, a new community safety model, and effective and targeted engagement with non-profit organisations (NPOs). The need for partnerships with educational institutions is highlighted.

4.4.3 Informal Trading Management Policy

The informal sector plays an important role in the Drakenstein economy. A new policy moves away from a punitive law enforcement environment to a supportive favourable economic environment.¹⁶ The policy covers kerbside traders, market traders, business hive traders, traders that operate at intersections and weekend traders. The policy makes provision for linking trading areas to commercial zones, facilities, capacity building and business support, and targeting highly visible and accessible areas for tourist trading. The policy includes key spatial integration and social principles. A demarcation procedure, an application process for licenses and permits and processes for monitoring conduct are set out in the policy.

¹⁵ Drakenstein Municipality (2015).

¹⁶ Drakenstein Municipality (2018a).

4.4.4 Initiatives Aimed at Fast Tracking Investments

Drakenstein has implemented various initiatives to fast track investments:

- A Development, Investment and Support Unit to fast-track investment applications.
- An electronic building plan module has been implemented to process documentation.
- The land use zoning scheme has been reviewed and a by-law has been published for comment.
- A new investment incentive policy to help facilitate investment by private sector companies.

The draft investment incentive policy was developed in 2018.

4.4.5 Investment Incentives

The policy is targeted at promoting investment in the five catalytic zones. Employment is one of the qualifying criteria. Eighty percent of employees need to be SA citizens and 50% of employees should be sourced from Drakenstein.¹⁷ Both non-financial and financial incentives are offered:

Table 1: Drakenstein Investment Incentives

No.	Category	Description
NON-FINANCIAL INCENTIVES		
1.	Dedicated investment facilitation officer	To act as the single point of contact for prospective investors providing continuity of advice and assistance.
2.	Fast-tracked development application process	Guaranteed development application time frame commitments: <ul style="list-style-type: none">• Land use application - 3 months.• Building plan decision - 10 working days.• Occupancy certificate - 15 working days.
3.	Business case assistance	Assistance with obtaining economic and business data to prepare project analysis and viability studies.
4.	Property location assistance	Assistance for investors in searching for ideal development sites/building premises.
FINANCIAL INCENTIVES		
1.	Development application fees	Applies to all land use and building plan fees. Reduced fees apply to non-residential development as follows: Building plan application fee: <ul style="list-style-type: none">• If the building plan is less than 1000 m2: 30% rebate on scrutiny fees.• If the building plan is more than 1000 m2: 50% rebate on scrutiny fees. Land use management application fee: <ul style="list-style-type: none">• 20% rebate on land use applications.

¹⁷ Drakenstein Municipality (2018b).

No.	Category	Description
2.	Rebates on development charges	A rebate offered to qualifying developments as per Council's Development Contribution Policy that specifies the appropriate methodology to determine the contributions payable by developers towards the cost of bulk municipal engineering services.
3.	Availability of investment ready land	Investments in the priority sectors in terms of the incentives policy will obtain access to Council land that has required development rights and permits in place.
4.	Electricity services	<p>a) Provision of free quotations for development approvals, upgrades, downgrades, extensions on existing infrastructure and new installations.</p> <p>b) Provision of free consumer consultation with regards to saving on consumption or demand, tariff calculations, downgrading and upgrading of existing supplies, relocation and consolidation of consumer transformers, overheads or installation of new infrastructure.</p> <p>c) Approval of reduction in developer's contribution after diversity maximum demand to a minimum of 3KVA per erf depending on the installation, erf size and developer's consultant's calculations.</p> <p>d) Access charges on notified maximum demand will be phased in over 4 years from the date of connection applicable to commercial and industrial usage only. A rebate on the notified demand access charge will be 75% in year one, 50% in year two, 25% in year three and 0% in year four.</p>
5.	Property rates rebates	<p>a) Phasing in of property rates charges over four financial years from the first property evaluation through a supplementary valuation roll after the issue of an occupation certificate, provided that approval be obtained from the national Minister of Co-operative Governance and Traditional Affairs.</p> <p>b) A rebate of 75% in year one, 50% in year two, 25% in year three and 0% in year four.</p>

Source: Drakenstein Municipality (2018b)

The above has set the strategic policy context at the national, provincial and Drakenstein levels. The economic analysis of Drakenstein has found that there are opportunities and significant challenges.

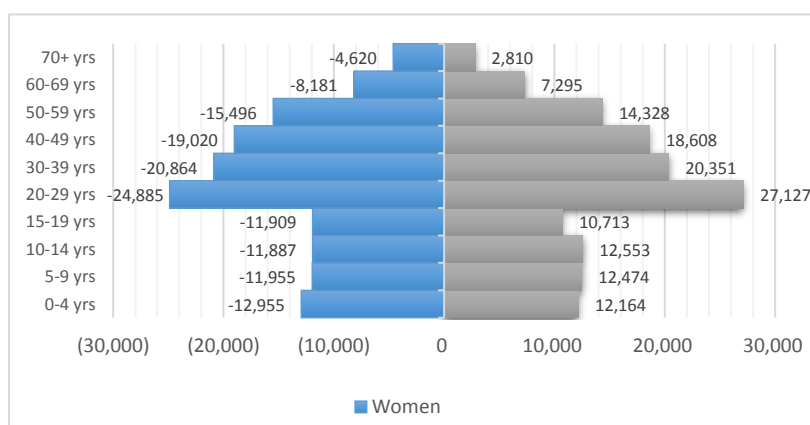
5. ECONOMIC ANALYSIS

5.1 Demographics and Education Levels

Drakenstein's population totaled 280 195 in 2016 (71 686 households).¹⁸ A notable feature of the population pyramid is the large proportion of people aged between 20-39 years of age:

¹⁸ Drakenstein Municipality (2016b).

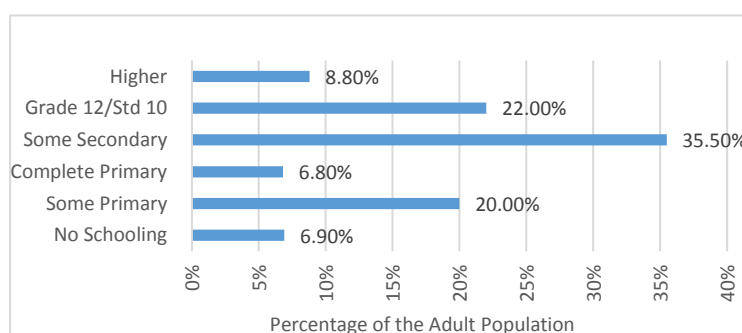
Figure 3: Drakenstein Population Pyramid (Number of People)



Source: Statistics South Africa (2017)

The matric pass rate increased from 83.8% in 2014 to 86.7% in 2017. However, the school dropout rate is very high, with only 22% of the adult population having a matric qualification and only 8.8% of residents having a tertiary education:

Figure 4: Education Level of Adult Population in 2017 (Percentage)



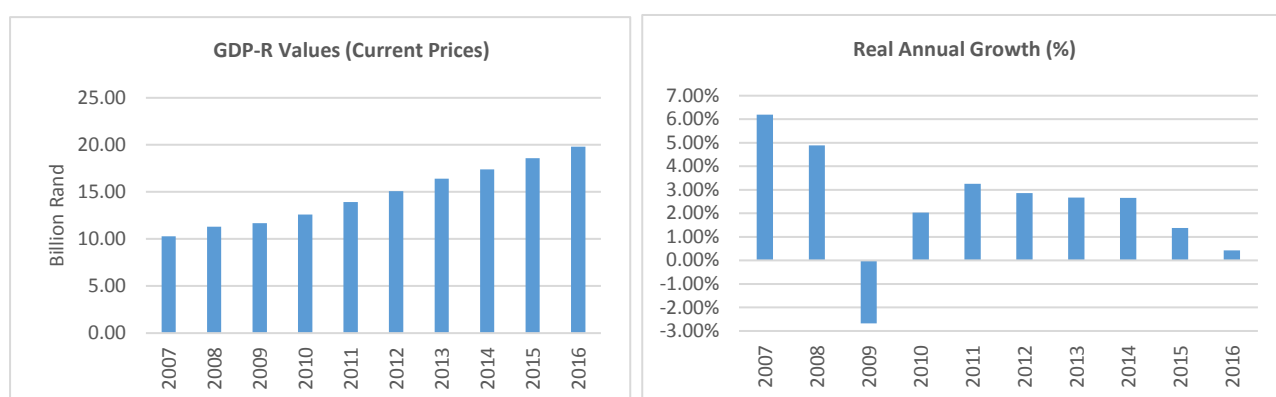
Source: Western Cape Government Provincial Treasury (2017)

5.2 Economic Growth, Employment and Investment

Drakenstein has the largest economy in the Winelands district. The Gross Domestic Product - Regional (GDP-R) was R10.3 billion in 2007 increasing to R19.8 billion in 2016 (current prices).¹⁹ Over the period, real average annual growth was 2.4%. Real growth declined sharply in 2009 and 2015 due to weaker macroeconomic fundamentals and the drought:

¹⁹ GDP-R measures the monetary value of final goods and services (or output) in a regional economy.

Figure 5: Economic Growth Trends between 2007 and 2016

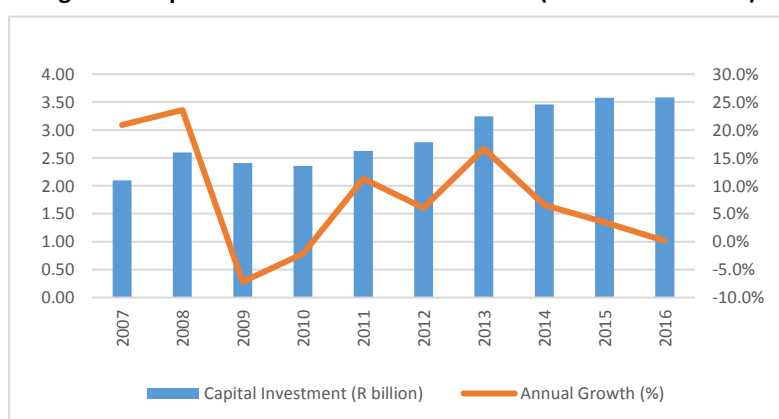


Source: Quantec Research (2017)

Between 2007 and 2016, the number of people employed increased from 96 472 to 108 595 (annual growth rate of 1.3%). Despite the economy's ability to create jobs, the pace of job creation is too slow to absorb additional labour. Drakenstein Municipality has reported that unemployment is at 18.3%, with youth unemployment at 33.4%.²⁰ Of the 12 618 net additional jobs created between 2007 and 2016, 11 233 were in the informal sector and 1 307 were in the formal sector (skilled labour).

Capital investment increased from R2.1 billion in 2007 to R3.6 billion in 2016 (an average annual growth rate of 7.9%).²¹ Annual growth rates were erratic, reaching a low of negative 7.2% in 2009 on the back of the global economic crisis and increasing to a high of 16.7% in 2013, before political uncertainty caused confidence to deteriorate in the country.

Figure 6: Capital Investment - 2007 and 2016 (Value and Growth)



Source: Quantec Research (2017)

²⁰ Drakenstein Municipality (2016b).

²¹ Capital investment is defined as Gross Fixed Capital Formation (GFCF) which is the net increase in physical assets (investment minus disposals). Assets include investment in plant and equipment and do not include land purchases.

5.3 Trade

Exports have increased significantly. Drakenstein's positive trade balance increased from R1.3 billion in 2007 to R8.7 billion in 2017 (annual growth rate of 27.7%).²² In 2017, the top 10 export markets accounted for 62.8% of total exports. The top 10 markets are (1) the Netherlands, (2) the United Kingdom, (3) Namibia, (4) Botswana, (5) Germany, (6) the United Arab Emirates, (7) Japan, (8) Canada, (9) China, and (10) the Russian Federation. China and Russia emerged as significant export markets from 2013, whilst exports to Namibia and Botswana increased significantly from 2015.

Export products are mainly made up of agricultural products. The Rand value of exported agricultural commodities in 2017 was almost double that of processed goods. The top three exports comprised 85.4% of total exports between 2007 and 2017: Edible fruit and nuts, peel of citrus fruit or melons; beverages, spirits and vinegar; and preparations of vegetables, fruit, nuts or other parts of plants.

5.4 Sectoral Analysis

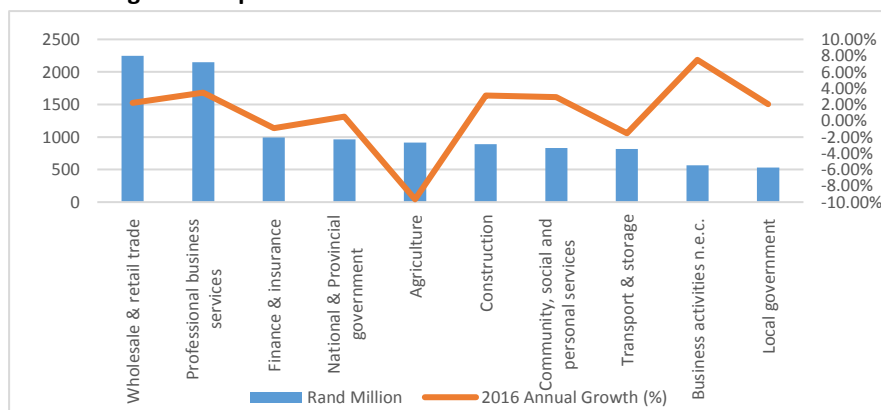
The economy's structure remained relatively unchanged between 2007 and 2016. The tertiary sector has entrenched its position as the largest contributor to growth, investment and employment. In addition, economic activity is concentrated in a handful of sectors. The following trends are notable:

- Finance, insurance, real estate, and business services; wholesale and retail trade; and catering and accommodation performed exceptionally well between 2007 and 2016 in terms of growth.
- Transport, storage and communication featured strongly in terms of capital investment.
- Manufacturing remains a large sector. However, the contribution to growth fell from 23.3% in 2007 to 15.1% in 2016 and the average annual growth rate of -2.2% between 2007 and 2016 was lower than any other sector. Manufacturing fell out of the top 10 sectors during the period.
- Agriculture, forestry and fishing as well as manufacturing shed the most jobs. Wholesale and retail trade; catering and accommodation; and community, social and personal services gained jobs.

²² The trade balance is defined as the difference between exports and imports (current prices).

The top ten sub-sectors contributed an estimated 70% towards GDP-R. Construction, local government, and professional services achieved the strongest average annual growth over the period. Overall professional services performed the best:

Figure 7: Top Ten Sub-Sector Economic Growth Trends in 2016

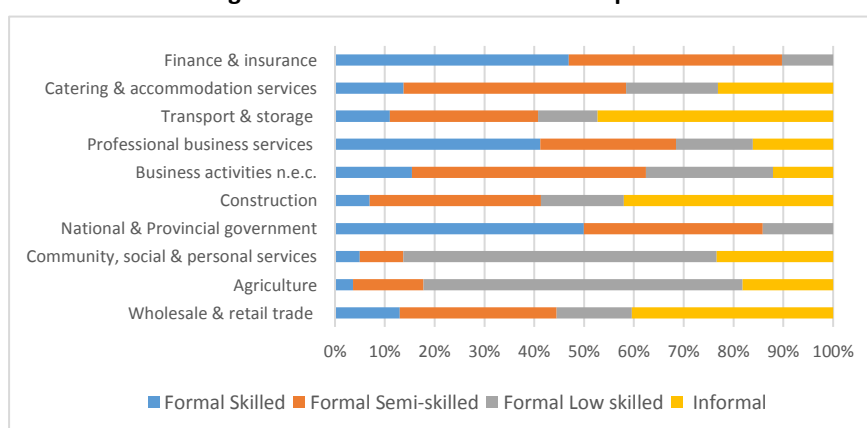


Source: Quantec Research (2017)

The top ten employment sub-sectors accounted for 83.1% of total employment. Wholesale and retail trade (19.4%), agriculture (14%) and other community, social and personal services (11.7%) are the largest employers. However, whilst agriculture is a large employer, it was the only top ten sub-sector to shed jobs (8 201) and experience negative average annual growth (-3.3%) from 2007 to 2016.

Drakenstein's three largest employers create informal, semi-skilled and low-skilled jobs. In 2016, agriculture and community, social and personal services were the largest employers of low-skilled labour. Wholesale and retail trade favoured semi-skilled and informal labour.

Figure 8: Skills Breakdown for the Top Ten Sub-Sectors



Source: Quantec Research (2017)

The top ten sub-sectors attracted 74% of total investment. In 2016, the three largest sub-sectors, in terms of their contribution to total capital investment, were transport and storage (14.7%), professional business services (12%) and national and provincial government (10.5%).

The above data does not include specific data on the tourism sector. This sector requires analysis due to its important economic role. Tourism trends in 2017 are shown below:

Table 2: Tourist Data for Cape Winelands

Indicator	Paarl	Wellington	Stellenbosch
Overseas visitors Domestic visitors (percentage share/split)	57.3% 42,8%	33.4% 66.5%	96.4% 3.6%
Overnight visitors Day visitors (percentage share/split)	6.3% 93.7%	15.4% 84.6%	37.3% 62.7%
Top international markets	Germany (39%) UK (30.7%) France (5.7%)	UK (40.5%) Germany (24%)	Germany (20.8%) UK (19%) Netherlands (13%)
Visitor's age profile	36 - 50 years (52.8%)	36 - 50 years (48.7%)	36 - 50 years (37.8%)
Average length of stay	2 nights (38.6%) 1 night (19.8%)	2 nights (31.5%) 1 night (28.3%)	2 nights (58.7%) 1 night (17.4%)
Top three activities	Restaurants (23.5%) Wine tasting (23.4%) Outdoor (22.4%)	Wine tasting (27.4%) Culture/heritage (18.6%) Restaurants (18.6%)	Culture/heritage (39.9%) Wine tasting (32.7%) Shopping (10.3%)
Average daily spend	R501 to R1000 (31.3%)	R501 to R1000 (14.5%)	R501 to R1000 (21.7%)

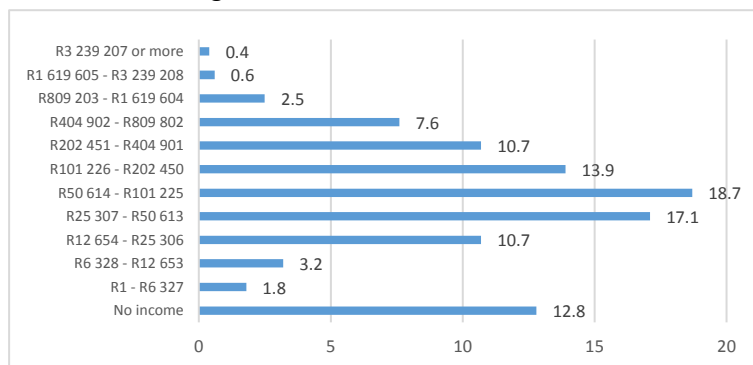
Source: Adapted from Wesgro (2017). Note the drought had an impact on tourist arrivals.

The above table shows that Paarl and Wellington have more domestic visitors compared to towns such as Stellenbosch that have managed to attract overseas visitors. Visitors are also younger and are visiting for shorter periods. Outdoor activities are comparatively high for Paarl.

5.5 Drakenstein Socio-economic Performance

Most households are in the lower income bracket as shown in the figure below:

Figure 9: Household Income Breakdown



Source: Western Cape Government Provincial Treasury (2016)

The number of indigent households increased from 10 977 in 2014 to 16 534 in 2016. Income inequality (measured by the Gini Coefficient) increased between 2010 and 2016 from 0.58 to 0.59.²³

5.6 Conclusion

Even though agriculture was not amongst the top three contributors to economic growth and capital investment between 2007 and 2016, it is the foundation of Drakenstein's economy. The fruit sector makes an important contribution to jobs and exports. A set of industries has developed around the agricultural sector including input manufacturers, food processing companies, packaging, and services. The sector's resilience to issues such as climate risks needs to increase.

In addition, Drakenstein has a concentrated economic structure, it is not sufficiently diversified and the economy is exposed and vulnerable to external events or shocks. The top 10 sectors are shown below:

²³ Western Cape Government Provincial Treasury (2017a).

Figure 10: Top Ten Sub-Sectors: GDP-R, Employment, Investment and Exports

2016 Top 10 GDP-R Sub- Sectors	2016 Top 10 Employment Sub-Sectors
1. Wholesale & retail trade (15.67%)	1. Wholesale & retail trade (19.79%)
2. Professional business services (14.99%)	2. Agriculture (13.71%)
3. Finance & insurance (6.91%)	3. Other Community, social & personal services (12.31%)
4. National & Provincial government (6.73%)	4. National & Provincial government (8.78%)
5. Agriculture (6.37%)	5. Construction (8.57%)
6. Construction (6.20%)	6. Business activities n.e.c. (6.12%)
7. Other Community, social & personal services (5.78%)	7. Professional business services (6.12%)
8. Transport & storage (5.69%)	8. Transport & storage (3.39%)
9. Business activities n.e.c. (3.95%)	9. Catering & accommodation services (2.91%)
10. Local government (3.71%)	10. Finance & insurance (2.46%)
2016 Top 10 Capital Investment Sub-Sectors	2017 Top 10 Export Products
1. Transport & storage (14.67%)	1. Edible fruit & nuts; peel of citrus fruit (R 6.35 bn, 46.41%)
2. Professional business services (12.03%)	2. Preparations of vegetables, fruit, nuts (R 3.53 bn, 25.81%)
3. National & Provincial government (10.54%)	3. Beverages, spirits and vinegar (R 1.45 bn, 10.59%)
4. Electricity & gas (8.08%)	4. Miscellaneous edible preparations (R 0.34 bn, 2.49%)
5. Agriculture (7.26%)	5. Nuclear reactors, boilers, machinery, mechanical appliances (R 0.23 bn, 1.70%)
6. Wholesale & retail trade (7.02%)	6. Oil seeds & oleaginous fruits (R 0.22 bn, 1.61%)
7. Finance & insurance (4.56%)	7. Preparations of cereals, flour, starch or milk (R 0.21 bn, 1.50%)
8. Water (3.95%)	8. Essential oils & retinoids; perfumery (R 0.18 bn, 1.34%)
9. Construction (3.46%)	9. Sugars & sugar confectionery (R 0.14 bn, 1.00%)
10. Health and social work (Private) (2.82%)	10. Preparations of meat, of fish and shellfish (R 0.11 bn, 0.82%)

Source: Quantec Research (2017). Note: sub-sectors are listed in descending order

There is a greater preference for skilled labour and informal employment has grown rapidly. Service-related businesses feature strongly in terms of growth and jobs.

A number of stakeholders have been consulted as part of assessing the economy.

6. STAKEHOLDER CONSULTATIONS

6.1 Interviews

Interviews were held with 33 companies, industry associations and NPOs. Companies included agribusinesses, agri-processing, equipment providers, engineering, financial services, legal, marketing, packaging, property development, technology and tourism related businesses. This included large and small businesses. Organisations included business chambers, the Cape Peninsula University of Technology (CPUT), Stellenbosch University and Vinpro.

The high-level findings from the interviews are as follows:

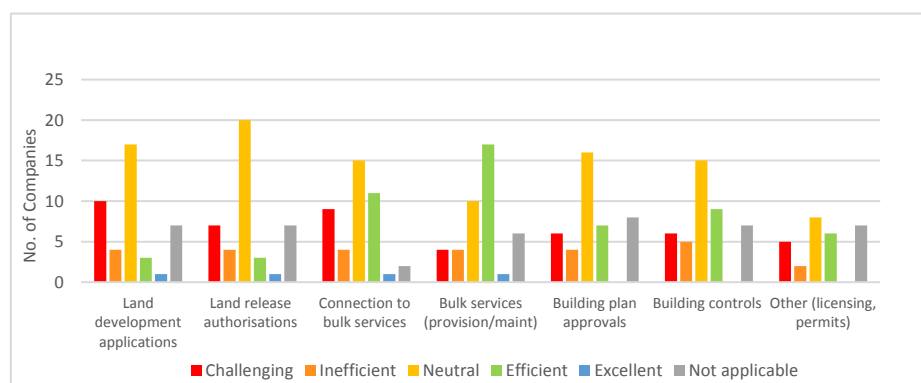
- **Locational/competitive advantages:** There are strong locational advantages in terms of lifestyle, proximity to agricultural production and transport routes, and excellent schools. The city has the potential to become an agricultural and logistics hub.
- **Institutional issues:** The municipality is well governed. However, there are blockages in the investment and property development process, post the development approval phase. A closer partnership is needed with higher education institutions to develop skills e.g. CPUT in Wellington.
- **Infrastructure:** Water security for businesses is a major risk and certainty on water availability will be an attractive factor for investors. Communication by the electricity department on outages has improved significantly. There is a strong need for ICT infrastructure and this will have advantages for business and the youth. Transport to certain areas for workers was cited as a challenge.
- **Integrated development and social cohesion:** There is a need for greater social cohesion requiring investment in the city centre to create jobs that are close to poor areas. Farm evictions are frequent which places pressure on housing.
- **Growth sectors:** Tourism was cited by most businesses as a high growth sector. Agri-processing and financial services were also mentioned.
- **Jobs and skills development:** Almost all of the companies raised skills as the critical issue. Some companies have made significant strides and there is scope for cross-learning. Automation in agri-processing companies is widespread. Innovation hubs linked to educational institutions are needed. Some companies are willing to collaborate on skills development and share resources.
- **Small business development:** Companies will support SMME development and incubators were often cited as the most viable mechanism. Business raised concerns about access to procurement opportunities. A group of small construction contractors complained that they are not contracted at sufficient margins and annual industry registration fees are high. Access to land for small farmers was raised as a major issue.

6.2 Business Survey

An electronic survey was sent to over 455 businesses across sub-sectors, business size and location (areas such as Simondium, Paarl and Wellington). A total of 49 responses were received. Business views on investment, constraints to growth, measures required to facilitate growth, future skills requirements and the impact of the drought were surveyed.

Companies mostly favoured locational advantages (including proximity to transport routes), followed by lifestyle and skills availability in terms of positive investment factors. Companies were asked to rate municipal constraints to investing or growing a business:

Figure 11: Municipal Constraints to Investment and Growth



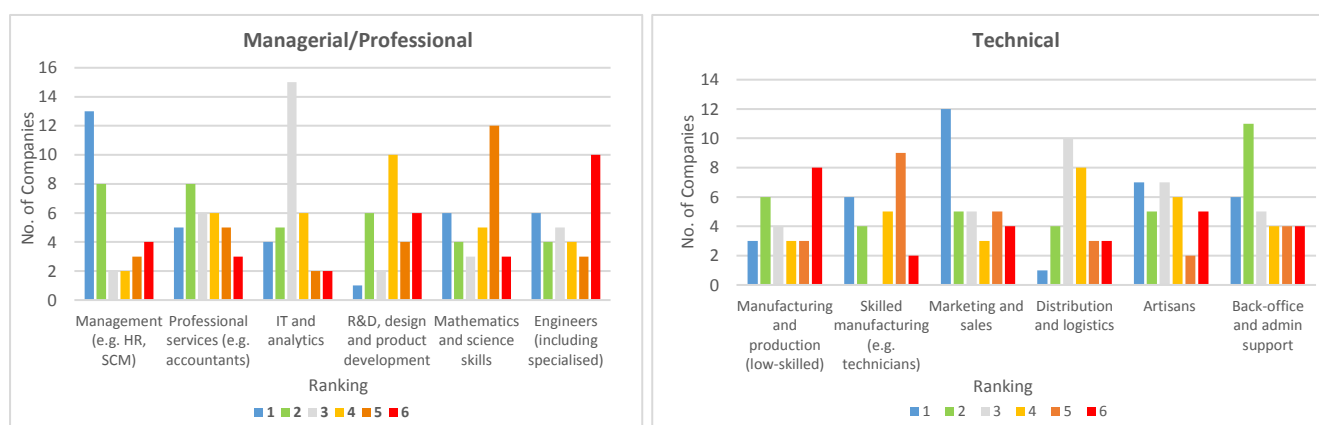
Source: TurnCorp team analysis - Drakenstein Business Survey (2018)

Some companies rated land development applications and land release authorisations as challenging. The on-going provision of bulk services was rated positively.

A number of interventions were cited as essential to facilitate growth including broadband access, efficient municipal services, business infrastructure (industrial parks), small business development and skills development. Fifty one percent of companies are expecting moderate growth and 41% are expecting high growth over the next 5 to 10 years in their sector. The tourism and property sectors were cited most frequently as high growth sectors.

Companies were asked to rank the key skills required now and over the next five years. Within the managerial/professional skills category; management, maths and science, and engineering skills were ranked highest whilst IT and analytics featured. Within the technical skills category; marketing and sales, artisans, administrative, and skilled manufacturing ranked highest:

Figure 12: Skills Required Over the Next 5 Years



Source: TurnCorp team analysis - Drakenstein Business Survey (2018)

The drought has had a significant impact on businesses, including an average 22% impact on business costs, 8% impact on jobs and a 17% impact on revenue. The impact is not only confined to agri-processing, but is also high for financial and services businesses.

6.3 Consultations with the Community

A workshop was held with IDP focus groups and the general public on 26 July 2018 at Thusong Community Centre. A workshop was also held at the Wellington Town Hall on 2 October 2018 with business and community based organisations.

Key challenges identified include access to information, capital, land and market outlets for small businesses. The issue of broadband connectivity and Wayleave approvals was raised. A lack of municipal procurement opportunities and low margins for construction contractors were cited as a key challenge. Turnaround times for the approval of building plans was raised as a concern. Small businesses also face a number of regulatory complexities such as registering a business. Community members raised the issue of the municipality not being developmental in its approach and stronger co-ordination needed with the Winelands District Municipality. Land ownership for small farmers was raised as an imperative. Socio-economic problems such as crime and a lack of role models are factors causing the high school drop-out rate. A lack of social cohesion across the city was identified.

The community indicated the need for a one-stop shop for SMMEs, market outlets, exhibition and live arts performances, and the use of social media as an information platform. The need for linking local suppliers with big business and greater co-ordination of Corporate Social Investment (CSI) spend was

identified. In terms of skills development a database was proposed to match skills supply and demand. Closer links with educational institutions and the need for apprenticeships and internships was raised. The twinning of wealthier and more disadvantaged schools was proposed. The need for a role model campaign for the youth was highlighted.

Workshop participants were asked to provide input to the economic vision. Participants expressed the need for the city to have regional economic links and a conducive local environment supporting all SMMEs and using local skills. In addition, safety, jobs, and a clean city were cited. The need was identified to remove all divisions and barriers. Community members suggested the need for a committee to co-ordinate education, social and economic development.

6.4 Consultations with Drakenstein Management

In addition to interviews with leadership and management at Drakenstein Municipality, the research results and stakeholder input were presented to management on 8 August 2018. The vision, objectives, strategic pillars and enablers to growth were debated. Priorities were set and a high-level implementation plan for the strategy was developed. The results are captured in Chapters 8, 9 and 11.

7. KEY FINDINGS

The high-level findings from the research and stakeholder engagement are as follows:

- Global drivers such as rapid urbanisation, a growing young population and technology are impacting on cities. The Fourth Industrial Revolution is fundamentally altering production patterns and disrupting labour markets. Cities will need to design strategies to position for the future.
- Highly competitive cities are using a suite of levers to increase their competitiveness including business regulations, institutions, land-use planning, city attractiveness and liveability, electronic connectivity and soft connectivity embodied by skills, innovation and entrepreneurship.
- The Drakenstein IDP outlines the vision to become a City of Excellence by 2032 and the need to become nationally and internationally competitive. A number of Big Move infrastructure projects are planned and initiatives are already underway to fast-track private sector investments.
- A major risk is that the economy is not sufficiently diversified and it is vulnerable to events such as drought. The decline of manufacturing suggests that the sole reliance on manufacturing is not

going to create investment and jobs. There are strong linkages between sub-sectors and interlocking value chains need to be promoted. A more diversified and well balanced portfolio of sectors is needed to create a more resilient, productive and equitable economy. Similarly, the export basket needs to be diversified.

- Drakenstein's locational advantages such as its role as a key secondary city and logistics potential need to be leveraged. Capital investment in the transport and storage sub-sector shows potential.
- There is a need for locational branding and marketing to increase investment. There is also the need for investor facilitation services to ensure that blockages to investment are removed.
- Infrastructure issues, specifically access to affordable broadband services and water security are important. In addition, industrial infrastructure projects should promote economic diversification, spatial integration and social cohesion. The priority projects should take locational/logistics advantages into account and should balance investment across various areas and communities.
- Inequality including a high school drop-out rate and high youth unemployment are major risks. The pace of job creation is too slow to absorb labour. A low level of education only results in low skilled jobs, particularly since there is an increasing demand for skilled labour.
- Lastly, the above economic development approaches have an important implication for skills development and entrepreneurship. Collaboration with higher educational institutions and private companies that are actively engaged in migrating workers up the skills ladder will be vital for success. The promotion of small businesses through facilitating access to information, linkages with larger companies, mentorship and incubation will be important.

The above findings point to strengths, weaknesses, opportunities and threats.

8. SWOT ANALYSIS

The research and stakeholder engagement undertaken has yielded the following SWOT analysis:

Figure 13: SWOT Analysis

Strengths <ul style="list-style-type: none"> • Well governed city • Locational & logistics advantages • Good quality infrastructure • Exceptional schools • Solid agro-processing base • Pockets of technological excellence • Growth of services sector • Skilled artisans • Strong arts and culture base • Potential of the youth 	Weaknesses <ul style="list-style-type: none"> • Economy is not sufficiently diversified • Lack of FDI • Red tape challenges • High cost of doing business • Poor education levels in disadvantaged areas • Lack of fixed line ICT coverage • Lack of industrial space • Poor service standards for consumers • Duplication by all sectors in development efforts
Opportunities <ul style="list-style-type: none"> • Agri-logistics hub • Natural assets • Sports • Agricultural base • Significant tourism potential • Export markets • Influx of capital • Willingness of private sector to collaborate • Proximity to Stellenbosch and CPUT tech 	Threats <ul style="list-style-type: none"> • High inequality • Unemployment • Disintegration between communities • Access to land for small farmers • Lack of investment in poorer areas • Crime • Gangsterism and drugs

Source: TurnCorp team analysis

The SWOT analysis helps to inform the economic vision, the mission, the objectives, drivers and measures to create an enabling environment.

9. INTEGRATED ECONOMIC GROWTH STRATEGY

Drakenstein needs to move from being a city that has a fragmented spatial and social economy, with pockets of excellence driven by market-led sporadic economic development, to a city that has a diversified and resilient economy, promoting spatial integration, connectivity, and mutually supportive economic and social systems.

9.1 Economic Vision and Mission

The economic vision and mission outlines the need for Drakenstein to become a globally competitive, innovative and equitable economy. The economic vision supports Vision 2032:



The vision is linked to strategic objectives.

9.2 Strategic Objectives

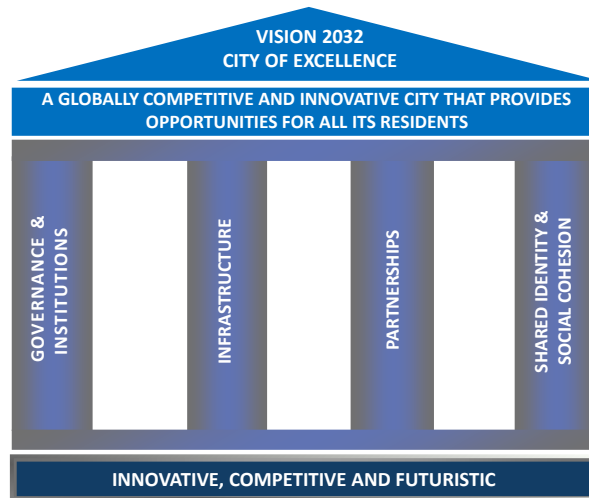
The objectives of the IEGS are:

- *To facilitate the promotion and development of priority sectors: agriculture; informal sector; manufacturing; technology; tourism; and transport and logistics. The priority sectors are discussed in the next chapter.*
- *To increase investment in the key sectors to diversify the economy: manufacturing; technology; transport and logistics; tourism; and labour intensive businesses.*
- *To build skills for the future: responding to investor needs and matching skills with jobs.*
- *To facilitate the creation of jobs: meaningful and sustainable jobs.*
- *To create an environment for thriving entrepreneurs: in both the formal and informal economy.*
- *To create equal opportunities.*
- *To facilitate economic growth.*

9.3 Strategic Pillars

The strategic pillars support the vision and mission:

Figure 14: Strategic Pillars



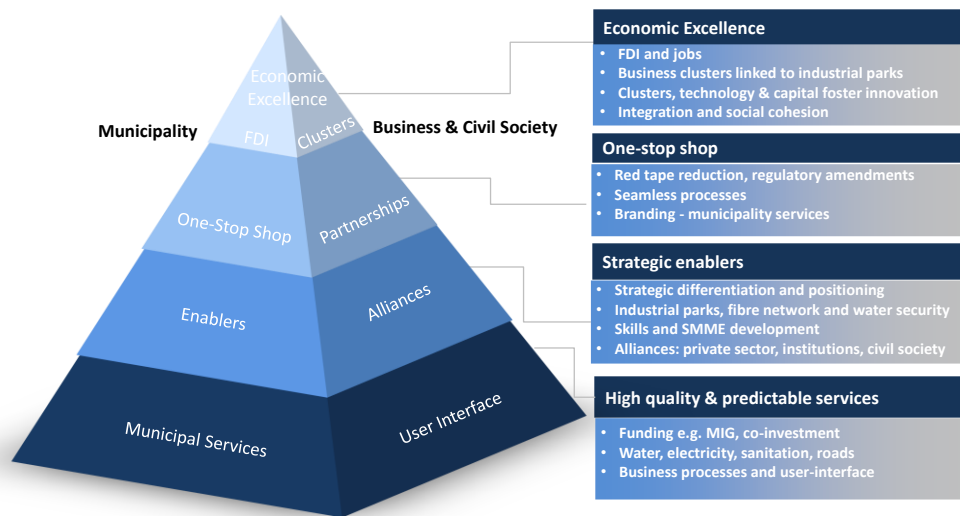
The core pillars that support the vision are governance and institutions; infrastructure; partnerships; and shared identity and social cohesion. The IEGS focusses on implementation.

9.4 Implementation Framework

The implementation framework adopts a building block approach. The first building block establishes a strong foundation through efficient municipal services for businesses and investors, the continued delivery of bulk services and improving the ease of doing business (including turnaround times and facilitation services). The second building block builds on the foundational enablers and entails strategic enablers aimed at strategic positioning, game changing infrastructure such as fibre, skills, and entrepreneurship. Once business processes have been streamlined and the delivery of the enablers gain traction, the city will be in a position to undertake sophisticated branding and offer one stop services for businesses. Increased FDI and industrial clustering result from the various initiatives.

The implementation framework is depicted below:

Figure 15: Implementation Framework



Source: TurnCorp team analysis

Within the context of the above framework, the role of selected sub-sectors in economic development and the creation of an enabling environment are important considerations.

10. PRIORITY SECTORS

It is important that Drakenstein's economy is sufficiently diversified. A number of priority sectors have been identified in terms of their role in economic development. These are: agriculture; the informal sector; manufacturing including agri-processing; technology; tourism; and transport and logistics. Tourism and agri-processing are key sectors that have been earmarked for development in the Western Cape under project Khulisa. The prioritisation of sectors does not mean that some sectors, such as business services, are less important. There are strong linkages between sub-sectors and interlocking value chains need to be promoted. Importantly, the small business sector cuts across all of the above sectors.

10.1 Agriculture

Whilst agriculture has shed jobs, the sector should not be under-estimated in terms of its size as an employer and the important role that it plays as an economic base from which other sub-sectors have grown. In addition, agriculture has the potential to drive technological development, particularly Fourth Industrial Revolution technologies, to increase its resilience.

The effects of climate change are continuing to shape global agriculture. Agricultural output is being increased with fewer resources. The Western Cape Government is looking at the role of Fourth Industrial Revolution technologies for agricultural development.²⁴ Technologies such as farm-management software, precision agriculture, robotics, drones, predictive data analytics and genetics are enabling producers to “monitor crop health, the weather and soil quality”. This results in “higher yields, cost reductions and improvement of food’s nutritional value”. Technology can enable new types of jobs, requiring re-skilling of the workforce. The report calls for strong partnerships between Government, academia, agribusiness, and large and small farmers for technology adoption.

Small farmers are important. In this regard, Drakenstein should continue to help to facilitate access to land for small farmers. Sites in Gouda, Wellington and Vlakkeland have already been identified. Once the necessary approvals are obtained, the municipality should facilitate economic and social compacts between large agribusiness as potential off-takers of crops from small farmers. This will start to build a much more sustainable sector and foster greater social cohesion.

10.2 Informal Sector

The informal economy is often associated with increasing poverty and weak employment conditions. The reality is that the informal sector contributes around “55% of Sub-Saharan Africa’s GDP and 80% of the labour force. Nine in 10 rural and urban workers have informal jobs in Africa and most employees are women and youth.”²⁵

Out of the 12 618 net additional jobs created between 2007 and 2016 in Drakenstein, 11 233 were in the informal sector. Increased government awareness as well as access to finance, information and support can develop the sector and help to migrate informal businesses to formal status. Drakenstein’s Informal Trading Management Policy and the recommendations for small business development in this report will serve to support the informal economy.

10.3 Manufacturing

Whilst the manufacturing sector has fallen out of the top 10 sectors in Drakenstein over the last 10 years, the sector offers economic development advantages. A thriving manufacturing sector is critical

²⁴ See the 4IR report by the Western Cape Department of Agriculture in collaboration with the University of Stellenbosch (2018).

²⁵ African Development Bank Group (2018).

for driving sustainable and employment intensive growth. In South Africa, the sector is amongst the “top three multiplier sectors in terms of value addition, job creation, export earnings and revenue generation for every rand invested. Manufacturing is also the driver of tertiary education and responsible for the absorption of skilled people into a workforce that currently accounts for more than 12% of GDP”.²⁶

Agri-processing plays an important role in the Western Cape, contributing R12 billion to the local economy; with 79 000 jobs created.²⁷ The industry has been prioritised under Project Khulisa and is well established in Drakenstein, with the city rated as having the best agri-processing value chain assets in the Winelands District.²⁸ This offers strategic advantages.

A key challenge is that the city’s export basket is not sufficiently diversified and needs to contain a greater proportion of manufactured goods, including agri-processed products. There are significant export opportunities that need to be pursued, particularly in other African countries (such as Namibia and Botswana), China, the Netherlands, Russia, and the UK. For example, the rapid growth of urbanisation in African markets is driving demand for processed foods. For the first time more than 50% of Africans will be living in cities by 2030 and African food markets are projected to increase fourfold to exceed \$400 billion by 2030.²⁹ Access to Cape Town port, Cape Town International Airport and the N7 to Namibia provides advantages for manufactured exports.

10.4 Technology

The World Bank has suggested that South Africa’s solution to economic growth challenges may emerge from technological innovation. Whilst private sector research and development (R&D) spend in South Africa is lagging its peers in BRICS countries, South Africa has the potential to absorb and adapt foreign technologies. The World Bank believes that “Innovation can help improve the lives of the poor through the provision of better and cheaper goods and services; and expand economic opportunities through the introduction of disruptive technologies that can lower barriers to competition.”³⁰

²⁶ Rodseth, P (2016).

²⁷ Western Cape Government (2015).

²⁸ Western Cape Government Provincial Treasury (2017b).

²⁹ The World Bank (2013).

³⁰ Greve, N. (2017).

The promotion of technology investments requires a targeted approach and should be focused on Drakenstein's assets and strengths, as opposed to targeting investors in areas where the economy does not have an established base. As discussed above, Fourth Industrial Revolution technologies offer significant potential for transforming the agricultural sector and increasing its resilience.

In addition, the growing business services sector provides opportunities for investment and advances in areas as financial technology (Fintech). A report by South Africa's Intergovernmental FinTech Working Group (IFWG) shows that the "infusion of technology within financial services presents significant benefits, including improving financial inclusion and enhancing the value of financial services provided to society"; leading to welfare benefits.³¹

10.5 Tourism

Most businesses in Drakenstein believe that the tourism sector can be a major stimulant for growth. Maximising the potential of the sector will be key to diversifying the economy. Tourism contributes to economic development through direct employment and enterprise opportunities for groups such as the youth and women; the creation of indirect opportunities in other sectors that supply tourism; and a dynamic impact on society in terms of infrastructure, communities, skills and inter-sectoral linkages. The inter-sectoral impact adds 60% - 70% to the direct effects of tourism.³²

The Drakenstein IDP provides a framework for developing the tourism sector. This includes tourism product development, the improvement of destination marketing, infrastructure development and skills development. A tourism development plan has also been developed. Specific attention needs to be paid to:

- ***Branding Drakenstein as a tourist destination:*** Successful branding will depend on the extent to which Drakenstein can be differentiated. The strength of sports assets and the outdoor offering are potential differentiators. Digital media platforms should be used for destination marketing.
- ***The need for tourism infrastructure:*** This includes enhanced tour routes including building on the Mandela legacy and the establishment of a hotel.

³¹ Odendaal, N. (2018).

³² Mitchell et al (2007).

- **Product development:** focusing on a mix of products and service offerings for both the international and local markets with a greater focus on attracting international tourists - fine dining and wine tasting; culture and heritage; adventure, outdoor activities and sport.
- **Skills development and service standards:** The IDP outlines that Drakenstein will facilitate an enabling environment to promote skills in the tourism value chain. This will be done through partnerships with different spheres of Government and the Private Sector. Consumer and tourist facing service standards need to improve markedly in order to become a destination of choice.

10.6 Transport and Logistics

Efficient logistics systems are vital for trade efficiency. The World Bank's Logistics Performance Index (LPI) ranks South Africa as the third most competitive market behind Thailand and China in terms of logistics performance, albeit that the overall ranking has regressed from the 2016 ranking. South Africa was ranked at number 33 out of 160 countries in 2018, decreasing from number 20 in 2016.³³

According to the CEO of Brand South Africa, "logistics performance is vital for a country's economic growth and refers to cost, time and complexity in accomplishing import and export activities". The LPI acknowledges investment that has been made by the government and private sector in infrastructure.³⁴

The transport, storage and communication sub-sector was amongst the top 10 growth sectors in Drakenstein over the last 10 years, receiving the highest capital investment in 2016 (R536 million out of total capital investment of R2,3 billion). The private sector is taking advantage of the locational advantages. The strategic positioning of the city as an agri-logistics hub will require further investment by transport and logistics companies in logistics infrastructure and services.

Whilst the above sub-sectors are discussed as priorities, diversification of the Drakenstein economy will require growth of both the secondary and tertiary sectors. The creation of an enabling environment for investment and business will be key to the growth of the sectors discussed above.

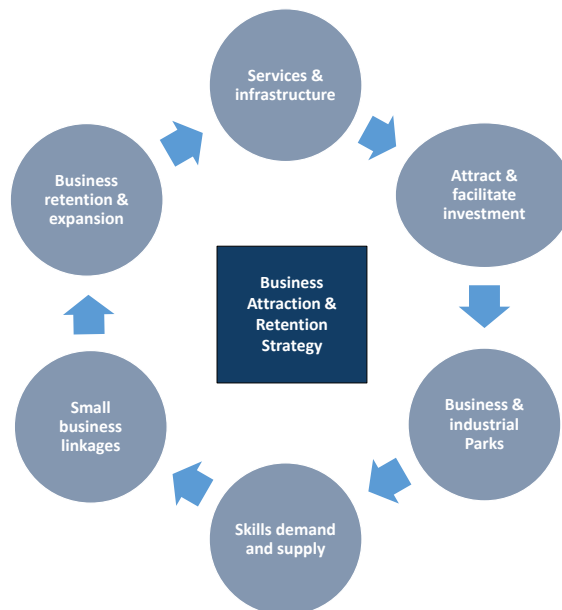
³³ Liedtke, S. (2018).

³⁴ Ibid.

11. CREATING AN ENABLING ENVIRONMENT

The creation of an enabling environment is the most important role that the municipality should play in terms of the IEGS. Strategic enablers include infrastructure and services, measures to attract and facilitate investment, industrial parks and developments to provide business infrastructure, skills development, small business development and a strategy to retain investors and facilitate expansions:

Figure 16: The Inter-relationship between Strategic Enablers



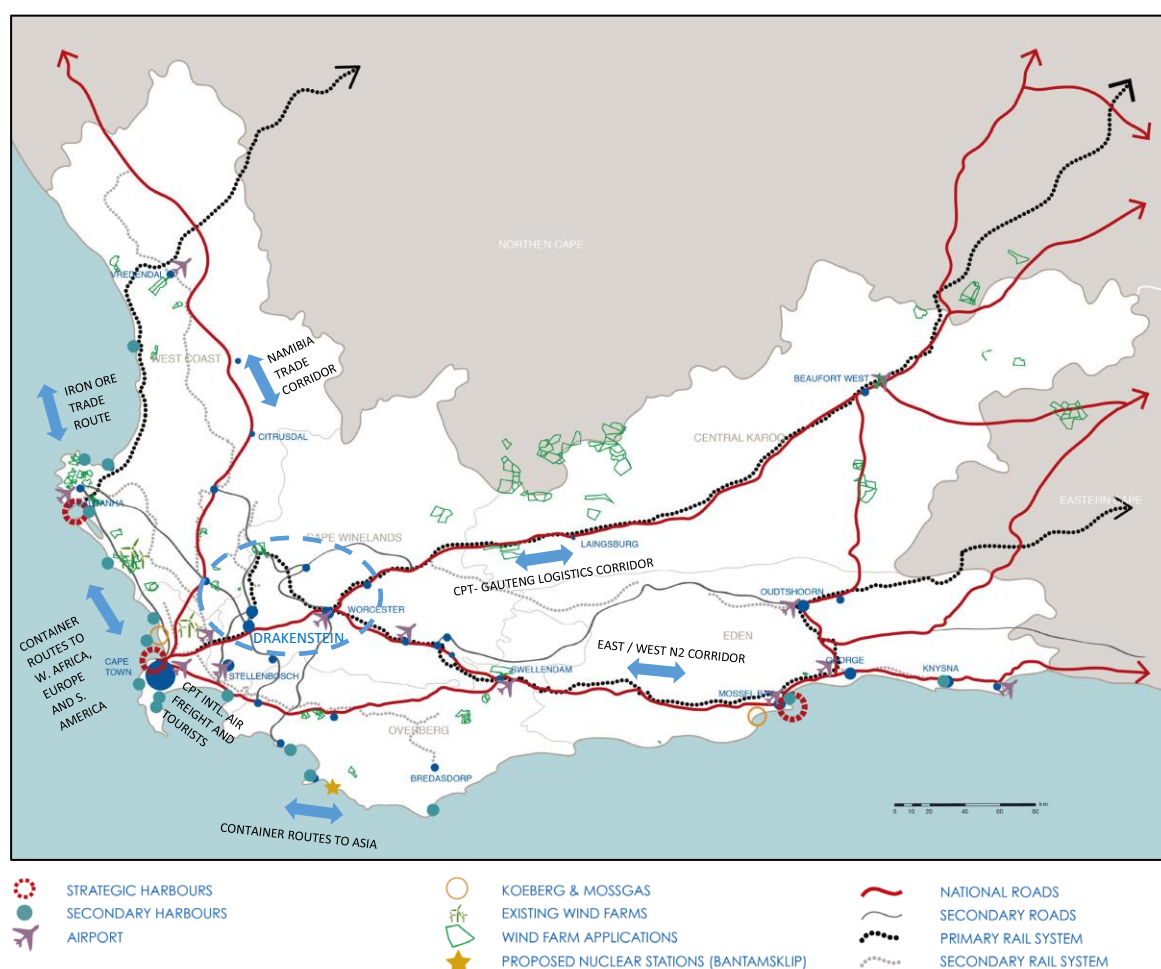
Each enabler forms part of a broader system that encourages investment, business retention and expansion.

11.1 Attracting and Facilitating Investment

11.1.1 Drakenstein's Strategic Positioning

According to the World Bank (2015), city investment attraction strategies need to be consistent with a city's comparative advantage which includes locational advantages such as natural endowments, proximity to markets and availability of skills. Drakenstein has exceptional locational advantages:

Figure 17: Western Cape Economic Infrastructure



Source: Western Cape Government (2014a) ³⁵

Connectivity to transport corridors, trade routes and agricultural production includes:

- The Cape Town - Gauteng logistics road corridor; the east/west N2 corridor to Mossel Bay, Port Elizabeth and East London; and the north/south N7 corridor to Namibia.
- Close proximity to Cape Town International Airport enables access to tourist arrivals and air freight. There are plans in place to expand cargo and passenger capacity at the airport. ³⁶
- Cape Town harbour is on major container routes to West Africa, South America, Europe and Asia.
- Central location to agricultural production areas in Ceres, Malmesbury, Rawsonville, Riebeeck Kasteel, Tulbach, Villiersdorp and Worcester.

³⁵ Adapted. Trade routes obtained from Maritime Studies South Africa (2018).

³⁶ This is a Cape Catalyst project that is being driven by Wesgro.

Building on the city's agri-processing value chain assets, Drakenstein should be positioned as an agri-logistics hub offering agri-processing, packaging, canning, labelling, logistics and services. As discussed earlier in this report, there is significant potential for food exports to other African countries.

Freight volumes moving through the Western Cape are expected to increase from around 100 million provincial tonnes in 2018 to over 220 million provincial tonnes in 2042 (mainly road freight whilst rail freight's market share has decreased).³⁷ Cape Town port is congested due to congestion at Durban (ships are by-passing Durban and docking at Cape Town). Drakenstein's strategic positioning will enable the city to become a hub over the medium term and potentially an inland port over the long term, thereby improving efficiencies at Cape Town harbour. The role as a supporting secondary city to Cape Town is key.

The first phase would involve logistics facilities on the NI corridor (Klapmuts and Ben Bernhard) and at Wellington Industrial Park. Once increased scale has been achieved, the second phase could include an intermodal freight facility including a possible rail terminal, an intermodal yard and customs clearance. Discussions with the province and Transnet as well as a feasibility study will be needed.

11.1.2 Branding and Social Media

Linked to the strategic positioning of the city, it will be important to brand Drakenstein. Strategic city branding has major benefits including attracting investors and businesses; creating popularity amongst tourists; enabling a common identity for residents leading to greater social cohesion; and retaining and attracting skilled labour. Cities that have branded successfully have taken advantage of their assets and have included stakeholders in the process. It is also important to avoid multiple competing brands for sectors or sub-sectors. Cities that co-ordinate destination marketing and economic development marketing are generally better positioned to compete.³⁸

Branding and destination marketing need to be communicated across channels that reach the right audiences, including social media. Cities such as Barcelona have effectively used social media "voice channels" to engage with citizens. In addition to Drakenstein's current Facebook page, social media tools such as a dedicated App and search engine optimisation (SEO) strategies should be used.

³⁷ Havenga et al (2015).

³⁸ Oxford Economics (2014).

11.1.3 Targeted Investment Promotion

It will be important to adopt a targeted approach to investment promotion. This would include:

- Defining the type of investment that is wanted by the city.
- Packaging specific investment opportunities in strategic sectors.
- Collaboration with Wesgro to raise the profile of Drakenstein in specific investment promotion initiatives such as trade and investment missions abroad.
- Marketing available municipal land for development to both local and global investors.

As a secondary city to Cape Town, Drakenstein needs to increase the use of Wesgro resources.

11.1.4 Investment Facilitation

Whilst Drakenstein has embarked on the journey to fast-track investments, there are red tape and end-to-end process constraints to investment which need to be resolved.

A senior manager should be appointed in the City Manager's office to walk developers and investors through the system; from the investment initiation phase to establishing a plant or development and after-care. A cross-functional team should be established to resolve bottlenecks.

Once the basic end-to-end processes are bedded down, a detailed regulatory review should be undertaken. Investment processes will need to be mapped and a one stop shop should be established. This service should cater for all services that impact on both large and small businesses in Drakenstein. This may require additional staff and a capacity assessment will be needed. Once the new Drakenstein incentive policy has gained traction, the policy should be reviewed to assess the incentives that will be needed to promote the IEGS.

11.1.5 Investment Retention and Expansion

A holistic economic growth and development strategy should find a balance between investment attraction, business retention and expansion.³⁹ A business retention and expansion (BR&E) programme is a key part of economic strategy.⁴⁰ Critical success factors are:

³⁹ Executive Pulse (2018).

⁴⁰ The International Economic Development Council (2015).

- Relationship building and outreach.
- Responsiveness and preparedness to not only listen to problems, but act on them.
- Recognising the significant impact of existing businesses on jobs.
- Removing bureaucratic red-tape to doing business.
- Proactively serving as the link between the business, agencies and state regulatory bodies.

Whilst the overall IEGS strategy and the strategic enablers will contribute to investor retention, specific activities will need to include:

- Setting up a database of businesses as a monitoring tool.
- After-care services such as maintaining regular contact and looking out for frustrations.
- An annual survey of investors, including issues they are facing and their needs.
- Research support to enable investment decisions by companies.
- Policy advocacy regarding major regulatory issues.

11.2 Industrial Parks and Developments

11.2.1 Priority Big Move Projects

International research has shown that industrial parks can help to restructure and revitalise an economy, strengthen the industrial base of medium-sized towns, increase the efficiency of urban land use, and reduce rural-urban migration.⁴¹ Parks can facilitate backward and forward linkages between firms, collaboration, clustering, knowledge transfer, technology spill-overs, and SMME development.

However, the failure rate is often high in developing countries, especially when the public sector tries to perform the role of the private sector. The public sector should be a catalyst and not an owner, manager or user of parks. Parks need to be right-sized, with stakeholder roles and incentives aligned.⁴²

The strategic rationale for catalysing business and industrial parks in Drakenstein is as follows:

- Priority business infrastructure projects should promote economic diversification.
- The parks can help to diversify the revenue base for the municipality.

⁴¹ Noufal, P. and Ramachandran, KV (2016).

⁴² See the work carried out in India by Jordan and Saleman (2014).

- Industrial parks should promote spatial integration and social cohesion.
- The criteria for developers should include the use of small construction contractors.
- Small business suppliers to the municipality and large companies should be located in the parks.

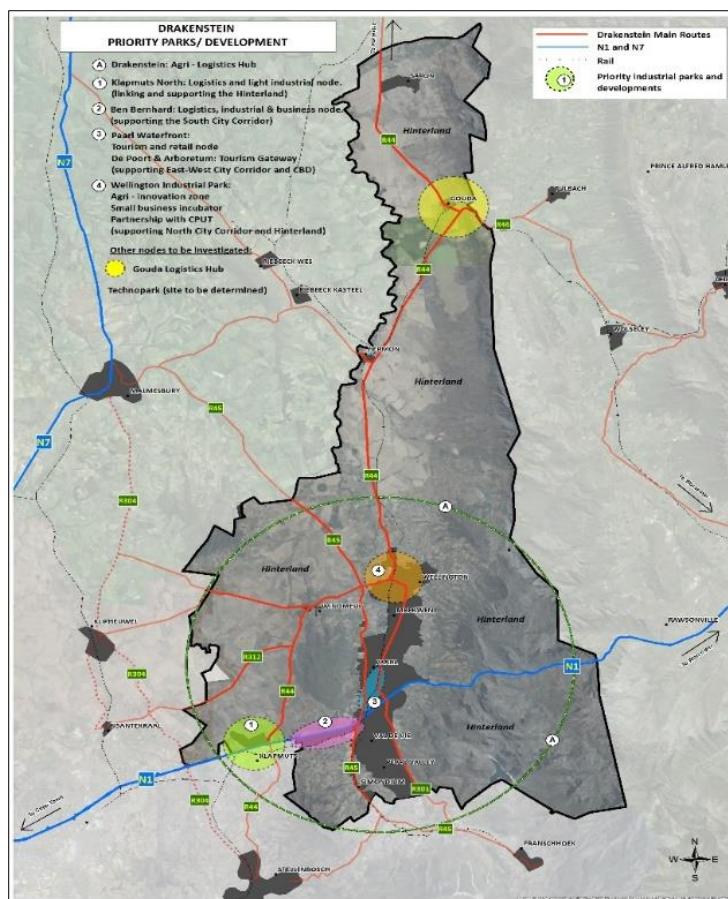
There is a need to prioritise IDP Big Move projects due to limited resources. The following top 4 Big Move priorities in terms of industrial, tourism and retail infrastructure are recommended:

- ***Klapmuts Industrial Park - Distell investment:*** This involves the Distell head office relocation and an industrial/ logistics park in Klapmuts North:
 - Economic rationale: Very good location and accessibility advantages - access to the NI and R44, a connecting node between Cape Town and the Winelands and a gateway to Drakenstein and Franschhoek tourism areas. Excellent logistics and light industrial potential; supported by recent increases in investment in logistics in Drakenstein. This node will provide economic support to the Hinterland.
 - Recommendation: Continued support for the development; the land use application should be expedited; and the remaining industrial space should be marketed in partnership with Distell.
- ***Wellington Industrial Park:*** Businesses have already invested in the park and the project is executable. A plan for a further 50 hectares of industrial space has been developed:
 - Economic rationale: There is easy access to the R44 (connecting to the NI) and the N7 (connecting with Namibia), proximity to agricultural production areas, an established agri-value chain, strong rural development, export potential and good employment potential for surrounding poorer areas. An agri-innovation zone should be established with potential linkages with CPUT to develop skills and promote fourth industrial revolution technologies. The zone supports the North City corridor and the Hinterland.
 - Recommendation: A feasibility study should be undertaken on market demand for the extension and the type of incentives that would be needed; the land use application should be expedited; the remaining bulk services need to be budgeted for and delivered; and formal links should be established with CPUT (subject to formal discussions taking place with CPUT and agreement being reached).

- ***Ben Bernard industrial park:*** The land is privately owned land and developments are already underway:
 - Economic rationale: Exceptional access to the NI and R45 to Simondium and Franschhoek agricultural areas. Should include a focus on logistics, light manufacturing and business infrastructure. The node will support the NI and South City Corridors.
 - Recommendation: A feasibility study should be undertaken to determine market demand and incentives; the land use application should be expedited; and the remaining bulk services need to be budgeted for and delivered.
- ***Paarl waterfront development:***
 - Economic rationale: Most cities take advantage of riverfront assets. Need for tourist, high-end retail and entertainment facilities. Strong potential for sports tourism. Need for linkages with the CBD upgrade (should focus on mixed use) and De Poort tourism gateway. This development will help with contribute towards East-West integration and provide jobs in the CBD.
 - Recommendation: A Request for Information (RFI) should be advertised. A feasibility study should be undertaken to determine market demand for the park. This process should be followed by issuing a Request for Proposals (RFP).

The proposed parks take advantage of Drakenstein's spatial location, are located in key catalytic zones (shown in section 4.4) and support spatial development across the city:

Figure 18: Drakenstein Big Move Priorities



11.2.2 Other Important Initiatives

A technology park has been proposed for the Klapmuts area by Stellenbosch. There are also intentions by Drakenstein Municipality to develop a technology park on the R301. Engagement and co-operation will be needed with Stellenbosch and private developers. A feasibility study should be undertaken to determine the appropriate location for a technology park. The park could be located in Klapmuts North due to limited land availability in Klapmuts South.

The De Poort Tourism Gateway should be supported as this will provide an important entrance point and facility for tourists travelling to Drakenstein and should be linked to the Waterfront development.

Gouda has potential to be a smaller logistics hub due to access to the R44, R43, N7, rail and agricultural areas in Ceres, Tulbach and Wolseley. This should be further assessed through a study.

11.3 Fibre Infrastructure

Fibre is the most effective network for broadband access due to speed, bandwidth, durability and meeting the demand of evolving technologies. Fibre also enables the roll-out of “last mile” Asymmetric Digital Subscriber Line (ADSL) technology which can increase broadband coverage. International experience has shown that access to broadband increases GDP and employment.⁴³ Affordable broadband enables home enterprise and youth development (the Internet is a learning tool).

There has been a rapid increase in fibre providers in South Africa, driven mainly by consumers wanting Video on Demand (VOD) services. The Western Cape Broadband Strategy: Integrated Master Plan was released in 2012. In 2013, national Government published South Africa’s broadband policy. Progress has been made with the Western Cape Master Plan and there is a budget allocation of R956 million over the next three years.

Whilst Wi-Fi hotspots have been established in public areas such as the Drakenstein library, fibre coverage is limited in Drakenstein. Telkom’s network has only been rolled out to a limited number of areas, whilst private sector providers charge high fees for services in the CBD.

There are challenges with a number of municipalities with the roll-out of broadband in South Africa, including Wayleave approvals and the public sector trying to perform the role of the private sector. The municipality will need to avoid competing with the private sector and instead, an enabling environment should be created:

- Engagements should take place with the Western Cape Provincial Government in order to access support provided by the provincial broadband initiative. Discussions should be held with the national Department of Communications to ensure alignment.
- Drakenstein should hold discussions with Telkom to assess if coverage can be increased.
- If required, a RFI should be issued to understand what facilitative role the municipality can play.
- The above actions will be important in determining a detailed fibre roll-out plan.

⁴³ The Analysis Group (2014).

11.4 Water Security

The International Panel on Climate Change cites studies that have found that land surface temperatures have increased by as much as 1.5°C in many parts of Southern Africa over the last century. Studies project average warming of between 3.4°C and 4.2°C, above the 1981 to 2000 average, in Africa by the end of the 21st century.⁴⁴ This is likely to impact on rainfall patterns. The south west of Southern Africa is projected to be at a high risk to severe droughts.

According to a study by Green Cape, Drakenstein's water consumption is largely driven by irrigated agriculture. By 2040, Drakenstein's projected change in urban water requirements increases by around 130%. The Drakenstein IDP specified specific water projects including waste water treatment works (WWTW) and upgrades, water reservoirs in the Simondium area, the installation of water metres in industrial areas, and water saving devices in municipal buildings.⁴⁵ The on-going implementation of the IDP will require sustained focus. Water security needs to be brought to the fore as a key economic enabler.

The following interventions are recommended:

- Expediting projects which are focussed on waste water treatment as per the IDP.
- Prioritisation and intensification of demand management plans outlined in the IDP.
- Whilst off-grid solutions can alleviate demand for municipal water, the water tariff policy should be reviewed as scarce public good resources need to be appropriately priced.
- Green technology investors in closed system agricultural production such as hydroponics and other climate smart agricultural technologies need to be encouraged.

11.5 Skills Development

In the knowledge-based 21st century, the interface between higher education institutions, governments, the private sector and local communities has become fundamental. In many countries, higher education institutions are directing significant resources to education, innovation, knowledge

⁴⁴ IPCC (2014).

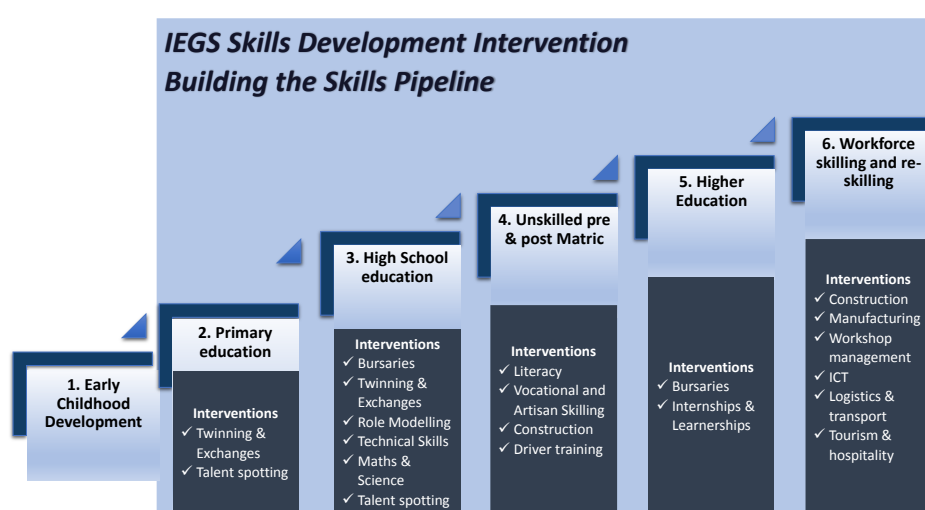
⁴⁵ Drakenstein Municipality (2016a).

transfer, and community engagement to drive local economic development.⁴⁶ Vocational training is important as the Fourth Industrial Revolution is placing increasing demand for skilled workers.

Drakenstein municipality has a number of skills development initiatives that are underway. The private sector also has various on-the-job training initiatives. Boland College provides training for building contractors whilst the CPUT campus in Wellington is focussed on applied skills in the agricultural value chain and is setting up an Agri Hub to provide increased technical support to the sector.

The proposed interventions for Drakenstein focus solely on the economic growth aspects of Drakenstein. Social issues such as Early Childhood Development (ECD) are not included as these challenges will need to be addressed by Government and NPOs that are actively involved in this area. The strategic approach to skills development involves building the skills pipeline including interventions that target high school education, unskilled pre- and post-matric, higher education, and workforce skilling and re-skilling:

Figure 19: Skills Development Pipeline



Source: TurnCorp team analysis

- **Immediate short-term actions - set a common local agenda for skills development:**
 - Engaging with the private sector and institutional partners, conducting a skills audit, designing a comprehensive skills programme and plan, rationalising various municipal skills initiatives and establishing a Joint Coordinating Structure (JCS).

⁴⁶ Shaffer, D. et al. (2010). The paper also provides the city examples cited.

- Strong co-ordination with private sector Corporate Social Investment (CSI) initiatives.
- Early stage pilot training initiatives should be rolled out.
- Use of social media to inform the community about opportunities.
- **Medium term actions - upscaling roll-out:**
 - Championing a schools outreach programme that includes twinning arrangements between privileged and under-privileged schools and a role model programme.
 - Setting up a maths and science initiative involving extra-mural teaching.
 - Facilitating a local School Bursary Programme to encourage high school students to remain in school, and to fund tertiary education.
 - A joint programme for upscaling work-place skills: building on existing private sector initiatives through pooling resources and expertise.
- **Long-term actions: deepening impact:**
 - Establish a Local Artisan Training Facility.
 - Building the agri-Innovation hub in Wellington through enhancing innovation, research, learnerships, skills and productive capacities in partnership with CPUT.

11.6 Small Business Development

International best practice suggests that the most efficient mechanism to support SMME's is to "provide an efficient regulatory environment and to provide avenues for local businesses to engage with policy makers".⁴⁷ Red tape reduction, one-stop shops, and business incubators are the most common programmes.

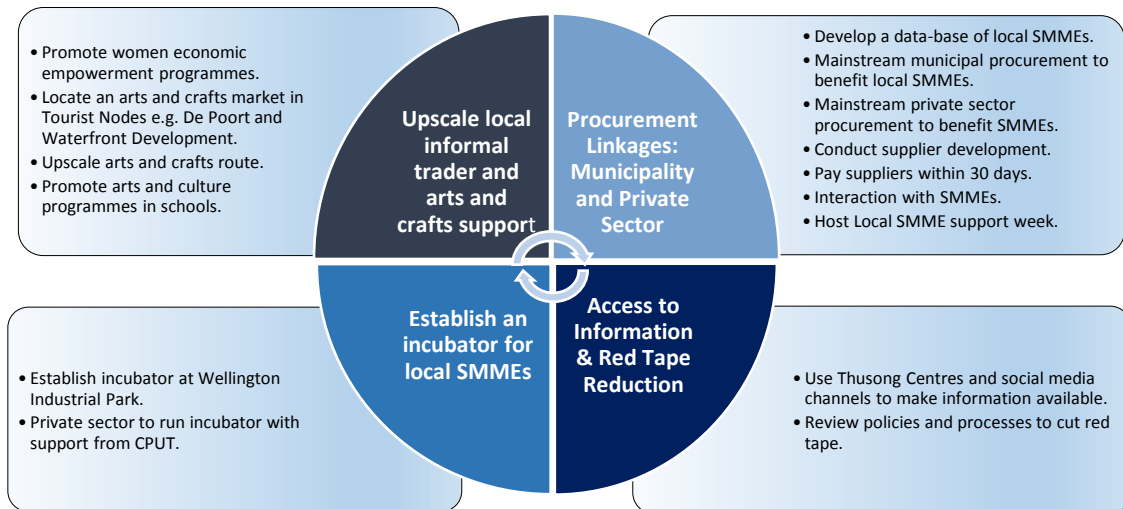
Business incubators have not always proven successful, especially in South Africa. Research shows that critical success factors include access to technical expertise, the quality of entrepreneurs, availability of funding, the quality of practitioners, and networking opportunities. Linkages with higher education institutions and businesses are important. The OECD points out that entrepreneurship support systems must be accessible and attractive for young future entrepreneurs.⁴⁸

⁴⁷ McFarland, C. et al. (2011).

⁴⁸ OECD (2015).

In order to address stakeholder concerns, targeted medium to long-term interventions to address small business development are proposed. These interventions will need to be implemented through a stakeholder and partnership driven approach with local businesses and education institutions:

Figure 20: Small Business Development Approach



Source: TurnCorp team analysis

The main interventions are as follows:

- **Short to medium term:**
 - Design a comprehensive SMME development programme.
 - Mainstream procurement to benefit SMME's: A database of SMME's should be established and municipal procurement should be reviewed to maximise SMME participation and engagement with the private sector on supplier development.
 - A SMME support week should be run annually to link large and small businesses.
 - The municipality should facilitate access to information on SMME support. The Thusong Community Centres should be used to host Government agencies and practitioners on a rotational basis. Social media can also be used to disseminate information.
- **Medium to long term initiatives:**
 - Once the municipal regulatory review is undertaken, process improvements will need to be implemented.

- A SMME Incubator at Wellington Industrial Park within the agri-innovation hub. The incubator should provide space for local youth start-up entrepreneurs. The incubator should be managed by the private sector with a potential link to CPUT.
- Location of small business suppliers in the industrial parks.
- Ensuring that developers use SMME's for the construction of industrial parks.
- Establish a business one stop shop. The municipality should use practitioners and mentors to provide advice and should not provide business advice directly to businesses.
- Support to informal traders and the arts and crafts sector should be up-scaled: This will include markets in tourist nodes, upscaling the arts and crafts route, promoting an arts and culture programme in schools, promoting women economic empowerment programmes and providing trading outlets for informal sector traders.

11.7 Summary of Benefits for Sectors and Sub-Sectors

The above has provided a detailed overview of the strategic enablers that are required to create an enabling environment and the main initiatives and programmes that should be rolled out under each enabler. The benefits for sectors and sub-sectors in Drakenstein are highlighted below:

Table 3: Benefits for Sectors and Sub-sectors

No.	Strategic Enabler	Sectors and Sub-sectors to be Impacted	How
1.	Attracting and facilitating investment: <ul style="list-style-type: none"> • Strategic positioning as an agri-logistics hub. • Investment promotion and facilitation services. 	Targeted sectors for investment: manufacturing including agri-processing, technology, transport and logistics, tourism, and labour intensive businesses. Small businesses.	<ul style="list-style-type: none"> • Cutting red tape and making it easier for businesses to invest - increase in new businesses and factories leading to jobs. • Investor after-care enables business and factory expansions. • Linkages between large and small businesses.
2.	Establishing business and industrial parks <ul style="list-style-type: none"> • Wellington Industrial Park • Ben Bernhard industrial park • Klapmuts industrial park • Paarl waterfront development 	Manufacturing including agri-processing, transport and logistics, tourism and retail trade, small businesses including construction and arts and crafts.	<ul style="list-style-type: none"> • New industrial infrastructure. • Facilitate investment in the city in areas such as the CBD, Wellington, Klapmuts and Gouda - job opportunities for disadvantaged areas. • Use of small business contractors and facilitating linkages between large and small businesses. • Small business incubator at Wellington Industrial Park.

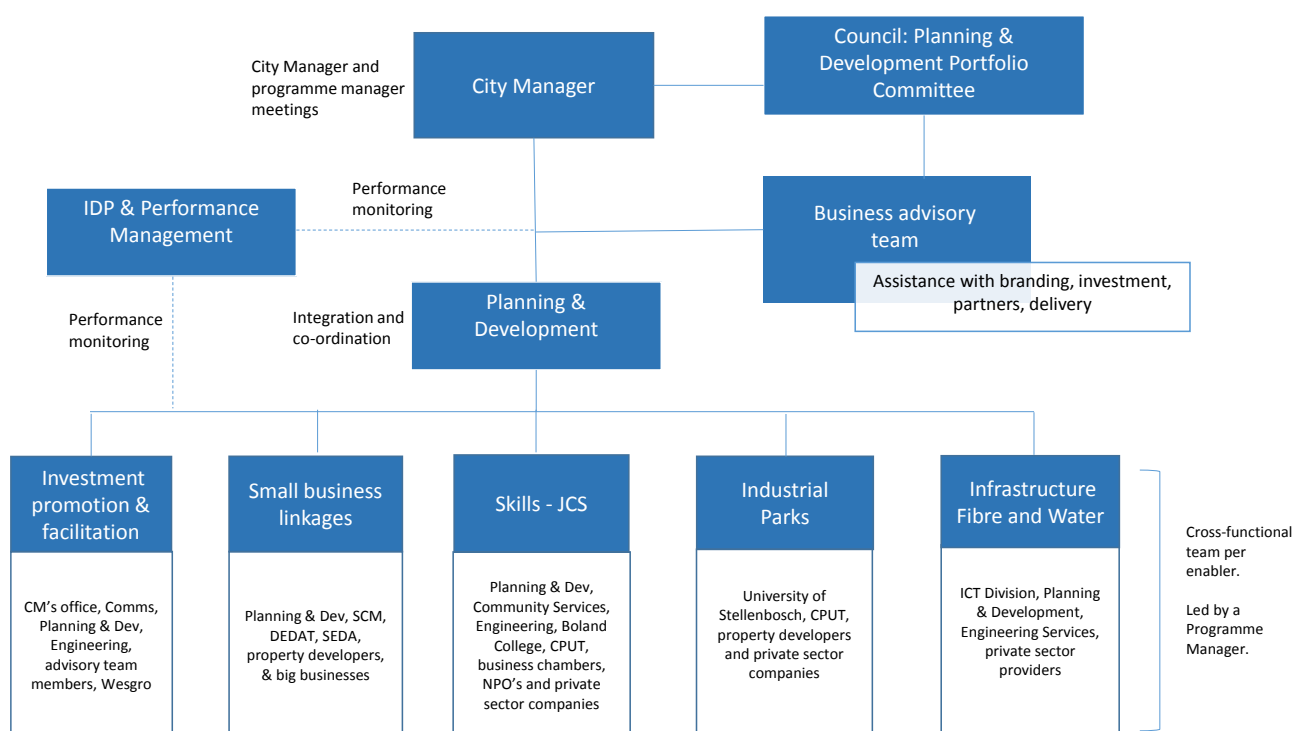
No.	Strategic Enabler	Sectors and Sub-sectors to be Impacted	How
	<ul style="list-style-type: none"> Gouda logistics node (to be investigated) 		
3.	Enabling infrastructure such as fibre and water	<p>All business sectors benefit from affordable broadband connectivity and enhanced water security.</p> <p>Small businesses such as home-based and township enterprises benefit from fibre roll-out.</p> <p>The youth benefit from internet connectivity as a knowledge tool.</p>	<ul style="list-style-type: none"> Enhanced water security improves investor confidence. Access to affordable broadband services improves business connectivity, business efficiency and learning.
4.	Skills development	<p>Preparing the city for the Fourth Industrial Revolution.</p> <p>Benefits for the youth - skilling for the future.</p> <p>Benefits for manufacturing, logistics and transport, technology, tourism, small business and construction.</p>	<ul style="list-style-type: none"> School twinning and maths and science extra-mural teaching. Bursary programmes. Internships and learnerships. Workplace literacy programmes. Work-place training. Skills matching through a database. Use of social media to reach the youth.
5.	Small business development	Small businesses (suppliers of goods and services to the municipality and big business), construction businesses, arts and crafts and women owned businesses.	<ul style="list-style-type: none"> Municipal procurement spend. Facilitating linkages between large and small businesses. Enabling access to information through the Thusong Community Centres and the One Stop Shop. Linking small businesses with tourist nodes and upscaling the arts and crafts routes. Enabling environment for informal traders including support and trading outlets. Building entrepreneurship through the Wellington Industrial Park business incubator.

Implementation of the IEGS is a critical part of the strategy.

12. IMPLEMENTATION: STRUCTURE AND PLAN

The effective delivery of the IEGS will largely depend on three key factors: accountability for delivery, the extent to which divisions within the municipality can work together on a cross-functional basis and the extent to which the municipality can draw private sector and civil society organisations in to bolster delivery. The diagramme below shows the cross-functional team approach:

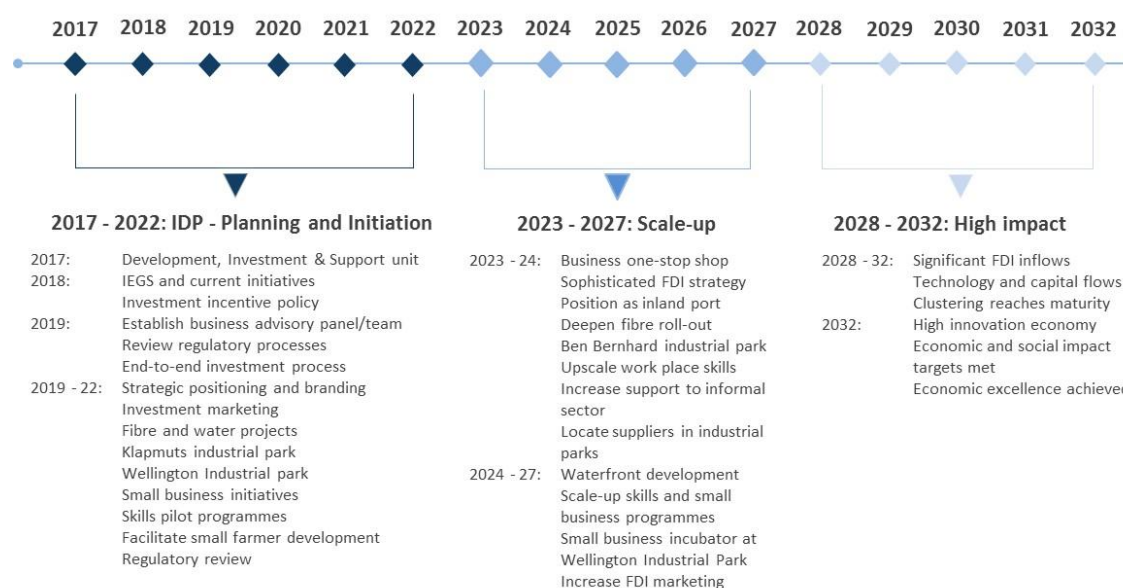
Figure 21: Cross-functional Team Delivery Mechanism



Source: TurnCorp team analysis

A senior team of business leaders should be established to advise on delivering the IEGS. Programme managers will need to be appointed for each enabler to co-ordinate delivery and the City Manager will need to meet with Programme Managers on a quarterly basis. The high level journey to economic excellence is proposed over three phases as shown below:

Figure 22: The Journey to Excellence



There must be a focus on priority projects. Suggested priorities are shown below:

Figure 23: IEGS Priority Projects.

No.	Enablers	Short-term projects: 2019 - 2022	Medium to long term projects: 2022 - 2027
1.	Investor facilitation	<ul style="list-style-type: none"> Investor facilitation service, including handbook Review investment incentives 	<ul style="list-style-type: none"> Investor database Regulatory review and one-stop shop
2.	Investment promotion	<ul style="list-style-type: none"> Develop strategic position and brand Marketing plan: investment opportunities & social media 	<ul style="list-style-type: none"> Sophisticated FDI strategy
3.	Infrastructure	<ul style="list-style-type: none"> RFI and fibre roll-out plan Waste treatment project 	<ul style="list-style-type: none"> Deepen fibre roll out and last mile ADSL Water pricing model
4.	Business & industrial parks	<ul style="list-style-type: none"> Distell Investment in Klapmuts Wellington Industrial Park 	<ul style="list-style-type: none"> Ben Benhardt industrial park Waterfront development
5.	Small business linkages	<ul style="list-style-type: none"> Procurement opportunities for SMME's Design small business programme Small business database & information service 	<ul style="list-style-type: none"> Establish incubator at Wellington Industrial Park Upscale informal trader and arts and craft support Regulatory review and one-stop shop (as above)
6.	Skills development	<ul style="list-style-type: none"> Skills audit Design skills programme and roll-out 	<ul style="list-style-type: none"> Upscaling of work-place skills School twinning and bursary programme

Where required, project managers should be appointed. A detailed implementation plan is provided in Annexure 1. The plan also includes projects that will run over the longer term (post 2025). As part

of the planning and budgeting process, the municipality will prioritise and budget for projects accordingly.

13. RESULTS MEASUREMENT

Measuring the successful execution of the IEGS is core to the strategy. In addition, the wider economic impact on society needs to be measured to ensure that the interventions are effective. It is proposed that results measurement is carried out at three levels:

1. **Programme delivery:** An implementation plan is provided in Annexure 1. The delivery of each programme must be a deliverable or KPI for programme managers.
2. **Internal KPIs:** the municipality will need to continue to monitor internal KPIs for municipal services that interface with business, including turnaround times.
3. **External economic impact:** monitoring the economic impact through measurable KPIs.

In terms of the third aspect, it is recommended that SMART KPIs are used. These are goal based indicators that are specific, measurable, attainable, relevant and time bound (SMART). The proposed indicators are shown below:

Table 4: Compendium of Economic Indicators

Key Performance Area (KPA)	Key Focus Area (KFA)	Key Performance Indicators (KPIs)	
		No.	KPI
KPA 5: <u>Planning and Economic Development</u> KPA 5 Strategic objective: To facilitate sustainable economic empowerment for all communities within Drakenstein and enabling a viable and conducive economic environment through the development of related initiatives including job creation and skills development.	KFA 31: Economic development and poverty alleviation	1.	Population: <i>Number and annual growth</i> <i>Number of households and annual growth</i>
		2.	Household and per capita income
		3.	Gini co-efficient
		4.	Number of small businesses
		5.	Employment: <i>By sector and sub-sector (top 10)</i> <i>By formal sector</i> <i>By informal sector</i>
		6.	Unemployment (number and rate)
	KFA 32 Growth and	7.	Economic output: GDP-R total/GVA (real) <i>GDP-R by sector and sub-sector (top 10)</i>

Key Performance Area (KPA)	Key Focus Area (KFA)	Key Performance Indicators (KPIs)	
		No.	KPI
IEGS Objectives: <ul style="list-style-type: none"> • To increase investment in key sectors to diversify the economy • To build skills for the future • To facilitate the creation of jobs • To create an environment for thriving entrepreneurs • To create equal opportunities • To facilitate economic growth 	investment promotion	8.	Capital investment (current prices): <i>Value and annual growth - total and by sub-sector</i> <i>Building plans passed (no. and value)</i>
		9.	Trade: <i>Value of exports and imports</i> <i>Top 10 markets and top 10 products</i>
	KFA 36: Skills development and education	10.	Education: <i>Matric pass rate and drop-out rate</i> <i>Percent of adult population with matric</i> <i>Percent of adult population with tertiary education</i>
		11.	Skills level breakdown of employment: <i>By sub-sector</i> <i>By formal and informal sectors</i>
	KFA 39: Tourism	12.	Percent domestic vs. overseas visitors: Length of stay Age profile Top 3 activities and average spend per day

Source: TurnCorp team analysis. Derived from the Drakenstein IDP, Quantec Research, Community Survey, and Wesgro

The indicators are measurable since they are derived from reliable database sources and publications. A cautionary point about the use of economic indicators is that sufficient time should be allowed for the enabling measures to have an economic impact. Annual progress will be tracked and a series of spreadsheets have been developed for the IEGS to enable time series tracking (see Annexure 2).

14. CONCLUSION

The development of the Drakenstein Integrated Economic Growth Strategy has included international best practice research, detailed economic analysis, and extensive stakeholder engagement. The strategy has a strong commercial and developmental orientation. Significant emphasis is placed on creating an enabling environment for investors and small businesses. The strategy also focuses on execution and a detailed implementation plan is put forward, combined with a suggested implementation structure in order to drive programme and project delivery. Partnerships and coalitions with the private sector will be key to the success of the IEGS. The plan will enable accountability, with the wider impact on society to be tracked through SMART economic key performance indicators.

REFERENCES

African Development Bank Group (2013). "Recognising Africa's Informal Sector". <https://www.afdb.org/en/blogs/afdb-championing-inclusive-growth-across-africa/post/recognizing-africas-informal-sector-11645/>.

Department of Trade and Industry (2017). "Industrial Policy Action Plan: 2017/18 - 2019/20". Pretoria, South Africa.

Drakenstein Municipality (2015). "Violence Prevention through Urban Upgrading (VPUU) Programme". Presentation by G. Boshoff. Drakenstein Municipality, Paarl, South Africa.

Drakenstein Municipality (2016a). "Integrated Development Plan: 2017-2022". Drakenstein Municipality, Paarl, South Africa.

Drakenstein Municipality (2016b). "Selected Socio-Economic Indicators". Drakenstein Municipality, Paarl, South Africa.

Drakenstein Municipality (2017a). "Drakenstein Municipality Spatial Development Framework. A Spatial Vision 2015 - 2035. Annual Review: 2016/17. Drakenstein Municipality, Paarl, South Africa.

Drakenstein Municipality (2017b). "Drakenstein Rural Development Strategy 2032". Drakenstein Municipality, Paarl, South Africa.

Drakenstein Municipality (2018a). "Informal Trading Management Policy". Drakenstein Municipality, Paarl, South Africa.

Drakenstein Municipality (2018b). "Investment Incentive Policy. Draft". Drakenstein Municipality, Paarl, South Africa.

Executive Pulse (2018). Website. <https://www.bre.guru/BRE>.

Green Cape (2017). "Managing Water as a Constraint to Development with Decision - Support Tools that Promote Integrated Planning: The Case of the Berg Water Management Area". (C. Pengelly, H. Seyler, N. Fordyce, P. Janse van Vuuren, M. van der Walt, H. van Zyl & J. Kinghorn). Green Cape, Cape Town, Western Cape, SA.

Greve, N. (2017). "Innovation could Save SA's Economy". Article in Fin 24: <https://www.fin24.com/Finweek/Business-and-economy/innovation-could-save-sas-economy-world-bank-20170920>.

Havenga, J.H., Goedhals-Gerber, L.L., De Bod, A. & Simpson, Z. (2015). "Provincial Logistics Costs in South Africa's Western Cape Province: Microcosm of National Freight Logistics Challenges". *Journal of Transport and Supply Chain Management* 9(1), Art. #206, 8 pages.

IPCC (2014). "Climate Change 2014: Impacts, Adaptation, and Vulnerability. Part B: Regional Aspects. Contribution of Working Group II to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change". Cambridge University Press, Cambridge, United Kingdom and New York, NY, USA.

Jordan, L. and Saleman, Y. (2014). "The Implementation of Industrial Parks. Some Lesson Learned in India". The World Bank, Financial and Private Sector Development, Competitive Industries Global Practice Unit. Policy Research Working Paper 6799: <http://econ.worldbank.org>.

Liedtke, S. (2018). "South Africa's Logistics Ranked Third among Upper-Middle-Income Countries". Article published in Engineering News: http://www.engineeringnews.co.za/article/south-africas-logistics-performance-ranked-third-among-upper-middle-income-countries-2018-09-06/rep_id:4136

Maritime Studies South Africa (2018). Website. <http://maritimesa.org>.

McFarland, C. et al. (2011). "Local Roles in Cultivating a Small Business and Entrepreneurial Culture." Unpublished draft. Washington DC., USA.

Mitchell, J and Ashley, C. (2007). "Can Tourism Offer Pro-Poor Pathways to Prosperity?" Overseas Development Institute, Harvard University, Harvard, USA.

National Planning Commission (2012). "The National Development Plan 2030". Pretoria, South Africa.

Noufal, P. and Ramachandran, KV (2016). "Industrial Parks and Regional Economic Development: Select Literature Review". International Journal of Advanced Education and Research. Volume 2; Issue 4; July 2016; Page No. 98-101. Website: www.alleducationjournal.com.

Odendaal, N. (2018). "South Africa Works on Policy and Fintech Gives Rise to Innovation". Article published in Engineering News: <http://www.engineeringnews.co.za/article/south-africa-works-on-policy-as-fintech-gives-rise-to-innovation-2018-07-03>.

OECD (2009). "Shooting for the Moon: Good Practices in Local Youth Entrepreneurship Support." OECD, Paris, France.

OECD (2015). "Policy Framework for Investment 2015 Edition". OECD Publishing, Paris. <http://dx.doi.org/10.1787/9789264208667-en>

Oxford Economics (2014). "Destination Promotion: An Engine of Economic Development". Oxford, United Kingdom.

Quantec Research (2017). Database subscription, Drakenstein Municipality.

Rodseth, P. (2016). "The Importance of Manufacturing for SA's Economic Growth". Published by EE Publishers. <http://www.ee.co.za/article/the-importance-of-manufacturing-for-sas-economic-growth.html>.

Schwab, K (2015). "The Fourth Industrial Revolution. What it Means and How to Respond". Published by Foreign Affairs, Tampa, Florida, USA.

Shaffer, D. et al. (March 2010). "A New Paradigm for Economic Development - How Higher Education Institutions are Working to Revitalize their Regional and State Economies". New York, USA.

South African Cities Network (2016). "State of the Cities Report 2016." Johannesburg, South Africa.

Statistics South Africa (2017). "Provincial Profile: Western Cape. Community Survey 2016." Statistics South Africa, Pretoria, South Africa.

The Analysis Group (2014). "Early Evidence Suggests Gigabit Broadband drives GDP." www.analysisgroup.com/.../content/.../gigabit_broadband_sosa.pdf.

The International Economic Development Council (2015). "Economic Development Reference Guide". <http://www.iedconline.org/clientuploads/Downloads/clearinghouse/brep.pdf>.

The Western Cape Agenda for Joint Action on Economic Development (2012). "One Cape 2040". Western Cape Economic Development Partnership, Cape Town, South Africa.

Wesgro (2017). "Cape Winelands Regional Trends". Wesgro Research, Cape Town, SA.

Western Cape Department of Agriculture (2018). "The Future of the Western Cape Agricultural Sector in the Context of the Fourth Industrial Revolution". Synthesis Report. Western Cape Department of Agriculture, Elsenberg, Stellenbosch, SA.

Western Cape Government (2014a). "Provincial Strategic Plan 2014 - 2019". Western Cape Government, Cape Town, Western Cape.

Western Cape Government (2014b). "Western Cape Provincial Spatial Development Framework". Western Cape Government, Cape Town. South Africa.

Western Cape Government (2015). "How we are working to make the Western Cape Better Together". <https://www.westerncape.gov.za/projectkhulisa>.

Western Cape Government Provincial Treasury (2016). "Municipal Economic Review and Outlook 2017". Western Cape Government, Cape Town, South Africa.

Western Cape Government Provincial Treasury (2017a). "SEP Socio-economic Profile: Drakenstein Municipality". Western Cape Government, Cape Town. South Africa.

Western Cape Government Provincial Treasury (2017b). "Municipal Economic Review and Outlook 2017". Western Cape Government, Cape Town, South Africa.

World Bank (2013). "Growing Africa. Unlocking the Potential of Agribusiness." World Bank, Washington DC, USA.

World Bank (2015). “Competitive Cities for Jobs and Growth: What, Who, and How”. World Bank, Washington, DC., USA.

World Economic Forum (2014). “The Competitiveness of Cities”. A report of the Global Agenda Council on Competitiveness. WEF, Geneva, Switzerland.

World Economic Forum (2016a). “The Future of Jobs. Employment, Skills and Workforce Strategy for the Fourth Industrial Revolution”. Global Challenge Insight Report. WEF, Geneva, Switzerland.

World Economic Forum (2016b). “Competitive Cities and their Connections to Global Value Chains. World Economic Forum Global Agenda Council on Competitiveness.” WEF, Geneva, Switzerland.

ANNEXURE 1: IEGS STRATEGY IMPLEMENTATION PLAN

Table 5: IEGS Implementation Plan

INITIATIVE	ACTIONS	DIVISIONS	TIME LINE
1. Investment Facilitation			
a. Implement investor facilitation and after-care service	Publish step-by-step guide to the investment process	Planning and Development	30 September 2018
	Appoint Senior Manager in CM's office	City Manager's office	March 2019
	Set up cross-functional team to unlock bottlenecks for investments	Development, Investment and Support unit	March 2019
	Set up spread sheet with investor pipeline and project status tracking	Development, Investment and Support unit	March 2019
	Monthly reports to City Manager on turnaround times	Development, Investment and Support unit	Monthly
	Set up a database on investments	Development, Investment and Support unit	June 2019
	Set up a business visitation roster	Development, Investment and Support unit	Quarterly visits to companies
	Conduct annual survey on investors	Development, Investment and Support unit	Annual
b. Regulatory review and one-stop shop for business	Assess lessons from investment facilitation process to date and write -up report on process issues	Development, Investment and Support unit	30 August 2020
	Assess whether internal or external capacity can be used to conduct regulatory review	Development, Investment and Support unit	31 October 2020
	Undertake regulatory review	All Divisions to participate	30 June 2021
	Recommend process improvements/changes to by-laws Map streamlined processes including processes that impact on SMMEs	Development, Investment and Support unit	30 September 2021
	Implement process improvements	All Divisions to participate	30 June 2022
	Systems: assess off-the-shelf technology offerings on the market that will match processes	IT Engineering Technical Communications	30 October 2022
	Implement systems	IT Engineering Technical	30 June 2023

INITIATIVE	ACTIONS	DIVISIONS	TIME LINE
		Communications	
	Assess best mechanism for one-stop shop capacity e.g. desk/business unit/call-centre	Development, Investment and Support unit	30 June 2023
	Implement one-stop shop (including service for SMMEs)	Planning and Development Development, Investment and Support unit	By March 2024
	Market one-stop shop locally and globally	Communications	March 2024 onwards
2. Investment Promotion			
a. Marketing the City	Establish business advisory team	City Manager's office and Planning and Development	Appoint team by 31 March 2019
	Business advisory meetings	City Manager's office	Quarterly
	Develop brand for the city To be rolled out once investment facilitation processes are bedded down	City Manager to decide	TBC
	Develop brand	Communications	TBC
	Sign-off by Council on brand and marketing material designs	Mayco Council	TBC
	Finalise marketing material and social media channels	Communications	TBC
b. Market investment opportunities	Define strategic investment sectors and type of investment sought	Planning and Development	28 February 2019
	Negotiate fees and appoint WESGO	Planning and Development	15 March 2019
	WESGRO to draw on existing sector research and supplement where needed	Planning and Development	30 June 2019
	Publish investment brochure detailing investment opportunities	Communications	30 August 2019
	Market available municipal land to both local and international investors	Development, Investment and Support unit	On-going as land is earmarked for investment
	Review incentives	Planning and Development	November 2019
c. Position Drakenstein as an inland port	Hold discussions with DEDAT and Transnet	Planning and Development	By 2020
	Carry out feasibility study	Planning and Development	By June 2021
	Implement recommendations	Planning and Development Engineering Services	2023
d. Sophisticated FDI Strategy	Develop more sophisticated investment promotion strategy	Planning and Development	By August 2023
	Marketing to investment community	Communications	August 2023 to 2024

INITIATIVE	ACTIONS	DIVISIONS	TIME LINE
	Monitor domestic and FDI inflows	Planning and Development	On-going
	Adjust marketing and scale-up marketing	Communications	2023 to 2027
3. Fibre Infrastructure			
a. Assess fibre providers and support required from municipality to induce investment	Engage with Province and national department of Communications	Planning and Development	By February 2019
	Issue RFI to local and global fibre providers	Planning and Development IT Engineering SCM	March 2019 to July 2019
	Assess results	Planning and Development IT Engineering SCM	30 August 2019
	Develop fibre roll-out plan and make recommendations to Council	Planning and Development	30 November 2019
	Facilitate implementation of plan	Planning and Development Engineering IT	2020 to 2022
	Facilitate the scale-up of fibre roll-out including ADSL	Planning and Development Engineering IT	2023 to 2027
4. Water Infrastructure			
a. Facilitate greater water security	Waste water treatment project	Engineering Services	TBC
	Intensify water demand management initiatives	Engineering Services	On-going
	Review water tariff model with respect to off-grid initiatives	Finance Engineering Services	By June 2022
	Develop revised tariff model and implement	Finance Engineering Services	July 2023 onwards
	Include climate smart agriculture and agri 4IR opportunities in investment marketing material	Planning and Development Communications Development, Investment and Support unit	30 August 2019
5. Business and Industrial Parks			
a. Klapmuts - Distell investment	Expedite the land use application.	Planning and Development	June 2019 (as opposed to normal 12 month process)
	The Municipality must market the Park.	Planning and Development	Initial discussions with investors after November 2018

INITIATIVE	ACTIONS	DIVISIONS	TIME LINE
			during feasibility study Market investment opportunities from 30 August 2019
b. Wellington Industrial Park	The Municipality must expedite the land use application of the Wellington Industrial Park.	Planning and Development	June 2019
	Budget for bulk infrastructure	Civil Engineering	Budget to be tabled at the Adjustment Budget process in November 2018.
	Feasibility study to determine market demand and incentives required	Spatial planning	June 2019
	Bulk infrastructure	Civil Engineering	TBC
	The Municipality must market the Park.	Planning and Development	Initial discussions with potential investors after November 2018 during feasibility study Market investment opportunities from 30 August 2019
	Development process	Planning and Development	2019 to 2022
	Build the Wellington agri-innovation hub Engage with CPUT to assess potential for collaboration and enter into MOU	Planning and Development	2023 to 2027
c. Ben Bernhard industrial park	The Municipality must expedite the land use application of the Wellington Industrial Park.	Planning and Development	June 2019 (as opposed to normal 12 month process)
	Budget for bulk infrastructure	Civil Engineering	Budget to be tabled at the Adjustment Budget process in November 2018.
	Feasibility study	Spatial planning	August 2019
	Bulk infrastructure	Civil Engineering	TBC
	The Municipality must market the Park.	Planning and Development	Initial discussions with potential investors during feasibility study
	Development process	Planning and Development	2020 to 2024

INITIATIVE	ACTIONS	DIVISIONS	TIME LINE
d. Waterfront development	An RFI must be advertised.	Planning and Development	October 2018 to May 2019
	Feasibility study	Planning and Development	August 2019
	RFP	Planning and Development	December 2019
	Bulk services	Civil Engineering	TBC
	Development process	Planning and Development	2025
e. Technology park	Engage with Stellenbosch University and Municipality on plans with regards to Klappmuts. Reach agreement on way forward Engage with private sector with a view to forming a potential partnership for a Technopark	Planning and Development	June 2019
	Feasibility study on optimal location	Spatial planning	October 2019
f. Gouda Logistics Hub	Study on the potential to establish a hub and engage with the private sector	Planning and Development	October 2019
6. Skills Development			
a. Skills programme	Skills audit and partner identification	Planning and Development	March 2019
	Secure partners and set up Joint Co-ordinating Structure (JCS)	Planning and Development	May 2019
	Skills programme design	Planning and Development and Community Services	November 2019
	Roll-out pilots	Planning and Development and Community Services	2020 to 2023
	Use social media to provide information on opportunities for the youth - tie in with branding campaign.	Planning and Development, Communications and IT	TBC
	School twinning and bursary programme	Planning and Development and Community Services	2019 to 2023
	Upscaling of work place skills	Planning and Development and Community Services	2023 - 2027
	Facilitate private sector to set up artisan training facility	Planning and Development and Community Services	2023
	Build agri-innovation hub in Wellington	Planning and Development and Community Services	2023 - 2027

INITIATIVE	ACTIONS	DIVISIONS	TIME LINE
7. Small Business Development			
a. Small business programme and linkages	Review municipal procurement processes to increase SMME participation	Planning and Development and SCM	May 2019
	Design small business programme on mainstreaming SMMEs	Planning and Development	November 2019
	Launch supplier development programme in partnership with private sector	Planning and Development	2020 - 2023
	Establish small business database	Planning and Development	November 2019
	Roll-out information services at Thusong Community Centres. Including SMME guide to municipal services and SEDA information session	Planning and Development and Community Services	2020 - 2023
	Establish incubator at Wellington Industrial Park	Planning and Development	2023
	Locate suppliers in industrial parks	Planning and Development	2023 - 2027

Source: TurnCorp team analysis.

ANNEXURE 2: ECONOMIC KPI TRACKING

Selected Economic Indicators

Gross Value Added (basic prices): Rand Million Current Prices from Base Data

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary Sector	715,55	983,05	1 110,94	1 095,17	1 036,81	1 121,64	1 135,17	1 182,77	1 248,59	1 249,71	1 382,24				
Secondary Sector	2 511,18	2 865,95	3 302,21	3 194,23	3 361,63	3 595,78	3 968,93	4 346,89	4 550,31	4 927,28	5 117,98				
Tertiary Sector	5 603,18	6 438,20	6 906,69	7 392,44	8 192,46	9 210,90	9 966,78	10 862,71	11 604,96	12 412,76	13 315,97				
Total	8 829,90	10 287,20	11 319,84	11 681,84	12 590,90	13 928,32	15 070,87	16 392,36	17 403,86	18 589,75	19 816,19				

Source: Quantec Database

GDP-R: Rand Millions (Constant 2010 Prices) from Base Data

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary Sector	876,40	888,73	1 128,37	1 093,14	1 036,81	1 045,28	1 063,14	1 092,62	1 182,39	1 149,08	1 049,33				
Secondary Sector	3 451,97	3 630,82	3 631,29	3 262,46	3 361,63	3 350,03	3 361,38	3 364,14	3 364,15	3 343,69	3 310,12				
Tertiary Sector	7 056,14	7 569,79	7 921,27	7 985,29	8 192,46	8 606,18	8 949,13	9 274,76	9 549,80	9 797,99	9 991,36				
Total	11 384,50	12 089,35	12 680,93	12 340,90	12 590,90	13 001,48	13 373,64	13 731,51	14 096,34	14 290,75	14 350,80				

Source: Quantec Research

Top 10 Sub-sector GDP-R in R millions (Constant 2010 Prices) as a Percentage of the Total

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Wholesale and retail trade	13,83%	13,90%	13,50%	13,87%	14,23%	14,64%	14,97%	15,09%	15,16%	15,40%	15,67%				
Professional business services	11,12%	11,29%	11,43%	12,47%	12,54%	13,25%	13,25%	13,84%	14,13%	14,55%	14,99%				
Finance and insurance	7,40%	7,76%	8,12%	7,69%	7,37%	7,41%	7,42%	7,07%	6,83%	7,00%	6,91%				
National and Provincial government	6,65%	6,40%	6,47%	6,98%	7,69%	6,99%	6,89%	6,97%	6,94%	6,72%	6,73%				
Agriculture	6,81%	6,50%	8,07%	7,92%	7,32%	7,13%	7,03%	7,03%	7,43%	7,08%	6,37%				
Construction	4,23%	4,77%	4,99%	5,45%	5,50%	5,40%	5,51%	5,74%	5,93%	6,04%	6,20%				
Other community, social and personal services	5,01%	4,94%	5,06%	5,20%	5,32%	5,36%	5,52%	5,54%	5,60%	5,64%	5,78%				
Transport and storage	6,81%	6,79%	6,48%	6,38%	6,18%	6,16%	6,09%	6,02%	6,00%	5,80%	5,69%				
Business activities n.e.c.	3,00%	3,04%	3,03%	3,38%	3,58%	3,42%	3,50%	3,50%	3,58%	3,69%	3,95%				
Local government	3,00%	3,06%	3,01%	3,03%	2,34%	3,30%	3,43%	3,48%	3,51%	3,65%	3,71%				
Total Top 10 Contribution	67,86%	68,46%	70,16%	72,37%	72,10%	72,86%	73,61%	74,28%	75,11%	75,57%	75,99%				

Source: Quantec Research

Capital Investment Rand Millions (Current Prices) from Base Data

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Primary Sector	171	196	226	216	205	278	294	401	405	355	298				
Secondary Sector	489	606	826	725	741	818	824	961	1 027	1 050	1 051				
Tertiary Sector	1 078	1 299	1 543	1 469	1 412	1 528	1 665	1 885	2 027	2 173	2 236				
Total	1 738	2 101	2 596	2 410	2 358	2 624	2 783	3 247	3 459	3 579	3 585				

Source: Quantec Research

Total Employment: Number and Classification from Base Data

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Formal Employment	82062	81533	78470	75207	73709	74474	76241	78069	78093	81383	83369				
Formal Skilled	15819	16189	16476	16329	16392	16847	17242	17825	18266	18456	19220				
Formal Semi-Skilled	31024	31286	30804	29461	28937	29344	29885	30401	30425	30948	31775				
Formal Low skilled	35219	34058	31190	29417	28380	28283	29114	29843	29402	31979	32374				
Informal Employment	13915	14939	18594	18665	17557	18380	19490	21630	23284	26205	25226				
Total Employment	95977	96472	97064	93872	91266	92854	95731	99699	101377	107588	108595				

Source: Quantec Research

Trade Balance in Rands from Base Data

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Total Imports	1 096 565 415	1 356 323 619	2 404 454 723	2 087 520 029	2 344 579 622	3 024 688 354	3 616 825 747	4 419 330 164	5 375 236 315	5 540 198 099	5 597 666 888	4 966 657 989			
Total Exports	2 126 030 846	2 697 491 752	3 121 489 397	3 177 008 625	4 080 011 231	4 443 278 530	5 277 038 984	7 255 934 192	9 297 346 969	12 571 074 714	13 897 807 555	13 689 831 287			
Trade Balance	1 029 465 431	1 341 168 133	717 034 674	1 089 488 596	1 735 431 609	1 418 590 176	1 660 203 237	2 836 604 028	3 922 110 654	7 030 876 615	8 300 140 667	8 723 173 298			

Quantec Research