# UGU DISTRICT GROWTH AND DEVELOPMENT STRATEGY

FINAL REPORT

DECEMBER 2012

Ugu District Municipality

DBSA
Development Bank of Southern Africa

UGU DISTRICT MUNICIPALITY

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# Section 1: Introduction

## 1.1: Purpose of the GDS

The **Ugu Growth and Development Strategy** (GDS) commits all stakeholders (public, private and civil society) to achieving a shared vision that **by 2030 the Ugu district will be a leading tourism destination and agricultural and manufacturing hub where jobs are created and everyone benefits equally from socio-economic opportunities and services**. This intent is based on a shared understanding of the inter-relationships amongst communities and the challenges facing the district economy as a whole. It is based on a commitment to working collaboratively to achieve the most beneficial outcomes for all.

## 1.2: Executive Summary

The Ugu District has significant economic development potential that if realized could have a substantial positive impact on the lives of everyone that lives, works or visits in the region. The district has notable comparative advantages that could be further leveraged, such as:

- Its location with eThekwini bordering to the north and the Eastern Cape to the south.
- A mild, tropical climate that is suited for substantial growth in specific agricultural crops, such as bananas, sugar and macadamia nuts (dependent on infrastructure investment such as irrigation schemes and roads), tunnels (vegetables) and poultry production, and an all-year-round tourism season.
- Large tracts of undeveloped fertile Ingonyama Trust and communal land that could be developed for commercial agriculture, small grower and poverty alleviation projects.
- A large number of nature and forest reserves and conservancies, including the spectacular 1,880ha Oribi Gorge that offers adventure activities, such as white-water rafting and the world's highest swing and opportunities for growing the hinterland tourism product.
- A 112 kilometre coastline with the potential for: a massive growth in maritime activities; the marketing of a variety of beach experiences, including some with Blue-Flag status; unique adventure tourism activities including the Aliwal Shoal which ranked within the top 10 dive experiences in the world; and an annual event calendar including the Sardine Run.
- Existing public transport infrastructure that needs to be upgraded and extended, such as the railway line that only offers passenger services as far south as Kelso and the Margate Airport that is currently unable to accommodate low-cost airlines.
- Major national and provincial linkage roads with the potential for increasing the accessibility of the region, such as the N2 development, and an existing goods rail network.
- A relatively diversified regional economy with strong representation of the tourism, agricultural, manufacturing, retail, mining and other sectors.

Despite these clear advantages, a situational analysis undertaken of the district in 2011/12 has painted a picture of a district that is underperforming and following a trajectory of growing unemployment and deepening poverty. Spatially, the district is divided into an urbanised coastal zone with a relatively resilient and diversified formal economy and a largely impoverished rural interior falling under the Ingonyama Trust with some large commercial farms and many struggling subsistence farmers. There is evidence of uneven environmental management resulting in

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degradation of some natural assets and resources. One of the traditional mainstay economic sectors in the region, agriculture, has shed jobs at an alarming rate over the past decade, primarily due to restrictive legislation which has affected the agricultural investment appetite. These jobs have been lost to the local economy due to the inability of other sectors to absorb or replace them. The tourism sector, perceived by many as the lead sector within the region, has struggled to grow off a shrinking tourism season. This situation has been further worsened since 2007 due to a number of factors, including the global economic downturn and stricter national credit control measures, resulting in a marked decline in investment across all sectors. This has generated fears that gains in poverty reduction in the Ugu district prior to 2007 may have been reversed. While there is some indication of recovery in recent years, it is clear that without targeted and significant intervention and investment within the economy that could take advantage of its many comparative advantages, the district will continue on its path of deepening poverty, increasing joblessness, spatial fragmentation and increasing polarization between those with and without access to the formal economy. The Ugu district is clearly at a cross-road.

The communities of the Ugu district have risen to the challenge and have decided to change the current development trajectory and turn the region around. All sectors of the community, public, private and civil society have come together to develop a Growth and Development Strategy that will deliver on a better life for all. The 2030 Vision for the district is that:

***"By 2030, the Ugu District will be a leading tourism destination and agricultural and manufacturing hub where jobs are created and everyone benefits equally from socio-economic opportunities and services"***

The emerging vision elements for the district are to:

1. **Promote more even, sustainable and integrated development throughout the district;**
2. **Increase levels of participation, investment and value-add within the district economy;**
3. **Substantial job creation within the district; and**
4. **Poverty reduction.**

In order to do this, seven key drivers have been identified for the district:

1. **Spatial Integration and Facilitating Security of Tenure –** the Ugu DM will need to partner with national and provincial stakeholders, the Ingonyama Trust and local traditional leaders in order to secure buy-in and investment in its spatial plans aimed at unlocking development within the rural hinterland and fundamentally re-shaping the spatial pattern of development within the region.
2. **Sectoral Development and Support** – the Ugu DM is partnering with key sectors such as tourism, furniture, sugar, banana, macadamia, clothing, textile and design through jointly managed action-research projects that identify value-chain investment opportunities and support needs within these industries. Joint implementation plans are being agreed to in order to maximize their shared growth and job creation potential in the region.
3. **Education and Skills development** – the idea is to mobilise all key stakeholders around a single Human Resource Development Strategy for the region that addresses life-long and

quality learning throughout the district with the aim of ensuring higher employment, productivity and entrepreneurship levels in our community.

4. **Safety and Empowerment of Communities –** social development requires investment into the physical and mental health and security of the Ugu population, not to mention ensuring poverty alleviation and a conscious transformation towards economic empowerment. Mobilisation of stakeholders, particularly NGOs and CBOs, is crucial to ensuring that citizens are sufficiently housed, protected against the social ills of society, and are actively engaged in improving communities.
5. **Strategic Infrastructure Investment** – the intention is to utilise investment in infrastructure in order to spatially reconfigure the district, generate jobs and to boost economic activity. A district Spatial Development Framework and Infrastructure audit have been completed in order to guide this investment. Government, in fulfilling its mandate of creating an environment conducive for society and business, must drive investment in infrastructure, with support from private sector partners. Land and tenure security is a major constraint that needs urgent attention.
6. **Institutional Development** – this driver addresses the need to strengthen and build collaborative partnerships within government, and amongst the public, private and civil society sectors. The acknowledgement is that better co-ordination, collaboration, good governance and the creation of an enabling environment for businesses and institutions to thrive will be essential for development in the region.
7. **Environmental Sustainability** – there is a commitment to reversing the environmental degradation that has taken place within the district and to adopt a "green" approach to all public and private sector activity within the region. The intention will be to consider all investment in terms of the 3 P's – people, profit and planet – and ensure that trade-offs are made in terms of the long-term interests of the region.

A summary of the strategy is presented in Figure 1 below:

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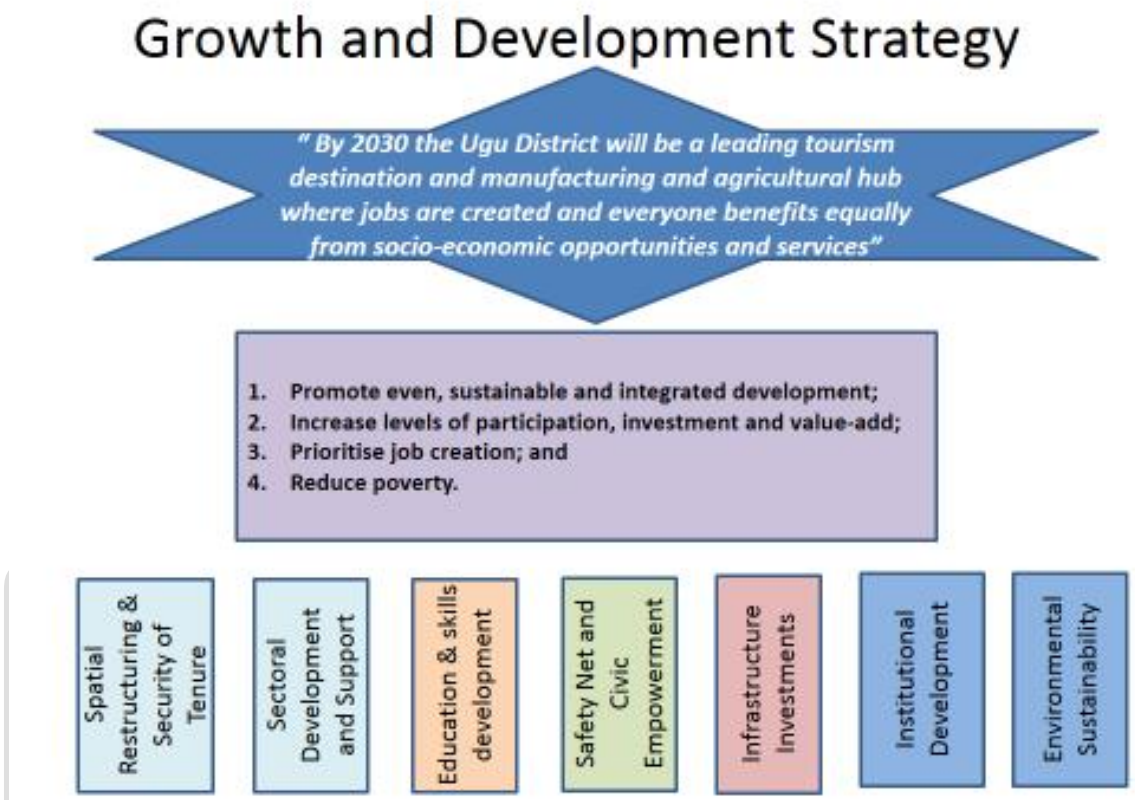
**Figure 1: Summary of the GDS**

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The Ugu District Municipality has a clear spatial strategy linked to the GDS, articulated in its Spatial Development Framework (SDF) that drives the economic and spatial turnaround of the district. In the short-to medium term, the district has identified existing urban and rural nodes that require maintenance, consolidation and/or expansion to ensure that the development objectives of the district are met. The infrastructure needs of these nodes have been assessed and inform some of the catalytic projects presented in this proposal.

## 1.3: Background

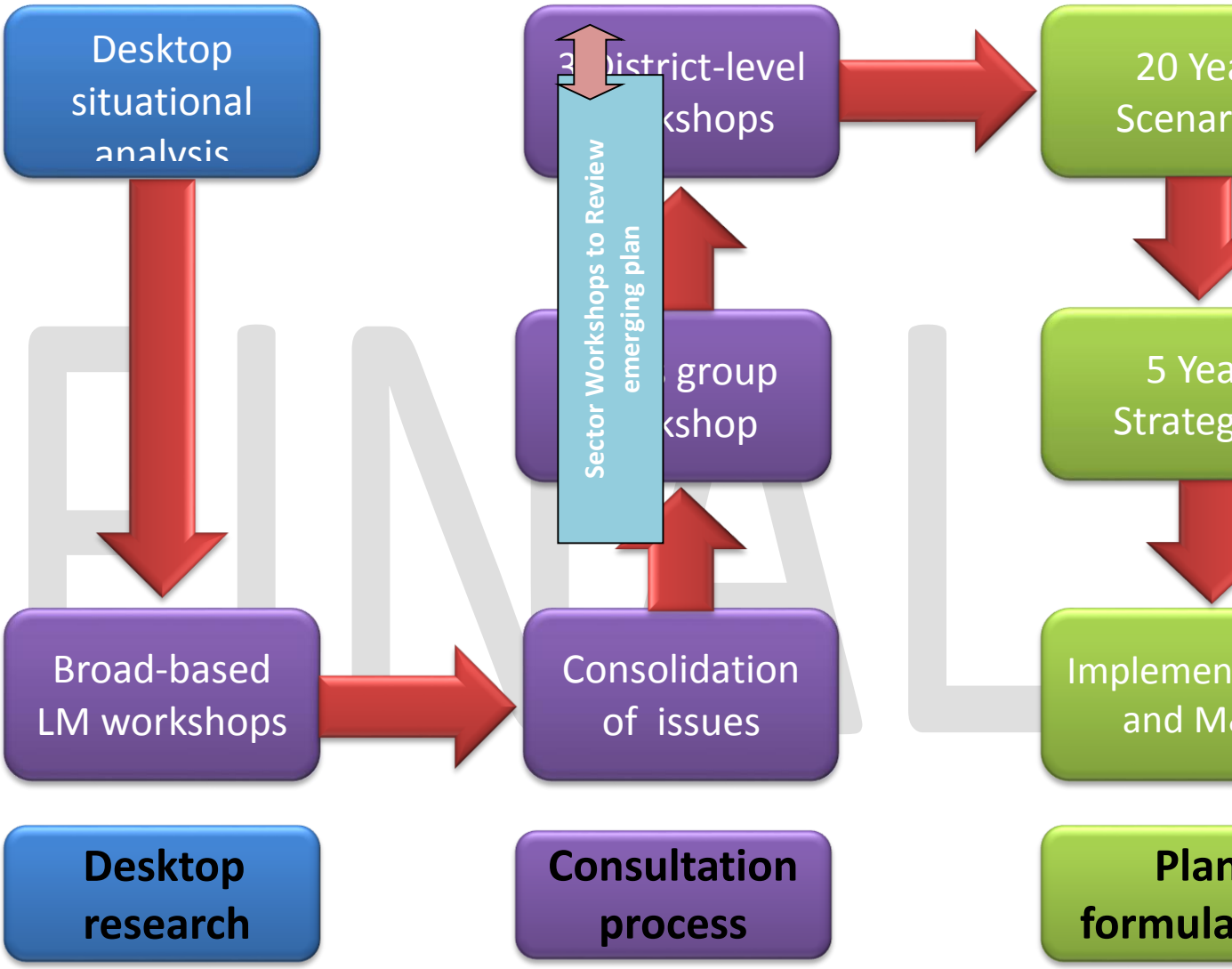
### 1.3.1: Process Followed

The credibility of the Ugu GDS lies in the: level of stakeholder participation in and ownership of the document; accuracy of the analysis of the challenges facing the district; responsiveness of the GDS to local needs and issues; and the fact that the implementation of many of the strategies and projects contained within the document is already underway.

The process to develop the GDS has been multifaceted. A district-wide Spatial Development Framework and Infrastructure Audit were undertaken simultaneously in 2010/11. Key industry sector studies were initiated, such as timber and sugar, and others will be completed during the course of 2012, namely: clothing, textiles, design and a study for the development of commercial agricultural activities in traditional authority areas. An extensive desk-top study was undertaken of existing socio-economic data available on the district, which assisted in the development of a *Situational Analysis Report*. This report has been subjected to an extensive stakeholder consultation

process, aimed at facilitating an emerging vision, set of development objectives and strategic drivers for the region. Key stakeholders have included: local businesses within all sectors, the district and local municipalities, provincial and national government departments, parastatals, rate payers associations and the non-profit sector. The consultation process is represented in Figure 1 below.

**Figure 2: GDS Consultation Process**




## Section 2: The Situational Analysis

The Ugu District Municipality is one of the ten (10) district municipalities in KwaZulu-Natal, located at the southernmost tip of the province, covering 112km of the Indian Ocean coastline. The district is bordered by the Eastern Cape Province to the south, Indian Ocean to the east, Sisonke and uMgungundlovu to the west and eThekwini to the north. It consists of six local municipalities - Vulamehlo, Umdoni, Umzumbe, Hibiscus Coast, Ezinqoleni and uMuziwabantu. The Ugu District Municipality (DC 21) covers an area of 5866 km².[1]

[1] Stats SA

## 2.1: Social Profile[2]

### 2.1.1: Population

In 2011, the district's population was approximately 722,484 people, accounting for 7% of the provincial population. The district's average annual population growth rate of 0.3% between 2000 and 2011 has been lower than the provincial average annual growth rate (0.7% per annum). The district has a fairly young population with 48% being under the age of 19 years old[3]. The population is unevenly distributed throughout the region, as indicated in Table 1 below, with the Hibiscus and Umzumbe municipalities hosting the largest population share. Umzumbe has seen a decline in population by 20% since 2001. While the population is predominantly rural (86%), the urban coastal zone has the highest population density.

**Table 1: Population Breakdown per Municipality (2001 – 2011)**

| Municipality | Population 2001 | Population 2011 | % Change 2001-2011 | % share of Population in per District 2011 |
|---|---|---|---|---|
| **Ugu District** | **704030** | **722484** | **3%** | **100%** |
| **Ezinqoleni** | 54775 | 52540 | -4% | 7% |
| **Hibiscus Coast** | 217824 | 256135 | 15% | 35% |
| **Umdoni** | 62375 | 78875 | 21% | 11% |
| **uMuziwabantu** | 92327 | 96556 | 4% | 13% |
| **Umzumbe** | 193 768 | 160 975 | -20% | 22% |
| **Vulamehlo** | 82961 | 77403 | -7% | 11% |

**Source: Census 2011**

There is a strong perception that young people in Ugu aspire to move into metro areas given the limited opportunities for both youth development and entertainment within the district. There is concern that land pressures in rural areas are pushing young people off the land as parcels being allocated are getting smaller and smaller and outsiders move in. This trend could have long-term implications for the district as the young, productive population decreases.

### 2.1.2: Education

Out of the estimated 300 000 young people of school going age, only 218 242 are accounted for in the formal schooling system within the district. There are 518 schools in total in the Ugu area, of which 494 are public schools and 24 are independent. A new public school has recently been opened in Margate, which has been welcomed by the broader education sector. There are approximately 15,100 learners being accommodated in Grade R classes within the various public schools, with 490 learners being placed in pre-grade R classes in public schools. There are only 8 registered independent pre-primary schools in the entire Ugu district[4]. There are also numerous unregistered

[2] The information for the Social and Economic profile of the district is drawn from the Ugu Growth and Development Strategy document, 2012
[3] Ugu District Municipality's 2011/2012 IDP Review
[4] Source: Department of Education, Ugu Regional Office, 2012

and unregulated early childhood development facilities within the municipality. The Department of Social Development is currently mapping ECD facilities in each municipality, and this must form a platform off which improvement to such facilities (and new facilities) are developed. A target set by the DSD MEC is for each ward to have an ECD facility.

The quality and accessibility of educational facilities and resources remain critical challenges within the district, particularly within the rural areas. Problems include: a lack of physical resources such as laboratories and computer centres; the poor quality and insufficient quantity of educators; the high turnover of teachers in rural communities; low levels of motivation of learners and educators; weak maths and science results; inadequate attention to life skills; teenage pregnancies; overcrowding in urban schools owing to pressure to absorb large learner numbers; and, a limited focus on technical subjects, such as agriculture. Addressing infrastructure backlogs within public schools is hampered by inadequate infrastructure planning, poor quality tender documents, capacity constraints within the Department of Education and weak implementation. Defaulting contractors have delayed developments[5] and resulted in cost escalations. Whilst private schools may be better resourced, it was reported that they also battle to attract quality educators into the region. The Gamalakhe teacher training centre within Ugu is also currently under-utilised, and this must be addressed to ensure that the district can accelerate the development and capacity of educators within the region.

The Ugu regional office of the Department of Education offers an in-service teacher training support programme, but states that the effectiveness of this programme is hampered by understaffing of subject advisors. There are some best-practice school support models within the Ugu district such as SASOL's school support programme in the Umzumbe region, Engen's support to 8 schools in the district and ILLOVO's support to schools near Sezela in the fields of leadership, Maths, Science and English. In addition, SIMUMA have started an education support programme. The expansion of such programmes within the district should be encouraged through the participation of more corporates.

Within the district, there are a limited number of substantial tertiary training colleges, such as the Esayidi FET College, Boston City Campus and the Coastal College Skills Centre[6]. In addition, there are a few smaller training colleges or centres which provide a limited range of courses. Some training institutions have attempted to operate within the region but have closed. The perceptions are that Ugu has a limited market owing to the unaffordability of private college fees for many youth. All municipalities in the district have allocated substantial bursary support for Grade 12 registrations in FET colleges. Concerns regarding tertiary education within the district include: insufficient training facilities; accessibility of FET colleges; poor quality training; a mismatch between skills provided and the jobs market and therefore a need to develop stronger linkages between the private sector and FET institutions to ensure course relevance and student job or work experience placements. The Ugu DM has an established partnership with the Durban University of Technology that could be leveraged by businesses within the region.

### 2.1.3: Health

HIV/AIDS and TB are major contributors to poor health within Ugu. In 2011, 114 987 people were identified as HIV positive. This figure increased rapidly from a recorded figure of 23 462 in 1995. The municipality with the largest population, the Hibiscus Coast Municipality, has the highest number (37

[5] The reason for defaulting is unclear, and may be related to delayed payments for work completed.
[6] Coastal College has two branches in Braemar and Dududu respectively offering trade-related skills.

538) of HIV positive people. The Ezinqoleni Municipality has the lowest number (9 158) of HIV-infected people. The large increase in HIV incidence is a major cause for concern, as not only is there major pressure on existing health facilities and resources, but it has also resulted in an increase in child-headed households, higher dependency levels, increasing levels of vulnerability to external shocks, lower productivity levels, deepening poverty, and a reduction in the potential labour force within the region.

### 2.1.4: Poverty

Levels of poverty within the Ugu district remain unacceptably high. Three of the local municipalities within the Ugu District rank in the top ten of the provinces most deprived areas. [7] (See Table 2) The remaining three local municipalities; Umzumbe, Umdoni, and Hibiscus Coast, were ranked at number 37, 43 and 46 out of a total of 50 local municipalities respectively, demonstrating the strong urban/rural divide within the region.

**Table 2: KZN Multiple Deprivation Index Top 10, 2011**

| | KZN Multiple Deprivation Index |
|---|---|
| Vulamehlo Local Municipality | 1 |
| Ntambanana Local Municipality | 2 |
| Ndwedwe Local Municipality | 3 |
| Ezinqoleni Local Municipality | 4 |
| Msinga Local Municipality | 5 |
| Maphumulo Local Municipality | 6 |
| Impendle Local Municipality | 7 |
| uMuziwabantu Local Municipality | 8 |
| Imbabazane Local Municipality | 9 |
| Dannhauser Local Municipality | 10 |

***Source: KZN Provincial Treasury, 2011***

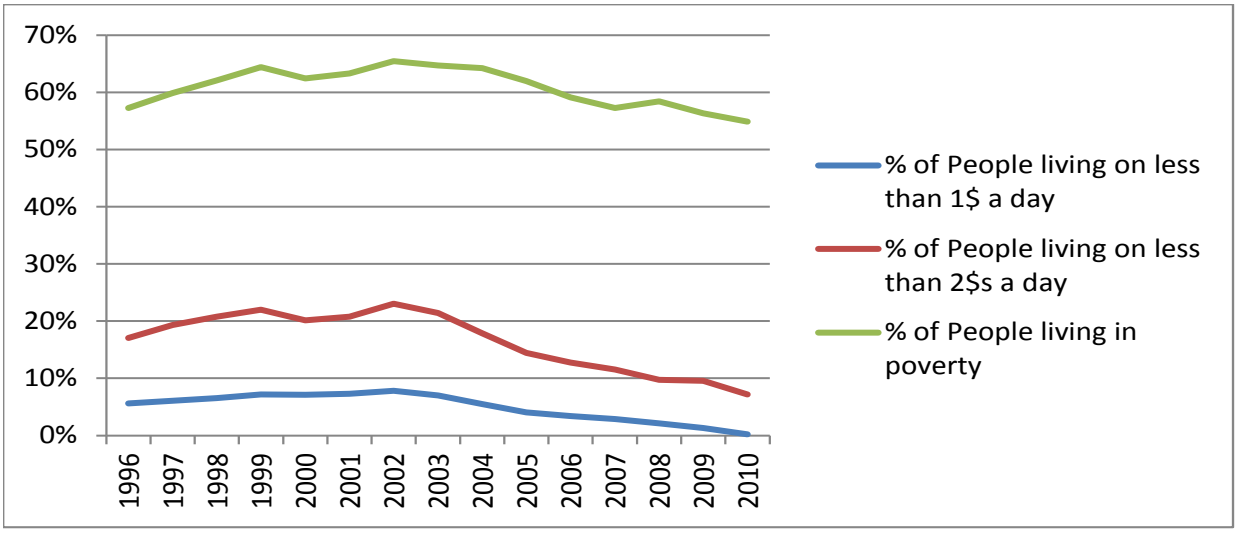
In terms of three different poverty measures used by HIS Global Insights, there is a difference between numbers of people living in poverty and extreme poverty within the Ugu district. Figure 3 illustrates that the percentage of the population living under the very low rate of 1 US Dollar a day has reduced to 0.2% in 2010[8]. Similarly, the percentage of people living under 2 US Dollars a day has reduced to 7.2% in 2010. This equates to 53 097 people living in extreme poverty. The number of people living in poverty (defined as the Minimum Living Measure) is much higher, at 58% of the population or 407 138 people. This has reduced from 65% of the population (465 357 people) when it peaked in 2002. It is projected that by the year 2020, at the current rate, there will still be approximately 400 000 people living in poverty in Ugu.[9]

[7] The KZN Multiple Deprivation Index, released by KZN Treasury in 2011, is based on income levels, employment levels, HIV levels, education, access to services, and crime rates. Each local municipality receives a score for each of the indicators which are totalled in order to derive the deprivation index per LM. 51 local municipalities in KZN were analysed, and then ranked 1 (highest level of deprivation) to 51 (lowest level of deprivation).

[8] Updated 2011 figures were not available for poverty data.

[9] The overall declining trend in poverty may be questioned given the marked impact of the 2007/08 global recession on the region evident in the figure 2 below. HIS Global Insight's extrapolations may not have taken this sufficiently into account.

**Figure 3: Poverty Levels for Ugu DM, 2010** ***Source: IHS Global Insight, 2010***




**Source: Urban-Econ from Quantec Database (2012)**

Figure 4 plots the spatial distribution of poverty throughout the Ugu district. The dark brown portions illustrate the clusters of greatest need, such as the St Faiths-Ixopo corridor, Dududu and the inland communities along the southern-most coastal strip of the district. These areas have both high population densities and poverty concentrations.

This visual needs assessment has informed the Spatial Development Framework of the Ugu District Municipality and must guide the GDS in terms of the location of social and economic interventions.

Within Ugu, the Department of Social Development has established 'War Rooms' where civil society and the government social sector meet to discuss anti-poverty strategies. These "War Rooms" are used for the flow of information within the district and consist of local and district task teams. It is crucial that NGOs elevate their participation in such structures to ensure that issues of poverty can be shared amongst stakeholders and addressed accordingly. In addition, the DSD has youth ambassadors and child care givers (CCGs) undertaking household profiles, where lead departments will be assigned to support each family with particular support requirements.

**Figure 4: Map of the Spatial Distribution of Need within the Ugu District**

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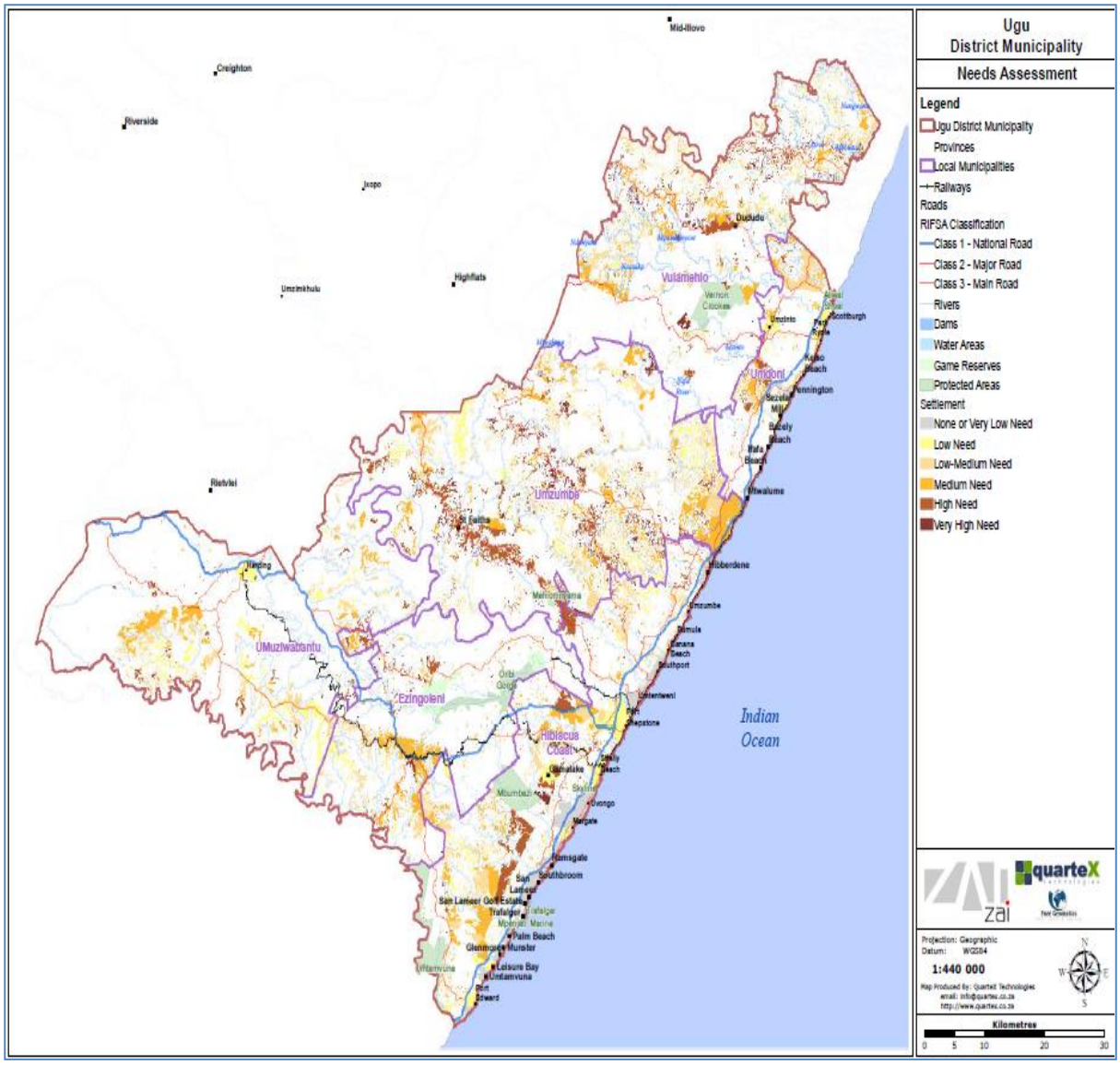



**Source: Ugu Infrastructure Audit**

## 2.1.5: Human Settlements

The current patterns of human settlement development within the Ugu district correlate with the spatial distribution of need, with human settlements located adjacent to urban areas benefitting from greater access to both opportunities and services. Table 3 below presents the distribution of different types of human settlements throughout the different local municipalities.

The majority of urban settlements lie along the coastal belt, with the inland regions being dominated by rural settlements with varying levels of density and accessibility. In total, there are approximately 716 informal households within the district, with over 17,000 limited access rural households. The latter is of concern as it indicates that over 11% of households in the district do not have sufficient access to the road network, public transport, social facilities and economic opportunities. It is clear that the most isolated communities reside in uMuziwabantu.

**Table 3: Percentage of households by settlement type and location**

| Settlement Classification \ Municipality | Percentage of HH in Category | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Hibiscus Coast | Umzumbe | uMuziwabantu | Umdoni | Vulamehlo | Ezinqoleni | UGU | Total HH |
| 1) Formal Urban | 50.05% | 0.08% | 10.22% | 43.18% | 0.52% | 0.00% | 24.27% | 35,452 |
| 2) Informal Residential Upgrade | 0.49% | 0.00% | 0.82% | 1.69% | 0.00% | 0.00% | 0.49% | 716 |
| 3) Linked Rural Upgrade | 29.45% | 28.49% | 8.88% | 40.45% | 17.97% | 29.51% | 26.38% | 38,537 |
| 4) Good Access Rural Upgrade | 13.32% | 25.67% | 29.52% | 10.78% | 28.23% | 46.95% | 21.70% | 31,697 |
| 5) Limited Access Rural Upgrade | 1.90% | 17.83% | 34.96% | 0.75% | 14.44% | 7.96% | 11.67% | 17,047 |
| 6) Scattered | 4.78% | 27.93% | 15.60% | 3.15% | 38.84% | 15.57% | 15.49% | 22,631 |

**Source: Ugu Infrastructure Audit (2011)**

The Ugu District's estimated housing backlog is **30,867** units[10] in 2010 with a total project start value of R934 million. Addressing the rural housing backlog is made more difficult due to typography and distance, resulting in high service and infrastructure costs. A sustainable approach to human settlements is required, with appropriate service levels and strategies for addressing the needs of scattered settlements and the more densely populated rural nodes and corridors.

Besides meeting the existing housing backlog, other needs have been identified, such as: a demand for the provision of decent and affordable social housing to retain skilled labour in the public sector; and the provision of gap-market and middle-income housing opportunities through the formal banking sector. Housing delivery within the district has been slow, given the challenges ranging from the availability of funds for bulk infrastructure, availability of land, delays in the project approval process, issues with implementation agents and beneficiary administration.

### 2.1.6: Safety & Security

There are currently sixteen (16) police stations within the Ugu district[11], with an average ratio of 1 police person to 525 people. In the more rural municipalities, the ratio is much higher, for example, 1: 1 231, 1: 1 063 and 1: 529 in Vulamehlo, Umzumbe and Ezinqoleni respectively. There is only one existing prison in the area, located in Port Shepstone, although the Department of Public Works has made a commitment for the development of an additional R500 million prison facility. Whilst there was a reported decline in the total level of crime between 2003 and 2007, more recent figures are unavailable to assess whether this trend has persisted. The most common crimes in the district are: burglaries at residential premises, drug-related, stock theft (particularly in the Harding area) and sexual assault crimes. Other pressing criminal issues include the illegal connection of water and

[10] Ugu District Municipality's *Housing Development Plan.*

[11] The 16 police stations are located in the following areas: Paddock, Harding, Weza, Ezinqolweni, Port Edward, Margate, Gamalakhe, Hibberdene, St Faiths, Mehlomnyama, Southport and Msinsini. Two new police stations were built in the rural areas of Port Edward and Umkomaas during the 2007/08 and 2008/09 financial years.

electricity, which place a major burden on service delivery, as well as illegal taverns and liquor outlets, which foster and protect criminal activities and corruption.

The GDS consultations have highlighted perceptions of both a high crime rate and level of corruption within the district, including within the police force itself. In addition, it has been noted that a lack of cooperation by the police when receiving tip-offs has led to situations of 'mob-justice'. These perceptions and concerns need to be addressed as a priority. In addition, there are adverse effects due to the moratorium on the recruitment and training of police reservists, which need to be investigated through cooperation between stakeholders, and mitigation measures developed. Proposed interventions are: ensuring efficient community policy forums, ensuring the accessibility of small-claims courts, the adequate resourcing of police stations, additional police stations in rural areas and the reinstatement of the Stock Theft Unit.

## 2.2: Economic Context

### 2.2.1: Global Context

The global economy has undergone significant changes in recent decades. Growth has been driven by new technological production processes and global trading markets, shifting economic and financial systems, as well as the impact of climate change.

International production processes have given rise to global value-chain systems of growing sophistication. In instances where South Africa has not kept pace with these developments, there has been a relative decline in competitiveness and productivity. This trend has been exacerbated by a shortage of investment in new technology, equipment and skills. The global realignment eastwards has placed pressure on established economies in Europe and the Americas to compete more aggressively in international markets, especially given the high levels of domestic debt held by these traditional trade powerhouses. These shifts have prompted emerging economies to seek new trading partnerships, for example South Africa's recent entry into the BRICS[12] coalition.

Globalization of trade has made emerging economies more vulnerable to economic trends within the developed countries. In particular, the recent and continuing global economic recession has had a direct impact on the performance of industries within South Africa, the province and the district. Nationally, firms are adjusting and new patterns of trade and alliances are emerging, such as growing trade in Africa. Within the Ugu district, the global downturn has contributed to declining gross fixed investment within the majority of industries.

Concerns regarding climate change have shifted the world's focus towards 'green' production processes and renewable energy generation. Issues such as: renewable energy, reduced carbon emissions, food security and sustainable resource management, will have increasing emphasis in the global trade arena and the Ugu district needs to position itself to take advantage of related opportunities.

[12] Brazil, Russia, India, China and South Africa

## 2.2.2: National and Provincial Context

During the past five years or so, the national economy has been hard-hit by the recent global recession and factors such as the introduction of the National Credit Act and an uncertain political climate. Economic growth dropped into negatives during the 2008/2009 period with the International Monetary Fund (IMF) revising projections for 2012 downwards from 3.6% to 2.5%. The hardest hit sectors include manufacturing and construction, which have struggled against an unstable global economy and declining domestic demand. In response to the global recession, the country has reinforced its policy environment through the inclusion of the National Development Plan, New Growth Path and revised IPAP2.

KwaZulu-Natal has a diverse economic base. It is driven largely by the manufacturing sector and supported by tertiary services such as tourism, finance and insurance, transport and storage, and other business services. The geographic spread of these activities has remained constrained, with some parts of the province heavily reliant on individual sectors. Within the provincial spatial context, the economic contribution to provincial GVA is largely driven by eThekwini (53%), uMgungundlovu (12%) and uThungulu (8%). This indicates that economic activity is dominated by the three cities of Durban, Pietermaritzburg and Richards Bay, with the remainder of the smaller towns and rural areas including Ugu, contributing less than 30% in total to provincial GVA. This is largely due to the infrastructure that exists within the city economies, and highlights the need for investment into economic infrastructure within the Ugu district.

Over the past decade, there has been dis-investment in the primary and secondary sectors, resulting in reduced employment in these sectors and the considerable slowing of growth in real Gross Value Add (GVA). As a consequence, the province's industrial base has lost market share to other areas – mostly Gauteng - and the province has become a net-importer of agricultural goods, which poses a threat to food security as well as agri-beneficiation sectors. Provincially, the tertiary sector has performed well, with sectors such as ICT experiencing good growth off a low base. In part, the decline in key primary and secondary sectors is due to factors such as: pending land claims, a lack of serviced and zoned industrial land, constrained access to Ingonyama Trust land for commercial and community agriculture, the rising cost of capital and other input costs, skills shortages, and the inflexibility of the labour market. The recession has placed additional pressure on financial and economic systems and caused substantial job losses.

Key provincial processes that will impact on the Ugu district in the medium term are:

### *The Provincial Spatial Economic Development Strategy*

The Provincial Spatial Economic Development Strategy (PSEDS) is currently under review by the Department of Economic Development and Tourism (DEDT). A district profile was developed for the Ugu district. The key spatial economic features identified in this District Profile are displayed below:

- eThekwini and the South Durban Basin, as a key economic development node in the province, are located immediately to the north of the District.
- The N2 stretches through the area from north to south (Scottburgh to Port Shepstone) and east to west (Port Shepstone to Harding).
- An operational rail system stretches along the coast. Historically this system was linked to rail systems servicing the inland areas which have now ceased operation.

- Urban development in the District is concentrated on the coast with the exception of the towns of Umzinto and Harding which are located inland.
- Approximately 70% of economic activity in the District is concentrated in the Port Shepstone / Margate area.
- The tourism sector is well-developed along the coast, but tourism infrastructure and facilities are generally out-dated (developed in the 1960s and 1970s). The only inland tourism node of note is located around the Oribi Gorge.
- Agricultural activity is generally confined to the coastal strip and inland to the west of Umzinto and Port Shepstone (Oribi Flats) and is dominated by sugar cane and timber, with substantial areas also under bananas and nuts.
- Forestry plantations dominate land use in the western parts of the municipality.
- The bulk of the population of the District is located in rural inland areas on land with limited development potential, characterised by severe topography.
- Rural nodes in three of the six municipalities are underdeveloped, i.e. Dududu, Mtwalume and Ezinqoleni. In other municipalities, rural settlement is dislocated from urban nodes, i.e. uMuziwabantu, Hibiscus Coast and Umdoni.

In addition, the PSEDS Priority Sectors for Ugu are identified. These are listed below, and along with the above trends and challenges, create a platform off which the spatial framework is developed.

- *Agriculture and Land Reform*
  - Development of sugar cane & banana production potential on Trust land[13]
  - Alignment of land reform initiative with opportunities presented by Fresh Produce Market
  - Expand agro-processing capabilities - bio fuels, bananas
- *Tourism*[14]
  - Beach tourism
  - Golf tourism: upgrading and maintaining status of existing courses & related infrastructure
  - Expand on adventure & eco-tourism opportunities: Oribi Gorge & Aliwal Shoal
  - Improve road network
  - Develop opportunities related to Margate Airport
- *Industry*
  - Port Shepstone Industrial townships: provision of world class infrastructure
  - Provide adequate affordable housing and related services
- *Services*
  - Formalise and plan St Faiths and Harding to position for investment
  - Provide adequate affordable housing and related services in towns

### *The N2 Corridor to the Eastern Cape*

The N2 Wild Coast Toll Road Project is proposed to include the design, construction, operation and maintenance of a new toll road between the Gonubie Interchange, near East London (Eastern Cape) and the Isipingo Interchange south of Durban (KwaZulu-Natal), a total distance of approximately

[13] It is acknowledged that macadamia, tunnel (vegetables) and poultry production are sectors that have been overlooked within the PSEDS, and these will be promoted through the Ugu GDS.
[14] Tourism within Tribal Authority areas has also been omitted in the PSEDS, but will be highlighted in the Ugu GDS.

550 km. Approximately 80% of this proposed route utilises existing road alignments (i.e. sections of the existing N2 and R61 routes). Construction of new road sections required in order to link these existing road sections comprise the remaining 20% of the route, and were investigated within a greenfields corridor (refer to the figure below). The N2 Wild Coast Toll Road will connect major centres, including East London, Butterworth, Idutywa, Umtata, Ndwalane, Lusikisiki, Port Edward, Port Shepstone and Durban. This new route will be approximately 85 km shorter than the existing N2 via Mount Frere, Kokstad and Harding[15].

The proposed extension of the highway from Port Edward to Port Elizabeth will make an impact on the existing space economy. Whilst it is believed that the proposed road will open new opportunities and markets from the Eastern Cape, the time spent by a traveller within the district will be severely reduced. Traffic which by-passes areas such as Ezinqoleni and Harding is anticipated to be reduced by about 600, from 1500 to 900 vehicles per day once the proposed N2 Wild Coast becomes operational[16].

A positive economic impact will be felt by tradespeople along the Hibiscus Coast LM's coast, however. It is expected that the N2 re-alignment will enhance investment into towns to the south of Port Shepstone, enhancing the corridor between Port Shepstone and Port Edward, and improving access into the Eastern Cape.

Positive spin-offs will include increased access by the Ugu district into Eastern Cape coastal markets (and vice-versa) and the strategic linking of the Ugu District to the national and provincial road networks, placing Ugu along one of the key investment corridors within the province. This allows the district to be connected to investments in the current Port of Durban, the King Shaka International Airport, the Richards Bay Port, the future DIA port expansion, as well as to the N3 corridor. There are however expected negative impacts, such as the environmental degradation that can occur due to the construction and longer-term impacts of development along the corridor, and the increased cost of accessing eThekwini should new tolls be developed. The district must ensure that mitigation plans are in place to minimize these negative externalities.

[15] N2 Wild Coast Toll Road between East London and Durban: Environmental Impact Assessment Report, Introduction, pgs 1-2
[16] KZN Development Planning, Situational Analysis

### *The Durban South Basin Development*

Transnet's Plans and Back of Port plans:

- *Current Port*: Transnet's Short Term Plan for the port envisages the extension of container storage into Salisbury Island and Maydon Wharf, and upgrading of the Durban Container Terminal to enhance capacity. It is also envisaged that the boundary of the port be extended southwards to Edwin Swales Drive to include the existing railway marshalling yards to the south of the port. Transnet's longer term plan for the future of the port envisages a new dig-out port at Bayhead which will cater for container demand up to 2040.
- *Dig-out port*: A dig-out port is proposed for the Airport site (Reunion) that will handle containers in the medium term, but in the long term will also include a liquid bulk terminal and a vehicle terminal.
- *New road linkages:* include a North South freight route to the dig-out port, road from the port to the N2 with a new interchange and an East West freight route from the port to Mariannhill.
- *The back of port plan:* includes further road upgrades, parking and access improvements, and major rationalising of zoning that includes rezoning of residential and other space into logistics, light industrial, heavy industrial and mixed use. Rezoning will occur from Congella, through Clairwood, Jacobs and Mobeni and end south of Prospecton[17].

Implications for the Ugu district include improved access to the port and Mariannhill for businesses via the new N2 Interchange and increased freight traffic along the N2 in the short and medium term. In the longer term, implications could include indirect and induced economic benefits for the northern points of Vulamehlo and possibly Umdoni as Amanzimtoti expands as an industrial area.

The majority of plans refer to areas within eThekwini Metro. However, linkages to surrounding districts include links to Mariannhill via an East West freight route; plans for a dry port at Cato Ridge; and the importance of linking to Dube TradePort and further north to Richards Bay. Linkages to other provinces include the expansion of the freight route to Gauteng and the use of Coega Port in Port Elizabeth to manage special cargo. No linkages with Ugu district are mentioned, despite the proximity to the Durban South Basin. Local government and business in Ugu will need to actively lobby and work together with eThekwini, Transnet and the province to ensure that Ugu leverages economic benefit from the port expansion. Port linkages should be written into

[17] Source: Back of port concept, framework, precinct plans and zoning framework report, May 2012, Iyer Urban Design Studio

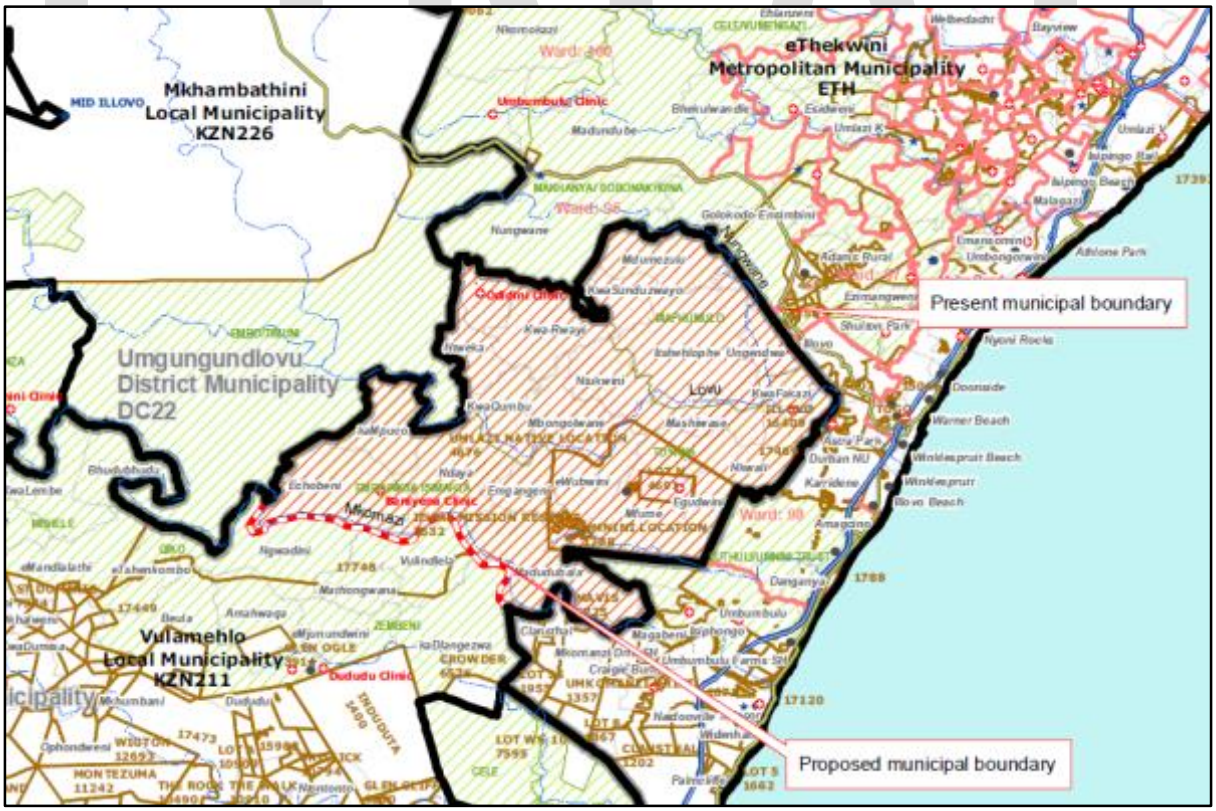
Vulamehlo and the district's SDFs. It is positive that the Vulamehlo Local Municipality has identified specific opportunities, such as lobbying TRANSNET to store containers on land to be made available by the municipality.

### *Re-Demarcation of Municipal Boundaries*

The Demarcation Board is in the process of reassessing municipal boundaries across the country. This process started on the 1st July 2011 and plans to be finalised in 2013. Two proposals for boundary changes will affect Ugu District – changes to Vulamehlo's boundary with eThekwini, and changes to Umdoni's boundary with eThekwini. A description of the proposed changes is given below.

#### *Vulamehlo/eThekwini boundary*

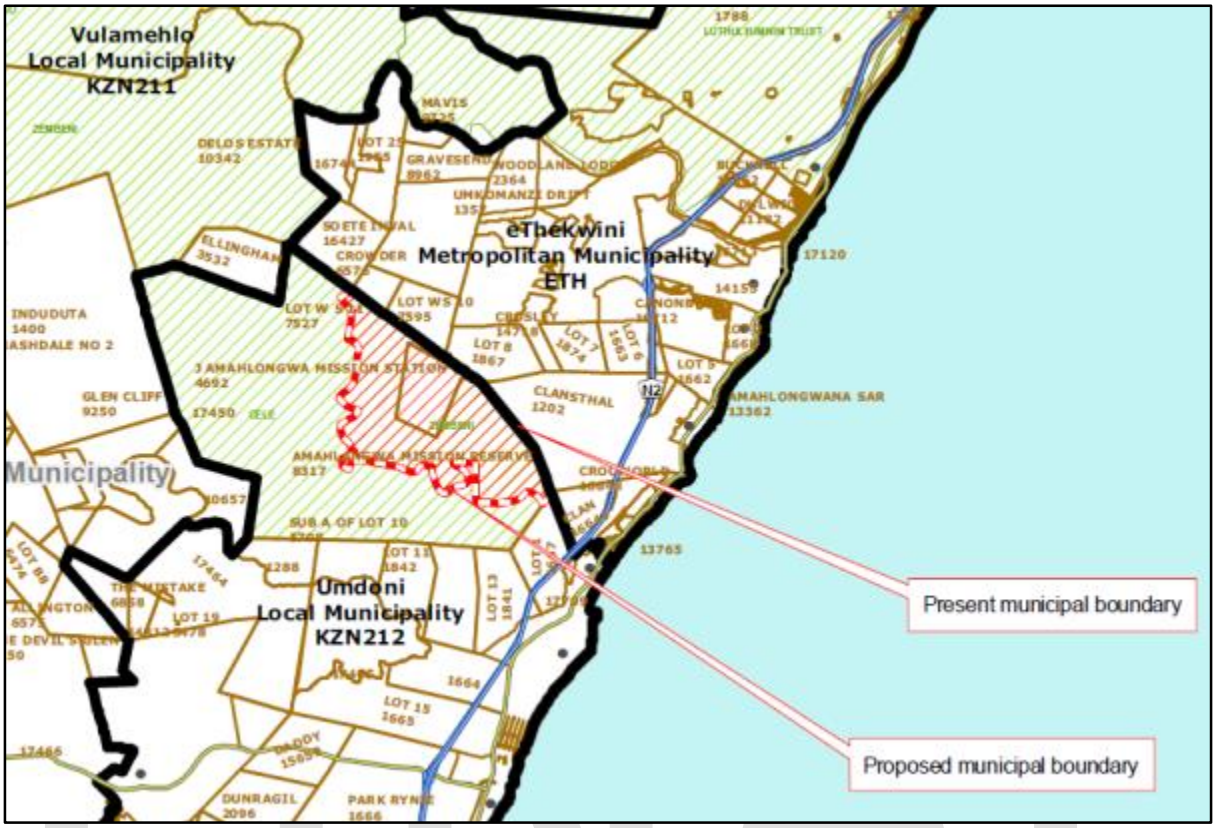
The proposed redetermination of the Municipal boundaries of Vulamehlo Local Municipality (KZN211), Ugu District Municipality (DC21), and eThekwini Metropolitan Municipality, is to exclude the traditional areas of Mgangeni, Enchobeni, KwaNdaya, Toyana and Maphumulo from the municipal area of the Vulamehlo Local Municipality and Ugu District Municipality and to include them into the municipal area of eThekwini Metropolitan Municipality. This proposal will re-demarcate 4 wards from Vulamehlo to eThekwini – these wards are largely sparsely populated rural areas so the impact will be negligible on Ugu. It has been indicated that these wards will be Ward 1, 2, 3 and part of ward 4.




#### *Umdoni/eThekwini boundary*

The proposed redetermination of the municipal boundaries of the Umdoni Local Municipality, Ugu District Municipality (DC21 and eThekwini Metropolitan Municipality, is to exclude the eZembeni Traditional Council from the municipal area of the Umdoni Local Municipality and to include it into

the municipal are of eThekwini Metropolitan Municipality. This redetermination affects a far smaller area of Ugu than the first proposal and should have negligible impact.




### *Special Economic Zones*

The Department of Trade and Industry released the Special Economic Zones Bill in 2011. Introduction of SEZs will play a crucial role in advancing government's strategic objectives of broad based industrialisation, regional development and job creation. If properly planned spatially, SEZs can act as catalysts for the advancement of government's rural economic development policies. While assisting the government's employment drive as stated above, SEZs can also help to address chronic rural-urban migration, a phenomenon characterizing most rural areas in South Africa.

The Department of Economic Development and Tourism has identified potential opportunities for industrial hubs within each of the districts of KZN. Ugu has been earmarked primarily as a furniture manufacturing hub (Harding and/or Marburg) and secondly, as a perishable goods processing hub. Three potential SEZs have also been identified. The Ugu district features within the Dube Tradeport SEZ which focuses on agro-processing and green technology development, within the agro-processing component of this proposed hub. It must be noted however that this is in the preliminary stages, and should not be construed as the future of SEZs for Ugu. During the GDS consultations, it emerged from stakeholders that the idea of an Ugu Tourism Development Zone should be pursued. Whilst the Department of Trade and Industry will not support such an SEZ in terms of their current programme, there is nothing to prevent the district pursuing this idea in co-operation with the province.

### *SIP 3: South Eastern node & corridor development*

The Presidential Infrastructure Coordinating Commission (PICC) released 17 Strategic Infrastructure Projects of which SIP3 most directly relates to Ugu District due to its reference to the N2 Wild Coast Highway development referred to above as the N2 corridor. Other aspects of this project are less relevant, although they all aim to reduce poverty and grow economic development in the Eastern Cape, which can only impact positively on Ugu in the long term.

Some of the catalytic projects this SIP focuses on are as follows:

- Strengthen economic development in the Nelson Mandela metro through manganese rail capacity from Northern Cape,
- A manganese sinter in Northern Cape and smelter in Coega IDZ;
- Trans-shipment hub at Ngqura port;
- Rail upgrades to improve industrial capacity and performance of the automotive sector;
- Possible Mthombo refinery (Coega IDZ);
- The N2-Wildcoast Highway which improves access into KZN and national supply chains;
- The promotion of rural development through a new dam at Umzimvubu with irrigation systems;
- Electricity transmission grid expansion along east coast to link up with KZN networks, as well as the strengthening of the current transmission network systems to ensure transmission of electricity to other parts of the country that will be generated in the Eastern Cape region; and
- Possible gas and petroleum pipelines to link with the KZN-Gauteng pipeline system.

In addition to such catalytic projects, the Ugu district is one of the 23 least-resourced municipalities identified in SIP 6 as being targeted for integrated municipal infrastructure. The idea of SIP 6 is to address all maintenance backlogs and upgrades required in water, electricity and sanitation bulk infrastructure. The district has begun lobbying the Presidential Infrastructure Co-ordinating Committee (PICC) in this regard but these interactions need to be strengthened and intensified.

## 2.2.3: District Economic Profile

### *Brief Overview*

The Ugu district has a relatively diversified economy with the key sectors being tourism, agriculture, manufacturing, community services, construction, trade, the informal sector and transport. The district is a popular domestic tourist destination boasting well-established coastal towns, such as Port Shepstone, Pennington, Uvongo, Margate and Hibberdene. In addition to its lengthy coastline, Ugu hosts a large variety of nature reserves and conservation areas (Mpenjati, Umtamvuna and Mbumbazi EKZNW reserves), including the spectacular Oribi Gorge.

The district's climate is well suited to agriculture. The area has large tracts of fertile land, a subtropical climate with high temperatures and a good water supply. The main agricultural activity is crop farming, with sugar cane and bananas being the main crops. In addition, the district produces vegetables, tea, coffee and macadamia nuts. Poultry, cattle and goat farming occur on a limited scale with the harvesting of crayfish and oysters taking place in Port Edward. Subsistence farming areas exhibit low levels of crop and stock farming, largely due to the small number of dams in the district. Commercial timber plantations are situated in the high rainfall areas in Harding, in the northern areas of Vulamehlo and in the central areas of Umzumbe and Ezinqoleni.

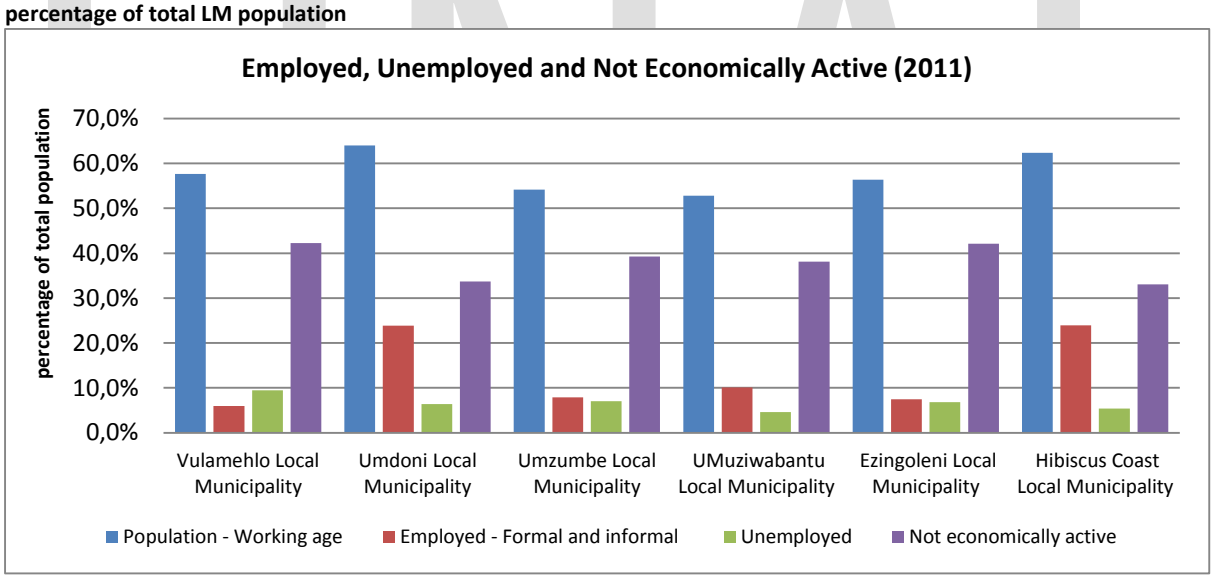
Retail activity is concentrated in a ribbon development of small towns along the coastal strip that act as commercial and service centres for local residents and neighbouring rural communities. Port Shepstone is the main commercial centre and major source of employment. Shelley Beach is the fastest growing commercial centre. There has been a gradual change in rural settlement patterns, from a dispersed settlement pattern to a concentration of residential sites around the main access routes.

Manufacturing activity is also concentrated along the coastal strip with some light industrial parks such as Marburg, Park Rynie and Margate. There are also a number of industrial development points in the hinterland such as Harding and some that are related to the activities of large firms, such as Idwala NPC, Sezela Sugar Mill, Umzimkulu Sugar Mill and the Weza Saw Mill.

### *Employment and Unemployment*

The official unemployment rate of the Ugu district is 30% in comparison with the provincial rate of 21.6%. Figure 5 illustrates the percentage of working age, employed (in both the formal and informal sectors), unemployed and not economically active population within the six local municipalities.

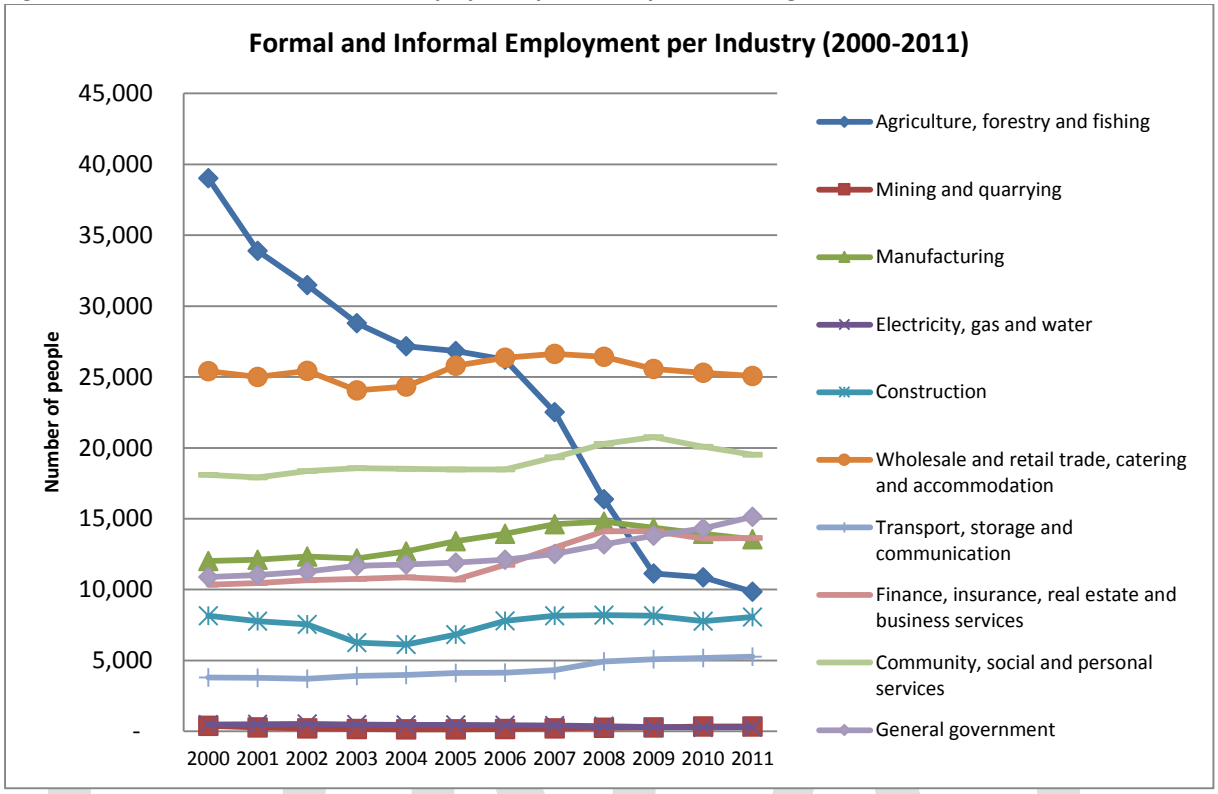
**Figure 5: Employed, Unemployed and Not-Economically Active Populations in the Local Municipalities in 2011 as a percentage of total LM population**




**Source: Quantec Database (2012)**

The main areas of concern are the significant gap between the percentage of working age population and employment and the large numbers of economically inactive residents, indicating high dependency and despondency levels. This presents a more negative picture of employment within the region than the official unemployment rate. It is unsurprising that the Hibiscus and Umdoni municipalities provide the largest number of formal and informal jobs within the district economy. However, it must be noted that none of the six municipalities are able to provide sufficient jobs for the working age population.

**Figure 6: Trends in Formal and Informal Employment per Industry within the Ugu District 2000-2011**




**Source: Quantec Database (2012)**

Figure 6 above displays the employment trends per industry in Ugu for the period 2000 to 2011. Since 2004, the wholesale, retail and hospitality sector has overtaken the agricultural sector as the major employer within the region. This is followed by community, social and personal services and then government services and finance and business services. Agriculture, the traditional employer within the region, has experienced a dramatic decline in the number of jobs available and there is no evidence to suggest that any other sector has managed to absorb such large job losses. The manufacturing, construction, transport and logistics sectors have remained largely on an even keel, while electricity and mining both are reflected as minor employers. On average, therefore, the Ugu district has experienced the shedding of jobs, and as a result, job creation must be central to a GDS for the district.

Wages emerged as a critical factor impacting on employment and unemployment within the district. A significant reason offered by commercial farmers for the dramatic decline in agricultural employment[18] was the enactment of Wage Determination in the sector in 2000. For example, this was said to have resulted in the economizing of labour in order to remain within existing wage bills. The recent introduction of wage determination in the Hospitality Industry is anticipated to have a similar effect in this sector. Certain sectors, such as clothing, have bargaining council agreements allowing them to offer lower wages than those provided by their metro counterparts. Other wage-related concerns raised by the private sector during the GDS consultations were the growing mismatch between public and private sector wages. The private sector is unable to compete with the public sector for labour. This was confirmed in the youth sector workshop, where it was reported

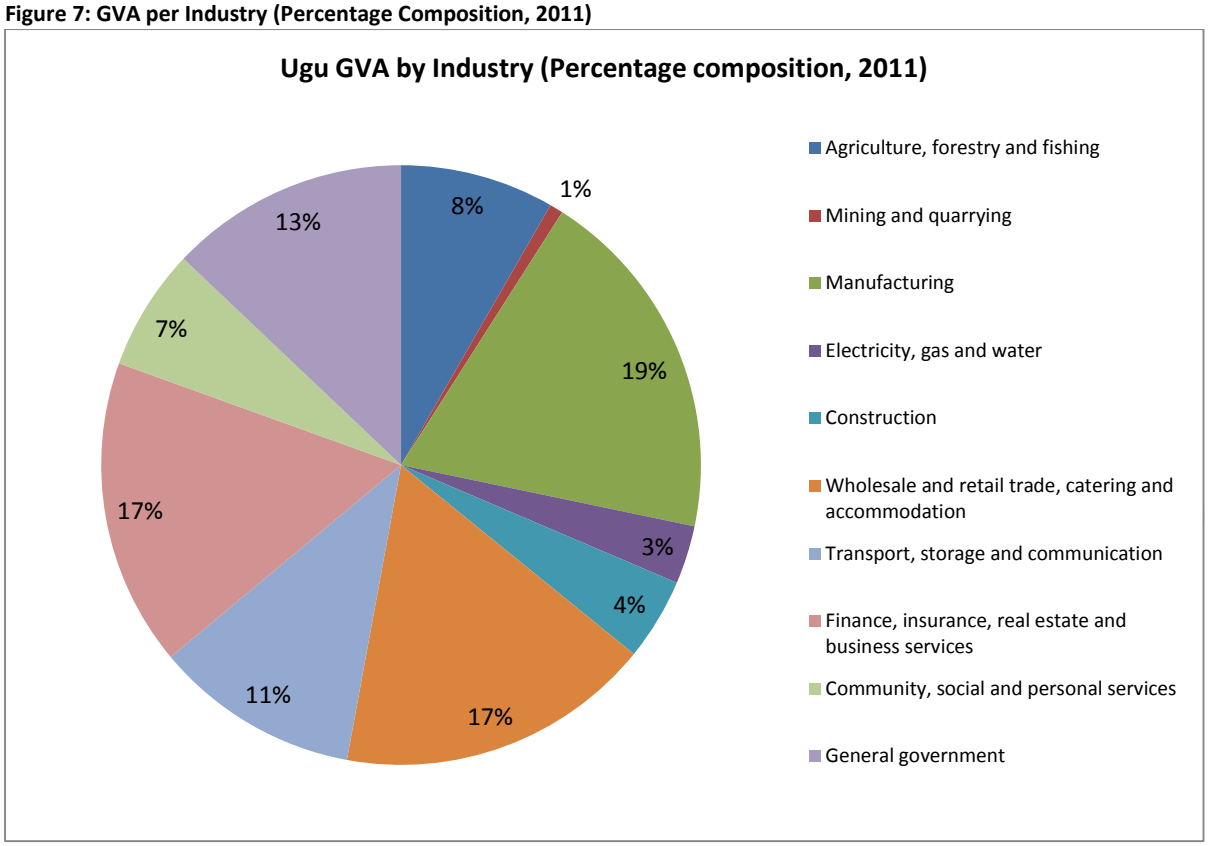
[18] The constraint of unresolved land claims has however had a more negative impact on employment within the agricultural sector than wage determination.

that young people aim to be employed in the public sector and have limited interest in sectors that are perceived as low-wage. The frustration at the growing gap between public and private sector wages was aggravated owing to perceptions by the private sector of low productivity levels in the public sector. On the other hand, the community sector workshops raised concerns that wages offered in certain sectors were unacceptably low. Recent farm worker strike action in the Western Cape is a warning that issues regarding fair wages and labour conditions need to be engaged and addressed.

### *Gross Value Add and Gross Fixed Investment*

Figure 7 below shows the contribution of each sector to total GVA in Ugu. Manufacturing contributes the most to GVA (19%); the next highest contributors are 'wholesale and retail trade' and 'finance and business services' at 17% each. General government contributes 13% and 'transport and communications' contributes 11%.

**Figure 7: GVA per Industry (Percentage Composition, 2011)**

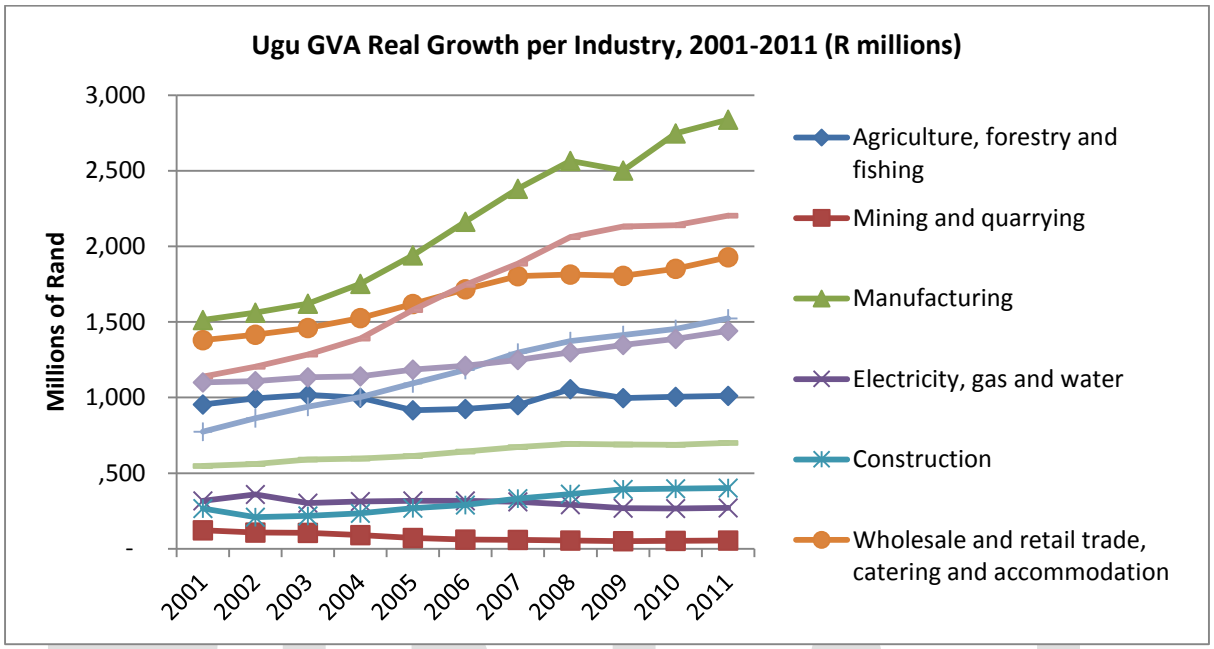



**Source: Quantec Database (2012)**

Whilst the economy has been shedding jobs, positive GVA growth during the same period (2001 – 2011) demonstrates some resilience in the district economy.

As evident in Figure 8 below, sectors have performed unevenly over the past 10 years in terms of real growth in annual GVA. The district has experienced contractions in the Mining (-7.8%) and Electricity (-1.6%) sectors. Key manufacturing sectors experienced growth, notably metal products, transport equipment and electrical machinery. In addition, communication and finance both grew considerably in the short-term, both experiencing growth rates in excess of 10%, which has contributed to the diversification and widening of the district economy.

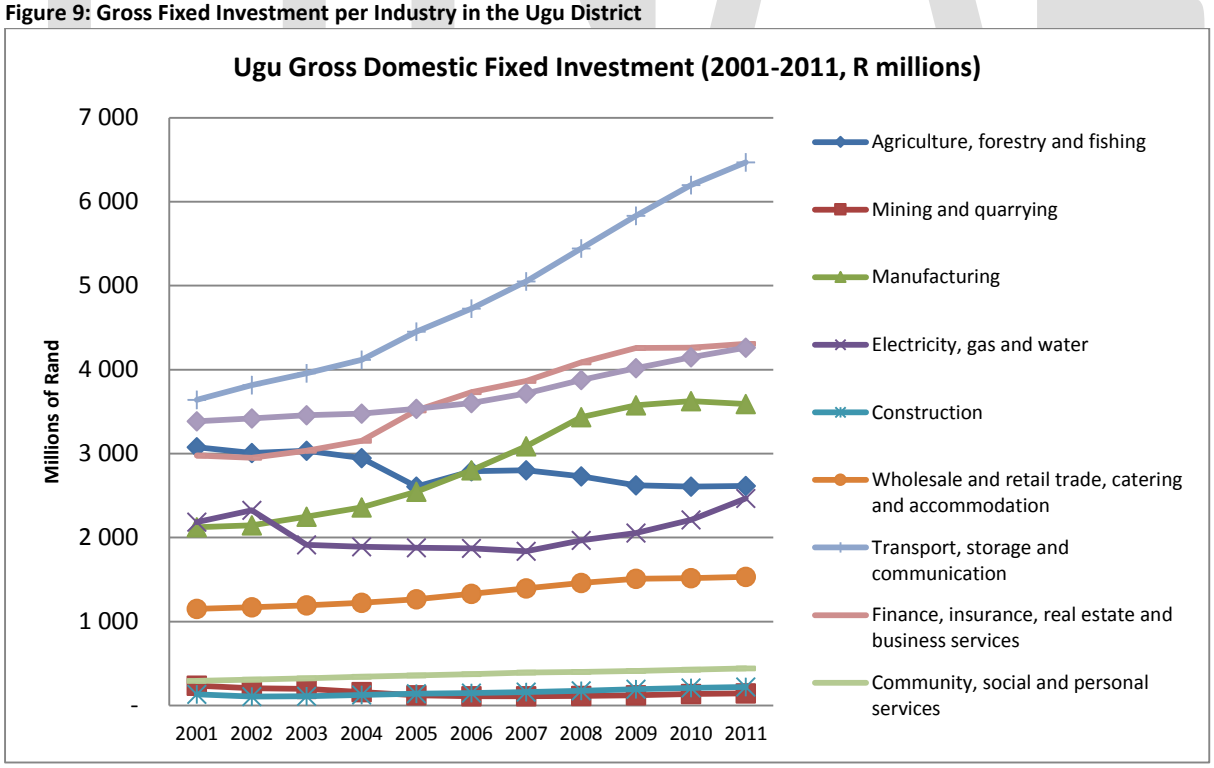
**Figure 8: Ugu GVA Real Growth per Industry, 2001-2011 (Rand millions)**




**Source: Quantec Database (2012)**

In terms of the performance sectors in domestic fixed investment, the figure below indicates that the majority of investment in Ugu is directed towards the 'transport, storage and communications' sector which has been experiencing an average annual growth rate of 12% over the previous 10 years. Over the previous 10 years, investment has been showing slow positive growth across other sectors, except Agriculture which has declined by -3.2%. In 2011, however, investment declined across most sectors, with manufacturing experiencing negative growth of -1%.

**Figure 9: Gross Fixed Investment per Industry in the Ugu District**



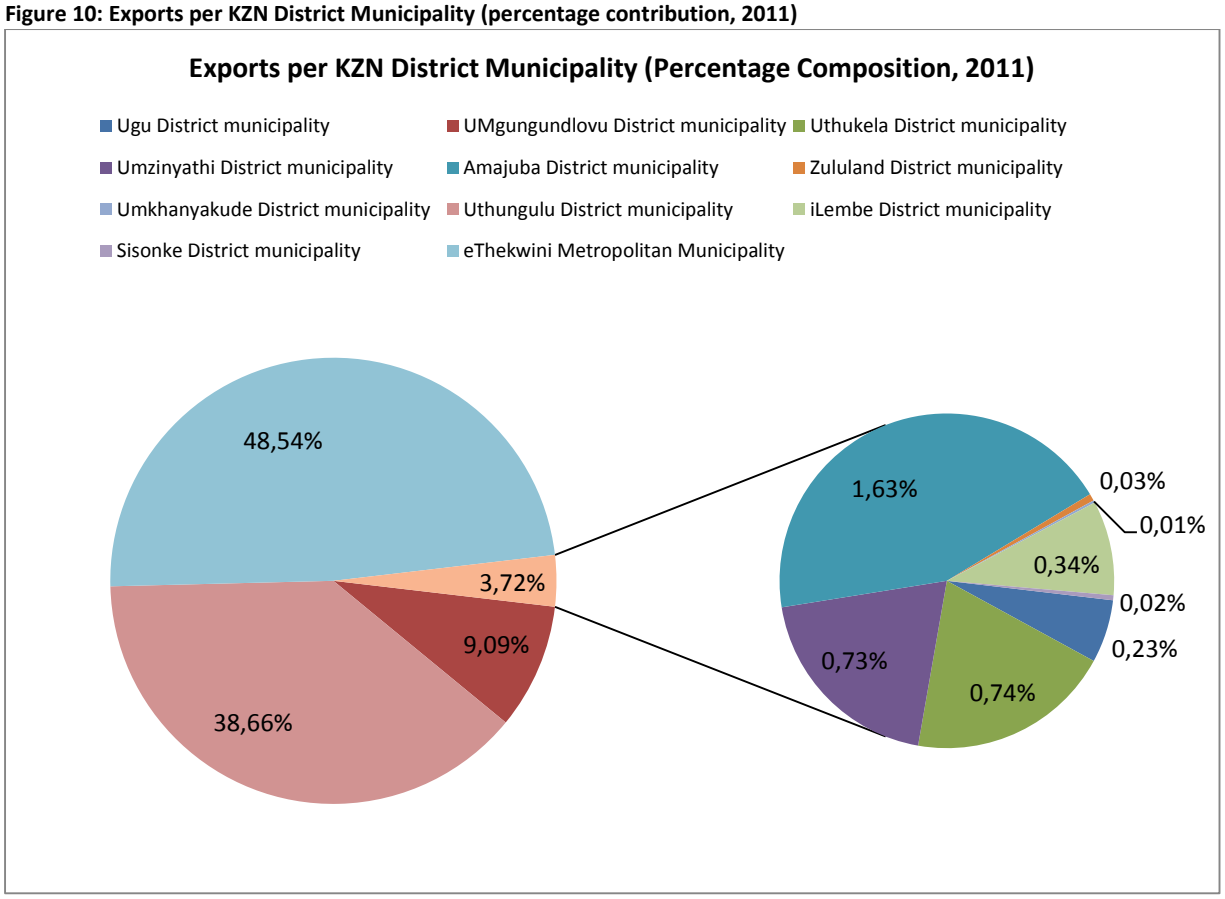

**Source: Quantec Database (2012)**

The rates of growth in GVA and Fixed Domestic Investment in the performing sectors are welcome but insufficient in addressing the extent of growing unemployment and deepening poverty within the region.

### *Exporting*

Figure 10 below plots the share of exports per district in KZN. eThekwini holds the majority of the export driven economic activity in KZN. Uthungulu, followed by uMgungundlovu, are the next biggest contributors, with the remainder of the province contributing a very minor share. Ugu remains at the bottom of the rankings alongside Sisonke, Zululand, Uthukela and Umzinyathi. According to the Quantec Database, exports from the Ugu district are largely textile and finished textile articles such as clothing and household linens and towels (26%); products of chemical or allied industries (16%); machinery, mechanical appliances and electrical equipment (13%); and vehicles, aircraft, vessels and associated transport equipment (13%). Live animals and animal products (8%) and vegetable products (7.5%) have also contributed to the total of Ugu exports.[19]

**Figure 10: Exports per KZN District Municipality (percentage contribution, 2011)**




**Source: Quantec Database (2012)**

The table below shows export growth for Ugu, in comparison to KZN province. Growth is nominal and therefore includes inflation.

[19] Some of the Ugu exports may, however, be counted in eThekwini figures owing to the use of the ports in the metropole. This has emerged in recent research on macadamia nut export figures.

**Table 1: Export Value for KwaZulu-Natal and Ugu**

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 10 year growth rate | 5 year growth rate |
|---|---|---|---|---|---|---|---|---|
| **Kwazulu-Natal** | 29.9% | 16.8% | 27.3% | -24.4% | 11.9% | 21.8% | 8.7% | 8.9% |
| **Ugu District municipality** | 5.8% | 7.6% | -7.6% | 40.4% | -3.2% | 31.9% | 13.7% | 12.2% |

**Source: Urban-Econ calculations based on Quantec Database (2011)**

Based on the existing competitive advantages of the Ugu region, the following industries have been identified with potential to grow exports:

- Prepared foodstuffs; beverages, spirits & vinegar;
- Specific agricultural crops e.g. macadamia nuts, sugar and bananas;
- Pulp of wood or of other fibrous cellulosic material; waste & scrap paper or paperboard; paper & paperboard of paper or paperboard; paper & paperboard & articles thereof.

This was confirmed during the consultation process, with stakeholders noting that the district has the potential to tap into specific export markets providing agri-processing products, cut-flowers, wood products (furniture), and cane by-products (cane spirits, chemicals, etc).

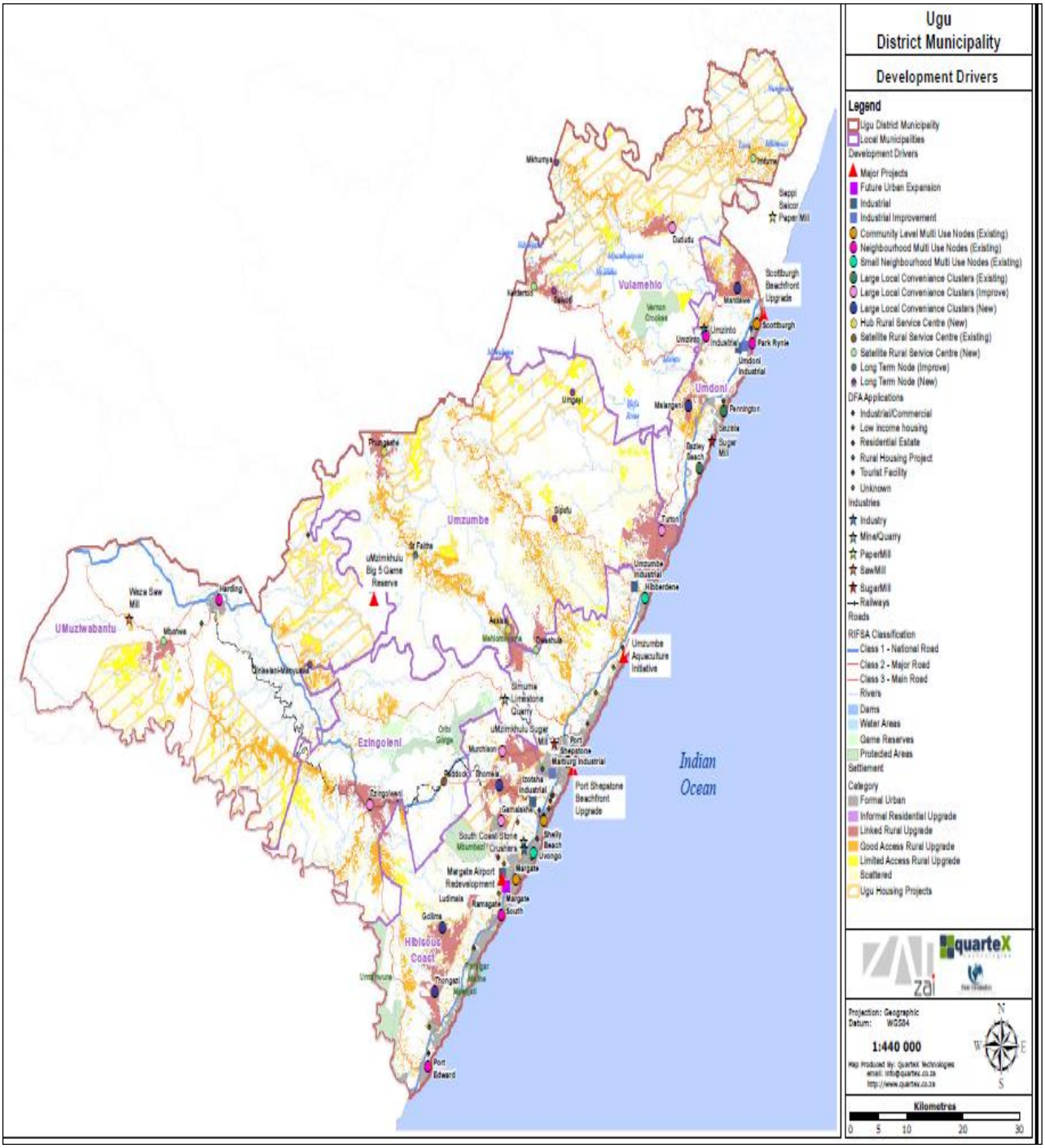
### *Economic Spatial Trends*

Figure 11 illustrates the existing spatial patterns of economic activity within the district. Economic activity remains concentrated within the coastal strip. Manufacturing remains clustered close to the major nodes of Port Shepstone and Marburg, due to the availability of serviced land and connectivity to the N2 network. Very limited manufacturing occurs outside of these key nodes. Retail, commercial and tourism activity is largely concentrated in the coastal towns. The main economic activities within the hinterland are: agriculture (commercial and subsistence), forestry and some mining.

The ailing agricultural sector offers the greatest potential for spatial integration. Whilst there is currently a stark spatial divide between commercial and subsistence farmers, opportunities for expansion in the sector lie in the undeveloped, fertile Ingonyama Trust lands. If communities were engaged, sustainable livelihoods identified, natural resources well-managed, supporting infrastructure, such as roads and dams, were provided and market linkages were forged,[20] then the spatial landscape of economic activity could be fundamentally transformed. The tourism sector also has potential to integrate the region through the linking of coastal and hinterland tourism products. The proposed Big Five Game Reserve, resulting from an amalgamation of a number of smaller reserves, is a possible catalytic project in this regard.

[20] As is currently taking place in the sugar industry

**Figure 11: Spatial Location of Economic Activities within the Ugu Region**




**Source: Ugu Infrastructure Audit, 2011**

## 2.3: Performance of Key Sectors in the District Economy

### 2.3.1: Agriculture

In KwaZulu-Natal, the agriculture, forestry and fishing sector is the smallest contributor to the provincial economy at 4.4% of the province's GDPR[21]. Over the past decade, the performance of this sector has been declining across the province, with the decline in the number of commercial farms between 2002 and 2007 from 4038 to 3574[22] and a 56% drop in employment between 2000 and 2011 being issues of serious concern.

The performance of the agricultural sector in the Ugu district has followed provincial trends with a worrying -3.2% average GVA growth rate between 2001 and 2011 and 24 053 job losses in the same period. The performance of sub-sectors within agriculture has varied and some are discussed in the text boxes below. The general decline is disturbing though, as the agricultural sector in the Ugu district should be performing strongly due to a large number of favourable conditions. These include:

- rainfall of +/- 1100 mm per annum;
- abundant water supply in high flow periods, which could be conserved in off-stream storage for supplementary irrigation;
- a large labour supply;
- specialised infrastructure, such as: two sugar mills, a Fresh Produce Market and Banana Ripening facility, two Macadamia processing factories, and, poultry processing plants,
- strong institutions, such as: banana marketing enterprises, a well-developed banana hawker distribution network, a banana co-operative with branches throughout the Hibiscus Coast Municipality (HCM) for the supplying of farming requisites,
- several well-developed transport enterprises; and
- an established agricultural export market for sugar and macadamia products.

This enabling environment could support further expansion in the relatively undeveloped hinterland of the district.

**Sugar Industry Performance**

**The Ugu District has experienced a significant decline in sugar production and employment to the point that the Umzimkulu Mill was closed in 2011. A sugar industry study conducted jointly by the Ugu District Municipality and the sugar industry identified that if the Ugu sugar sector is to be revived, three things need to happen:**

- **An additional 200,000 tons is needed for the Umzimkulu Sugar Mill as a matter of urgency – this will involve the recapitalisation of small sugar grower schemes within the district;**
- **Co-generation of power needs to become a revenue stream;**
- **An ethanol policy, supporting the use of sugar cane as biomass feedstock is needed in South Africa.**

**The Mill has subsequently been re-opened but the challenge to increase supply remains.**

[21] TIKZN, 2010
[22] Census of Agriculture, StatsSA: 2011

In the Ugu district, commercial agriculture is distributed mainly in areas along and adjacent to the coastal strip. Within the rural hinterland, agriculture is located largely around Dududu, Assissi, St Faiths, Thonjeni, and along the south western border of Ugu from Mtateni to Isibonda. The kinds of agricultural products produced within the Ugu region are: livestock (dairy, beef and chickens), tea, macadamia nuts, and bananas, timber and sugar - with the latter two dominating in terms of economic output.

As stated earlier, employment within the sector in Ugu has been in steady decline over the past decade. Currently, direct employment within the agricultural sector in Ugu is recorded at 9855, or 9% of the districts employed, a dramatic decline from the 33909 jobs available in 2001.

**Table 2: Ugu Agricultural Employment Trends**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ugu | 33,909 | 31,477 | 28,792 | 27,163 | 26,842 | 26,231 | 22,521 | 16,384 | 11,143 | 10,857 | 9,855 |
| Vulamehlo | 4,560 | 4,035 | 3,451 | 3,005 | 2,716 | 2,416 | 1,872 | 1,195 | 653 | 669 | 570 |
| Umdoni | 4,100 | 3,967 | 3,762 | 3,667 | 3,736 | 3,739 | 3,287 | 2,453 | 1,715 | 1,671 | 1,541 |
| Umzumbe | 3,607 | 3,683 | 3,771 | 4,003 | 4,427 | 4,825 | 4,612 | 3,775 | 2,996 | 2,550 | 2,456 |
| uMuziwabantu | 4,255 | 3,932 | 3,540 | 3,250 | 3,090 | 2,903 | 2,375 | 1,624 | 1,016 | 955 | 907 |
| Ezinqoleni | 2,690 | 2,313 | 1,927 | 1,641 | 1,455 | 1,269 | 965 | 601 | 310 | 325 | 266 |
| Hibiscus Coast | 14,697 | 13,548 | 12,341 | 11,597 | 11,417 | 11,078 | 9,410 | 6,736 | 4,453 | 4,688 | 4,115 |

**Source: Quantec Database (2012)**

Table 2 provides a breakdown of agricultural sector jobs per local municipality. Umzumbe is the only local municipality that appears to have retained the majority of its jobs. The loss of agricultural sector jobs in the rural municipalities is particularly serious given the dependence of local economies on, and the large numbers of unskilled workers employed in this sector.

**Table 3: Year on Year Decline in GVA in the Ugu Agriculture Sector**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ugu | -13.1% | -7.2% | -8.5% | -5.7% | -1.2% | -2.3% | -14.1% | -27.3% | -32.0% | -2.6% | -9.2% |
| Vulamehlo | -15.3% | -11.5% | -14.5% | -12.9% | -9.6% | -11.0% | -22.5% | -36.2% | -45.3% | 2.4% | -14.8% |
| Umdoni | -10.2% | -3.3% | -5.2% | -2.5% | 1.9% | 0.1% | -12.1% | -25.4% | -30.1% | -2.6% | -7.7% |
| Umzumbe | -6.2% | 2.1% | 2.4% | 6.1% | 10.6% | 9.0% | -4.4% | -18.2% | -20.6% | -14.9% | -3.7% |
| uMuziwabantu | -10.9% | -7.6% | -10.0% | -8.2% | -4.9% | -6.1% | -18.2% | -31.6% | -37.5% | -6.0% | -5.1% |

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Ezinqoleni | -18.5% | -14.0% | -16.7% | -14.9% | -11.3% | -12.8% | -24.0% | -37.7% | -48.4% | 4.6% | -18.0% |
| Hibiscus Coast | -14.4% | -7.8% | -8.9% | -6.0% | -1.6% | -3.0% | -15.1% | -28.4% | -33.9% | 5.3% | -12.2% |

**Source: Quantec Database (2012)**

Table 3 presents the year on year performance figures for GVA within the Ugu agricultural sector. It is evident that a declining trend "sped up" between 2007 and 2009, likely due to the global economic crisis, but has steadied in 2010 and 2011.

**Banana Industry Performance**

The bulk of banana production in KZN takes place between Port Edward and Port Shepstone owing to ideal climatic conditions. The Ugu District supplies 10 – 15% of South Africa's throughput. 85% of labour is female, mostly from the Eastern Cape. The main domestic competition is located in Mpumalanga with Mozambique and Swaziland being the major international competitors. SADC countries flood the local market as they are exempt from import tariffs. Buying groups and co-operatives dominate the market. The banana value chain includes growers, ripening agents and large packaging firms. Supplies required by the industry include fertilizers, both chemical and organic, seed (tissue culture), irrigation equipment and electricity. A number of suppliers are located within the region. Growth in the industry is constrained by access to suitable land, irrigation and insecurity related to outstanding land claims. Climate change has limited dry land production and there is a strong demand for dam construction in the industry. Barriers to entry into the market are relatively high. Emerging farmers require government securities in order to enter the market as they lack title deeds. In order to meet HACCAP standards, farmers require packing and washing sheds. The cost of bringing 1 hectare under production is between R 60 and R 90 000 (2012). Interventions that would stimulate growth include: the finalization of land claims; social facilitation; the identification of alternative land for development; and commercial farmers mentoring new market entrants.

**Macadamia Industry Performance**

The Ugu Macadamia industry includes the production and processing of nuts for export. The South African macadamia industry has expanded rapidly and was the largest exporter internationally in 2011/12. There is still significant growth potential within the industry. KZN contributes 20% to total South African production and the Ugu district is one of the largest macadamia producing regions in the province owing to its ideal climate. The Ugu district hosts 2 of the 12 cracking factories in the country. Both are HACCP and/or ISO 9001 accredited. Investment in the industry is high owing to the cost of equipment and long-term investment, with a five year period before any return. However, the crop offers a high return for a low volume crop and there is no need to re-plant trees. The crop has a low impact on the environment as: it is long-term and has low water uptake; there are possibilities for recycling and re-use of macadamia waste and no burning is required. The limiting environmental factor is that the crop cannot handle fire. Obstacles to expansion of the industry in the Ugu region include: unresolved land claims; limited availability of land; high barriers to entry in terms of capital investment and 5-year return on investment period; a lack of infrastructure in traditional authority areas; limited skills development and training; and market uncertainties.

*Land Constraints*

- Unresolved land claims resulting in a reluctance to make long term investments and a shift to a redistributive land focus without the completion of land restitution;
- Lack of tenure security both for commercial and emerging farmers and the lack of title deeds restricting access of emerging farmers to loan finance;
- Limited access to traditional authority land for agricultural production - reasons include a lack of supporting infrastructure, insecure land tenure, failure to achieve economies of scale and the need to develop workable business models;
- Farms lying vacant that need to be brought back into production;
- Limited land available in existing commercial farming areas; and competition over fertile agricultural land from other sectors e.g. commercial and residential;

*Legislation and Policy Constraints*

- An unstable political climate;
- Labour Laws, such as the Wage Determination Act, negatively impacting job creation and retention;
- Impeding policy and legislation environment;
- Failed land reform projects as government not financing projects in terms of agreements;
- Negative experiences through corrupt practices in certain agricultural projects discouraging willingness of commercial farmers to mentor emerging farmers;
- A shortage of extension offices and/or existing extension officers insufficient and/or unable to provide required support services;
- Fragmented agricultural support to small farmers;
- and

*Negative Perceptions of the Agricultural Sector*

- A failure of the agricultural sector to attract youth into the labour force.

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There is major potential within the Ugu district to dramatically increase production if these obstacles are addressed. In particular, the existence of large tracts of fertile, undeveloped land within Ingonyama Trust areas offers a major opportunity. In order to unlock this opportunity, massive infrastructure provision[23] and social facilitation investment is required. Facilitating access to land requires addressing issues of land prices, access to bonds and tenure security. Clear direction must also be provided by National Government regarding section 25 of the Constitution. Sustainable models for farming in such areas need to be developed that ensure inclusiveness, fairness, access to bridging finance, gender sensitivity, quality extension support, timeous financial flows and allow the economies of scale that determine profitability. In particular, opportunities exist for expansion in industries such as poultry, tunnel farming, sugar, macadamia, essential oils and bananas.

Environmental concerns within the district include the impact of mono-cropping on the soil and that of climate change as a result of weather extremes. Already there are concerns that dry-land farming in certain industries is no longer feasible and that irrigation is required. This results in substantial increases in input costs for farmers and impacts on the competitiveness of industries. An opportunity for the sugar industry that will have a positive environmental outcome is co-generation.

[23] Such as roads, bridges and irrigation infrastructure

Cane for co-generation purposes is cut green, which will reduce the burning required in the industry and therefore air pollution levels. Participation in organic farming should also be encouraged in response to both growing market demand and sustainable agricultural practices.

### 2.3.2: Forestry and Timber

The main concentration of forestry activity within the region is within the uMuziwabantu local municipality and the neighbouring Sisonke district municipality. The major players within the industry include: SAPPI, MONDI, Hans Merensky and Masonite SA. A key challenge for small growers and saw mills is accessing supply, as bargaining power in the industry is skewed towards the suppliers. There has been engagement with SA Forestry Co Ltd (SAFCOL) regarding the facilitation of access for small players and understanding the status or future of existing lease agreements. Barriers to entry for emerging players are high with support needs including skills development, access to finance and fire-fighting skills and services. Opportunities within the sector for new entrants include tree-felling, harvesting and planting, and production of related products such as honey, bark and coal. Renewable energy and bio-mass production through waste material is a major opportunity for the sector in general. Future growth within the sector needs to be supported by infrastructure investment in terms of roads and rail.

Currently, there is only one forestry extension officer within the district. The grower association is well-organised but poorly resourced. There are a number of environmental concerns related to: the production of alien species and high water consumption. There are opportunities for carbon sequestration through the control of run-off and the clearing of invasive plants through job creation projects.

### 2.3.4: Manufacturing

In Ugu, the manufacturing sector accounted for 19% of GVA in 2011. However, performance in the sector has been fluctuating over the past decade with industry differences. The manufacturing sector in the region appears particularly vulnerable to global and macro-economic influences. Industry trends are reflected in Table 4. 2009 seemed to be a stressful year for Ugu manufacturers with food production and electrical machinery being the only two manufacturing sub-sectors that experienced positive growth. However, prior to 2009, the district's economy showed greater diversification and widening as key manufacturing sectors experienced extensive growth, notably metal products, transport equipment and electrical machinery. Mineral product beneficiation was a steadily growing sub-sector despite a downturn in 2008/9.

The clothing and textiles industry has also generally experienced positive growth over the past decade. With a more positive national outlook, this industry has the potential to improve its competitiveness, increase its value-add and move into niche markets. Clothing and textile firms retain a cost advantage over the neighbouring metropole, which augurs well for job creation, although non-compliance with Bargaining Council agreements is threatening employment levels on the South Coast.

A recent change noted in the South African marketplace has been caused by the adoption of the Consumer Act with major national retailers increasing their sourcing from South African manufacturers owing to increased risk associated with product returns. Such national retailers

purchase from a range of suppliers so there is an opportunity for collaborative, inter-sectoral marketing. There are new entrants in the Ugu manufacturing sector with Chinese firms able to move in and rapidly expand. Lessons from their business strategy need to be garnered.

**Table 4: Year on Year Growth in GVA in Ugu Manufacturing**

| | 2001 | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Food, beverages and tobacco | 7.1% | -0.7% | 5.2% | 9.7% | 11.6% | 11.1% | 9.5% | 5.2% | 3.8% | 4.9% | 8.2% |
| Textiles, clothing and leather goods | -3.8% | 9.2% | 9.1% | 6.6% | -1.4% | 8.5% | 12.0% | 12.6% | 9.1% | 31.0% | -16.4% |
| Wood, paper, publishing and printing | 0.1% | 4.9% | -0.2% | 7.3% | 8.0% | 7.4% | 8.7% | 5.4% | -12.4% | 22.8% | -3.2% |
| Petroleum products, chemicals, rubber and plastic | 4.6% | -0.8% | 3.3% | 9.1% | 13.2% | 13.6% | 10.0% | 6.7% | 0.0% | 15.9% | 0.7% |
| Other non-metal mineral products | 1.8% | 15.2% | 2.5% | 1.0% | 9.6% | 11.7% | 10.4% | 6.5% | -22.1% | 17.7% | 12.5% |
| Metals, metal products, machinery and equipment | 4.2% | 15.6% | 0.9% | 11.5% | 12.2% | 13.9% | 12.8% | 12.0% | -9.3% | 2.0% | 10.7% |
| Electrical machinery and apparatus | 0.7% | 2.5% | 1.8% | 5.3% | 22.6% | 17.2% | 11.5% | 13.4% | 1.9% | 7.3% | 0.0% |
| Radio, TV, instruments, watches and clocks | -14.7% | 9.1% | 7.9% | 14.4% | 15.9% | 18.7% | 13.1% | 13.9% | 2.4% | 2.1% | 11.5% |
| Transport equipment | 12.0% | 4.7% | -1.0% | 8.7% | 18.2% | 14.7% | 12.5% | 7.8% | -5.7% | 0.1% | 4.4% |
| Furniture and other manufacturing | 5.2% | 2.0% | 5.7% | 5.2% | 9.8% | 10.6% | 8.5% | 11.9% | -5.5% | 3.4% | 3.3% |

**Source: Quantec Database (2012)**

Spatially, manufacturing remains clustered close to the major nodes of Port Shepstone and Marburg, due to the availability of serviced land and connectivity to the N2 network. A 2007 assessment established that 75% of the 242 registered manufacturing enterprises in Ugu are located in the Hibiscus Coast Municipality, mostly in the Port Shepstone / Marburg and Margate areas[24]. There are three prominent new industrial developments in the district with high vacancy rates,[25] namely Marburg extension 27, Shelley Beach Business Park and the Margate Airport industria. Perceptions of high rates and service charges in these areas may be inhibiting uptake. There is some expansion of industrial activity in the Park Rynie – Umzinto corridor based on the provision of required infrastructure and the facilitation of the necessary environmental approvals. However, these activities need to be expedited and marketed. Very limited manufacturing occurs outside of these key nodes.

Potential does exist however for the establishment of small-scale manufacturing activities within decentralised nodes, specifically for products that provide backward linkages to the agricultural

[24] Extracted from the PSEDS: Ugu District Profile. StratPlan (2010)
[25] Estimated at 10% occupancy rates

sector. Industries such as food and beverage production and furniture and wood products provide excellent opportunities for small-scale manufacturers to contribute to the value-chain[26]. Relationships between large and small firms will play a critical role in facilitating this. The district is well positioned to take advantage of the Eastern Cape market, providing an added advantage for municipalities such as uMuziwabantu, Ezinqoleni and eThekwini.

**Case-Study: Firm X Medium-Sized Furniture Manufacturer**

Firm X targets the upper to middle-income market and offers a range of entry level to high quality furniture. Firm X has in-house design capacity. Firm X maintains that if one mass produces goods "one takes China head on". The manufacturing process is highly labour-intensive. Owing to a local skills shortage, Firm X trains in-house from cleaner level. Firm X is not limited by market access and argues that the adoption of the National Consumer Act has opened up the national retail market to South African manufacturers. Firms that are able to cope with their 68 day payment cycles are well-positioned to take advantage of this opportunity. Firm X is well-supported by TIKZN through market exposure instruments such as Trade Fairs. The main performance inhibitors experienced by this firm in Ugu are:

- Skills shortage – need training in carpentry, spray painting and upholstery
- Unreliable electricity supply
- Raw material supplies
- Unprofessional local suppliers
- Shortage of serviced buildings at fair rates
- High costs and low risk appetite of formal banks

A major boost for Firm X would be a rail service from Port Shepstone to Gauteng.

Training in the sector is uneven with certain firms offering advanced training in sophisticated centres, such as SIMUMA[27], and other firms reliant on on-the-job training or once-off skills programmes offered in the district. There is no evidence of existing linkages between the sector and FET colleges in the district, although the potential to develop such linkages is apparent.

Key constraints facing the sector have been identified as:

*Lack of market certainty and competitiveness*

- A lack of certainty in the market – perceived risk reduces the appetite for risk;
- Competition from new technologies;
- Competition high in very price-sensitive markets; Difficulties in competing against eThekwini-based firms;

*Bulk Infrastructure Constraints*

- Unreliable electricity supply;

[26] In the GDS Manufacturing Sector workshop, the need to build local supply chain linkages was highlighted. In particular, for furniture manufacturers to source raw materials from saw mills and cutters.
[27] It is understood that the Umzimkulu Sugar mill utilizes the SIMUMA training facilities as focused on basic engineering skills.

- Poor telecommunications with experiences in Industrial Parks of TELKOM telephone lines being down for months as a result of cable theft[28] and insufficient internet bandwidth;
- The availability of affordable and serviced land and buildings – land and services in formal industrial areas are costly;
- The poor state of supporting infrastructure within the region;

*Red Tape & Development Costs*

- Lengthy delays in new developments linked to red-tape such as building plans and approvals[29];
- High private sector contributions to developments, such as NHBRC, ESKOM and Ugu fees;[30]
- The costs of rates and service charges;

*Labour Constraints*

- Critical skills gaps[31];
- Unreliable labour;
- Loss of skilled labour to urban centres and from HIV/AIDS;
- Inappropriate training being offered by FET institutions within the region;

*Weak Marketing of the Region*

- Lack of active marketing of business opportunities in the district; and
- A lack of coordinated investment promotion and business support services to support industrial development.

### 2.3.4: Tourism

Whilst the Ugu district has major tourism potential owing to its natural assets, mild all-year round climate, proximity to major centres, coastal towns[32] and variety of tourism products, growth appears constrained in recent years. For example, the catering and accommodation sector has only shown a 3.2% growth in GVA in the period 2000 - 2009. Slow but steady growth in investment levels in this sector have tailed off since 2008. This is a worrying trend as it reflects a decline in business confidence and risk-taking behaviour, contributing to an on-going recession in the district. The full potential of the tourism sector remains largely untapped.

The main Ugu tourism attractions currently on offer are the:

- Blue Flag beaches (including beach festivals with music and various sporting activities);
- The Sardine Run;
- Oribi Gorge;
- Mpenjati, Umtamvuna and Mbumbazi EKZNW Reserves;
- Deep Sea and Rock Fishing and other water-related activities (diving, kayaking);
- Fishing (Protea Banks at Shelley Beach is regarded as a Fishing "Mecca");
- A range of accommodation facilities; and

[28] The new Waste Metal Act may reduce the extent of cable theft.
[29] Domestic turnaround times are about 6 months, industrial turnaround times may be quicker.
[30] The perception of the private sector is that their development fees are much higher than those demanded by other municipalities.
[31] A printing firm mentioned difficulties in finding skilled machine operators.
[32] The coastal towns of Hibberdene, Margate, Port Shepstone, Ramsgate and Uvongo offer tourist accommodation and facilities.

- Golf courses.

Considerable variety is offered in terms of tourist accommodation ranging from up-market golfing estates to more affordable self-catering cottages, B&Bs and home-stays, and restaurants. There are a large number of unregistered accommodation establishments within the region, many owned by individuals who let to friends and family. These unregistered firms are regarded as unfair competition by formal firms in the market.

Currently the focus is on the domestic tourism market, with the region garnering the third most domestic tourists in the province, but only attracting 10% of international visitors in 2010.[33] It was indicated within the PSEDS District Profile that an assessment of the tourism industry undertaken in 2010, suggesting that in order to attract foreign tourists, the level of infrastructure and facilities demanded by tourists must be considered at potential sections of the coast. It also indicated that coastal tourism infrastructure is generally out of date and requires upgrading.[34]

A major challenge to the sector is the current seasonality of the industry. In the past, the district was assured of three main tourism seasons – the April, July and December school holidays – and this allowed the tourism sector to boost related sectors within the district economy and to secure the perception of it as lead sector. However, currently, the tourism season has shrunk to the December vacation, which is too short to sustain the broader district economy. This has resulted in tourism accommodation and products being under-utilised and out-of-season and related industries, such as retail, experiencing seasonal fluctuations in demand. Anecdotal evidence is that the domestic tourism market has also shifted towards the middle and lower end and away from the upper market[35]. Key strategies to address the seasonality of the industry would be to increase the numbers of international, domestic and business tourists within the region through product expansion, events,[36] sustainable asset management and targeted marketing.

For example, based on Tourism KZN 2010 statistics[37], it is evident that foreign tourists using air travel preferred the following activities: shopping (72%), nightlife (91%), visiting natural attractions (62%), the beach (50%) and wildlife (48%) were the top five activities. An overwhelming number of domestic visitors go to the beach (61%), attend a live show/theatre/concert (10.4%), live sport event (20%), visit a township/cultural on a tour (19.3%) visit a museum/gallery/historical building (15.5%) and visit a nature/wildlife/game reserve (15.4%). Whilst there is some match between such demand and products on offer in the Ugu region, there is a definite need to expand the product offerings in order to attract new markets. In addition to these traditional tourism offerings, there are some positive initiatives occurring from the private sector such Lake Eland, and agri-business such as Beaver Creek Coffee and MaBananas.

Current constraints to the performance of the sector include:

[33] Tourism KZN 2010 Statistics Release.
[34] Extracted from the PSEDS: Ugu District Profile. StratPlan (2010).
[35] Described as a shift away from the Sandton to the Benoni, Boksburg and Springs market by one GDS tourism sector workshop participant.
[36] Such as the International Golf Tournaments, the Jazz Festival, the Sardine Run and a Bike Week.
[37] Tourism KZN 2010 Statistics Release.

- Environmental degradation that has been exacerbated by climate change and local disasters, such as flooding, but also a failure to maintain existing infrastructure and tourism assets. For example, certain beaches have lost their Blue-Flag status owing to water pollution linked to sewerage spills;
- Dirty towns and a lack of infrastructure maintenance that has discouraged visitors – particularly a failure to apply preventative maintenance to roads which has led to degradation, disintegration and a rise in repair costs.
- A lack of diversification in the sector resulting in a relatively limited product offering;
- Under-marketing of key assets, such as the wide variety of nature reserves and conservation areas and different beach experiences;
- Weak linkages between the coastal tourism products and those in the hinterland;
- Weak exploration of further development of tourism products within the hinterland, such as the Big Five Game Reserve, adventure (e.g. cycling tracks), cultural, heritage and events tourism;
- Under-explored arts and culture sector linked to tourism opportunities;
- A failure to target and attract new markets into the district, such as international and business tourists; and
- The need to stimulate the creative industry generally within the region.

A major gap appears to be a lack of a clear Tourism Strategy for the Ugu District that addresses the current performance constraints and positions the district in terms of the market. There is lobbying for the Ugu region to be recognised, managed and supported as a Tourism Development Zone in order to maximise the potential of this sector.

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### 2.3.5: Mining and Quarrying

The mining sector contributes less than 1% of GVA to the Ugu district. The sector is one of the poorest performing sectors in terms of GVA growth in the period 2001 – 2011, averaging - 4.1%. There is negligible new investment in the sector. Reasons offered for this poor performance include: the impact of the National Credit Act, especially in the construction sector; electricity supply shortages; competition from cheap cement imports[38]; and the global economic recession. The sector is highly capital intensive and requires market stability to encourage investment.

The two major mining industries produce limestone related products. Alpha Carbonates, located in the Hibiscus local municipality, supplies the fertilizer, animal fodder, paint, paper and plastic industries. Simuma Cements, located in the Ezinqoleni local municipality, largely supplies the construction sector[39]. NPC has two quarries in the region, based in Margate and Marburg[40] respectively. There is some local sourcing of supplies and services by these firms in terms of

[38] South Africa cannot compete against countries supplying subsidized cement, such as Pakistan. Imports are transported using factory ships with packing facilities. Quality is a cause for concern but they pose a huge threat to the South African industry. Discussions are underway between the sector and government to prevent dumping.
[39] TIKZN, 2010
[40] Marburg is not currently operating. If it re-opens, there will be employment opportunities for the region.

engineering support systems but large equipment, such as stone crushers, is sourced from Durban. Smaller contractors within this sector have battled for survival, largely owing to delays in government payments. The construction sector within the Ugu district largely services the public sector such as the provision of low-cost housing, schools and clinics. There are some cautious expansion plans in the sector. For example, NPC has recently acquired the mining rights to adjacent land that it has recently purchased. The life span of this deposit is 10 – 15 years.

The formal mining sector in the district has regular inspections by the Department of Minerals and Energy, and rarer inspections from the Department of Labour in terms of the Occupational Health and Safety Act. Both SIMUMA and IDWALA have approved Social and Labour Plans. The firms have approved Environmental Management Plans that are audited and address issues such as rehabilitation.

The formal expansion of small to medium-scale building material mining is possible within the Ugu district and potential exists to develop stone-crushing plants and lime and cement mining activities. However, illegal small-scale mining and quarry (including sand-mining and water extraction) is happening extensively around the district, particularly in rural areas. These illegal operators are undercutting formal suppliers in the market with the result that some formal suppliers are sourcing from these operators in order to remain competitive in the market. The negative consequences of these activities include: environmental degradation and an inability to ensure sand replacement along the coast; increasing vulnerability of workers and downward pressure on wages and benefits; poorer quality products; a decrease in tax revenue to the state; and, an informalisation of the formal economy. Greater monitoring and regulation of such activities is required to avoid such negative consequences.

Municipalities within the Ugu district must ensure stronger coordination with the National Department of Mineral Resources and Environmental Affairs to ensure that mining applications are in line with municipal spatial and environmental plans. In this sector, there is a particular need for both public and private stakeholders to address issues of: sustainable resource management, land rehabilitation, cleaner extraction technologies and re-processing opportunities. Factors driving recovery within the sector include: global economic growth; national and provincial political certainty; and capacity within government to spend its infrastructure budgets.

### 2.3.6: Construction

The construction sector employed a relatively constant figure of approximately 8000 people between 2006 and 2011. The sector experienced a positive average GVA growth rate of 4.2% in the period 2001 to 2011. Investment in the sector is low compared to other sectors, but interestingly, unlike other sectors that experienced a dip in investment after 2007, the construction sector showed a slight increase between 2007 and 2009. This may have been related to increased public sector spending in the build up to 2010.

**Case-Study: Firm X Pre-Cast Product Manufacturer**

Firm X is a small, formal firm that supplies major private infrastructure firms contracted by local government both at district and local municipality levels. In the past two years, Firm X has experienced a major drop in sales. The reasons suggested by Firm X for this trend include:

- Changes in local government supply chain policies that have resulted in contracts being: placed on hold, not awarded and/or re-advertised. When awards are made, the lead times are short and delivery times pressured.
- The preferential procurement system within the district does not allocate points for local supplier content.
- Contractors choose not to tender in the Ugu DM as payments are delayed. Some work in the Eastern Cape and Zululand where timeous payments are made.
- Competition within the district has increased from global, national and local suppliers. Local suppliers are undercut in terms of price. Small and medium-sized firms battle to compete with large firms. Large firms compete in terms of volume and are willing to sell at lower prices to maintain volume. Some competitors have access to cheaper raw materials. For example, global competitors have access to cheaper cement. Some small, local suppliers obtain sand and water illegally within the district. Small and medium-sized formal firms battle to compete.

Firm X plans to leave the District.

Anecdotal evidence from the GDS consultation workshops suggests that the construction sector has experienced a significant decline in the past couple of years. This has had a negative impact upstream with suppliers struggling to survive. However, data does not reflect this with 5.6% growth in 2011, although it is accepted that this growth may not be uniform across all firms. It is also perceived that high rates, tariffs and other development charges, as well as a lack of incentives, has created a competitive disadvantage in comparison with competing areas.

FINAL

### 2.3.7: Finances and Services

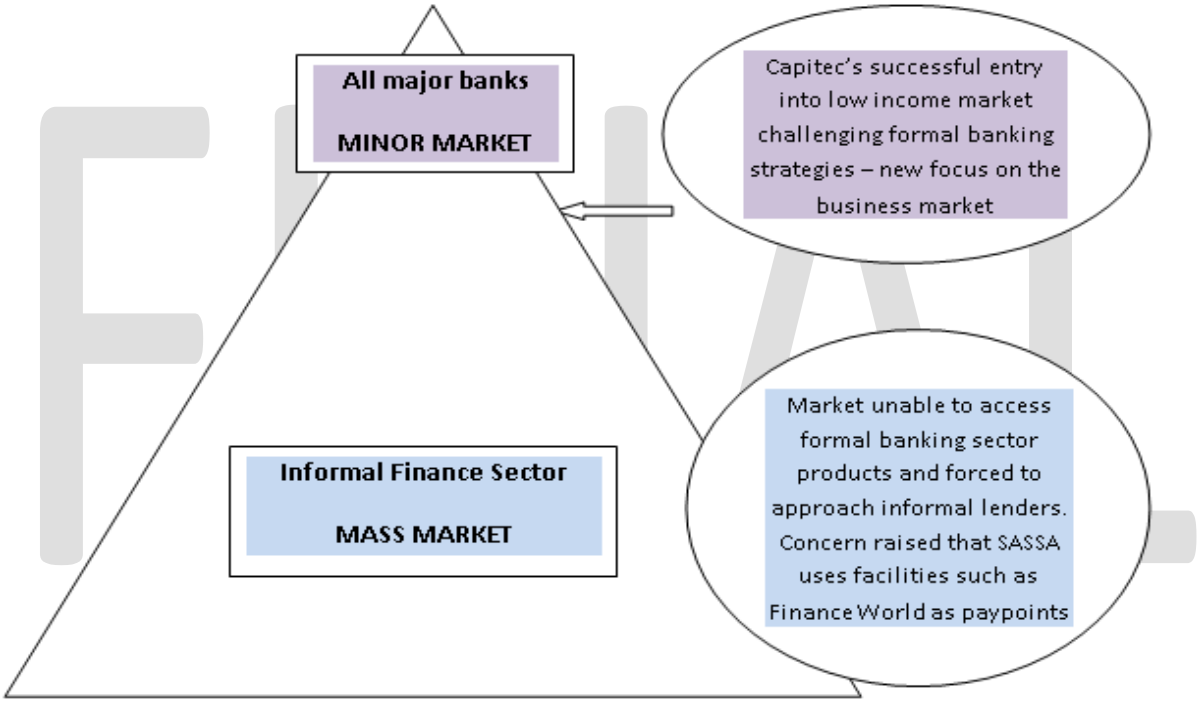
The main economic nodes within the Ugu region offer relatively diversified service sectors. Activities range from: legal, insurance, transport, engineering, household, small business, health, social to financial. Access to such services decreases in relation to distance from these nodes. The communications sector has been the top performing service sector with regard to GVA growth over the previous 10 years with 8.8% growth. The finance and insurance sector has been the second highest performing sector in terms of GVA growth in the service sector at 8.6%. During this same period, the business service sector has performed at an average growth rate of 6.9%, community, social and personal services at 2.8% and general government at 3%. In terms of trends in gross domestic fixed investment in these industries, the finance sector showed steady, positive growth until experiencing a decline from 2007-2010, after which it increased to 1.1% growth in 2011. There has been limited investment in community, social and personal services throughout this period. Investment in general government services increased steadily until 2008 with a slight decrease in 2009 but bounced back to experience 2.8% growth in 2011[41].

In particular, the commercial financial sector within the Ugu district is well represented with all the major banking institutions present within the main economic nodes. The perception from the

[41] Quantec data

business community, however, is that "banks are not interested in the South Coast[42]". There is a challenge in facilitating access of rural communities to the formal commercial banks both in terms of the location of such facilities and prohibitive service charges. Capitec has made inroads into the lower end of the banking market as a result. There are many micro-lenders operating within the region, taking advantage of the high credit-risk rating of the rural poor, with unscrupulous lenders locking individuals into a perpetual cycle of poverty. Young people are often trapped through sms offers into taking large loans. The regulation of micro-loan lenders is weak. It is not viable for large commercial banks to locate within rural areas throughout the district, and therefore alternative financial institutions must be both supported and regulated, such as co-operative banking schemes, stokvels, and credible micro-lending organisations. The structure of the finance sector is illustrated in the pyramid diagram below:

**Figure 12: Finance Sector Structure**




Whilst firms have identified the strict credit control measures introduced by the formal banking sector in 2007 with the passing of the National Credit Act as a constraint to investment within the district, the formal banking sector has complained that a lack of new developments in the district is also hindering their performance. The formal banking sector claims that lending criteria have eased in recent months. Currently, loans are driving private sector performance within the region and there is limited "spare cash" available. The growth in the insurance industry reflects an increasingly risky business environment on the South Coast. A major constraint identified by the formal banks in the performance of black entrepreneurs is the dependence on government contracts and cash flow problems linked to delayed payments. Contractors are subjected to penalties on contracts as a result of being unable to deliver. They are forced to approach loan sharks with higher interest rates as their credit ratings are affected by non-payments. Whilst government has pronounced that service

[42] GDS Tourism sector workshop

providers should be paid on time, this is not happening in practice and the banks and entrepreneurs are carrying both the risk and costs.

### 2.3.8: Wholesale and Retail Trade

Growth in GVA within the retail and wholesale sector averaged at 4.1% during the period 2001 to 2011[43]. Investment in the sector rose slowly but steadily until 2008 when a flattening occurred due to the global economic crisis. Growth in 2011 was 3.1%. The Ugu district offers a range of shopping experiences from regional malls like the South Coast Mall to rural Spaza shops. In terms of spatial distribution, the majority of formalised shopping centres are located along the coastal strip, particularly within the Scottburgh, Margate and Port Shepstone areas. Within more rural, in-land areas such as Ezinqoleni and Dududu, the retail sector is less formalised, consisting of predominately informal trade (Spaza Shops) and smaller retail stores (Cash and Carry stores). However, large retail chains such as Engen, Standard Bank, Kentucky Fried Chicken are found along the N2 nodes and well into the traditional hinterland of Ugu. Micro and small retailers are attempting to enter the market, but are often unable to compete with these large national and multi-national retailers. Such businesses are often restricted to activities such taverns, spaza shops, car washes, fruit and vegetable sales and cell phone kiosks. Such restricted activities result in high levels of competition within the lowest end of the market.

Luxury and specialist retail has been particularly hard hit by the recession, with some vacancies noticeable in the seaside resort towns of Ugu. Margate in particular has a high store vacancy rate at present. There are strong linkages between the retail and tourism sectors within the Ugu district and the seasonality of the tourism industry is felt by local retailers.

The Shelley Beach Mall has attracted substantial commercial development. Toyota and BMW's move to Shelley Beach has been a major boost for the area. The industrial park development for the node has been welcomed by businesses. The Shelley Beach node captures a market that extends to the Eastern Cape with large volumes of public sector employees frequenting the mall over weekends, and especially at month-end.

### 2.3.9: Property

Investment in the property sector has mirrored the performance of other economic sectors over the past decade[44] with a steady increase between 2002 and 2007, followed by a marked decline during the global economic meltdown and then green shoots of growth showing in 2011. Indeed, this has been the trend nationally.

Prior to the passing of the National Credit Act, the residential property market on the South Coast was performing strongly and supply could not meet demand. Indeed, the "boom" on the coast has resulted in an over-supply in the market that will reduce demand for new developments even as the property market starts to recover. The residential property market has been very quiet over the past

[43] Quantec data: Interestingly, a very similar growth rate to the accommodation and catering sector.
[44] With regard to residential property sales, information was only readily available for the urban coastal belt. Most of the formal urban housing stock is located along the coastal belt, with some formal urban housing being located in Harding.

two years. This trend, however, is starting to reverse with an easing up of the strict credit control measures by the formal banking sector and growing demand for residential houses under R1 million since December 2011. Prices are currently 25-30% less than 5-6 years ago. Stock is starting to run low. However, stringent bank lending criteria are still constraining access to mortgage bonds above R1 million. Important to note is the fact that a large number of new buyers are looking to buy permanent residences, as opposed to holiday accommodation in the form of flats and duplexes, and are relocating into the region from other areas within the province. Residential vacancies on second homes have meant that this market has been flattened since 2008, with surplus stock available[45]. In terms of the affordable housing market, it was noted that development fees[46] required by ESKOM, the Ugu DM and the NHRBC have made it "unaffordable" and the private sector is withdrawing.

In terms of the commercial and industrial sectors, investment has also slowed over the past five years. Access to credit has been difficult and developers' bonds have been called in. There has been some development in the Shelley Beach node, including three industrial park developments. However, developers have been frustrated and have argued that restricted access to credit is only one of their challenges. They point to the fact that massive development is taking place up the north coast of KZN under the same macro-economic conditions. Reasons cited for constrained development along the South Coast include:

- Discouraged buyers owing to lengthy rezoning processes[47] and allegations of a "five-year turn-around time on environmental controls.[48]"
- Slow local government project implementation processes, for example, the Margate Urban Renewal Project. It was alleged that the project had been approved three years ago but to date there is no implementation.
- High development charges and service costs levied by ESKOM, the NHRBC, the Ugu DM, local municipalities and the provincial Roads Department. Local property developers argue that the South Coast is "the most expensive area" to develop and that is the reason for the lack of any major national property developer or building contractor on the South Coast.[49] An interview with a national property developer cited that Ugu's development charges are similar to other municipalities and that this should not be regarded as an obstacle specific to the district.[50]
- The South Coast is dominated by small developers. This is different to the North Coast of KZN, for example, where large companies such as Tongaat-Hulett release land strategically into the market for development.
- Weak local municipality capacity is slowing development. For example, the Hibiscus Local Municipality is perceived as stalling development and the uMuziwabantu Local Municipality is perceived as attempting to "control development" with the slow release of land and red-tape.

[45] Interviews with realtors in Margate, Port Shepstone and Hibberdene.
[46] Development fees for entry level housing are between 5 – 10% of the value of the development.
[47] 18 – 24 month delays
[48] GDS Tourism Sector workshop
[49] It was noted by participants of the GDS Property Development sector workshop that the terms of payment of Ugu DM's development charges can be negotiated by developers
[50] Interview with Janet Alexander, Property 2000, supported by interview with Candice Pillay, J&B Property Developers operating in the North Coast of KZN

Interestingly, the weak performance of the tourism sector is regarded as the major constraint on development within the Ugu district by property developers[51].

It is important to distinguish between challenges in the property market that are shared nationally and those that are specific to the Ugu DM. For example, offering low development charges in a context where the market is dead may not yield the desired results. A national property developer has cited examples in the North Coast where developers are battling to sell units, or having to sell units at a lower cost than originally priced, owing to an over-supply in the market.

### 2.3.10: Maritime Industry

The South African Maritime Industry Conference was hosted by the South African Maritime Safety Association (SAMSA) in early 2012. The sub-sectors of the Maritime sector were identified as the oil & gas sub-sector, marine manufacturing sub-sector, shipping ports and logistics sub-sector, fishing and aquaculture sub-sector, and marine tourism and leisure sub-sector. Within this understanding, the Maritime Sector is a complex, cross-cutting sector that comprises various value-chains.

Within the strict definition of maritime (which deals predominately with the shipping ports and logistics), the logistics value chain starts at the point of production and ends when a specific product passes through a port. Given the position of the Ugu district to the south of the existing Durban port and planned Dig-Out Port, potential exists to encourage linkages between the opportunities presented in eThekwini, through the value-chains of sectors such as agriculture and manufacturing within Ugu. This would require strong linkages to be developed between the Ugu district and the Port of Durban, through the provision of infrastructure and soft incentives, to encourage the establishment of value-adding activities within Ugu, linked directly to the Durban Port.

Within the oil and gas sub-sectors, it has been advertised that offshore oil and gas exploration will commence in early 2013, with investigation stretching from Port Shepstone to Kosi Bay. Although the sector has potential to create employment within the district, it conflicts with the opportunities within the tourism sector and presents a threat to the natural environment within the District. The District must therefore ensure that the seismic exploration process is in line with environmental regulation through engagement with the relevant national departments. Should potential exist to extract oil or gas along the coastline, the District needs to ensure that the cost of environmental degradation and losses in the tourism sector are less than the opportunities created, and that the operations and employment creation potential are sustainable.

The District has the potential to expand the Maritime sector specifically within the marine tourism and leisure sub-sector. This relates to marine tourism activities such as water-sports, sport-fishing, diving, and other marine recreational activities. There is also the need to extend marine tourism, sports and recreation into the rural hinterlands, particularly at dams and rivers. Included within this sub-sector are small-craft harbours, which have the potential to enhance tourism, and create a waterfront node within the Ugu district. The establishment of a small-craft harbour in Ugu has been identified not only by the district, but also within the PSEDS and broadly within the PGDS, and

[51] GDS Property Sector workshop

therefore requires further investigation. This also presents the opportunity for small-scale boat manufacturing to be clustered around the small-craft harbour.

Additionally, the district can capitalise on opportunities within the fishing and aquaculture sub-sectors. Although commercial fishing is limited within KZN, there is potential for the development of the farming of on-land marine species, such as Dusky Kob[52]. The potential of this industry however needs to be further investigated for development along the South Coast.

### 2.3.11: Small Firms

The majority of firms in Ugu are small. However, there are huge variations amongst them, from early start-ups to competitive firms linked into national and global value chains. As a result, the support requirements of small firms vary greatly. A major constraint raised by emerging small businesses was the difficulty in accessing finance from formal financing institutions. As a result, many are forced to rely on informal financial lenders and are subjected to unaffordable interest rates. Small businesses that compete within the government market are placed at risk through delayed tender process and payments.

### 2.3.12: Informal Economy

In Ugu, the informal economy currently contributes 6% of employment of the total working age population, contributes 24% to total employment and employs 27,004 persons[53]. This is an increase from 20 014 persons in 2001. This growing figure represents a significant share of the employed within the region and may indicate that jobs shed within the formal sector have to be absorbed in the informal sector. This has considerable implications for wage levels, safe working environments, tax revenue collection and the integration of this sector into the mainstream economy. Examples of informal trading activity in Ugu are: sale of fresh produce and livestock, Spaza shops, sale of airtime, cigarettes and sweets, vehicle repairs, dress-makers and tailors, shoe repairs, hair salons, artisanal businesses, construction, and tavern/ shebeen operators.

The types and location of informal sector differs between the main economic nodes in the district and the more rural nodes and settlements. The large numbers of traders clustered in similar types of activities increases the competitiveness amongst the traders and reduces profit margins. Informal traders are often restricted to localized markets, which limits the scope for innovation and product differentiation. Informal traders in the more urban nodes in Ugu face a number of challenges, specifically relating to the working environment. Traders often do not have suitable trading facilities which include shelter, storage, and services. This makes it difficult for traders as they have to transport their goods and structures on a daily basis, which is inconvenient, time-consuming, costly and unhygienic in some instances. The provision of suitable facilities (within areas that have a high level of pedestrian traffic) is critical for the success of informal traders. Traders also lack the necessary business skills or training to allow them to expand or formalise their business. Challenges faced by the municipality with regard to informal traders relate to health and safety regulations, the protection of workers' rights, as well as the legality of some of the activities being undertaken.

[52] Most other species that can be farmed need water with a temperature of not less than 24 degrees C, and this would require heating the water at a cost that makes this not viable.
[53] Quantec 2011, Standardised Regional Dataset: Employment KZN

## 2.4: Greening the Economy

Greening the economy refers to the development of an economy that is "low carbon, resource efficient and socially inclusive. In a green economy, growth in income and employment should be driven by public and private investments that reduce carbon emissions and pollution, enhance energy and resource efficiency, and prevent the loss of biodiversity and ecosystem services." (UNDP: 2011). The Green Economy is developed around the notion that there does not need to be a trade-off between environmental sustainability and economic development, but rather that the two are mutually beneficial. The KZN DEDT recently undertook to develop a report entitled "Unlocking the Green Economy" within the province that identified the following priority areas:

- Greening tourism (eco-tourism)
- Greening food production (no till agricultural practices)
- Greening energy production (co-generation from sugar cane)
- Greening water production (rain water harvesting; grey water systems)
- Supporting the development of the Green Services Sector.

Whilst it is acknowledged in this report that there is massive potential within the green economy, particularly bio-fuel production from cane and timber agri-waste, rain-water harvesting, hydro-electrical, waste-packaging plants and recycling, and solar-heating (especially in rural areas), the constraints facing industries in this regard must be addressed. These include a lack of: clear regulations and standards; supporting policy and incentives; appropriate technology and/or research and development; access to financing capital; and, institutional infrastructural support.

In recent years, there have been positive moves towards the greening of key industries within the Ugu district, such as timber and sugar, and these initiatives need to be further encouraged and supported. Greening service delivery also requires further attention. Local innovation includes a firm that offers solar lighting options in rural communities for households and schools without access to the formal electricity grid.

**Case-Study: Ugu-Based Solar Lighting Firm**

Sustainable solar lighting packages are offered to rural households and schools without access to the formal electricity grid within the Ugu region. A basic package costed at a once-off payment of R 2 500.00 includes two lights and cell phone charging. A more comprehensive package costed at R 14 000.00 includes energy for a TV, fridge, radio, cell phone charging and three lights. The products are German-made and the installation company has received no come-backs. The main obstacle to roll-out is financing as cash is required upfront. Capitec is the only bank open to financing this market and willing to attend community engagement sessions. Such a product is a serious option for service delivery to scattered rural communities within the district.

There is also a Scottburgh-based company that offers rural water harvesting products accommodating various rural housing types.

All industries should be assessing their current activities in terms of green principles and also investigating new opportunities that are presented through adopting a green approach. There is a need to have a "greening" strategy for the district that addresses both urban and rural development

challenges. In particular, municipalities need to develop green strategies for service delivery and support sustainable livelihoods that address the needs of different human settlement typologies.

## 2.5: Lead Sectors

The established lead sectors within the district are identified as **tourism**, agriculture and **manufacturing**. This is owing to the fact that these sectors have strong linkages within the district economy and growth and employment generating potential. It is generally accepted that the tourism sector is the main backbone of the Ugu district economy with strong linkages into other sectors such as accommodation, catering, retail, arts and culture, transport, property, construction, agriculture and finance. In terms of economic performance, the manufacturing sector has led the way in GVA growth, although there has been a decline in the contribution of the sector towards employment since 2007. Whilst the agricultural sector's contribution towards employment within the district has declined dramatically since 2000, the sector has the potential for significant job creation and growth in both GVA and fixed investment if the obstacles to development in the sector are addressed.

Emerging leaders that require further investigation and stimulation include the **maritime sector** and the **green potential within all sectors**. These are new sectors/industries that could position the Ugu region more competitively into the future.

## 2.7: Infrastructure

Ugu's current performance in terms of infrastructure access falls below the national average as per the HIS Global Insight indicator[54]. Whilst there has been an improvement in household access to infrastructure from 40% in 1996 to 46% in 2009, the huge challenges facing municipalities regarding sustainable rural infrastructure delivery have hampered progress. The district has been identified as one of the 23 rural districts in the country earmarked for infrastructure investment as part of the Presidential Strategic Infrastructure Programme.

The Ugu DM has recently completed an Infrastructure Audit[55] [56] to assess the gap between existing capacity and future demand for infrastructure within the region as a whole. The Audit informed the Spatial Development Framework of the district and the specific needs of existing and new development nodes within the region and across all human settlement typologies. Infrastructure is recognized as a key enabling factor in economic and social development throughout the district. The Ugu SDF and Infrastructure Audit are key resources to assist in the prioritization of decisions regarding infrastructure investment. The balance between the enhancement of infrastructure access and capacity and the maintenance of existing infrastructure resources must be linked to a clear development vision and set of objectives for the region. The status quo with regard to infrastructure in the district is discussed in detail below.

[54] COGTA district profile for Ugu, 2011
[55] The Audit covered water services, urban sanitation, rural sanitation, electricity, solid waste and cemeteries, transportation and communication.
[56] Developed by ZAI / QUARTEX / FUZE

### 2.7.1: Water Infrastructure and Services

The Ugu district has five main catchment areas supplying the different regions throughout the municipality[57]. Water resource management must be a key priority within the Ugu district into the future with water augmentation options requiring exploration, for example, water conservation demand management, rainwater harvesting, re-use of waste water and desalination. Interestingly, water demand (and hence waste water flows) in the peak December/January period is typically 33% higher than the annual average values.

Table 5 illustrates access to different water service levels across the district. Overall, 71% of the district is supplied with potable water.

**Table 5: Household Access to Water Supply per Municipality (Lowest to Highest)**

| LOCAL MUNICIPALITY | NO ACCESS | BOREHOLE | RETICULA-TION | TOTAL HHs | % SUPPLIED |
|---|---|---|---|---|---|
| Umzumbe | 14,117 | 517 | 16,454 | 31,088 | 55% |
| Vulamehlo | 5,768 | 456 | 8,249 | 14,473 | 60% |
| uMuziwabantu | 5,143 | 410 | 14,755 | 20,308 | 75% |
| Ezinqoleni | 2,124 | 745 | 5,761 | 8,630 | 75% |
| Hibiscus Coast | 11,645 | 6 | 39,001 | 50,652 | 77% |
| Umdoni | 1,864 | 7 | 15,154 | 17,025 | 89% |
| UGU DISTRICT | 40,661 | 2,141 | 99,374 | 142,176 | 71% |

**Source: Ugu Infrastructure Audit (2011)**

A key challenge for the district will be eradicating household water backlogs while at the same time ensuring that sufficient water is made available for expansion of economic activities. The ability of the district to change its current spatial development patterns will depend to a large extent on addressing water access, rights and management within rural communities. The impact of climate change on the district's water resources must be addressed, particularly on vulnerable communities within the district. For example, the provision of water services and access to the least accessible and scattered communities within Ugu is a priority concern and innovative solutions such as water harvesting units are being explored. Sufficient water for both household and agricultural use is necessary in order to facilitate sustainable livelihoods.

A future demand assessment undertaken during the Infrastructure Audit clearly shows that future water demand is greater than the current infrastructure capacity of the district. Current infrastructure capacity is approximately 110,8 Ml/d (million litres per day) whereas 133,8 Ml/d will be required to eradicate household backlogs, and a total of 225,5 Ml/d will be required for eradication of backlogs as well as support growth and development within the region. This indicates that the municipality will need to at least double its current infrastructural capacity. The cost of backlog eradication alone is estimated at R3.4 billion. Massive infrastructure investment will need to be leveraged into the district in the next 10 years.

[57] The Mlazi and Lovu catchments; the Mkomazi catchment, the South Coast catchment (Mzumbe, Mtwalume and Mpambanyoni Rivers), the Mtamvuma catchment and the Umzimkulu catchment.

### 2.7.2: Sanitation

In terms of sanitation backlogs within the Ugu district, the urban figure is around 2%, while the rural sanitation backlog sits around 30%. Urban sanitation comprises of a combination of waterborne sewerage linked to waste water treatment works as well as a system of septic tanks and conservancy tanks in less densely populated areas. Access to sanitation across the district is differentiated as follows:

- In Umdoni, Hibiscus Coast and Ezinqoleni, approximately 80% of the settlement can be described as either linked or having good access;
- In Vulamehlo, Umzumbe and uMuziwabantu, only around 50% of households are linked or have good access;
- The Vulamehlo and Umzumbe local municipalities have the largest percentage of the scattered population within the district.

In 2005, it was estimated that approximately R2,3 billion would be required for urban backlogs alone, suggesting that a substantial amount of funding will be needed to not only address both rural and urban backlogs, but to plan for future growth and development, specifically to support the expansion of economic activities.

### 2.7.3: Public Transport

Access to public transport is a major development challenge within the Ugu district and a potential factor in increasing access of communities to economic opportunities. 87% of public transport users within the district are dependent on mini bus transport, compared to 9% dependent on bus transport. Table 6 below illustrates current commuter demand from the main public transport terminals within the Ugu district. In those instances where bus services are available, they transport more commuters than the mini bus taxi service.

**Table 6: Public Transport Demand within the Ugu region**

| Terminal point | Annual passengers | Mode | Daily vehicle trips |
|---|---|---|---|
| Gamalakhe | 3,282,353 | Bus | 182 |
| | 2,230,800 | MBT | 572 |
| Nyandezulu | 2,837,647 | Bus | 158 |
| | 1,662,300 | MBT | 427 |
| D338/N20 | 2,601,900 | Bus | 144 |
| | 1,879,800 | MBT | 482 |
| Mthwalume | 2,229,390 | Bus | 100 |
| | 1,610,700 | MBT | 413 |
| Murchison | 2,107,059 | Bus | 117 |
| | 1,267,500 | MBT | 325 |
| Assisi | 1,683,529 | Bus | 94 |
| | 741,000 | MBT | 190 |
| Mzumbe | 1,281,177 | Bus | 71 |
| | 588,900 | MBT | 151 |
| Palm Beach | 1,115,100 | Bus | 55 |
| | 807,300 | MBT | 207 |
| Melville | 900,450 | Bus | 42 |
| | 651,300 | MBT | 167 |

| Terminal point | Annual passengers | Mode | Daily vehicle trips |
|---|---|---|---|
| D952/R102 | 198,720 | Bus | 9 |
| | 144,300 | MBT | 37 |
| D1097/N20 | 84,600 | Bus | 5 |
| | 66,560 | MBT | 16 |

**Source: Urban-Econ (Ugu ITPN BEE Opportunities Study) 2012[58]**

Access to rail transport is limited within the region. The metropolitan rail system serving eThekwini only reaches the northern extremity of the Ugu area with three stages in the Umdoni municipality, namely Kelso, Park Rynie and Scottburgh. Although the south coast railway line is electrified and in use by Transnet Freight Rail as south as Port Shepstone, no commuter services are offered beyond these three stations. The district is looking to benefit from the rail station upgrading plans of the Passenger Rail Agency of South Africa (PRASA), as the Port Shepstone Train Station is one of the targeted multi-modal upgrades[59]. This is in line with longer-term plans to extend the passenger rail service southwards. Ugu stakeholders have lobbied for a rail link into the Eastern Cape.

Municipal Integrated Public Transport Plans are required to support the SDF of the district and ensure alignment with the plans for nodal investments[60].

### 2.7.4: Freight Rail Infrastructure

In addition to passenger rail, the need for additional freight rail capacity within the district has been highlighted during the GDS consultation process. The main rail corridor in the district is the standard gauge South Coast line that runs from Port Shepstone to eThekwini. The standard gauge line is supplemented by a narrow gauge line from Port Shepstone to Harding, which no longer functions and is in a state of disrepair. This is primarily used to transport timber and sugar cane. Overall, the volume of freight on this line has reduced and more goods are being transported by road along the N2. The reason given for this switch is that many branch lines are no longer in operation[61]. The main commodity currently on the rail network is 500,000 tons of lime clinker from Simuma to Mount Vernon. An opportunity for the district is that Transnet has recently released a plan to invest R300bn in infrastructure within the country, of which R151 billion has been earmarked for freight rail. Further investigation into demand should be undertaken to inform an approach to Transnet. This could include a review of the current location of the railway line with a proposal to re-route the railway line away from the coast and into the hinterland. This would serve to boost tourism along the coastal strip and economic activity within the hinterland.

[58] Taxi transport figures extrapolated at 5 days a week x 52 weeks x 15 passengers x no. of daily trips.
[59] The recently announced Provincial Rail Transport Strategy seeks to undertake a modernisation of the current passenger rail in the province. The development and upgrade of railway stations within the province will cost approximately R140 million, with total investment by PRASA over the next five years of R5 billion.
[60] An Ugu Integrated Public Transport Network (IPTN) BBEEE Opportunities study is currently in the process of being developed. The study findings should be fed into future revisions of the GDS.
[61] Confirmed on the Transnet Freight rail website that lists the branch line closures for the district.

In the past, the narrow gauge line was also used for tourism, providing excursions to Paddock. Unfortunately, the line has been abandoned due to the demise of the Alfred County Railway and the final destruction of the Izotsha River Bridge in 2007. [62]

### 2.7.5: Road Infrastructure

The road hierarchy in the district starts with national roads, then provincial roads down to local municipal roads. The N2 runs parallel to the coast with plans to extend this coastal route into the Eastern Cape. The provincial road network provides a high proportion of the road network in Ugu and covers a vast range of types of roads from main regional links (class 2) through to local roads (class 7). In terms of road usage, up to date traffic volume data is only available for the N2 and R103. The largest traffic volumes pass along the N2 towards Port Shepstone, and further towards Kokstad, as well as along the R61 from Port Shepstone towards Port Edward. Large volumes of traffic also pass along the R612 from Park Rynie to Ixopo, and the road from Umtentweni to St Faiths.

Access to road infrastructure varies across the district, especially between rural and urban areas. In Table 7 below, access to transport is measured in terms of the percentage of households that have access to Level 1 to Level 3 roads (i.e. national, main and district roads).

**Table 7: Access to Road Infrastructure within the Ugu District**

| Local Municipality | HH within 1 km of a Road | Total HH | Percentage |
|---|---|---|---|
| **Vulamehlo** | 11,771 | 15,661 | 75 |
| **Umzumbe** | 24,274 | 31,801 | 76 |
| **Ezinqoleni** | 6,996 | 9,041 | 77 |
| **uMuziwabantu** | 17,956 | 20,840 | 86 |
| **Umdoni** | 16,452 | 17,257 | 95 |
| **Hibiscus Coast** | 49,993 | 51,480 | 97 |
| **Ugu District** | 127,442 | 146,080 | 87 |

**Source: Infrastructure Audit, 2011**

The SDF has identified priority road corridors for development that will promote spatial integration of the district. These include the upgrading of the P77 and P58 in order to increase accessibility for rural communities. Consultations with the agricultural sector have also identified key roads and causeways that need to be targeted for upgrade to open up areas for commercial activity. Other sectors have raised concerns regarding the poor condition of roads servicing large populations, such as Gamalakhe. The key strategy for the district will be to ensure that its specific road infrastructure needs are included in the Department of Transport's and relevant local municipalities project priority lists.

The poor condition of provincial and local roads within the Ugu district has been raised during the GDS consultation process. Lack of road maintenance and asset deterioration will result in much greater financial burdens on provincial government and municipalities in the medium to long-term. A road in poor condition also impacts negatively on journey speed and road safety, decreasing the accessibility or desirability of the region for business.

The findings of the Infrastructure Audit undertaken by the municipality were that:

[62] Ugu Infrastructure Audit, 2011

- National roads are of a very high standard with good continual maintenance. Funding is generally adequate, supported by funds generated by toll fees.
- Funding for maintenance and new provincial roads is limited, and generally dealt with at two levels. First, there are major/strategic projects, and secondly there are locally-based projects operated by the regional cost centre based in Port Shepstone and communicated through local "Transport Forums".[63]
- Local roads within the more urban centres are constructed and maintained by local municipalities. Rural municipalities are heavily reliant on the provincial Department of transport for budget.

As discussed earlier in this document, the impact of the N2 re-alignment on the Ugu region as a whole must be considered both for the opportunities and constraints that it presents.

### 2.7.6: Electricity[64]

Eskom is the sole supplier of electricity in the Ugu district with the exception of the urban areas of Port Shepstone and Harding. Capacity problems that affected the district were addressed some ten years ago through the construction of major infrastructure, mostly in the Harding area. Following from this, capacity problems are of a more localized nature as a result of the "Electrification for All" programme and developments in specific localities. Future developments and electrification backlog programmes will require localized infrastructure upgrades, such as the proposed new Kenterton Substation. Generally, commercial developments will not have infrastructure built for them until such time as the relevant developer makes a financial commitment. The proposed extension to the Margate Airport will be a case in point where purpose-built infrastructure will almost certainly be required.

In terms of electricity, the district is well supplied compared to other services with only a 26% backlog, most of this is in the Umdoni and Vulamehlo local municipalities. The area with the largest concentration of backlogs is between St Faiths and Dududu, and to the west of Dududu. This is due to the terrain and scattered low density nature of the settlements.

There are also opportunities within this sector for exploration of alternative delivery methods or supply-side interventions. Examples of these are: photo-voltaic (solar power); wind generation; bio-mass electricity generation and wave generation. Certain firms within the district are already exploring such alternatives and these initiatives should be encouraged. Demand side alternatives focusing on reducing electricity consumption include: photo-voltaic energy; wind generation; solar assisted water heating; power factor correction systems for large power users; and green building design and management systems.

[63] The Ugu district has three transport forums
[64] Ugu Infrastructure Audit, 2011

### 2.7.7: Telecommunications[65] and Technology

Telecommunications data is not easily accessible for the district. Whilst no detailed indication of fixed line or broadband services was available, it has been noted that broadband services are limited and only available in major centres. In response to this need, the Ugu DM has initiated a broadband project for the region.

Global System for Mobile Communication (GSM) coverage across the district is good with 99% of households having theoretical access, although the terrain may result in difficulties in some of the low-lying areas. As a result, there is very high penetration of cell phones in the district. However, the majority of households have access to GSM / Voice services only. Only 36.6 % of the District, mainly in the coastal areas, has access to data services in the form of the 3G network. In the Hibiscus Coast and Umdoni, 3G access is relatively high at 61% and 51% respectively. However, the impact of basic cell phone access on rural communities should not be underestimated and the potential for utilizing this technology for empowering communities through access to information is yet to be fully realized. The district is well covered with respect to both radio and television services, although again lower lying areas may have difficulty in accessing these services.

Development of Primary and Secondary POPs (Points of Presence) as well as Municipal Access Networks is currently a priority of the DEDT's ICT Directorate and the district must ensure that these are rolled out within the district and local municipalities to increase access to communities.

In general, technology backlogs in rural areas perpetuate spatial disparities and unequal access to opportunity. Ugu needs to ensure that it is not left out of IT developments and investments within the province.

### 2.7.8: Solid Waste and Cemeteries[66]

Municipal solid waste management involves the collection, transportation and safe disposal of refuse from residential areas to landfill. Solid waste is the most under-supplied service in the district. Whilst services are being offered, they are usually limited to the formal, urban areas of uMuziwabantu, Hibiscus Coast and the Umdoni municipalities. Solid waste services in Ezinqoleni, Umzumbe and Vulamehlo are virtually non-existent.

Waste minimization in the district is poorly organised and there is no integrated system for private recyclers to link into. A viable waste recycling system for the district is a necessity.

In terms of cemeteries, three out of the six local municipalities have formal sites, namely Hibiscus Coast, Umdoni and uMuziwabantu. The remaining three, Ezinqoleni, Vulamehlo and Umzumbe, have a majority rural population that practices on-site burial of deceased family members. A detailed study, with a strong social and cultural focus, is required to investigate burials and the provision of cemeteries within the district.

### 2.7.9: Air Transport

Given the fairly recent relocation of the Durban International Airport to the site of the King Shaka International Airport and Dube Tradeport along the KZN north coast, the south coast is largely un-

[65] Ugu Infrastructure audit, 2011
[66] Ugu Infrastructure Audit, 2011

serviced in terms of both passenger and cargo air transportation. As a result, the south coast is much less accessible to tourists than previously with the international airport now favouring the north coast of KZN. The cost of doing business within Ugu has increased due to longer travel times and greater traffic congestion. The potential exists to increase the capacity of the existing Margate Airport to handle low-cost airlines to make it more attractive within the market. Additionally, the airport could accommodate small cargo planes to ensure that the agricultural sector is able to remain competitive and transport perishable goods.

The Margate Airport used to operate an SAA Airlink route. This route has since closed. With the closure of Durban International and the probable closure of Virginia Airport, there is a search for a convenient facility that can meet $Cat_4$ requirements. Margate is the only option at this point in the greater Durban area, so there is some serious consideration to be given to re-opening the Margate-Johannesburg route. This could dovetail with a Pietermaritzburg-Ulundi-Durban route as it would give the operator enough hours on the equipment to make it worthwhile.[67]

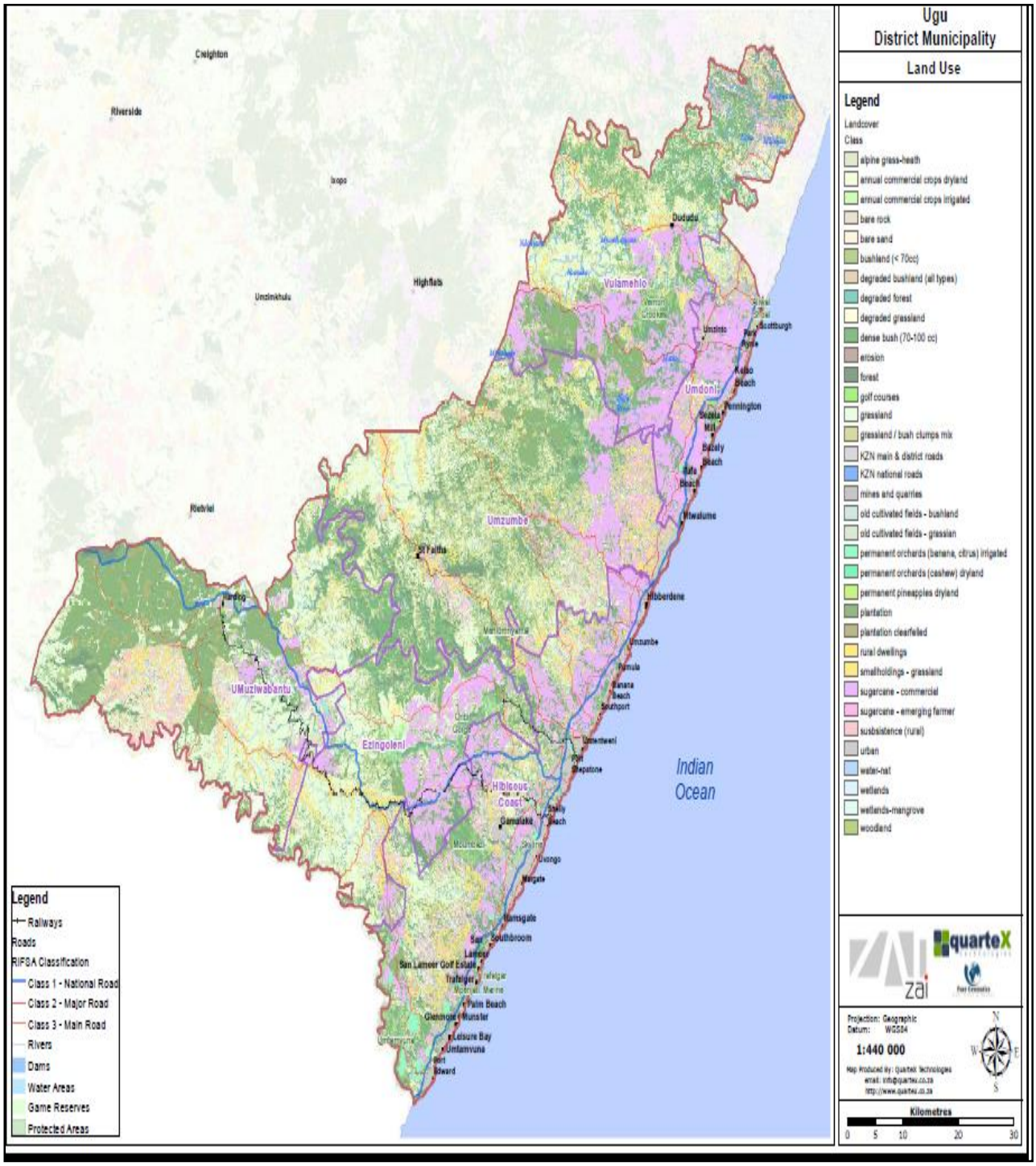
The Margate Airport is currently one of the subjects within a Provincial Department of Economic Development and Tourism investigation into Regional Airfields within KZN. The Regional Airport Strategy aims to provide Cabinet with a set of options that will guide decisions around what support is required for each municipal airport within KZN. The Margate Airport has already been assessed in terms of current use (real and potential), demand for the facility, and infrastructural upgrades needed and proposed as indicated in the Airports Master Plan. It is important that the District maintains a good relationship with the DEDT to ensure that the potential of the Margate Airport is translated to Provincial Government, and to ensure that the Airport forms part of the holistic airport master plan for the Province.

## 2.8: Land

Land is a crucial element within the scope of growth and development in the district. The current land use patterns are presented in Figure 13 below. The predominance of commercial timber and sugar-cane is evident, along with large tracts of undeveloped land in the rural hinterland. Given the vast expanse of rural land, particularly unused fertile land, there is a need to ensure the productivity of these rural areas for food security and employment creation.

[67] Ugu Infrastructure Audit, 2011

**Figure 13: Land-Use within the Ugu Region Source: Ugu Infrastructure Audit, 2011**




There are a number of land-related issues, such as access, availability, reform and ownership that need to be addressed to ensure that sustainable growth and development can occur within the district. Issues that have been raised thus far in the GDS consultation process include:

- *Access to traditional authority land:* the Ingonyama Trust Board (ITB) currently owns 37.88% of the total land in the district[68]. At a provincial level, the challenge to the public sector in accessing this land has been noted and addressed within the Provincial Growth and Development Strategy (PGDS). At a district level, strong relationships are necessary amongst the municipalities, traditional leaders and the private sector to address land access. Access to such land should be mediated in such a manner that it does not further peripheralise and disadvantage the rural poor.
- *Sustainable land-use:* the process of shifting communities from subsistence to commercial land-use can present a threat to the sustainable livelihoods and food security of the poor. It can result in land dispossession and the concentration of wealth in the hands of rural elite. Municipalities have a role to play in ensuring that the interests of the rural poor are protected and that the process of changing land uses benefits communities.
- *Securing land for development:* private stakeholders have raised concerns regarding lengthy tender processes[69] and technical procedures for accessing public land. Public sector stakeholders have complained that private land prices are often inflated and that there is a shortage of willing sellers. Some private investors have identified the lack of available land for commercial and industrial purposes as a constraint for growth and development within the region.
- *Land pressures in peri-urban areas and rural economic nodes and corridors:* the human settlement patterns in rural areas are shifting, with increased densities visible in areas adjacent to established economic nodes and along transport corridors. In certain areas, such as Bhobhoyi, Murchison and Gamalakhe, there is a desperate shortage of land for development. Traditional systems of land allocation are no longer functional as in-migration into such areas creates new systems of land management, such as private rental stock and informal settlements. There is no means whereby land can be further sub-divided for additional family members.
- *Competing land-use needs:* ensuring that land is correctly zoned and protected for its optimal use is central to the development of both small towns within the district, as well as protecting potential agricultural land that can have a major benefit for local communities and commercial farmers. This requires potential agricultural land to be identified and protected, while ensuring that sufficient space is made available for commercial and social facilities. This can even include the packaging of land for commercial development such as industrial parks.
- *Land resource management:* there is a huge concern in the district that land resources require better management. Examples of areas of concern are: the management of coastal zones; conservation areas; land rehabilitation; deforestation; mining activities and land rights. The degradation of land within the district is a massive threat to the future economic and social sustainability of the region.
- *Land reform:* the slow pace of land reform and the large number of unsettled land claims in the region are impeding development. Failed land reform projects, through a lack of adequate support and mentoring, unsustainable development models and weak management have resulted in a large number of vacant and unproductive farms. In order to address these challenges, the district must make sure that the National Department of Rural Development and Land Reform assist in fast-tracking the land reform process, and that

[68] Urban-Econ GDS report
[69] In terms of the Public Finance Management Act

relevant departments (such as Agriculture) are pulled on board to ensure a transfer of skills to new recipients of land, so they can continue to maintain productive capacity.

It was noted in consultation that a land audit is required to determine current ownership of land in the district, vacant land that has potential for development, as well as to identify the areas of agricultural potential and agricultural land that is currently under-utilised.

## 2.9: Environment and Climate Change

There are numerous red flags in the Ugu district in terms of environmental management and the development of appropriate responses to climate change. For example, the Umdoni and uMuziwabantu local communities have recently undertaken Strategic Environmental Assessments (SEAs) that have raised serious concerns such as:

- Over exploitation of resources;
- Loss of wetlands, coastal forests, bushlands and grasslands, and associated biodiversity;
- Loss of ecosystem services – flooding, erosion and infrastructure damage;
- Alien plant encroachment;
- Poor state of rivers and estuaries;
- Soil erosion, loss of soil fertility in sugar lands, over-grazing and uncontrolled land use in traditional areas;
- Illegal sand mining and quarrying;
- Loss of ecological linkages – fragmentation;
- Uncontrolled urban and rural sprawl;
- Siltation and irrigation compromising water supply; and
- Little evidence of climate change adaptation.

A key warning of these SEAs is that levels of vulnerability within these local municipalities have increased, compromising many environmental systems. The drafters of the SEAs argue that the strategic documents of these municipalities, such as their SDFs, LUMS and IDPs are promoting unsustainable development and that poor upstream and institutional management is contributing to environmental degradation.

Strong concerns regarding unsustainable development patterns within the region and the degradation of natural resources have also been raised during the GDS consultation process. It was noted that there is a lack of policy and enforcement of existing policy and laws to protect the environment. There is also a lack of awareness amongst communities on environmental issues, as well as a weak capacity and knowledge within local government around environmental management. The lack of visible political influence and support for environmental issues was highlighted. With regard to economic activities, concerns were raised regarding the further expansion of the forestry industry in the region as it is negatively impacting on the management of the Umzimkulu water catchment area. Within the tourism sector, it was stated that storm-surf and sewerage spillage have had a major negative impact on the blue flag status of beaches.

Climate change poses additional environmental stressors on the region with the increased incidence of flooding, drought as well as other natural disasters. These disasters disproportionately affect poor

communities within the district and increase their vulnerability. Local coping strategies need to be understood and supported, together with local and district-level strategies for responding to climate change. Municipal Environmental Management Plans (EMPs) must address both mitigation and rehabilitation needs. The financial impact of such disasters must also be taken into account as increased budgets are demanded for rehabilitation, reducing the budget available for maintenance and new investments.

It is strongly argued that sustainability must underpin the entire approach to development within the Ugu region. There is already an unacceptable level of environmental destruction and disregard. Growth and development cannot be simply measured in terms of wealth creation, but must take into account the impact on the quality of life of all citizens and on the planet.

## Section 3: Spatial Structure of the District

Changing the spatial structure of the district requires careful and integrated planning and infrastructure investment. There are serious concerns regarding uncontrolled development throughout the region, but particularly in rural areas.

In terms of the spatial planning for the district, the existence of a hierarchy of natural structuring elements such as the coastline, river valleys, streams, hills and mountains, wetlands and other natural features have been considered. Indeed, the Ugu district has a number of protected areas, with some of the largest being the Oribi Gorge Nature Reserve (1,880 ha), the Vernon Crookes Nature Reserve (2,200 ha), the Mbumbazi Nature Reserve (2,000ha) and the Umtamvuna Nature Reserve (3,250ha). In addition, the district hosts the Aliwal Shoal Marine Protected Area, which is the southern-most tropical reef on the South African coast, 125 km² in extent.

Figure 14 below illustrates the various settlement types within the district and clearly demonstrates the divide between the ribbon-development of formal urban settlements along the coastal strip and the rural hinterland. It is evident that the rural areas in closer proximity to the coastal strip are generally better linked to rural upgrade settlements, compared to settlements in the deeper hinterland that are classified as limited access rural upgrade.

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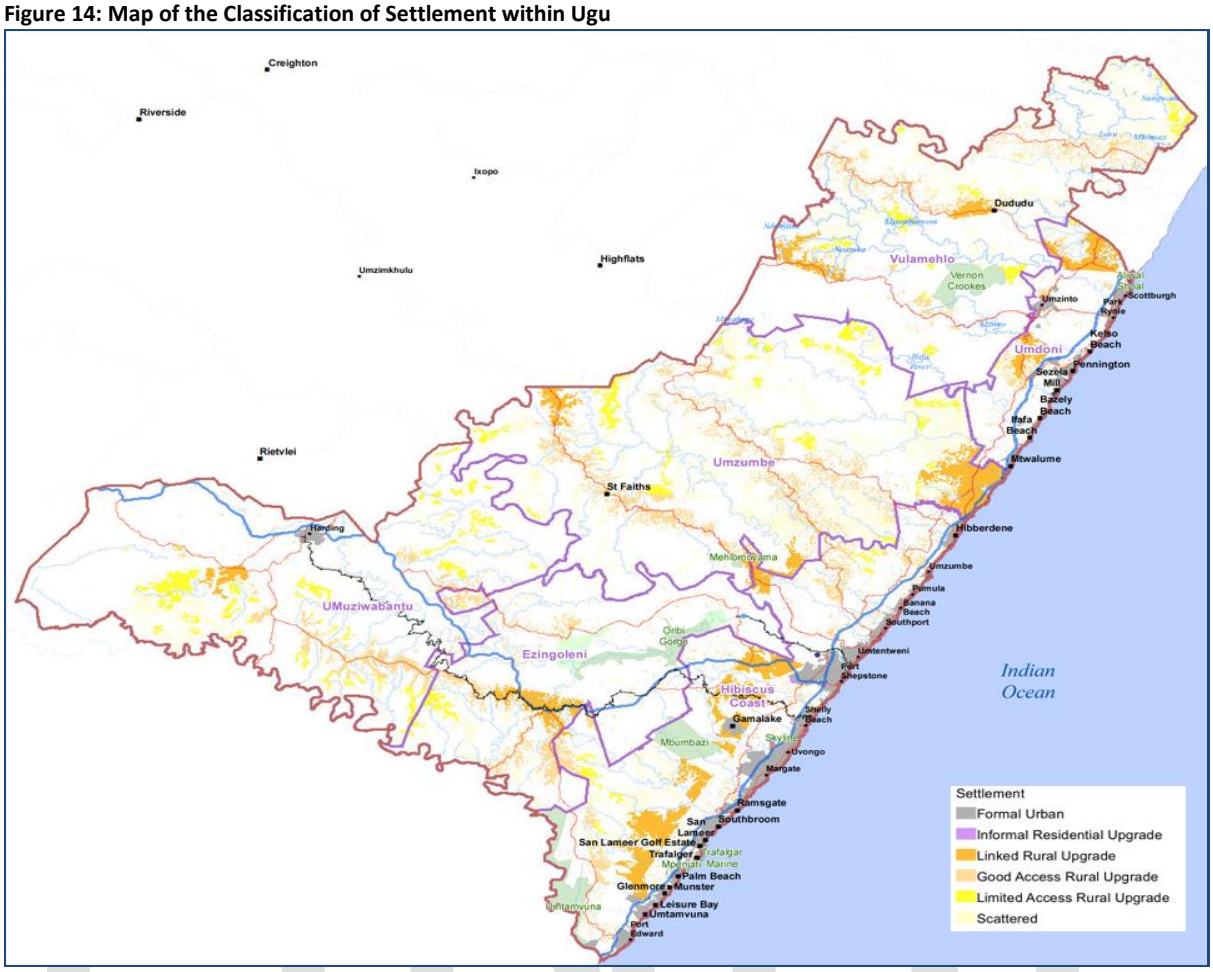
**Figure 14: Map of the Classification of Settlement within Ugu**




**Source: Ugu Infrastructure Audit (2011)**

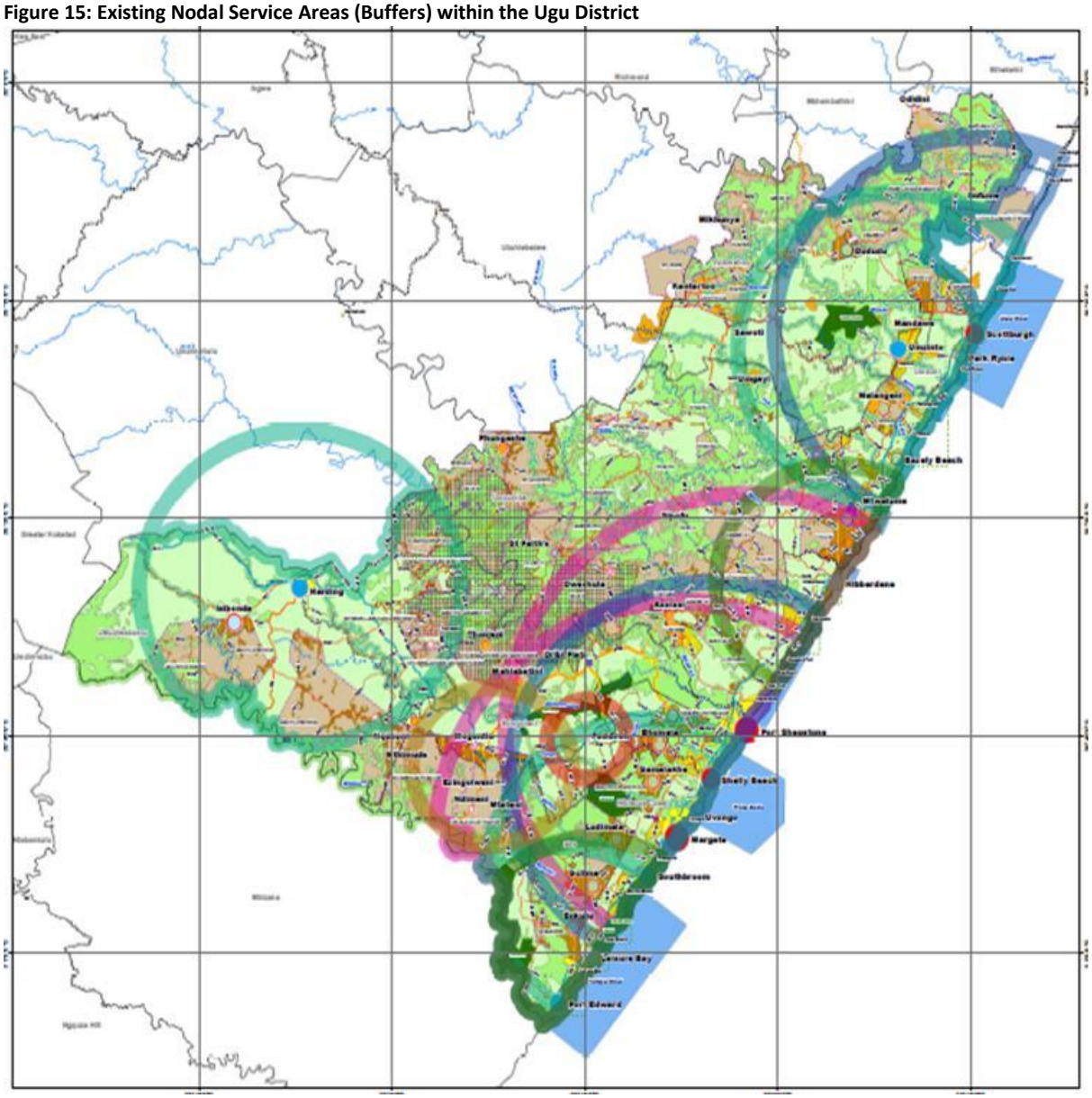
This map has profound planning implications for the district in terms of maintaining the existing levels of infrastructure along the coastal strip and identifying both the rural corridors and nodes that require strategic investment to support existing dense human settlement activity. It will be more affordable and sustainable to offer the rural nodes and corridors that are either linked rural upgrades or good access rural upgrades with a higher service level than nodes and corridors that are either limited access rural upgrade or scattered settlements.

Figure 15 presents a map of the service area based on the hierarchy of each of the existing nodes identified in the Ugu Spatial Development Plan. These range from 30km buffers for first-level nodes (large community) to 5km for sixth-level nodes (rural service centre).

It is obvious from this map that the entire coastal strip is well serviced, being largely covered by the Port Shepstone, Margate and Scottburgh economic nodes. The area between Port Shepstone and Port Edward is the most serviced in terms of accessibility to economic opportunities and social facilities. The area between Port Shepstone and Scottburgh is also fairly accessible. However, it is clear that there are large areas that are un-serviced in terms of the existing nodes, particularly from St Faiths and then north-east towards Kenterton. This area contains the largest number of poor households, located in rural areas, with very little access to economic opportunities, and only limited access to social facilities.

Due to the fragmented nature of the district in spatial terms, linkages and accessibility represent a major development issue in the district. While the coastal areas accommodate the N2 development corridor and the coast, inland linkages, both in terms of north-south well as east-west connections are limited and need to be developed further to ensure better integration and the development of new opportunities in the western parts of the district. A higher level of linkage and accessibility is likely to contribute significantly to the necessary improvement of economic and socio-economic conditions in the district. The Ugu District is mostly surrounded by rural municipalities in the west and south. The eThekwini Municipality in the north is the major development engine of this province, and appropriate physical, economic and institutional linkages to the district are of importance. For example, there is potential to further exploit the proximity of towns within the Umdoni local municipality to eThekwini as they are in commuter distance from the metropole.

**Figure 15: Existing Nodal Service Areas (Buffers) within the Ugu District**



**Source: Urban-Econ (2012)**

Key linkage proposals within the Ugu district are:

- A hinterland north-south linkage for the purposes of local access. It is intended to follow existing roads and river crossings and to be in the form of minor (single vehicle) structures for local access rather than large bridge structures.
- Strategic east-west linkages to promote accessibility throughout the region.
- The revival of the rail lines throughout the district, extending the passenger rail from Kelso to Port Shepstone, and, ultimately Harding.
- The establishment of inter-modal transport facilities at key nodal points within the district.

A hierarchical system of nodes has been developed, based on existing levels and patterns of development, and the distribution of future development and transport linkages, to ensure optimum accessibility to goods and services through equitable distribution. Varying levels of investment will be required in terms of bulk water reticulation and electricity, as well as social facilities such as schools, hospitals and clinics, and recreational facilities. The various nodes are distinguished in terms of whether they are:

- Existing, and to be maintained at that level
- Existing at a lower level and to be extended and consolidated into a HIGHER LEVEL NODE
- New nodes to be introduced and phased in over time and as thresholds occur, but shown at the level which is ultimately intended.

Table 8 provides a summary of these nodes in terms of this classification. Annexure A provides a brief description of each *prioritised* node within the SDF and a broad outline of the infrastructure needs in each one.

**Table 8: Existing, Improvement and New Nodes**

| Type of Activity | EXISTING (Maintain) | IMPROVE (Consolidate) | NEW |
|---|---|---|---|
| Community Level Multi-Use Nodes | Port Shepstone<br>Scottburgh<br>Margate<br>Shelley Beach | | |
| Neighbourhood level Multi-Use Nodes | Umzinto<br>Park Rynie<br>Ramsgate<br>Port Edward<br>Harding | | |
| Small Neighbourhood Level Multi-Use Nodes | Hibberdene<br>Uvongo | | |
| Large Local Convenience Clusters<br><br>Hub RSCs | Pennington<br>Bazley Beach | Dududu<br>Turton<br>Murchison<br>Gamalakhe<br>Ezinqoleni | Mandawe<br>Malageni<br>Bhonela<br>Xolo TC<br>Gcilima<br>Thongazi<br>Phungashe<br>Assissi |
| Satellite RSCs<br><br>Long-term | | St Faiths | Imfume<br>Kenterton<br>Dweshula<br>Paddock<br>Isibonda TC |

| Type of Activity | EXISTING (Maintain) | IMPROVE (Consolidate) | NEW |
|---|---|---|---|
| | | | Sawoti<br>Mainaini<br>Sipofu<br>Umgayi<br>Qoloqolo<br>Vukuzithathe / Xolo TC<br>Isibonda TC<br>Qiniselani – Manyuswa TC |
| Tourism point | | | Oribi Flats |

**Source: Ugu SDF, 2012**

The spatial proposals contained in the Ugu SDF are aligned to the guidelines for the Ugu DM as contained in the Provincial Spatial Development Framework, such as:

- Maintaining value-adding areas, such as Scottburgh, Hibberdene, Port Shepstone to Margate, Umtamvuna, and Port Edward;
- Understanding the entire coastal strip forming an 'Economic support area', as well as Harding;
- The importance of a corridor from Port Shepstone, through St Faiths, towards Ixopo; and
- The indication of most of the rural hinterland as 'mandated service delivery areas', 'agricultural investment areas' and 'social investment areas'. Many comprise of all three.

In summary, the future focus of the district must be on maintaining existing economic nodes within the region, protecting the natural environment and creating access to sustainable economic opportunities for rurally located communities. This focus must be driven through supporting sustainable resource management, value-chain linkages and the provision of road infrastructure and bulk services. Figure 16 below graphically displays the current Ugu SDF.

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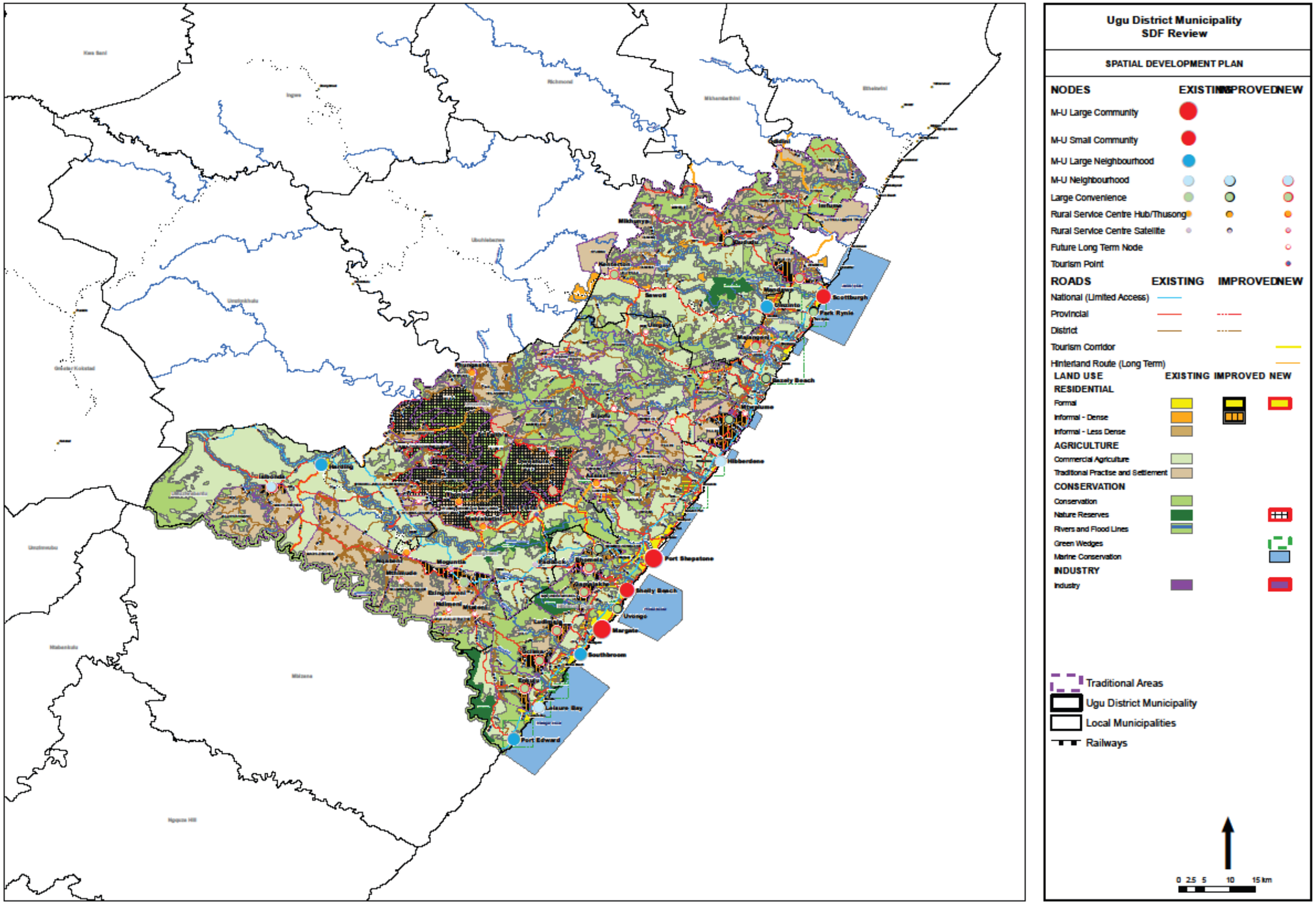
**Figure 16: Ugu SDF**




**Source: The Ugu DM Spatial Development Framework, 2012**

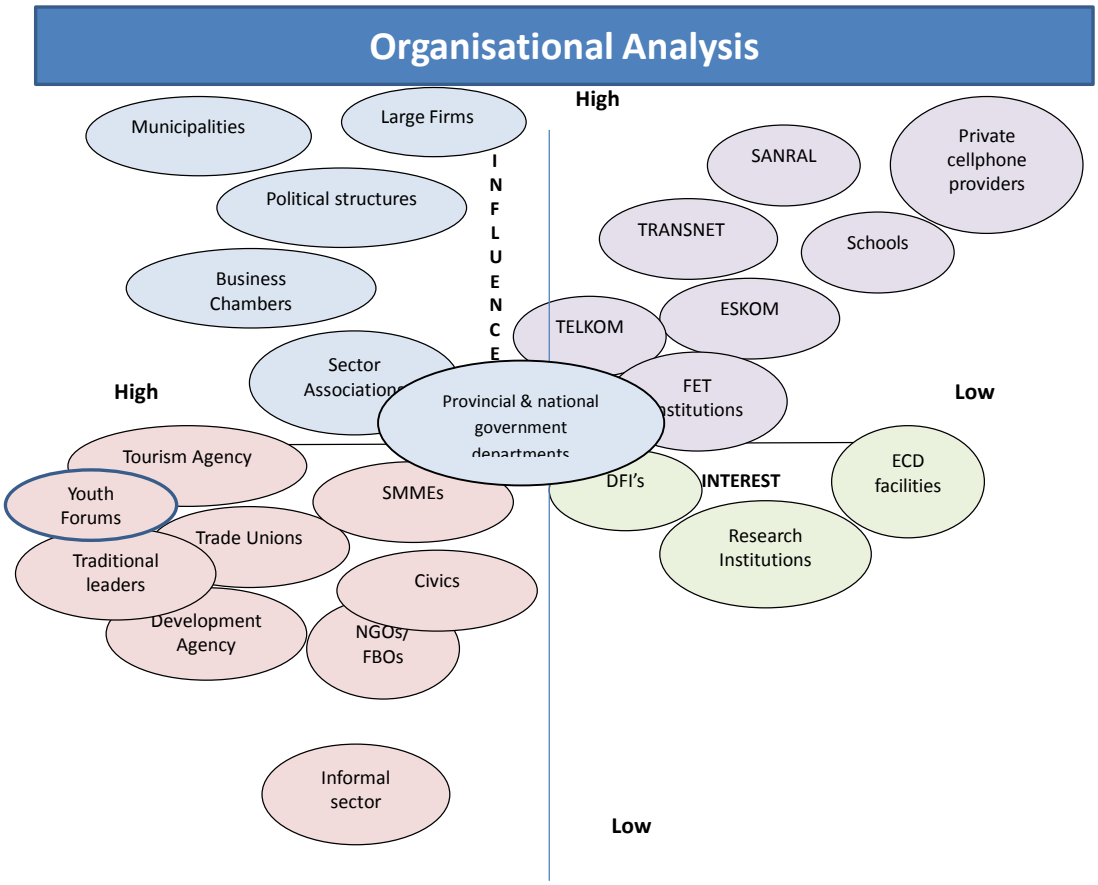
# Section 4: Institutional Environment

## 4.1: A Brief Overview

The current institutional environment within Ugu is complex and its impact on the socio-economic performance of the region is significant. An institutional environment within a locality can be broadly defined as the set of organisations, systems, infrastructure, culture and behaviour, policies and regulations that determine the wider business environment. Given that the previous sections of this report have addressed issues pertaining to policies, regulations and infrastructure, this section of the report will focus more narrowly on issues related to the organisations, systems, and culture and behaviour within the Ugu business environment.

The figure below represents a broad range of organisations active within the Ugu district economy.

**Figure 17: Existing Organisation Context within the Ugu District**




There are varying levels of networking and engagement amongst these organisations. The public sector consists of one district and six local municipalities, national and provincial government departments and parastatals. Whilst there is some structured interaction amongst these institutions through existing inter-governmental forums, there are serious challenges related to co-ordinated planning and budgeting. The effectiveness of existing inter-governmental relations (IGR) platforms is limited. The private sector is organised primarily through the business chamber and sector associations. These organisations have provincial, national and even global networks. However, there are weaknesses in the current arrangements, such as limited inter-sectoral co-ordination and

weak relationships between formal and informal businesses and large and small businesses. Racial divisions are still visible in the private sector with the more formal business sector dominated by white and Indian business people and the more informal economy dominated by black businesses. In the civil society sector, there are large numbers of non-governmental and community-based organisations – some are well-established and networked, whereas others have been established in response to government social sector grant incentives and remain fairly survivalist and vulnerable. Many NGOs and CBOs have a perception of being peripheral to government planning and implementation processes. The sector is also weakened through limited collaboration amongst them. Trade Unions are active in certain industry sectors within the district, but battle to prevent the growing informalisation of certain sectors, such as clothing and textiles, tourism, mining and construction-related activities. Workers in the informal activities in the district remain unorganised and in many respects, unprotected. The traditional authority structures still wield significant control in rural communities, particularly through the instrument of land management. There is some consultation taking place between the amaKhosi structures and local government, but it is unstructured and inconsistent. Educational and research institutions generally have very weak linkages within other sectors within the Ugu region. Some business sectors are engaging with eThekwini research institutions but these partnerships are fairly new and need to be encouraged in order to support innovation and access to new technologies within the region. FET institutions are perceived to undertake training within the district without adequate engagement with the private sector regarding the real skills needs of the district economy. As a result, large numbers of trained youths are being pumped into the district economy and are not being absorbed within the formal sector.

There is a general sense that most organisations within the region operate in silos. In particular, co-ordination across the public, private and civil society sectors is weak. The need for greater collaboration both within and between sectors was highlighted during the GDS consultation process. Suggestions for inter-sectoral communication platforms include an Extended District Planners' Forum and a Business/Education Forum.

With reference to figure 17 above and within the current fragmented institutional landscape, it is accepted that organisations that have both a high interest and influence in the district economy need to be proactively engaged and lobbied in terms of strategically defining and leading a shared vision and set of development objectives for the district. These stakeholders can drive a GDS and mobilize other role players. In particular, institutions that have a high interest, but limited influence in the regional economy, could be mobilized for support around a strategy that addresses their interests and needs. Stakeholders that have high influence in the district economy, but lower levels of interest must be approached strategically around issues that address their specific institutional interests. If they are won over, their support could be very powerful in driving the GDS within the district. Stakeholders with relatively low levels of influence and interest will require a similar approach – their interests will need to be heightened through active lobbying and selling of the GDS concept. The key issue is that all stakeholders have an impact on the regional economy to different degrees and the ability to mobilize their resources and skills around a single GDS for the region will vastly increase its potential impact and success. Leadership within the regional economy is critical.

## 4.2: A Framework for Institutional Assessment

The following four factors will be used to inform the assessment of the quality of the institutional environment within Ugu, namely the extent to which there is: i) a clear, collectively agreed vision and strategy; ii) facilitative institutional arrangements and governance; iii) attitudes and social practices that support innovation and collaborative action; and iv) adequate financial and human resources, especially leadership. The GDS consultative process was used to assess the perceptions of how well the Ugu district performs in terms of these four areas:

### 4.2.1: Vision & Strategy

Currently the Ugu region lacks a single vision and strategy. The GDS process has been designed to address this gap and it is the intention that the vision and strategy developed during the GDS process will be endorsed by a broad range of public, private and civil society stakeholders. Given the extensive public participation exercise undertaken, there is a high level of confidence in both the analysis underpinning the Strategy and the Strategy itself. The major concern voiced at this stage is that the GDS will be implemented and led by strong, credible leaders. A number of stakeholders identified the lack of credible leadership as a challenge within the district. It was felt that if the GDS is to be implemented, then the commitment of stakeholders was to be secured and nurtured. Visionary leaders are required for this purpose. The private sector has indicated that if Ugu succeeds in communicating and delivering a coherent development vision and strategy for the region, it would result in increased business confidence, risk appetite and investment. In addition, the GDS must be communicated and marketed in order to cascade information contained within the strategy widely, and ensure the buy-in from stakeholders throughout the entire region.

### 4.2.2: Institutional Arrangements and Governance

***Municipal Level***

There are varying financial and human resource capacities amongst the Ugu family of municipalities, with the rural municipalities being the most grant dependent and under-resourced. The more urban-based municipalities of Hibiscus and Umdoni have higher levels of capacity. There is a strong perception amongst stakeholders that, whilst there are some highly qualified and professional staff members, there is a serious shortage of professional capacity within all municipalities – both at an administrative and a political level. The allegations are that appointments are often based on patronage as opposed to skill.

Some municipalities within the district have been receiving negative publicity related to allegations of financial mismanagement, corruption, failed projects and weak administration. This has seriously undermined the credibility of leadership within municipalities and has resulted in a lack of confidence in the ability of local government to lead.

Another serious challenge identified is the failure of municipalities to implement their plans. Stakeholders identified a number of plans, such as Spatial Development Frameworks and Environmental Management Plans that had been developed but never implemented. The perception is that they are simply adopted for compliance as opposed to driving the future development of the region. There is a perception that the political will to implement is lacking.

The impact of weak municipalities has been felt by businesses and communities alike in terms of deteriorating infrastructure, services and non-responsive government. Failure to adequately perform municipal powers and functions seriously impedes development. Sewerage spills in rivers, pot-holed roads, uncollected garbage, ineffective water-supply and demand management and slow development approval processes are some of the factors negatively impacting on the economic performance of the district. Non-functioning LED projects littered around the district are regarded as further testimony to ineffective local government planning and implementation processes. For example, millions of Rand have been invested in agricultural and tourism projects in local municipalities that are currently yielding limited or no return. A recurring theme during stakeholder engagements is the wastage and inefficient use of resources at municipal level in terms of money, skills and time.

The local sphere is required to perform an important role in identifying and attracting appropriate resources from other spheres of government and parastatals. This requires municipalities to be outward-focused, forward-thinking and proactive. The apparent low level of responsiveness of municipalities in the district to national and provincial funding opportunities is a major cause for concern. This is a further indicator of low-capacity municipalities that are inward-focused and fail to understand the broader economic role that they are meant to perform. The failure to mobilize external resources is a major limiting factor on development within the region. It is openly acknowledged that the resources available in the local government sector within the district are completely inadequate in terms of addressing the development challenges of the region. Extensive mobilization of external resources is required.

Attempts at shared services within the district to address capacity constraints have been made but have yielded limited success. Local municipalities resist giving up their autonomy through a perception of a “big brother” relationship with the district. In general, the relationships between the district and local municipalities appear to be weak, visible in a lack of participation by local municipalities in district-level processes. This seriously threatens co-ordination of effort within the region and the alignment of local government strategic frameworks, plans and budgets. The results are duplication of effort and spend, uncoordinated developments, weak regulation and delayed planning approval processes. A need to improve municipal IDP processes through stronger consultation with the community and increased communication and co-ordination amongst municipalities, sector departments and the private sector was identified during the stakeholder engagement process.

Whilst there are a number of inter-governmental forums in place to promote co-ordination and integration, the performance of these forums are weakened by a lack of clear mandate and focus. Existing inter-governmental forums include the:

- IDP Forum;
- District Planners’ Forum;
- LED Forum;
- Youth Forum; and
- Environmental Management Forum.

Concerns raised included inconsistent attendance of representatives at these forums and the fact that members often lack the authority to make decisions or leverage resources. There is also a lack

of co-ordination amongst the forums that has resulted in a perpetuation of silo planning throughout the district. For example, it was argued that the District Planners' Forum is constituted largely of spatial planners and should be broadened to include economic, social and infrastructure planners. Whilst the weaknesses of existing IGR platforms have been acknowledged, public sector participants in the GDS consultation process proposed that existing forums should be strengthened as opposed to replaced or duplicated through the implementation of the GDS.

There are capacity building programmes that could be drawn on to strengthen the municipalities within the district, such as the Local Government Turnaround Strategy programme and financial and infrastructure management support programmes. In addition, there are examples where local municipalities twin with international partners such as the twinning arrangement between the HCM and Kalmar/Oshkarsham in Sweden.

### *Other Spheres of Government and Parastatals*

Concern has been raised by stakeholders across all sectors – private, public and civil – that national and provincial government need to be supportive of development within the Ugu region. There is a strong perception of provincial bias towards the North Coast and along the East-West corridor towards Gauteng. There is a further perception that national and provincial departments and parastatals plan in isolation of Ugu stakeholders and make determinations on behalf of the region. The lack of co-ordinated planning amongst spheres of government and parastatals has been identified as a major constraint to integrated and sustainable development within the region. Various reasons for this have been offered. National and provincial government departments argue that municipalities in the Ugu district do not brand and market themselves sufficiently and fail to enthusiastically lobby other spheres. The municipalities claim that they are being over-looked and side-lined.

### *Private Sector*

The private sector is relatively well-organised with representative business chambers and sector associations. These institutions link local businesses into provincial, national and global networks. However, there is no single private sector institution that is representative of all businesses within the Ugu district. Furthermore, the effectiveness of these institutions varies with some, such as the Master Builders' and Banana Associations, being highly regarded by members as offering high value-added services. There are other institutions that are seen as relatively weak and requiring support. There are also large numbers of small firms that are currently unorganised and that do not belong to any of these structures. A portion of these firms choose not to participate in formal structures owing to their informal, or even illegal, nature. Some industries are also more organised than others.

The large firms within the region dominate the district economy, with companies such as ILLOVO, SIMUMA, NPC, Hans Merensky and large national retailers and financial institutions exerting significant influence. There are also large numbers of SMMEs operating in sectors such as accommodation, tourism and manufacturing. These firms battle to compete against the large companies in their sectors. There are limited linkages between large and small firms in some sectors resulting in many of the small firms being dependent on government tenders. Large firms located within the district often have stronger supply, market and service linkages to firms based within the eThekwini metropole than Ugu-based firms. There is a definite need to forge stronger inter-firm linkages within the district and it has been suggested that an Ugu business database would be

helpful in stimulating local supplier linkages. There is a need to support greater value-add within the district and to facilitate the entry of SMMEs into national and global value chains through contracts with large firms. SMMEs should also take advantage of their proximity to large firms within the metropole.

Within the environmental sector, there is a conservancy forum that represents over 40 conservancies within the Ugu district. These conservancies fall under the provincial conservancy forum, and are responsible for managing and protecting conservancies within the Ugu boundary.

The private sector has perceptions of local government being unresponsive, under-capacitated, corrupted and narrowly focused. There is a lack of confidence that municipalities are committed to delivery and will actually implement agreed actions. A recent initiative by the Executive Mayor of the Hibiscus Local Municipality to establish an Economic Growth Advisory Forum has been welcomed although there are serious concerns regarding the status of the Forum. There were recurring messages that "local government ignores advice" and that "skilled people in the community are not utilized".

In terms of strengthening public-private relationships, perceptions that private sector institutions are operating in the narrow interests of the elite and not engaging sufficiently on the broader development challenges of the region need to be addressed. The role of corporate social investment in building social capital within the Ugu district should not be underestimated. In the education sector, for example, there are examples of private institutions adopting one or more public schools in order to share experiences. Significantly, levels of investment and innovation need to grow in order for the private sector to contribute towards real growth and development in the district. On-going public-private dialogue is required in order to develop innovative responses to development challenges.

### *Civil Society*

Whilst the National Planning Commission is urging higher civil society responsibility and action, the GDS process within the Ugu district has uncovered a deep sense of marginalization by these local actors. The existing communication platforms, such as the municipal IDP planning process and ward committees, do not appear as effective as they should be in building an inclusive sphere of local government. Feelings of disillusionment, distrust and marginalization have to be addressed in order to support on-going growth and development in the region. Low levels of social capital will perpetuate a downward development trajectory for the region. "War rooms", where civil society and the government social sector meet to discuss anti-poverty strategies, are currently active within the district. The "War Rooms" are used for the flow of information within the district and consist of local and district task teams. NGOs do form part of these. However, participation needs to be enhanced.

## 4.3: Enabling Attitudes and Social Practices

As evident from the above analysis, current levels of social capital within the district are low. There is still a high level of racial, political and cultural polarization and inequality within the region. The credibility of public institutions that should be leading the way in addressing these challenges has also come under serious scrutiny.

Issues of exclusion and inclusion emerge strongly within the Ugu district. Young people in particular feel economically excluded and marginalized. For example, there are perceptions that owners of buildings within the region would prefer to rent spaces to foreigners owing to shared religious allegiance than to locals and that access to municipal assets is largely through networks and patronage. There are also perceptions that the financial institutions automatically perceive black people as high risk.

The public participation process highlighted entrenched racial divisions in the community with an "us and them" attitude prevailing. This attitude was in stark contrast to the fact that there is a high degree of consensus in the region regarding a development vision and the required interventions to turn the district's economy around.

Political polarization occurs both within and amongst political parties. The uncertain national, provincial and district political climate is impacting negatively on planning and investment decisions both in the public and private sector. The private sector, in particular, is concerned about mixed messages coming from various political factions and leaders. There is also a concern regarding increasing political violence within the region with the recent assassination of certain political leaders. There is a strong perception that if the GDS is to succeed, it will require due political consensus, collaboration, will, certainty and accountability.

## 4.4: Financial and Human Resources

Organisations can be utilized to enhance the competitiveness of a region in a number of different ways, such as:

- Creating platforms for collective action to lower costs, improve markets, lobby state institutions and address market failures (e.g. Hibiscus Chamber of Business, the Banana Growers' Association, the Master Builders' Association, trade unions etc)
- Sharing knowledge and unlocking economic opportunities (e.g., the South Coast Business Chamber, the Hibiscus Development Agency)
- Fostering research, innovation and technology (e.g. the Ugu Furniture Incubator, Khuphuka Furniture Association, the Ugu Clothing Industry Design initiative)
- Fostering inclusive economic opportunities (e.g. SEDA, the Ugu Work-Link Centre)
- Providing services and infrastructure (e.g. municipalities, government agencies, parastatals, non-governmental organisations)
- Regulation and control (e.g. municipalities, government agencies, parastatals)

Whilst it is obvious that some of these platforms exist within the Ugu region, their effectiveness is uneven. As evident from the above, the organisations that are necessary to perform these roles are a mix of public, private and civil society agencies. Human and financial resource constraints in the public sector have been highlighted as seriously constraining the effectiveness of organisations within the Ugu district. Table 9 identifies thirteen functions that are primarily performed by the public sector that are necessary to enhance business performance within a local or regional economy. The perception of stakeholders regarding the level of performance of these functions is indicated in terms of a colour code: red = weak, orange = partial and green = good.

**Table 9: Performance of Typical Economic Support functions within the Ugu district**

| *Typical economic support functions* | *Responsibility* | *Performance Level in Ugu Economy Weak (Red), Partial (Orange), good (Green)* |
|---|---|---|
| Planning and visioning | District & Local Municipalities<br>Also provincial govt e.g. PGDS & PSDF & sector departments, parastatals, individual firms & sectors | |
| Branding and marketing | Ugu Tourism Agency,<br>Hibiscus Development Agency, Municipalities,<br>Dept of Economic Development, COGTA | |
| Investment attraction and retention | Municipalities, Hibiscus development Agency, Dept of Economic Development | |
| Business location services | Municipalities, private developers, estate agents | |
| Streamlined approvals and red tape management | Municipalities | |
| Business start-ups and growth | SEDA | |
| Export support | Department of Economic Development, DTI | |
| Human capital development | FET Colleges, schools, individual firms, SETAs, municipalities | |
| Real estate and infrastructure development | Municipalities, provincial & national sector departments, parastatals | |
| Urban services management | Municipalities, provincial and national government departments | |
| Market research and intelligence | Municipalities, sector bodies, research institutions | |

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Indeed, the weak performance of these functions within the district economy has been cited as a major factor in the inability of the region to compete with the north coast of KwaZulu Natal for investment. All stakeholders have highlighted the need to strengthen the performance of these functions in order to strengthen the current business climate and attract and retain investment. This requires the building of human and financial capacity within the relevant organisations, mobilising external financial resources, co-ordinating the activities of the various role-players, streamlining government processes, developing clear strategies and programmes, monitoring performance and holding stakeholders to account.

## 4.5: Emerging Institutional Proposals

In order to drive the GDS and ensure its implementation, institutional mechanisms are required that take into account the weaknesses in the current institutional environment. The proposed aims of such mechanisms would be to:

- Mobilise stakeholders around a single development vision and strategy (GDS) facilitate aligned planning and investment;
- Ensure the implementation of the GDS through alignment with all municipality IDP and budgeting cycles, and those of provincial and national government;
- Maintain the commitment of stakeholders to the GDS in the short and long-term;
- Hold stakeholders accountable for their commitments in the GDS;
- Create an environment that fosters creativity, innovation, networking and dialogue;
- Facilitate on-going dialogue through the implementation of the GDS in order to constantly review the strategy and to maintain strong stakeholder relationships;

- Ensure that strategies and projects identified are appropriate, sustainable and market-linked to avoid duplication and wastage of resources; and
- Build social capital within the region through the creation of inclusive platforms for engagement and networking.

The underlying principles have emerged as:

- Credible leaders from all sectors to lead the implementation of the GDS;
- All sectors are to take responsibility for ensuring the implementation of the GDS;
- Existing institutional mechanisms should be utilised and strengthened as far as possible;
- Space is to be created for stakeholders to take initiative and drive processes related to the GDS outcomes;
- Co-ordinating structures should have the authority to do so, and individuals should have clear mandates and the authority to make decisions. Institutions should have teeth; and
- Alignment with national and provincial outcomes and processes should be demonstrated.

The proposed institutional mechanisms must allow for the GDS to be driven by its leaders, in a manner that is strategic, flexible, energetic and responsive. There must be strong technical capacity to support the work of the leaders. The institutional mechanisms must also provide for the co-ordination of stakeholders. For example, the implementation of the Ugu GDS is dependent on effective and efficient institutional coordination across all government departments, sectors and spheres. Significant contributions will be required from state-owned enterprises, private sector, civil society, and other non-government organisations. Both financial and human resource capacity to implement the GDS will need to be secured.

Three proposed institutional arrangements for the implementation of the GDS have emerged during the consultation process. Whilst there are significant similarities in the proposals, there are fundamental differences regarding the nature of the structure that should drive the GDS. Proposal One and Two focuses on the Executive Mayor of the District Municipality being the GDS champion, assisted by the District Council and a District Planning Commission or a NEDLAC-type structure. Proposal Three argues that, given the current institutional realities of the district and the need to strengthen social capital, a more independent, multi-stakeholder and flexible structure should drive the GDS. All three proposals argue for the strengthening of existing IGR mechanisms, although proposal two argues that a new, cross-cutting IGR structure is also required. Whilst both proposals highlight the need for the district municipality to drive the administration of the GDS, proposal two suggests an additional technical support capacity.

### 4.5.1: Proposal One

The first proposal is for the Ugu District Municipality to take the lead for the GDS in terms of its legislative mandate to co-ordinate development planning and inter-governmental relations within the district. **The Executive Mayor of the district will be the political champion of the GDS**. The District Council will be the key political structure to oversee the implementation of the GDS. The portfolio committees of all municipalities within the District should have the GDS as a standing item on their respective agendas. It is proposed that the district municipality's internal department responsible for Development Planning will be responsible for administrative matters related to the implementation of the GDS with assistance from other relevant departments and the political

leadership where necessary. In particular, the district municipality will be responsible for ensuring that local municipalities align their local plans and strategies (such as the IDP) to the GDS. In doing so, the local municipalities can take the lead in specific projects, with support from the district municipality.

It is proposed that the Executive Mayor establishes a **District Planning Commission**. The overarching mandate of the Commission will be to act as an **advisory body** to the Executive Mayor and **guide the growth and development process** in line with the GDS. The DPC must advise in terms of the identification of projects in line with the GDS, and with time, must advise on potential changes to the document where necessary and warranted. The commission's task will be to monitor progress of the GDS in the light of the 20+ year vision, while the 5 year IDP cycles will monitor the more medium-term progress of the GDS.

It is proposed that the DPC must consist of key technical and influential specialists within the district from the private and public sectors and civil society. Commissioners must be appointed based on functional technical knowledge and expertise, and the commission must be constituted through invitation of the district mayor. Commissioners should be paid a meeting allowance for their participation in the DPC. The following broad representation must form the Commission:

- Social development specialist;
- Economist;
- Financial management specialist;
- Agricultural specialist;
- Environmental specialist;
- Infrastructural specialist;
- Tourism specialist;
- Manufacturing specialist;
- Business chamber representative (head);
- Educational specialist;
- Health specialist;
- District municipal manager;
- Selection of key business people.

The proposed role of the DPC would be to:

- To advise the district leadership (mayors and leadership forums) on matters concerning growth and development;
- To interrogate or deliberate growth and development issues in order to identify gaps or constraints, and advise on the potential solutions;
- To call on government departments/groupings/state-owned enterprises/etc to present available information in order to develop their knowledge on growth and development issues;
- To facilitate high-level integration between key stakeholders;
- To provide advisory guidance to special projects;
- Create and maintain partnerships with the Provincial Planning Commission (PPC) and other forums;

- To play an influential role in discussions with provincial and national government (and state-owned enterprises) with the assistance of the PPC;
- To provide assistance and advice to the family of municipalities; and
- To oversee the strategic progress of the district in terms of the GDS goal, objectives and programmes.

Either the District's department, Development Planning, would be the secretariat for the GDS or a separate secretariat could be established.

In addition to the DPC, the mandate of existing IGR forums (such as the IDP, Planning, LED, Youth and Environment Management) should be reviewed in order to strengthen the structures. It is proposed that both the mandate and level of representation on the forums should be assessed in light of the GDS. The IGR forums are required to perform strong roles in terms of:

- Championing particular strategic objectives of the GDS;
- Overseeing the implementation of projects within these strategic objectives;
- Resource leveraging for the implementation of projects;
- Fostering integration of planning and budgeting of all relevant stakeholders;
- Reviewing the GDS within their current areas of expertise; and
- Lobbying stakeholders regarding issues impacting on the outcome of the GDS.

The IDP Forum would be the overarching forum that the other IGR structures would need to report to in terms of the implementation of the GDS. It would need to ensure that the overall goals and objectives of the GDS are being discussed and debated by key stakeholders. Towards this end, the district must ensure: the improved functionality of the IDP forum, that the IDP Forum is broadly representative of all key stakeholders, and that the IDP Forum focuses on the key strategic drivers of the GDS. In addition to the normal IDP Forum functions, the Forum must therefore also:

- Provide key stakeholders with feedback on current projects and GDS progress;
- Ensure that all concerns and/or challenges in the district are identified;
- Assist in the coordination of future GDS projects;
- Identify new potential projects and interventions;
- Identify the responsibilities of stakeholders within various programmes and projects; and
- Build relationships between public and private sector, as well as civil society organisations, and ensure buy-in to the GDS.

The key stakeholders that should form part of the District Planning Forum are:

- District and Local Political Leadership (Mayors and Municipal Managers);
- District and Local Department heads (such as Technical Services and Development Planning);
- Provincial and National Department Representatives (such as DAEA, DSD, DOE, DOH and DOT);
- State-Owned Enterprise Representatives (such as Eskom and Transet);
- Business Chamber Representatives;
- Traditional Authority Leadership;
- Civil Society Organisations;

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- Faith Based Organisations;
- LED Forum and other sectoral structures that exist (Health; Infrastructure, etc);
- Ratepayers Association.

### 4.5.2: Proposal Two

The second proposal is similar in all respects to the first proposal, but argues that instead of a DPC, a NEDLAC – type structure should be constituted that meets quarterly. The functions of the DPC and the NEDLAC-type structure would be the same. The main difference is that while the DPC is more expert-led, the NEDLAC-structure is more sector-driven. NEDLAC is made up of an equal number of representatives (18) from organised business, organised labour, the State, and civil society. It has an executive council with a management committee and secretariat. The full NEDLAC meets quarterly. However, issue/objective-based chambers are established with representation from each of these sectors and they meet at least six times in each financial year. They report to full NEDLAC. Negotiations within NEDLAC are conducted under four policy streams; namely Public Finance and Monetary Policy Chamber; Trade and Industry Chamber; Labour Market Chamber; and the Development Chamber. The Chambers that could be constituted for the Ugu GDS should relate to the strategic objectives/drivers of the GDS. Each year the district should host a Summit to review progress.

### 4.5.3: Proposal Three

Proposal three argues that given the current capacity constraints within municipalities within Ugu, and given the multi-stakeholder nature of the GDS, that a structure should be established to drive the GDS unencumbered by such institutional constraints. This does not in any manner detract from the critical roles that the municipalities and local government leadership must play in implementing the GDS, as will be discussed below. The objective of such an institutional mechanism will be to identify and allow local leaders from all sectors to drive the GDS and hold each other to account for the implementation of the GDS.

It is proposed that the Executive Mayor of the district request nominations of credible leaders from the private, public and civil society sectors that are willing and able to drive the GDS. It is proposed that a team of a maximum of twelve members is appointed as the **GDS Lead Team** that will be mandated to drive and monitor the GDS. An independent panel will be appointed by the Executive Mayor of the Ugu District municipality to review the nominations received and recommend appointments. The term of appointment of the members should be three years. The mandate of the appointed team will include being able to:

- Request progress reports from the various stakeholders and structures with regard to the implementation of the GDS;
- Convene GDS stakeholder forums in order to monitor progress and provide strategic direction;
- Engage with local government, business and civil society leadership in order to unblock obstacles facing the implementation of the GDS;
- Report to relevant provincial and national government and private sector institutions if local stakeholders have failed to respond or co-operate within agreed time-frames;

- Mediate and request external mediation to assist in addressing any tensions or lack of co-operation amongst stakeholders;
- Advise stakeholders on issues pertaining to the GDS; and
- Lobby stakeholders, both internal and external, for the allocation of resources to the GDS.

This team will become the "face" of the Ugu GDS and will be accountable for ensuring that it is implemented. A technical support unit will be established to support the GDS lead team, consisting of at least a process facilitator, programme co-ordinator and administrator. This team will be responsible for undertaking the day-to-day tasks related to the work of the lead team and engaging with the various inter-governmental and sector bodies.

The Executive Mayor of the Ugu District will be the champion of the GDS within the local government sphere. The District Council and district IGR structures will be the platforms for co-ordinating the implementation of the GDS as per proposal one above. Local government is a crucial component of the inter-governmental coordination required, and will be subject to the decisions that are made. In addition, it is proposed that the Executive Mayor establishes and chairs a District Inter-Governmental Forum that is cross-sectoral and is focused on ensuring integrated and aligned planning and budgeting across government. This will be a high-level structure that will have both a political and technical component. The political component will be constituted through the offices of the relevant MECs and the administrative component through the offices of the relevant HoDs. Existing IGR structures, including the IDP Forum, will report to this structure.

Based on the institutional analysis of the Ugu district, these proposals have been made to ensure on-going commitment to, and the implementation of, the GDS. It is also proposed that the roles of relevant existing organisations are unpacked in order to promote shared accountability and ownership across all sectors for the implementation of the GDS. These proposals take into account the stakeholder mapping exercise undertaken in the district and the different levels of interest and influence that individual stakeholders have within the economy. They begin to differentiate roles in the implementation of the GDS such as championing, co-ordinating, engaging/ networking; implementing and support. The idea is to acknowledge upfront that the responsibility for the implementation of the GDS is a shared one amongst a number of public and private sector role-players, but that final accountability for implementation will also need to be placed within the hands of the championing institutions. The proposals are outlined in the Table below:

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**Figure 18: Institutional Proposals**

| Function | Public Sector Institution | Public/Private | Private | Civic |
|---|---|---|---|---|
| Championing the GDS | Ugu GDS Lead Team<br>(representative of all stakeholders – creative, flexible institution) | | | |
| Monitoring | Provincial & national departments | UGU GDS Lead Team | | Political parties, Rate Payers |
| Main co-ordinating structure | Ugu District Municipality<br>Inter-governmental GDS structure | | | |
| Co-ordinating structures | IDP Forums<br>District/Local<br>District Planning Forum, including parastatals<br>District Youth Council/Forums | District IDP Forum<br>Ugu Education Forum<br>Small Business Support Forum<br>South Coast Tourism Development Agency<br>Hibiscus Development Agency | Hibiscus Chamber of Business<br>Joint / Inter-Sectoral Business Forum<br>District Agricultural Sector Forum<br>Master Builders' Association | NGO Forums<br>Rate Payer Forums<br>Traditional Authority Forums |
| Networking / engagement platforms | Industry/Local Government engagements | Industry/education engagements<br>Social media | South Coast Business Network | |
| Implementation | Project-based task teams | Project committees | Sugar Industry land reform committees | |
| Support & advisory structures | | Municipal/Higher Education institution partnerships<br>Coastal management group etc | | |

## 4.6: Quick Evaluation of the Three Proposals

A quick evaluation of the three institutional proposals is presented in the table below using four assessment criteria, namely:

- The flexibility and responsiveness of the proposed model
- The level of multi-stakeholder ownership and accountability in the model
- The level of political accountability in the model
- The level of influence over resources and mobilisation

A ranking of high, medium and low is used.

**Table 10: Evaluation of the Three Proposals**

| | Proposal One | Proposal Two | Proposal Three |
|---|---|---|---|
| **Flexibility and Responsiveness** | Low | Low | High |
| **Multi-stakeholder ownership and accountability** | Low | Medium | High |
| **Political Accountability** | High | High | Medium |
| **Influence over Resources** | Medium as limited to public resources | Medium | Medium as possibly no direct influence over municipal resources but will have influence over private sector resources too |

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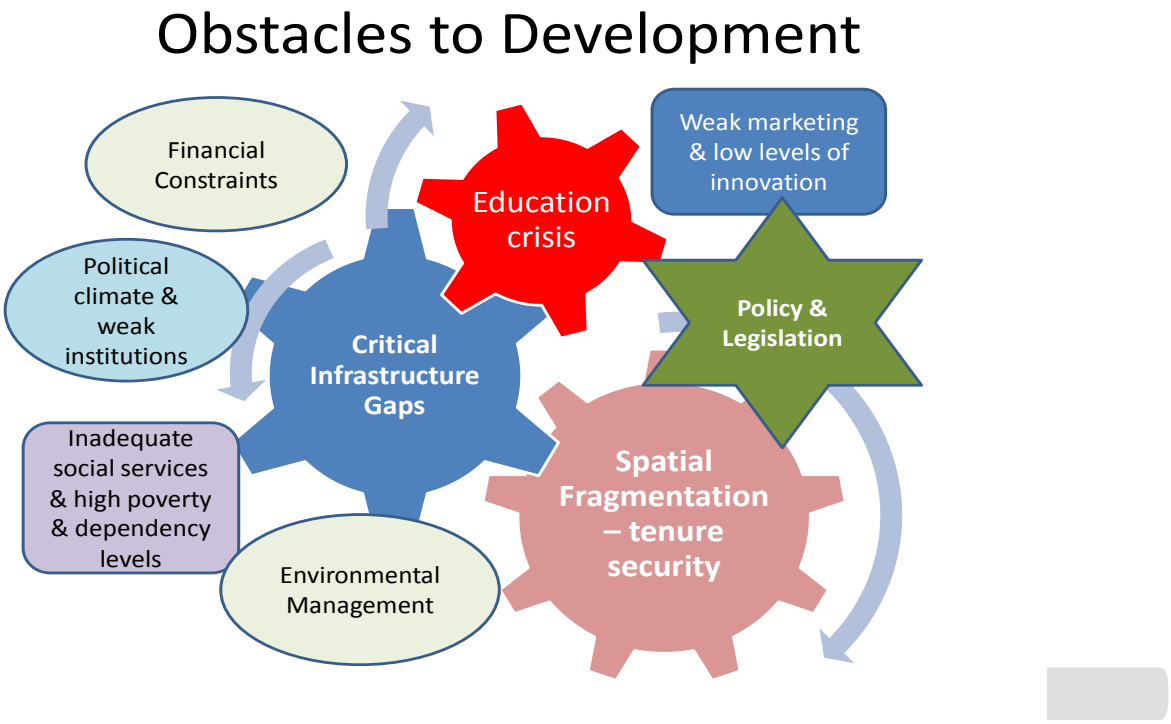
It is recommended that **Proposal Three** is adopted and implemented.

# Section 5: Summary of the Critical Blockages to Development within the Ugu Region

The major challenges facing the Ugu district are an under-performing economy and job shedding. The key blockages to economic development within the Ugu district are summarized in Figure 19 and discussed briefly below:

**Figure 19: Main Obstacles to Development in the Ugu District**




The top four obstacles have emerged as: challenging policy and legislative environment, limited tenure security, critical infrastructure gaps and the poor quality of rural education.

## 5.1: Policy and Legislative Environment

The private sector has highlighted certain policy and legislation that has negatively impacted on their business performance over the past 10 years. This includes: wage determination legislation (of particular relevance to date is the impact in the agricultural sector); the National Credit Act (2007) that has negatively impacted on investment levels in all sectors; national tariff policies and the impact of cheap (and some illegal dumping) imports, such as clothing and textiles and cement, in the national market. The impact is markedly visible in terms of the dramatically declining employment levels of the agricultural sector in the past decade as well as declining GVA and investment levels in a number of key sectors in the 2007/08 period. Established industry as a whole within the Ugu region appears to have been more negatively impacted by the above than the global economic recession. The fact that exports are limited to a number of key industries in the region has also contributed towards this trend. The broader policy and legislative environment is beyond the parameters of the local government sphere. However, there is a need for both the local sphere of

government and the organised private sector to lobby national government and to provide input into the broader policy and legislative debates.

## 5.2: Existing Spatial Development Patterns and Tenure Security

The lack of both tenure security and access to Ingonyama Trust Land has been identified as the primary blockage to economic and social development within the district. The existing spatial pattern, of a narrow strip of urban coastal development and a large, under-developed hinterland is perpetuated by the dual system of land ownership and management within the district. The potential identified in the hinterland for commercial agriculture, tourism, industry and commerce will not be realized unless the land can be unlocked for development. The unlocking of this land has implications for infrastructure provision within the region and the on-going development of human settlements. Resolving outstanding land claims is also regarded as essential to increasing the risk and investment appetite of farmers within the district. The spatial vision for the district involves the consolidation of emerging patterns of human settlement within rural economic nodes and corridors in order to unlock the potential of fertile tracts of land. Partnerships amongst the public, traditional authority, private and civil society sectors will be necessary in order to make this happen.

## 5.3: Critical Infrastructure Gaps

There are critical infrastructure gaps within the Ugu district that are restraining development within both existing and new economic spaces. Expanded electricity supply has emerged as the priority infrastructure intervention required to unlock economic potential within the region. The agricultural, manufacturing and property sectors reported that electricity supply constraints had restricted new investment within the region. Engagement with ESKOM is urgently required to address this matter.

Water availability and supply has also been identified as a major factor inhibiting growth within Ugu. The district municipality has identified bulk water supply requirements, including dams that require significant external funding in order to support future growth within the region. New water demand pressures within the region include the need to increase irrigation to previous dry-land crops, owing to the impact of climate change, and to expand agricultural production within traditional authority areas.

Investing in road infrastructure has also emerged as an urgent priority in order to stimulate economic growth and participation in the district. This is intended to address issues of access within the region and includes supporting the consolidation and accessibility of existing and new economic nodes, promoting access of communities in scattered settlements in the hinterland, key linkage roads, supporting hinterland tourism, and upgrading rural gravel roads. Investment in developing the road network to withstand the impact of climate change, such as more intense downpours of rain, also needs to be addressed. The impact of the planned N2 route development on the district is an important priority as it increases accessibility of the district as a whole to new markets as access into and out of the region is improved.

Addressing the limited rail access within the region has also emerged as a critical constraint to development. It is understood that PRASA has medium-term plans to extend commuter rail services as far south as Port Shepstone. Whilst this has been welcomed by stakeholders, the need to extend such services from Durban, through Ugu to the Eastern Cape, has been identified. Freight rail services have also been severely impacted by the closure of branch lines and a call for the re-

opening of branch lines has been made in order to expand access to freight rail services throughout the district. Stakeholders have also mooted the idea of shifting the existing rail line from the coast inland in order to boost coastal tourism and to increase accessibility for rural dwellers and industry. Engagements with both PRASA and TRANSNET are urgently required to lobby for such investment within the district.

The development of the Margate Airport remains strongly supported in the region as a catalyst for further development and to unlock further tourism potential. The Margate Airport development would need to include issues such as inter-modal transport facilities and proper land-use planning and management of the area adjacent to the airport.

The poor maintenance of existing infrastructure was also raised as a major issue of concern. Existing towns are perceived as "dirty and neglected" and do not promote an image of a place where people would love to live, work, play and invest. Whilst the emphasis for expansion of economic nodes is in the hinterland, the maintenance of existing ones is also regarded as a priority.

## 5.4: Education Crisis

The poor state of education within the Ugu district, from ECD to FET has been highlighted as limiting the future economic and social potential of the region. There is a glaring rural/urban divide in terms of the quality of education within Ugu. Calls have been made for a "cradle to grave" education strategy that addresses education at all levels. Critical interventions raised have included the development of quality primary and secondary educational institutions in the main existing rural nodes; strengthening the quality of maths and science programmes (including through the promotion of public-private partnerships), enhancing the quality and relevance of FET within the district, opening an agri-college and lobbying for the opening of university branches.

## 5.5: Other Critical Obstacles to Development

The other critical obstacles to growth and development that have been highlighted as priorities by stakeholders within the Ugu district are as follows:

### 5.5.1: Environmental Management

Perceptions of weak environmental management and regulation are contributing towards concerns of unsustainable development in the region. Whilst there are pockets of excellence in the district, such as the environmental monitoring of formal mining activities, there are also areas of concern. These include: the lack of co-ordinated planning amongst local and district municipalities and amongst different types of planning; the lack of implementation of a substantial body of work that has already been completed in terms of environmentally sustainable planning and investment parameters for the Ugu district; the addressing of environmental planning gaps, such as the need for a coastal management plan and integrated waste management strategy for Ugu; sustainable service delivery models in scattered or limited access rural communities; service and infrastructure delivery that has adapted to the impact of climate change and builds the resilience of both communities and investments; the sustainable use of natural resources (e.g. water, land, air, conservation areas, coastal strip etc) in the region; illegal use of natural resources, such as illegal sand mining; and, the impact of climate change on economic activities within the region.

### 5.5.2: Political Climate and Weak Institutions

A strong message was communicated during the stakeholder consultation process that perceptions of weak local government leadership and institutions, corruption and mismanagement, and political divisions are reducing the risk and investment appetite of firms within the Ugu district. Whilst levels of trust and social capital appear to be low, with clear racial and political party divisions, the GDS process also highlighted the willingness and commitment of all stakeholders to co-operate in the development and implementation of a vision and strategy that would result in a better life for everyone. There is a need for the credibility of representative public, private and civil society institutions to be improved and, if necessary, new institutions and platforms to be created that will encourage on-going collaboration and dialogue.

### 5.5.3: Inadequate Social Services and High Levels of Poverty and Dependency

The high levels of exclusion of vulnerable groups, such as the poor, disabled, unemployed, people with chronic illnesses, including HIV and AIDS, the elderly and low access communities, contributes directly to the under-performing district economy through limiting markets, increasing dependency ratios, decreasing productivity, lowering skills levels and increasing social instability. Ensuring a safety net for the poor, vulnerable and economically peripheral communities in the region and empowering such communities through enhancing access to infrastructure, services, networks, economic opportunity and knowledge will address fundamental constraints to growth and development. At a spatial level, this requires the clustering of social and economic services within the rural nodes and corridors that have been identified for consolidation and development.

### 5.5.4: Weak Marketing and Low Levels of Innovation

Stakeholders in the Ugu district compare the region unfavourably to the “booming” north coast of KwaZulu-Natal. There is a perception that a provincial bias towards the north coast exists and that the south coast is being neglected. However, there is also an acknowledgement that the region is not marketed strongly enough as both a tourism and investment destination. It is strongly argued that if a co-ordinated marketing strategy was developed for the district that positioned Ugu in terms of its unique market and product offerings, investment could be leveraged from both existing and new firms. There are numerous existing products and services that could be show-cased e.g. golf and adventure tourism.

In addition to weak marketing of existing products and services, there is little evidence of innovation taking place within the district linked to a broader marketing approach. For example, the potential of the coastline to drive development through harbours, sea transport and other maritime sector investments, is largely unexplored by both the public and private sectors. Opportunities to market the region as a “Gateway to the Eastern Cape” have also been missed.

Furthermore, it is felt that ideas for development, such as the airport and rail expansion, are not marketed in a co-ordinated and aggressive manner by stakeholders within the district. This is contributing to the slow pace of public sector infrastructure investment within Ugu.

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### 5.5.5: Budgetary Constraints

There is no illusion that the total sum of existing municipal budgets within the Ugu region would be sufficient to finance an economic and social turnaround strategy for the region – in the form of a GDS. Massive investment will need to be attracted into the region, from both the public and private sectors. The municipalities will be instrumental in mobilizing public sector and parastatal finance into the region.

## Section 6: Emerging Growth and Development Strategy

The Ugu District has significant economic development potential that if realized could have a substantial positive impact on the lives of everyone that lives, works or visits in the region. The district has notable comparative advantages that could be leveraged, such as:

- Its location with eThekwini bordering to the north and the Eastern Cape to the south.
- A mild, tropical climate that is suited for substantial growth in specific agricultural crops, such as bananas, sugar and macadamia nuts (dependent on infrastructure investment such as irrigation schemes and roads), tunnels (vegetables) and poultry production, and an all-year-round tourism season.
- Large tracts of undeveloped fertile Trust and communal land that could be developed for commercial agriculture, small grower and poverty alleviation projects.
- A large number of nature and forest reserves and conservancies, including the spectacular 1,880ha Oribi Gorge that offers adventure activities, such as white-water rafting and the world's highest swing and opportunities for growing the hinterland tourism product.
- A 112 kilometre coastline with the potential for: a massive growth in maritime activities; the marketing of a variety of beach experiences, including some with Blue-Flag status; unique adventure tourism activities including the Aliwal Shoal which ranked within the top 10 dive experiences in the world; and an annual event calendar including the Sardine Run.
- Existing public transport infrastructure that needs to be upgraded and extended, such as the railway line that only offers passenger services as far south as Kelso and the Margate Airport that is currently unable to accommodate low-cost airlines.
- Major national and provincial linkage roads with the potential for increasing the accessibility of the region, such as the N2 development.
- A relatively diversified regional economy with strong representation in the agricultural, manufacturing, tourism, retail, mining and other sectors.

Despite these clear advantages, a situational analysis undertaken of the district in 2011/12 has painted a picture of a district that is underperforming and following a trajectory that is leading to growing unemployment and deepening poverty. Spatially, the district is divided into an urbanised coastal zone with a relatively resilient and diversified formal economy and a largely impoverished rural interior with some large commercial farms and many struggling subsistence farmers. There is evidence of uneven environmental management resulting in degradation of some natural assets and resources. One of the traditional mainstay economic sectors in the region, agriculture, has shed jobs at an alarming rate over the past decade. These jobs have been lost to the local economy as other sectors have been unable to absorb or replace them. The tourism sector, perceived by many as the lead sector within the region, has struggled to grow off a shrinking tourism season. This situation has been further worsened since 2007 due to a number of factors, including the global economic downturn and stricter credit control measures, resulting in a marked decline in investment across all

sectors. This has generated fears that gains in poverty reduction in the Ugu district prior to 2007 may have been reversed. Given this current reality, it is clear that without targeted and significant intervention and investment within the economy that takes advantage of its many comparative advantages, the district will continue on a path of deepening poverty, increasing joblessness, spatial fragmentation and increasing polarization between those with and without access to the formal economy. The Ugu district is clearly at a cross-road.

## 6.1: Towards a Strategic Framework

The communities of the Ugu district have risen to the challenge and have decided to change the current development trajectory and turn the region around. All sectors of the community, public, private and civil society have come together to develop a Growth and Development Strategy that will deliver a better life for all. The 2030 Vision for the district is that:

***"By 2030, the Ugu District will be a leading tourism destination and agricultural and manufacturing hub where jobs are created and everyone benefits equally from socio-economic opportunities and services"***

The emerging vision elements for the district are to:

1. **Promote more even, sustainable and integrated development throughout the district;**
2. **Increase levels of participation, investment and value-add within the district economy;**
3. **Substantial job creation within the district; and**
4. **Poverty reduction.**

In order to do this, seven key drivers have been identified for the district:

1. **Spatial Integration and Facilitating Security of Tenure –** the Ugu DM will need to partner with national and provincial stakeholders, the Ingonyama Trust and local traditional leaders in order to secure buy-in and investment in its spatial plans aimed at unlocking development within the rural hinterland and fundamentally re-shaping the spatial pattern of development within the region.
2. **Sectoral Development and Support** – the Ugu DM is partnering with key sectors such as furniture, sugar, banana, macadamia, clothing, textile and design through jointly managed action-research projects that identify value-chain investment opportunities and support needs within these industries. Joint implementation plans are being agreed to in order to maximize their shared growth and job creation potential in the region.
3. **Education and Skills development** – the idea is to mobilise all key stakeholders around a single Human Resource Development Strategy for the region that addresses life-long and quality learning throughout the district with the aim of ensuring higher employment, productivity and entrepreneurship levels in our community.
4. **Safety and Empowerment of Communities –** social development requires investment into the physical and mental health and security of the Ugu population, not to mention ensuring poverty alleviation and a conscious transformation towards economic empowerment. Mobilisation of stakeholders, particularly NGOs and CBOs, is crucial to ensuring that citizens are sufficiently housed, protected against the social ills of society, and are actively engaged in improving communities.

5. **Strategic Infrastructure Investment** – the intention is to utilise investment in infrastructure in order to spatially reconfigure the district, generate jobs and to boost economic activity. A district Spatial Development Framework and Infrastructure audit have been completed in order to guide this investment. Government, in fulfilling its mandate of creating an environment conducive for society and business, must drive investment in infrastructure, with support from private sector partners. Land and tenure security is a major constraint that needs urgent attention.
6. **Institutional development** – this driver addresses the need to strengthen and build collaborative partnerships within government, and amongst the public, private and civil society sectors. The acknowledgement is that better co-ordination, collaboration, good governance and the creation of an enabling environment for businesses and institutions to thrive will be essential for development in the region.
7. **Environmental Sustainability** – there is a commitment to reversing the environmental degradation that has taken place within the district and to adopt a "green" approach to all public and private sector activity within the region. The intention will be to consider all investment in terms of the 3 P's – people, profit and planet – and ensure that trade-offs are made in terms of the long-term interests of the region.

A summary of the strategy is presented in Figure 20 below:

**Figure 20: Summary of the Ugu GDS**

## 6.2: Scenario Planning

Given the status quo in the Ugu district as described in detail above, three scenarios for the long-term future of the district have been developed based on possible responses of stakeholders to some of the key issues within the district economy. These factors and responses are unpacked in Table 11 below:

### 6.2.1: Building the Scenarios

The table below provides the critical drivers and supporting drivers that have been identified, and the changes that occur with each of these drivers per scenario. Thereafter, each scenario is displayed graphically.

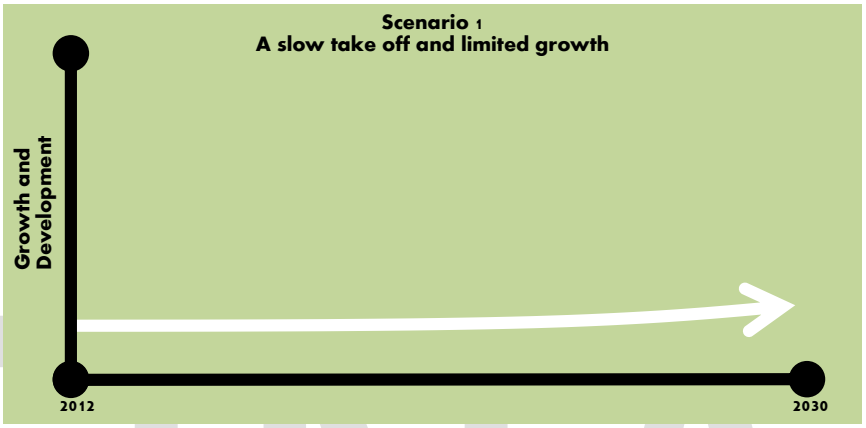
**Table 11: Building the Scenarios**

| Driver Description | Scenario 1 - Insufficient Growth and Development | Scenario 2 - Unsustainable Growth and Development | Scenario 3 - Exponential Growth and Development |
|---|---|---|---|
| **Spatial restructuring and Security of Tenure** | • Continued coastal ribbon pattern of development with under-investment in the rural hinterland deepening poverty | • Ad hoc investment within the rural hinterland outside of a clear spatial development framework | • Rural investment and security of tenure linked to a strategic Spatial Development Framework with clear restructuring objectives |
| **Infrastructure development** | • Continued under-investment in new and existing infrastructure | • Short-term investment into immediate demand for infrastructure – no link to future development strategy | • Infrastructure investment linked to clear strategic development framework<br>• Massive resource mobilisation |
| **Education and skills development** | • Inability of the education and training system to produce a skilled workforce<br>• Migration of skilled labour towards other economic centres | • Insufficient and untargeted skills training<br>• Increased pool of unemployed youths | • Clear education sector interventions from cradle to grave resulting in improved quality, accessibility & industry linkages. |
| **Performance of key economic sectors** | • Continued decline in investment & jobs<br>• Worsening poverty | • Some short-term investment but unsustainable<br>• Slight decrease in poverty incidence | • Increased & sustainable investment based on renewed confidence in the regional economy<br>• Major decrease in incidence of poverty |
| **Institutional coordination and integration** | • Deteriorating intergovernmental & inter-stakeholder relations leading to uncoordinated planning and implementation, and inefficiently spent funds | • Improved intergovernmental relations and coordination but with limited private sector involvement | • Seamless intergovernmental relations & strong public-private-community sector partnerships |
| **Environmental sustainability** | • Continuing degradation & disregard for the environment | • Piece-meal environmental interventions in certain sectors | • District-wide adoption of sustainable development practices & proactive climate change response |

## 6.2.2: Emerging Scenarios

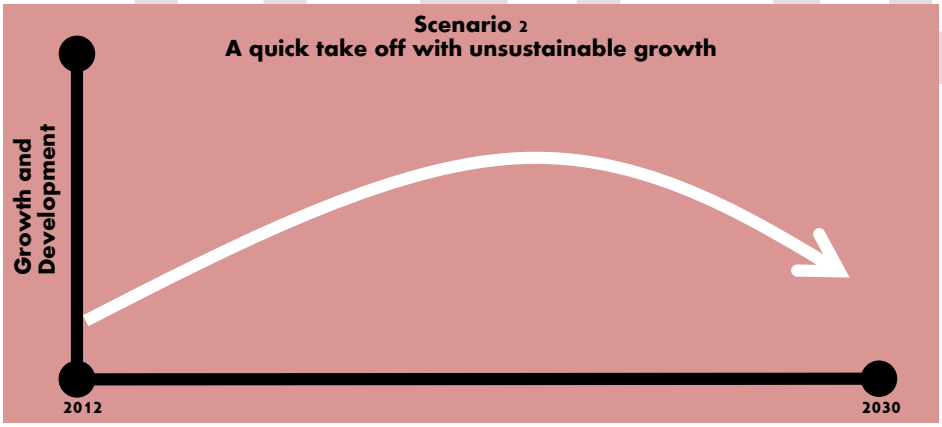
**Scenario 1 - Insufficient Growth and Development**

Scenario 1 assumes that the current low growth trajectory continues for the medium to long-term. This scenario is highly unfavourable as it is does not create sufficient employment opportunities and does not assist in addressing the social challenges, leading to increased poverty, unemployment and inequality within the District.



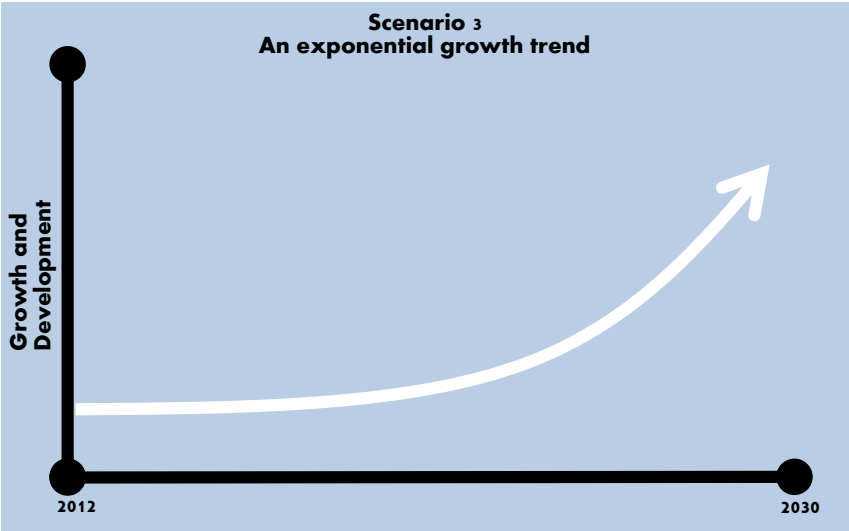

**Scenario 2 – Unsustainable Growth and Development**

Scenario 2 is another undesirable scenario for the district. It assumes a short-term, un-sustained response to the challenges facing the district by both the public and private sector. Commitment soon diminishes and the growth tapers off.




**Scenario 3 – Exponential Growth and Development**

Scenario 3 is the desired scenario in order to achieve the levels of growth and development required to sustain job creation and social development. It is based on all stakeholders committing to a shared vision for the district and underpinning this with increased levels of sustainable investment, co-operation and innovation.

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## 6.3: The Ugu Growth and Development Strategy

The strategy contains four levels. At the highest level of the strategy, there are 6 strategic drivers; these each have strategic objectives, followed by strategic programmes, and finally, key intervention areas. The 7 strategic drivers that have been identified are:

1. Spatial Restructuring and Security of Tenure
2. Sectoral Development and Support
3. Education and Skills development
4. Safety and Empowerment of Communities
5. Strategic Infrastructure Investment
6. Institutional development
7. Environmental Sustainability

These, along with the related objectives, programmes and interventions will be discussed in more detail in this section.

### 6.3.1 Strategic Driver 1 – Spatial Restructuring and Security of Tenure

This strategic driver refers to interventions required to fundamentally restructure the existing spatial development patterns of the Ugu District Municipality in order to address challenges of uneven and under-development within the region. Specific interventions include: unlocking of Ingonyama Trust land for development; resolving outstanding land claims in order to increase the risk appetite within the region; the consolidation of emerging rural spatial patterns of development in order to protect and unlock fertile tracts of land for agricultural investment; and improving the accessibility and linkages of rural communities to economic opportunity both within and outside of the rural hinterland.

### *Strategic Objective 1.1 – Unlock Ingonyama Trust land for Development*

The lack of security of tenure within the rural hinterland of the Ugu DM is a major inhibitor for investment and development. The potential identified in the hinterland for commercial agriculture, tourism, industry and commerce will not be realised unless this issue is addressed. If security of tenure could be addressed, then a more detailed spatial development framework for the rural hinterland is required that will focus complementary infrastructure and economic investment.

**Strategic Programme 1.1.1 Address Tenure Security within Ingonyama Trust Land**

This strategic programme lies outside of the locus of control of the Ugu DM, and will need to be championed within the relevant provincial structures and departments. The role of the Ugu DM and its local municipalities will be to lobby the relevant institutions and secure the support of the local traditional leadership through demonstrating the significant economic opportunity that will be unlocked through addressing the dual system of land management and ownership within the region.

### *Strategic Objective 1.2 Address outstanding Land Claims within the Ugu DM*

The slow pace of land reform within the Ugu DM is undermining investor confidence and lowering risk appetite. There is a need to fast track the resolution of all new and outstanding land claims in order to bring certainty into the market and facilitate investment within the region. The department of Rural Development and Land Reform and Agriculture are critical partners in this regard.

**Strategic Programme 1.2.1 Fast Track Resolution of Outstanding and New Land Reform Claims**

The implementation of this strategic programme lies outside of the locus of control of the Ugu DM and needs to be driven by the Department of Rural Development and Land Reform in partnership with the department of Agriculture within the region. The role of the Ugu DM and its local municipalities will be to strongly lobby the relevant departments to fast-track the resolution of all land claims. This is necessary in order to unlock economic potential within the region.

### *Strategic Objective 1.3 Consolidation of Emerging Patterns of Rural Human Settlement to Improve Service Delivery to Communities and Unlock land for Economic Development*

The emerging spatial pattern of human settlement within the rural hinterland is for the densification of settlements along major transport spines and in closer proximity to the main economic nodes. This pattern should be supported through infrastructure investment and service delivery. A more detailed spatial development framework and land use management plan is required in order to secure rural land for a variety of land uses and to increase efficiencies and sustainability in terms of service delivery.

**Strategic Programme 1.3.1 Consolidate Emerging Rural Pattern of Human Settlement along major Transport Spines**

This programme needs to be driven through infrastructure and service delivery investment and in terms of a clear spatial development framework and land use management strategy for the district. There is a clear need for the Ugu DM and its local municipalities to align their plans and to ensure the alignment of their plans with relevant provincial and national departments. For example, investments in social and education services need to be linked to human settlement plans within the region.

### *Strategic Objective 1.4 Enhance linkages within and accessibility of the Rural Hinterland to Economic Opportunity*

Owing to the fragmented nature of the district in spatial terms, linkages and accessibility represent a major development issue within the district. While the coastal areas accommodate the N2 development corridor, both north-south and east-west inland linkages are limited. Such linkages need to be developed in order to ensure better integration and the development of opportunities within the hinterland. The strategic location of the Ugu DM adjacent to the provincial economic powerhouse of the eThekwini municipality and the Eastern Cape province in the south need to be supported through strategic transport and road linkages in order to maximise the opportunities presented. In order to support these linkages major investment is required in terms of extending passenger rail services throughout the district and the establishment of inter-modal transport facilities at key nodal points throughout the district. Investment in rural economic nodes, in terms of a clear nodal hierarchy, is required in order to consolidate the spatial restructuring within the region. The various nodes are distinguished in terms of whether they are:

- Existing and to be maintained at the current level;
- Existing at a lower level of development and needing to be extended and consolidated as a higher-level node; and
- New nodes that must be introduced and phased in over time and as thresholds occur.

**Strategic Programme 1.4.1 Develop key linkage routes within the Ugu DM to facilitate accessibility and economic participation of rural communities**

The key linkage proposals within the Ugu DM are:

- A hinterland north-south linkages for the purposes of local access. It is intended to follow existing roads and river crossings and to be in the form of minor (single vehicle) structures for local access rather than large bridge structures.
- Strategic east-west linkages to promote accessibility throughout the region.

The Ugu DM and its local municipalities will be required to agree on the overall spatial development plan and the division of responsibilities for investment in district and local roads. The provincial roads authority will be required to align its plans and investments with those of the municipalities.

**Strategic Programme 1.4.2 Develop and enhance public transport modalities**

These proposals are contained in the work-plan for Strategic Driver 5: Strategic Infrastructure Investment.

**Strategic Programme 1.4.3 Investment within key economic nodes within the Region**

The Ugu DM and its local municipalities need to agree on a hierarchical system of economic nodes within the region as part of the district's Spatial Development Framework. This hierarchy will guide the varying levels of investment required in terms of service delivery, as well as social facilities such as schools, hospitals and clinics, and recreational facilities. Broad inter-governmental planning alignment is required.

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| STRATEGIC DRIVER 1: SPATIAL RESTRUCTURING AND SECURITY OF TENURE | | | |
|---|---|---|---|
| **Alignment** | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| | **National Outcome 7**: Vibrant, equitable and sustainable rural communities and food security for all. | **Revive Rural Economies:** Setting new spatial norms and standards and building inclusive rural economies | **Goal: Job Creation**<br>**Objectives**<br>• Unleashing agricultural potential<br>**Goal:** Human and Community Development<br>**Objectives:**<br>• Sustainable Human Settlements<br>• Sustainable Livelihoods and Food Security\<br>**Goal:** Spatial equity<br>**Objectives:**<br>• Integrated Land Management and Spatial Planning Integration |
| **Apex Indicators** | • Security of Tenure<br>• Level of Investment attracted into Rural Hinterland<br>• Resolution of land claims<br>• Alignment of government-wide planning and investment<br>• Accessibility of rural communities to public transport<br>• Accessibility of rural communities to major linkage routes | | |
| **Key Partners** | National (DRD&LR, DoA, DoT, DSD, DoH, DoE); Provincial (DoED&T, DLG&TA, Council of Traditional Leaders, Ingonyama Trust); Local (Ugu DM; LMs; Traditional Leadership) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| **1.1 Spatial Restructuring and Security of Tenure** | **1.1.1 Address Tenure Security within Ingonyama Trust Land** | • Lobby relevant provincial and national departments, the Ingonyama Trust and local traditional leadership regarding ways to enhance security of tenure in order to encourage investment within the region | |
| **1.2 Address Outstanding Land Claims within the Ugu DM** | **1.2.1 Fast track resolution of outstanding and new land reform claims** | • Lobby and work with the DRD&LR to fast-track the resolution of land reform claims within the region<br>• Liaise with the DoA regarding enhanced support to land reform beneficiaries within the district<br>• Establish a land reform information hotline to assist in tracking claims | |
| **1.3 Consolidate emerging patterns of rural human settlement to improve efficiency of service delivery and unlock land for economic development** | **1.3.1 Consolidate emerging rural patter of human settlement along major transport spines** | • Align spatial human settlement development plan with the district and local municipality Spatial Development Frameworks and Land Use Management Strategies<br>• Facilitate government-wide integrated planning and investment alignment | |
| **1.4 Enhance linkages within and accessibility of the rural hinterland to economic opportunity within the broader region** | **1.4.1 Develop key linkage routes within the Ugu DM to facilitate accessibility and economic participation and inclusion of rural communities** | • Key linkage proposals include:<br>○ A hinterland north-south linkage to enhance local access<br>○ Strategic east-west linkages to promote accessibility throughout the region | |
| | **1.4.2 Develop and enhance public transport modalities** | • Proposals are contained in Strategic Driver 5: Strategic Infrastructure Investment below | |
| | **1.4.3 Appropriate investment within key economic nodes within the district** | • Alignment amongst the district and local municipalities SDFs re the hierarchy of and investment approach to economic nodes within the district<br>• Alignment of IDPs, SDBIPs and Budgets with the SDF<br>• Facilitation of government-wide alignment of planning and investment | |

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## 6.3.2: Strategic Driver 2 - Sectoral Development and Support

This strategic driver refers to sector specific interventions in order to grow the key economic sectors within the district. These sectors include agriculture and agri-processing, tourism, and manufacturing - including manufacturing value chains. This driver also incorporates interventions necessary to support SMMEs and the informal sector, as well as creating an enabling environment for business. With this in mind, the driver is split into two strategic objectives:

### *Strategic Objective 2.1 – Expand the Key Productive Sectors*

The key productive sectors in Ugu are agriculture, manufacturing and tourism. Ugu has a variety of natural resources, as well as a strong manufacturing, agricultural and tourism base, which gives it an advantage in these sectors. These sectors are important in that they are labour intensive and require a balance of semi-skilled, skilled and highly skilled labour. They therefore have the ability to generate the kind of employment that could lift people out of poverty. Furthermore, both agriculture and manufacturing have extensive value chains which will generate a large amount of indirect and induced employment and revenue. In order to effectively expand these sectors, it is vital that SMME's, cooperatives and the informal sector grow substantially as it is through these structures that employment is most rife. Through increases in SMMEs, cooperatives and the informal sector, the wealth generated by these sectors can be spread into rural areas and to lower income groups. The following four strategic programmes have been identified in order to grow the key productive sectors:

**Strategic Programme 2.1.1 Expansion of Agricultural Production and Agri-Processing**

While agriculture only contributes 8% to GVA and has declined substantially over the previous ten years, Ugu still has a comparative advantage in this sector and with the addition of agri-processing, this sector has the potential to drive growth in the district. The interventions in this sector include unlocking Ingonyama Trust land for development, value-adding, promoting growth of higher value products (macadamias, bananas, sugar, tunnels – vegetables, poultry production), commercialisation of subsistence farmers, improved research and marketing through development of research partnerships, increase in agricultural extension services, identifying on-land aquaculture opportunities, and addressing the slow pace of land reform and facilitation of tenure security.

**Strategic Programme 2.1.2 New Tourism Product Development and Marketing**

Trade and Accommodation (which contains the tourism sector) contributes the second highest amount of 17% to GVA. The sector has shown growth over the previous 10 years. However, growth is constrained around 3% due to the fact that Ugu is not fully exploiting its immense tourism potential. Interventions to grow tourism and ensure all-year round tourism in Ugu include initiating a tourism development zone, a Big 5 Nature Reserve, strategic marketing and targeting new market segments and exposing existing products, new product development (particularly within Tribal Authorities), developing an annual events calendar, beachfront upgrades, creating a cycle-friendly destination, and supporting linkages between urban and rural tourism products and nodes.

**Strategic Programme 2.1.3 Stimulating the Manufacturing Sector and Manufacturing Value-Chains**

Currently in Ugu, manufacturing contributes the most to GVA at 19% and the sector has experienced growth, albeit fluctuating due to the global economic climate. With a more positive national and global outlook, the industry has the potential to improve its competitiveness, increase its value-add

and move into niche markets. It retains a cost advantage over the neighbouring metropole, which augurs well for job creation. The majority of the manufacturing sector is situated in the Hibiscus Coast LM in the major nodes of Port Shepstone/Marburg and Margate. For this reason, the PGDP has identified spatially spreading manufacturing in Ugu through township industrial projects. Interventions identified in this programme include upgrading industrial parks, establishing a shared furniture manufacturing incubator facility, promoting competitiveness in the clothing and textile sector, creating linkages between SMMEs and large firms, formulating an industrial development plan for the district, and forming the Mahlongwa/Madawe micro-manufacturing centre.

**Strategic Programme 2.1.4 Ensuring Effective Assistance and Support to SMME's, Cooperatives and Informal Traders**

SMMEs, Cooperatives and Informal Trading have the dual benefit of creating employment and distributing wealth and are key to expanding the main productive sectors. The interventions identified to ensure effective assistance and support to these structures include: implementing an SMME support strategy, improving access to markets, supporting small-scale mining and farming including processing and creating linkages to commercial businesses, provision of Nguni cattle and implementation of the provincial livestock improvement project, and developing SMME incubators and mentorship programmes.

### *Strategic Objective 2.2 - Enhance the Business and Investment Environment throughout the District*

Without an enabling environment, it is very difficult to grow key sectors of the economy. This objective contains programmes and interventions that aim to create a business friendly environment in Ugu to ensure that new investment is attracted and new businesses are encouraged by local government. Creating this environment requires active investment promotion, business retention and expansion programmes and putting processes in place that reduce red-tape and other 'cost-of-doing-business' factors. The following strategic programmes have been put in place to enhance the business and investment environment in Ugu.

**Strategic programme 2.2.1 Enhancing Investment Promotion & Facilitation Capacity**

Over the previous 10 years, investment showed positive growth across all sectors except Agriculture which declined by -3.2%. In 2011, however, investment declined across most sectors, with manufacturing experiencing negative growth of -1%. Investment attraction is essential to growing the economy and new businesses that result from investment flow are major job creators in an economy. Interventions identified include development of a district investment promotion strategy, supporting the creative industry and marketing and facilitating industrial development opportunities.

**Strategic programme 2.2.2 Strengthen District BR&E Programme Capacity**

A Business Retention and Expansion (BR&E) Programme is a long-term, systematic approach to identify problems that could cause employers to leave a community, identify opportunities to help companies expand in the community, and build relationships with individual company executives to promote a sense of loyalty. To a large degree, it employs a "portfolio mindset" through regular data collection, analysis and proactive responses to business issues. It is a consistent, multi-year effort that forms a key part of a sound economic development strategy. Interventions for this programme

include the roll-out of a district wide BR&E programme as well as coordinating business support services.

**Strategic programme 2.2.3 Ensure a reduction in red-tape and other 'cost-of-doing-business factors'**

Reducing red-tape and the cost of doing business came up extensively in workshops and is often considered the key to creating competitive sectors and attracting investment. Interventions are designed to ensure red-tape and the cost-of-business are reduced, introduce a seamless development process, facilitate the relaxing of stringent banking sector lending criteria, and lobby relevant stakeholders regarding dumping and unfair subsidies in the market place. The table below outlines the strategic framework for the GDS and includes the programmes and interventions relating to each of the objectives.

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| STRATEGIC DRIVER 2: SECTORAL DEVELOPMENT AND SUPPORT | | | |
|---|---|---|---|
| **Alignment** | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| | **National Outcome 4:** Decent employment through inclusive economic growth | **Faster and more inclusive growth:** An economy that will create more jobs; & an inclusive and integrated rural economy | **Goal**<br>• Job Creation<br>**Objectives**<br>• Unleash the Agricultural Sector<br>• Enhance Industrial Development<br>• Promote SMME & Entrepreneurial Development |
| **Apex Indicators** | • Total value of output of all sectors<br>• Percentage change in GDP per capita<br>• Total employment and percentage change in employment<br>• Change in number of new businesses established | | |
| **Key Partners** | National (DTI; DRDLR; DoT; SEDA); Provincial (PPC; DEDT; TIKZN; DAEA; COGTA; TKZN, ITB); Local (Ugu DM; LMs; Private Sector, Business Chambers, NGOs) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| **2.1 Expand the Key Productive Sectors** | **2.1.1 Expansion of Agricultural Production and Agri-Processing** | • Unblock obstacles to commercial agricultural activity within traditional authority areas, including subsistence farmer commercialisation<br>• Focus on Higher-Value Crop Production and Agri-Processing Activities<br>• Increase agricultural extension services throughout the district<br>• Development of Research Partnerships<br>• Market agricultural sector jobs to youth<br>• Identification of Mariculture & Aquaculture Opportunities<br>• Address slow pace of land reform and facilitate tenure security | |
| | **2.1.2 New Tourism Product Development and Marketing** | • Feasibility and Implementation of a Tourism Development Zone for Ugu<br>• Ensure Infrastructure Support for Establish of a Big 5 Game Reserve<br>• Develop an aggressive marketing strategy to promote year-round tourism & better marketing of existing products & events<br>• Develop seasonal event calendar<br>• Umzimkhulu Gorge development to St Faiths<br>• Establish one-stop tourism shop<br>• Beachfront Upgrades and Upgrade areas surrounding Blue Flag Beaches (Pilot Coastal Precincts)<br>• Create a cycle-friendly destination<br>• Identify Areas for Adventure/Recreation Nodes (incl walking & cycling routes)<br>• Build linkages between rural & urban based tourism products through tourism routes & packages | |
| | **2.1.3 Stimulating the Manufacturing Sector and Manufacturing Value-Chains** | • Upgrade of Industrial parks – ensure affordability of land, building & services<br>• Establish a Shared Furniture Manufacturing Incubator Facility (resource mobilization & operational budget)<br>• Promote competitiveness and provide Support to the Clothing, Textile and Design Sector and local supplier network<br>• Development of Linkages between Small and Large Firms within the District<br>• Prepare a District Industrial Development Plan<br>• Mahlongwa / Mandawe Micro Manufacturing Centre | |

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| STRATEGIC DRIVER 2: SECTORAL DEVELOPMENT AND SUPPORT | | | |
|---|---|---|---|
| **Alignment** | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| | **National Outcome 4:** Decent employment through inclusive economic growth | **Faster and more inclusive growth:** An economy that will create more jobs; & an inclusive and integrated rural economy | **Goal**<br>• Job Creation<br>**Objectives**<br>• Unleash the Agricultural Sector<br>• Enhance Industrial Development<br>• Promote SMME & Entrepreneurial Development |
| **Apex Indicators** | • Total value of output of all sectors<br>• Percentage change in GDP per capita<br>• Total employment and percentage change in employment<br>• Change in number of new businesses established | | |
| **Key Partners** | National (DTI; DRDLR; DoT; SEDA); Provincial (PPC; DEDT; TIKZN; DAEA; COGTA; TKZN, ITB); Local (Ugu DM; LMs; Private Sector, Business Chambers, NGOs) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| | **2.1.4 Ensuring Effective Assistance and Support to SMME's, Cooperatives and Informal Traders** | • Design & implement a differentiated SMME support programme<br>• Facilitate Access to Markets for Small and Medium Sized Manufacturers – e.g: shared Ugu business database & collective marketing to retailers<br>• Investigate stone mining potential in Ugu and provide support<br>• Ugu Small-Scale Farmers development programme (cane, timber, bananas, macadamia, market gardening, essential oils, tunnels - cucumbers/tomatoes, organic farming & poultry)<br>• Facilitate comprehensive support to small farmers, including market spaces and linkages with commercial farmers<br>• Facilitate provision of Nguni cattle to small farmers and implement provincial livestock improvement programme<br>• Identification and Development of SMME Incubation Facilities and Supporting Mentorship | |
| | | | |
| **2.2 Enhance the Business and Investment Environment throughout the District** | **2.2.1 Enhancing Investment Promotion & Facilitation Capacity** | • Investigate an investment promotion facility across the district<br>• Develop an IPFS and promote joint marketing across sectors<br>• Promote and provide support to the Creative Industry<br>• Market and Facilitate Industrial Development opportunities | |
| | **2.2.2 Strengthen District BR&E Programme Capacity** | • Roll-out of a District Wide BR&E Programme<br>• Coordinate Business Support Services | |
| | **2.2.3 Ensure a reduction in red-tape and other 'cost-of-doing-business factors'** | • Municipalities to address red-tape & introduce seamless development processes<br>• Facilitate the relaxing of stringent banking sector lending criteria<br>• Lobby with relevant stakeholder regarding dumping and unfair subsidies in the market place | |

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### 6.3.3 Strategic Driver 3: Education and Skills Development

This driver aims to improve the entire education and skills continuum from early childhood development, through schooling, to tertiary and training institutions for adults. It is critical that interventions are levelled at each of these phases in order to achieve the overall aim of a skilled and productive population within the district. This driver is critical to the success of drivers 1 (sectoral development and support) and 3 (safety and empowerment of communities). This is because a productive labour force and larger skills base is necessary to grow key sectors of the economy, and an educated populace is both a healthier and more employable populace. This strategic driver has been split into two sub-objectives: (2.1) ensure early childhood development and primary and secondary education, and (2.2) encourage demand driven skills development and training linked to industry.

#### *Strategic Objective 3.1 Ensure Early Childhood Development and Primary and Secondary Education*

Out of the estimated 300 000 young people of school going age, only 218 242 are accounted for in the formal schooling system within the district. The quality and accessibility of educational facilities and resources remain critical challenges within the district, particularly within the rural areas. Challenges include attracting quality staff to the district and poor infrastructure. The following strategic programmes aim to improve schooling in the district through guaranteeing ECD classes for all children of the appropriate age to ensure that they receive the necessary grounding for their future schooling career; bolstering school resources and capacity to ensure that the quality of teaching is of a decent standard; and supporting and promoting the education sector through awareness creation.

**Strategic Programme 3.1.1 Ensuring effective Early Childhood Development**

Early Childhood Development has been prioritised by the Department of Education in recent years through the implementation of ECD teaching qualifications and ensuring that each school has a Grade R class. Pre-primary education is seen as a vital grounding to a learner's ability to grasp concepts later on in their schooling career. Very few learners are registered in pre-Grade R classes and only 8 pre-primary schools are registered in the district. A key challenge remains the perception of parents and caregivers re ECD. Various interventions have been identified in order to improve ECD in the district. These include developing and implementing a quality ECD strategy, developing ECD centres and capacity of caregivers with assistance from DSD and NGOs and promoting the importance of education amongst parents. The Department of Social Development is currently mapping ECD facilities in each municipality, and this must form a platform off which improvement to such facilities (and new facilities) are developed.

**Strategic Programme 3.1.2 School Resources and Capacity**

School resources and capacity are poor, especially in rural schools in the district. Many schools don't have access to libraries, computers, and science and sports equipment, for example. The capacity of headmasters and teachers remains a key challenge. Few teacher training programmes exist, motivation of both teachers and learners is low, and the turnover of staff is high. Interventions to improve school resources and capacity have been identified as facilitating links between municipalities and schools re access to resources, clustering rural schools in key economic nodes, establishing teacher development and principal leadership programmes, investigating the re-opening of Gamalakhe Teacher Training College, and lobbying for minimum resources at all schools. This must include supporting facilities and services such as transport for learners and housing for educators, and identification of specific schools for recapitalization as potential specialised training institutions. In addition, minimum standards must be set to ensure quality education.

**Strategic Programme 3.1.3 Support and Promotion of the Education Sector**

In order to raise the profile of education amongst parents, learners, professionals and government, support and promotion of the education sector is necessary. A consciousness needs to be established amongst the

local population whereby education is considered of the utmost importance, and furthermore, ensuring that improving science and maths results is made a priority. In order to achieve this, the district needs to facilitate career awareness amongst young people, increase the number of private sector and mobile education support programmes, ensure inclusion of the education department in IDP planning sessions, roll-out of HIV/AIDS awareness campaigns, development of exhibitions, offer learnerships, and the establishment of a shared technology centre with a focus on IT and science.

### *Strategic Objective 3.2 Encourage Demand Driven Skills Development and training linked to Industry*

There are very few tertiary training institutions in Ugu which means that few matriculates have easy access to skills development. The quality of training at FET colleges is often not sufficient and the skills produced do not necessarily match those that are required by industry. It is important that skills produced by training colleges are easily absorbed into the private sector in order to avoid structural unemployment. Three strategic programmes have been identified to encourage demand driven skills development and training linked to industry. These include a focus on tertiary education, creating partnerships between tertiary education institutions and the private sector, and programmes for shared training centres.

**Strategic Programme 3.2.1 A Focus on Tertiary Education (Satellite University, specialist tertiary training colleges, etc.)**

Due to the insufficient number and quality of tertiary education facilities in Ugu, the following interventions have been identified. Establishing a work-link centre to assist with job placement, increased awareness of different modes of learning, establishment of an Ugu-based agri-college, establish business education co-operation and planning platforms, and investigate the establishment of university branches in Ugu.

**Strategic Programme 3.2.2 Creating partnerships between secondary and tertiary education institutions and private sector (incl. apprenticeships, internships, bursaries)**

There is a concern amongst industry that colleges aren't producing skills that match their needs. Additionally, numerous schools offer agricultural sciences with few placements for children after completion of secondary school. In order to avoid structural unemployment, it is critical that the private sector partners with education institutions in order to ensure the correct skills are being produced. This includes joint planning of courses offered to increase relevance, increase the number of artisanal courses, expand bursary programmes for youth, attract retired professionals to mentor educators and learners, encourage businesses to be receptive to learnerships and offer in-service training, the creation of placements within commercial agriculture, and form linkages between industry and R&D institutions.

**Strategic Programme 3.2.3 Programmes for shared training centres (technical training facilities etc.)**

Due to the high costs involved in technical equipment and resources for technical training colleges, it is suggested that resources are shared in order to achieve a higher penetration of technical training. This could involve a hub and spoke type system where central shared resource centres are positioned in easily accessed locations with branches of training colleges positioned near to locations. Identification and establishment of shared training centres is necessary.

The table below outlines the strategic framework for strategic driver 2 and includes the programmes and interventions relating to each of the objectives.

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| STRATEGIC DRIVER 3: EDUCATION AND SKILLS DEVELOPMENT | | | |
|---|---|---|---|
| **Alignment** | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| | **National Outcome 1**: Improved quality of basic education<br><br>**National Outcome 5**: A skilled and capable workforce to support an inclusive growth path. | **Building Capabilities:** Improving the quality of education | **Goal**<br>• Human Resource Development<br>**Objectives**<br>• Improve early childhood development, primary and secondary education<br>• Support skills alignment to economic growth |
| **Apex Indicators** | • Overall participation rate from Grade 1 to 12<br>• Results of Grade 3, 6 and 9 Annual National Assessments<br>• Number of learners passing the national senior certificate<br>• Number of learners qualifying for maths and science university entrance<br>• Appropriate skills available to priority sectors in KZN | | |
| **Key Partners** | National (DOE; DHE; DOH; DST; SETA; DOL; DSR; DSD); Provincial (PPC; DOE; DOH; DSR; FET College; OoP); Local (Ugu DM; LMs; NGOs; CBOs; Schools; Private Sector) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| **3.1 Ensure Early Childhood Development and Primary & Secondary Education** | **3.1.1 Ensuring Effective Early Childhood Development** | • Develop and implement a quality ECD strategy<br>• Develop required ECD centres and capacity of caregivers with assistance from DSD and NGOs<br>• Promote the Importance of education amongst parents | |
| | **3.1.2 School Resources and Capacity** | • Facilitate links between municipalities & schools re access to libraries, sports facilities & MPCCs<br>• Cluster rural schools in key economic nodes in order to provide better quality education<br>• Establishment of a Teacher Development Programme<br>• Establishment of a Principal Leadership Programme<br>• Investigate the Re-opening of the Gamalakhe Teacher Training College<br>• Lobby for minimum standards at all schools – e.g. science kits, laboratories & libraries<br>• Introduce quality education standards through curriculum and assessment policy statement (CAPS) and continuous assessment at grades 3, 6, 9, and 12 | |
| | **3.1.3 Support and Promotion of the Education Sector** | • Facilitate career awareness amongst young people<br>• Increase number of private sector and mobile education support programmes in the district, especially maths & science programmes<br>• Education sector to participate in IDP consultations<br>• Roll-out of HIV/AIDS awareness campaigns<br>• Development of Exhibitions (Career Exhibitions, Science and Innovation Fairs)<br>• Offer learnerships in private & public schools for matriculants interested in education<br>• Identification and establishment of a Shared Technology Centre with a focus on IT and Science (computer centres, laboratories, etc) | |
| **3.2 Encourage Demand Driven Skills Development & Training linked to Industry** | **3.2.1 A Focus on Tertiary Education (satellite Varsity, specialist tertiary training colleges, etc)** | • Establish a Work-Link Centre to assist with job placements & work experience<br>• Increase awareness of different modes of learning e.g. distance learning & learnerships<br>• Establish an Ugu-based Agri-College<br>• Establish business education co-operation & planning platforms (FET Boards to have private sector representation)<br>• Investigate the establishment of University branches in Ugu | |
| | **3.2.2 Creating Partnerships between Secondary and Tertiary Education Institutions & Private Sector (incl. apprenticeships, internships, bursaries)** | • Facilitate joint planning for skills development between FET & business sectors to increase relevance of FET courses & increased artisanal courses<br>• Expand bursary programme for youth with community service component<br>• Resource retired professionals to mentor educators & learners<br>• Businesses to be receptive to learnerships & offer in-service training<br>• Facilitate linkages between industry & R&D institutions<br>• Ensure placements through linkages between commercial farmers and schools offering agricultural sciences | |
| | **3.2.3 Programmes for Shared Training Centres (technical training facilities, etc) and** | • Identification and establishment of Shared Training Centres | |

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### 6.3.4 Strategic Driver 4: Safety and Empowerment of Communities

This driver aims to promote the general health and well-being of communities in Ugu. People are an important resource and need to be nurtured in order for growth and development to occur. Furthermore, the current, consistent drain on state resources caused by the many people requiring grants and health care is not sustainable and it is therefore important to empower communities so that they become self-sustainable. Programmes under this driver will be rolled out at a local level, and community involvement will be prioritised in the implementation of these programmes. Four strategic objectives have been identified in order to ensure the safety and empowerment of communities. (1) Poverty alleviation and food security is critical in creating a sustainable community, (2) creating healthy communities through on the ground interaction, awareness creation and support programmes, (3) ensuring sustainable human settlements through spatial planning and redevelopment, and (4) guaranteeing the safety and security of communities. Each of these objectives is equally important in growing and developing Ugu from the ground up, starting with support for citizens at a community level.

#### *Strategic Driver 4.1 Ensure Poverty Alleviation through Social Development and Food Security*

Levels of poverty within the Ugu district remain unacceptably high. Three of the local municipalities within the Ugu District rank in the top ten of the provinces most deprived areas. The number of people living in poverty in Ugu (defined as the Minimum Living Measure) is 58% of the population or 407 138 people. It is important to adopt a supportive approach to communities confronted by poverty, while at the same time aiming not to create dependency on poverty alleviation strategies such as the social grant system. Two provincial programmes aim to create sustainable communities through empowerment – these are the Sakuma Sakhe Programme which focuses on infrastructure development, and the 100ha Programme which aims to develop agriculturally productive land within traditional councils. These should be elevated, supported and implemented in Ugu. In order to prevent the youth from joining the poverty cycle, extra support is required to promote social development amongst youth. Drawing on issues fundamental to poverty alleviation, social development and food security, the following programmes have been identified.

**Strategic Programme 4.1.1 Provide a safety net for the poor and vulnerable within the district**

It is important to ensure that there is a safety net for the poor and vulnerable within the Ugu district. The goal of the district would be to increase the accessibility of spatially peripheral communities to social services (e.g. health care, education and social support grants) through decentralising services within the rural economic nodes identified for consolidation within the SDF. This will require on-going collaboration between the Ugu municipalities and the relevant social sector departments. Addressing food security and childhood nutrition through the promotion of food gardens and food-for-work programmes should be encouraged, including creating linkages between such programmes and school feeding schemes.

**Strategic Programme 4.1.2 Facilitate Expansion of the Sukuma Sakhe Programme and 100ha Programme in Traditional Councils**

Operation Sukuma Sakhe is the leading provincial flagship programme that seeks to rebuild communities and address historical, developmental, spatial and racial imbalances across the province through the rehabilitation and construction of enabling infrastructure such as roads, housing, electricity and water, among others. Issues of halting rural-urban migration, general service delivery, human and community capital development, poverty alleviation, crime prevention, employment generation and social cohesion are at the heart of Operation Sukuma Sakhe. The programme is being implemented in the Ugu district and needs to be further enhanced. The 100ha Programme seeks to ensure the productivity of Ingonyama Trust Land by promoting the availability of land through designating at least 100ha of land each within individual, traditionally designated enclaves towards agricultural production.

**Strategic Programme 4.1.3 Encourage Social Development through Youth and Community Involvement**

It is vital for community development to ensure that youth do not continue in the poverty cycle but that they are given extra support and an opportunity to join the labour force. Support can take the form of a district youth development strategy, development of school and community gardens, and the roll-out of EPWP and community works programmes, especially to youth beneficiaries. The Ugu Work-Link Centre, a partnership programme of the eSayidi FET College, South Coast Chamber of Business and Ugu District Municipality, is aimed at facilitating linkages amongst the unemployed, especially youth, and the job market in a structured manner. Platforms for the youth and business to engage will also be facilitated.

### *Strategic Objective 4.2 Provide Support to Create Healthy Communities & Citizens*

HIV/AIDS and TB are major contributors to poor health within Ugu. In 2011, 114 987 people were identified as HIV positive. This figure increased rapidly from a recorded figure of 23 462 in 1995. The large increase in HIV incidence is a major cause for concern, as not only is there major pressure on existing health facilities and resources, but also an increase in child-headed households, higher dependency levels, increasing levels of vulnerability to external shocks, lower productivity levels, a reduction in the potential labour force and deepening poverty within the region.

**Strategic Programme 4.2.1 Enhancing Relationships between Stakeholders**

In order to effectively create healthy communities, stakeholders need to work together, communicate and plan in a unified manner. In order to achieve this, Ugu needs to establish a health forum with DOH and NGOs who are the primary distributors of health care in the district. It is important that Ugu government is actively involved with the plans of these institutions. This includes lobbying for HIV/AIDS education programmes and provision of funding and facilities. It is essential that sufficient support is given to NGO's and Community Based Organisations who are often permanently present in rural areas whereas the DOH is only present temporarily according to a cycle of mobile clinics.

**Strategic Programme 4.2.2 Establishment of Awareness Programmes**

Due to the high levels of poverty, the spatial divide between towns and deep rural areas, and the challenges facing the education system, it is important that awareness of diseases is created, not only to educate citizens, but also to attempt to remove the stigma that comes with these issues. It is important that Ugu rolls out a substance abuse programme, HIV/AIDS and teenage pregnancy programmes, promotion of Corporate Social Investment (CSI) programmes to improve financial literacy, and an adult basic education training programme.

**Strategic Programme 4.2.3 Encourage Expansion of Interventions to Support Disabled Persons**

Proper care for disabled persons is important to maintaining the health of a community. Early identification of children with disabilities will make management of health initiatives more efficient and will help to prevent any further preventable health problems. Ugu must also undertake an assessment and demand analysis of existing NIP and Community Centres to ensure that there is capacity and implement improvements or development of new facilities and human and other resources.

**Strategic Programme 4.2.4 Encourage Promotion of Arts & Culture and Sport & Recreation Facilities, Initiatives and Events**

Arts and culture, sport and recreation and events drive social cohesion and thereby improve the well-being of citizens. These spheres can also generate skills development and create jobs – this is especially true of events and arts and crafts. A sustainability plan for the Ugu Sports and Leisure Centre needs to be developed

and implemented. Furthermore, support should be given to arts and crafts activities. Another possible intervention is to investigate the development of the Vulamehlo Cultural Village.

### *Strategic Objective 4.3 Ensure the Establishment of Sustainable Human Settlements*

Integrated human settlements require integrated planning and budgeting to create safe, liveable environments supported by quality infrastructure and services. In Ugu, the majority of urban settlements lie along the coastal belt, with the inland regions being dominated by rural settlements with varying levels of density and accessibility. In the urban settlements, there is a housing demand particularly in the lower market segments for subsidised or gap housing. Local municipalities are responsible for the development of housing sector plans that should be integrated into their broader spatial, land, transport, social, economic and infrastructure plans.

In the rural areas, there is a particular need to supply rural housing and to meet the service and infrastructure needs of households in scattered settlements. These households do not have sufficient access to the road network, municipal services, social facilities and economic opportunities. Addressing the rural housing backlog is made more difficult due to typography and distance, resulting in high service and infrastructure costs. A sustainable approach to human settlements is required, with appropriate service levels and strategies for addressing the needs of scattered settlements and the more densely populated rural nodes and corridors. A number of strategic responses have been developed to address the short and longer-term needs of these communities. These include sustainable service delivery strategies, such as rain water harvesting and solar energy, and the longer term encouragement of densification of human settlements in rural nodes and corridors through the provision of higher service levels and through the clustering of support services and facilities.

**Strategic Programme 4.3.1 Promote Human Settlement Development and Town Rehabilitation**

Interventions to promote housing development and town rehabilitation include upgrading dense-informal settlements, provision of sustainable service delivery mechanisms to scattered settlements (e.g. rain water harvesting and solar energy), development of affordable and social housing in areas of demand, investigating the establishment of an old age home in Ugu, and the maintenance and upgrade of towns in terms of SDF nodal plans – this includes Margate Urban renewal project and Harding CBD redevelopment.

**Strategic Programme 4.3.2 Ensure Clustering of Supporting Services & Facilities (incl. access for disabled persons)**

Clustering of services ensures that the majority of people will have access to services at a lower cost to developers. Interventions include the provision of social services facilities in rural nodes, investigating opportunities for shopping centres within rural economic nodes, and facilitating increased access of communities to formal banking services.

### *Strategic Objective 4.4 Guarantee the Safety and Security of Communities*

The GDS consultations have highlighted perceptions of a high crime rate and level of corruption within the district, including within the police force itself. In addition, it has been noted that a lack of cooperation by the police when receiving tip-offs has led to situations of 'mob-justice'. These perceptions and concerns need to be addressed as a priority. Proposed interventions are: ensuring efficient community policy forums, ensuring the accessibility of small-claims courts, the adequate resourcing of police stations, additional police stations in rural areas and the reinstatement of the Stock Theft Unit. With this in mind, the following two strategic programmes have been identified.

**Strategic Programme 4.4.1 Strengthen the Relationship between civil society, business and criminal justice system**

In order to curb perceptions and ensure accountability of both police and citizens, it is important that regular community policing forums occur with attendance from the District and Business Against Crime.

**Strategic Programme 4.4.2 Ensuring the Safety of all Citizens**

The protection of vulnerable groups such as women, children and disabled persons requires special attention as, while there are policies and other measures in place to protect these groups, victims are often subject to social and physical constraints that mean they do not receive the protection they deserve. In order to ensure the safety of all citizens, the development of an anti-crime strategy for the district and a programme aimed at ensuring the safety of vulnerable groups (woman, children and disabled persons) needs to be implemented.

The table below outlines the strategic framework for strategic driver 3 and includes the programmes and interventions relating to each of the objectives.

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| STRATEGIC DRIVER 4: SAFETY AND EMPOWERMENT OF COMMUNITIES | | | |
|---|---|---|---|
| **Alignment** | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| | **National Outcome 3**: All people in South Africa are and feel safe.<br><br>**National Outcome 7**: Vibrant, equitable and sustainable rural communities with food security for all.<br><br>**National Outcome 8:** Sustainable human settlements and improved quality of household life. | **Building Capabilities:** Quality Health Care for all; Social protection; & Building safer communities | **Goal**<br>• Human and Community Development<br>**Objectives**<br>• Poverty Alleviation and Social Welfare<br>• Enhancing the Health of Communities and Citizens<br>• Ensuring Sustainable Household Food Security in KZN<br>• Sustainable Human Settlements<br>• Safety and Security<br>• Social Capital |
| **Apex Indicators** | • Adjusted Human Development Index<br>• Life Expectancy Rate<br>• Total number of crimes | | |
| **Key Partners** | National (DSD; DOH; DHS;DAC; DSR; SAPS); Provincial (PPC; DOE; DOH; DSR; DAC; OoP); Local (Ugu DM; LMs; NGOs, CBOs, Private Sector, Community Policing Forums) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| **4.1 Ensure Poverty Alleviation through Social Development and Food Security** | **4.1.1 Provide a safety net for the poor and vulnerable within the district** | • Facilitate joint planning with Social Sector departments to ensure accessibility and coverage of services throughout the region<br>• Implement food garden support and work-for-food programmes throughout the district (including linkages between co-ops and school feeding schemes) | |
| | **4.1.2 Facilitate Expansion of the Sukuma Sakhe Programme and 100ha Programme in Traditional Councils** | • Engage with the Office of the Premier (OoP) to identify areas suitable for the Sukuma Sakhe programme and roll-out of Seed Distribution Programme<br>• Engage with the Office of the Premier (OoP) and traditional councils to identify areas to expand the 100ha Programme | |
| | **4.1.3 Encourage Social Development through Youth and Community Involvement** | • Facilitate development & implementation of district youth development strategy<br>• Development of School and Community Gardens<br>• Roll-out EPWP and community works programmes, especially youth beneficiaries<br>• Encourage youth-business platforms for engagement | |
| **4.2 Provide Support to Create Healthy Communities & Citizens** | **4.2.1 Enhancing Relationships between Stakeholders** | • Establish a Health Forum with DOH and NGOs (incl lobbying for HIV/AIDS education programmes and provision of funding and facilities)<br>• Facilitate support to NGO & CBOs involved in the social sector | |
| | **4.2.2 Establishment of Awareness Programmes** | • Roll-out of a Substance Abuse Programme<br>• Roll-out of HIV/AIDS and Teenage Pregnancy Programmes<br>• Promote financial literacy through banking CSI programmes & promote culture of saving<br>• Roll-out a Community ABET Programme | |
| | **4.2.3 Encourage Expansion of Interventions to Support Disabled Persons** | • Identification of Current National and Provincial Programmes and Roll-out of Relevant Implementable Initiatives<br>• Early Identification of Children with Disabilities | |
| | **4.2.4 Encourage Promotion of Arts & Culture and Sport and Recreation Facilities, Initiatives and Events** | • Sustainability Plan for the Ugu Sports & Leisure Centre<br>• Facilitate support for arts and crafts activities<br>• Investigate development of the Vulamehlo Cultural Village | |
| **4.3 Ensure the Establishment of Sustainable Human Settlements** | **4.3.1 Promote Human Settlement Development and Town Rehabilitation** | • Upgrade Dense-Informal Settlements<br>• Provide sustainable service delivery mechanisms to scattered settlements e.g. rain water harvesting & solar energy<br>• Development of Affordable and Social Housing in areas of demand<br>• Investigate establishment of an Old Age Home in Ugu<br>• Maintenance & upgrade of towns in terms of SDF nodal plans (including Margate Urban renewal project & Harding CBD redevelopment) | |
| | **4.3.2 Ensure Clustering of Support Services & Facilities (incl access for disabled persons)** | • Provision of social services & facilities in rural nodes in terms of sector norms & standards<br>• Investigate opportunities for shopping centres within rural economic nodes<br>• Facilitate increased access of communities to formal banking services | |

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| STRATEGIC DRIVER 4: SAFETY AND EMPOWERMENT OF COMMUNITIES | | | |
|---|---|---|---|
| **Alignment** | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| | **National Outcome 3**: All people in South Africa are and feel safe.<br><br>**National Outcome 7**: Vibrant, equitable and sustainable rural communities with food security for all.<br><br>**National Outcome 8:** Sustainable human settlements and improved quality of household life. | **Building Capabilities:** Quality Health Care for all; Social protection; & Building safer communities | **Goal**<br>• Human and Community Development<br>**Objectives**<br>• Poverty Alleviation and Social Welfare<br>• Enhancing the Health of Communities and Citizens<br>• Ensuring Sustainable Household Food Security in KZN<br>• Sustainable Human Settlements<br>• Safety and Security<br>• Social Capital |
| **Apex Indicators** | • Adjusted Human Development Index<br>• Life Expectancy Rate<br>• Total number of crimes | | |
| **Key Partners** | National (DSD; DOH; DHS;DAC; DSR; SAPS); Provincial (PPC; DOE; DOH; DSR; DAC; OoP); Local (Ugu DM; LMs; NGOs, CBOs, Private Sector, Community Policing Forums) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| **4.4 Guarantee the Safety and Security of Communities** | **4.4.1 Strengthen the Relationship between civil society, business and criminal justice system** | • Ensure regular Community Policing Forums occur with attendance from the District and Business Against Crime | |
| | **4.4.2 Ensuring the Safety of all Citizens** | • Development of an Anti-crime strategy for the district<br>• Develop a programme aimed at ensuring the safety of Vulnerable Groups (Women, children and disabled persons) | |

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### 6.3.5 Strategic Driver 5: Strategic Infrastructure Development

This driver refers to the development of airports, harbours, road, rail, ICT, electricity and water infrastructure. These are all critical types of infrastructure that feed directly into Ugu's potential for economic growth and development. The Ugu DM has recently completed an Infrastructure Audit to assess the gap between existing capacity and future demand for infrastructure within the region as a whole. The Ugu SDF and Infrastructure Audit are key resources to assist in the prioritization of decisions regarding infrastructure investment interventions discussed below. The strategic objectives identified as part of this driver are: (4.1) development of airports and harbours, (4.2) develop an integrated road and rail network to support passenger and cargo transport, (4.3) develop ICT infrastructure to support the knowledge economy, (4.4) strengthening of energy infrastructure capacity and efficiency, and (4.5) ensure effective water resource management and awareness. These are explained in further detail below.

#### *Strategic Objective 5.1 Development of Airports and Harbours*

Given the fairly recent relocation of the Durban International Airport to the site of the King Shaka International Airport and Dube Tradeport along the KZN north coast, the south coast is largely un-serviced in terms of both passenger and cargo air transportation. As a result, the south coast is much less accessible to tourists than previously and the cost of doing business within Ugu has increased due to longer travel times and greater traffic congestion. There is a need to develop Margate Airport to address these challenges. Furthermore, the potential of the coastline to drive development through harbours, sea transport and other maritime sector investments, is largely unexplored by both the public and private sectors. Included within this sub-sector are small-craft harbours, which have the potential to enhance tourism, and create a waterfront node within the Ugu district. The development of both Margate Airport and small craft harbours are key interventions identified as part of this strategic objective in order to address these challenges and opportunities.

**Strategic Programme 5.1.1 Ensuring an Integrated Passenger and Freight Transport via Air**

Increasing the capacity of the existing Margate Airport to handle low-cost airlines to make it more attractive within the market has been identified as the key intervention in this programme. Additionally, the airport could accommodate small cargo planes to ensure that the agricultural sector is able to remain competitive and transport perishable goods. The direction in which the airport is developed must however be considered, as concern has been raised about the amount of landfill that will be required.

**Strategic Programme 5.1.2 Enhance Connectivity to Existing Ports and Harbours**

The establishment of small-craft harbours in Ugu has been identified not only by the district, but also within the PSEDS and broadly within the PGDS, and therefore has been noted as a key intervention in this programme. This also presents the opportunity for small-scale boat manufacturing to be clustered around the small-craft harbour/s. Investigation does however need to be undertaken to ensure that such small craft harbours are viable.

#### *Strategic Objective 5.2 Develop an Integrated Road & Rail Network to support both Passenger and Cargo Transport*

This strategic objective serves as an umbrella for several critical strategic programmes and interventions of a varying nature as it deals with both passenger and cargo transport over both rail and road networks. Road and rail infrastructure faces various challenges which are each addressed by the strategic programmes below. (1) The main rail corridor in the district is the standard gauge South Coast line that runs from Port Shepstone to eThekwini. Overall, the volume of freight on this line has reduced and more goods are being transported by road along the N2 because many branch lines are no longer in operation. (2) The poor

condition of provincial and local roads within the Ugu district has been raised during the GDS consultation process. Lack of road maintenance and asset deterioration will result in much greater financial burdens on provincial government and municipalities in the medium to long-term. A road in poor condition also impacts negatively on journey speed and road safety, decreasing the accessibility or desirability of the region for business. (3) The need to upgrade and develop rural transport links especially in regard to road linkages was raised as a priority during consultation in order to improve passenger and cargo transport for small scale producers. (4) 87% of the public transport users within the district are dependent on mini bus transport, compared to 9% dependent on bus transport. For this reason, it is vital that inter-modal and integrated transport systems are developed within Ugu to allow for efficient public transport. (5) The metropolitan rail system serving eThekwini only reaches the northern extremity of the Ugu area, with three stages in the Umdoni municipality. Although the south coast railway line is electrified and in use by Transnet Freight Rail as south as Port Shepstone, no commuter services are offered beyond these three stations. With these challenges in mind, the following strategic programmes have been identified to rehabilitate priority roads, rail and passenger transport systems.

**Strategic Programme 5.2.1 Rehabilitation of Key Branch Lines with Support from Transnet**

An opportunity for the district is that Transnet has recently released a plan to invest R300bn in infrastructure within the country, of which R151 billion has been earmarked for freight rail. Further investigation into demand should be undertaken to inform an approach to Transnet. The possibility of linking the district to the Eastern Cape and re-routing rail links into the hinterland should be explored.

**Strategic Programme 5.2.2 Development and Rehabilitation of Key Primary, Secondary and Tertiary Roads**

Upgrades to high priority roads P77 and P58, medium priority roads P728, P238, P327 and P57, and the R61 have been identified as necessary interventions. Further interventions include tarring of Bizana road from Ezinqoleni to Mthamvuma River; road links from P68 St Faiths/ Dweshula to KwaNyuswa/Harding; and N2 access at Turton.

**Strategic Programme 5.2.3 Rural Access Road and Facility Rehabilitation Programme**

Interventions identified include upgrading of rural roads to unlock agricultural potential; rehabilitation of rural access roads; and establish basic public transport facilities in confirmed development nodes. This intervention is needed to support the process of expanding commercial production and economic activity within the rural hinterland.

**Strategic Programme 5.2.4 Exploitation of Inter-modal/Integrated Transport Potential**

Interventions include developing an integrated transport plan for the district and demand analysis to develop inter-modal public transport hubs/ranks.

**Strategic Programme 5.2.5 Development of Passenger Rail Capacity**

The district is looking to benefit from the rail station upgrading plans of the Passenger Rail Agency of South Africa (PRASA) as the Port Shepstone Train Station is one of the targeted multi-modal upgrades. This is in line with longer-term plans to extend the passenger rail service southwards. The key intervention within this programme is, therefore, to extend passenger and freight rail services from Durban through Ugu district to the Eastern Cape.

### *Strategic Objective 5.3 Develop ICT Infrastructure to Support the Knowledge Economy*

Broadband services are limited and only available in major centres. In response to this need, the Ugu DM has initiated a broadband project for the region. There is very high penetration of cell phones in the district. However, the majority of households have access to GSM/voice services only, with only 36.6% of the district having 3G coverage. The majority of this is on the coast. The impact of basic cell phone access on rural

communities should not be underestimated and the potential for utilizing this technology for empowering communities through access to information is yet to be fully realized. Development of Primary and Secondary POPs (Points of Presence) as well as Municipal Access Networks is currently a priority of the DEDT's ICT Directorate and the district must ensure that these are rolled out within the district and local municipalities to increase access to communities. In general, technology backlogs in rural areas perpetuate spatial disparities and unequal access to opportunity. Ugu needs to ensure that it is not left out of IT developments and investments within the province. With this in mind, the following two strategic programmes have been identified.

**Strategic Programme 5.3.1 Increase Access and Quality of Telecommunications**

Interventions for this programme include ensuring connectivity to fibre optic cables to increase band-width availability; and development of a district-wide broadband roll-out programme.

**Strategic Programme 5.3.2 Enhance Innovation & Technology Capacity**

The key intervention identified for this programme is to investigate the establishment of an Innovation Centre in Ugu.

### *Strategic Objective 5.4 Strengthening of Energy Infrastructure Capacity and Efficiency*

Eskom is the sole supplier of electricity in the Ugu district with the exception of the urban areas of Port Shepstone and Harding. In terms of electricity, the district is well supplied compared to other services with only a 26% backlog, most of this being in the Umdoni and Vulamehlo local municipalities. There are opportunities within this sector for exploration of alternative delivery methods or supply-side interventions. Examples of these are: photo-voltaic (solar power); wind generation; bio-mass electricity generation and wave generation. Certain firms within the district are already exploring such alternatives and these initiatives should be encouraged. Demand side alternatives focused on reducing electricity consumption include: photo-voltaic energy; wind generation; solar assisted water heating; power factor correction systems for large power users; and green building design and management systems. Strategic programmes identified refer to increasing the bulk supply of electricity and promoting energy efficiency.

**Strategic Programme 5.4.1 Increasing the Capacity of Energy Infrastructure**

In order to address the electricity backlog and the electrification of major economic projects such as the airport expansion, it is necessary to increase the Bulk Supply of Electricity.

**Strategic Programme 5.4.2 Promotion of Energy Efficiency**

Various opportunities for energy efficiency exist. Two key interventions have been identified as follows: provision of solar lighting for scattered settlements, and the promotion of national incentives to ensure efficient use of energy and use of new energy efficient technology by large consumers.

### *Strategic Objective 5.5 Ensure Effective Water Resource Management and Awareness*

A key challenge for the district will be eradicating household water backlogs while at the same time ensuring that sufficient water is made available for expansion of economic activities. The ability of the district to change its current spatial development patterns will depend to a large extent on addressing water access, rights and management within rural communities. A future demand assessment undertaken during the Infrastructure Audit clearly shows that future water demand is greater than the current infrastructure capacity of the district and indicates that the municipality will need to at least double its current infrastructural capacity. The cost of backlog eradication alone is estimated at R3.4 billion. Massive infrastructure investment will need to be leveraged into the district in the next 10 years. In order to achieve

this, three strategic programmes have been identified. These include ensuring effective water resource management; increasing water infrastructure capacity; and promoting awareness for water efficiency.

**Strategic Programme 5.5.1 Ensuring Effective Water Resource Management**

The first intervention is to improve ways of ensuring rural water service delivery. This includes rain water harvesting, use of springs and boreholes, agri-dams etc. Resource mobilization will be required. The second intervention is to develop a District Water Resource Management Strategy.

**Strategic Programme 5.5.2 Increase Water Infrastructure Capacity**

Interventions include formulating a feasibility study to investigate the option of increasing the Dududu and Ezinqoleni Reservoir capacity; formulating an infrastructure plan to upgrade water and waste water infrastructure in Dududu and Ezinqoleni; extending Ezinqoleni water reticulation to un-serviced areas/areas below RDP standards; upgrading the water infrastructure at Gcilima, Assissi and waste water infrastructure at Phungashe and Assissi; and upgrade the water and waste water infrastructure at Dweshula, Paddock, St Faiths and Isibonda.

**Strategic Programme 5.5.3 Promote Awareness of Water Efficiency**

The key intervention identified is to develop an Awareness Campaign for Water-Use Efficiency in Ugu.

The table below outlines the strategic framework for strategic driver 4 and includes the programmes and interventions relating to each of the objectives.

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| STRATEGIC DRIVER 5: STRATEGIC INFRASTRUCTURE DEVELOPMENT | | | |
|---|---|---|---|
| **Alignment** | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| | **National Outcome 6**: An efficient, competitive and responsive economic infrastructure network. | **Building Capabilities**: Improving Infrastructure | **Goal**<br>• Strategic Infrastructure<br>**Objectives**<br>• Development of Harbours<br>• Development of Ports<br>• Development of the Road and Rail Network<br>• Development of ICT Infrastructure<br>• Improve Water Resource Management and Supply<br>• Improve Energy Production and Supply |
| **Apex Indicators** | • KZN% of fixed capital investment in relation to provincial GDP<br>• Provincial average lead/lag time difference between development application submission and approval | | |
| **Key Partners** | National (DTI; DOT; Eskom; Transnet; Prasa; DWA; Infra Committee); Provincial (PPC; DEDT; DOT; DAEA; TIKZN; COGTA); Local (DM; LMs; Private Sector, Chambers) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| **5.1 Development of Airports and Harbours** | **5.1.1 Ensuring an Integrated Passenger and Freight Transport via Air** | • Margate Airport expansion (incl resource mobilisation) | |
| | **5.1.2 Enhance Connectivity to Existing Ports and Harbours** | • Investigation of the feasibility of the proposed small craft harbours | |
| **5.2 Develop an Integrated Road & Rail Network to support both Passenger and Cargo Transport** | **5.2.1 Rehabilitation of Key Branch Lines with Support from Transnet** | • Investigate options for re-routing rail & re-opening branch lines | |
| | **5.2.2 Development and Rehabilitation of Key Primary, Secondary and Tertiary Roads** | • Upgrade High Priority Road: P77 and P58<br>• Upgrade Medium Priority Roads: P728, P238, P327, P57<br>• Upgrade R61<br>• Feasibility study and demand analysis for an inland North-South Link road<br>• Tarring of Bizana Road from Ezinqoleni to Mthamvuma River<br>• Road links from P 68 St Faiths/ Dweshula to KwaNyuswa/Harding<br>• N2 access at Turton | |
| | **5.2.3 Rural Access Road and Facility Rehabilitation Programme** | • Rural roads upgrading to unlock agricultural potential<br>• Rehabilitation of rural access roads<br>• Establish basic public transport facilities in confirmed development nodes | |
| | **5.2.4 Exploitation of Inter-modal/Integrated Transport Potential** | • Develop an Integrated Transport Plan (ITP) for the District<br>• Demand analysis to develop inter-modal public transport hubs/ranks | |
| | **5.2.5 Development of Passenger Rail Capacity** | • Extend passenger and freight rail services from Durban through Ugu district to Eastern Cape | |
| **5.3 Develop ICT Infrastructure to Support the Knowledge Economy** | **5.3.1 Increase Access and Quality of Telecommunications** | • Ensure connectivity to Fibre optic cables to increase band-width availability<br>• Development of a district-wide broadband roll-out programme | |
| | **5.3.2 Enhance Innovation & Technology Capacity** | • Investigate the establishment of an Innovation Centre in Ugu | |
| **5.4 Strengthening of Energy Infrastructure Capacity and Efficiency** | **5.4.1 Increasing the Capacity of Energy Infrastructure** | • Increase the Bulk Supply of Electricity | |
| | **5.4.2 Promotion of Energy Efficiency** | • Provision of Solar lighting for Scattered Settlements<br>• Promote National Incentives to ensure efficient use of energy and use of new energy efficient technology by large consumers | |
| **5.5 Ensure Effective Water Resource Management and Awareness** | **5.5.1 Ensuring Effective Water Resource Management** | • Rural Water service delivery , including rain water harvesting, use of springs and boreholes, agri-dams etc: resource mobilization required<br>• Develop a District Water Resource Management Strategy | |
| | **5.5.2 Increase Water Infrastructure Capacity** | • Feasibility study to investigate the option of increasing the Dududu and Ezinqoleni Reservoir capacity<br>• Infrastructure plan to upgrade water and waste water infrastructure in Dududu and Ezinqoleni<br>• Extend Ezinqoleni water reticulation to un-serviced areas/areas below RDP standards | |

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| STRATEGIC DRIVER 5: STRATEGIC INFRASTRUCTURE DEVELOPMENT | | | |
|---|---|---|---|
| | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| **Alignment** | **National Outcome 6**: An efficient, competitive and responsive economic infrastructure network. | **Building Capabilities**: Improving Infrastructure | **Goal**<br>• Strategic Infrastructure<br>**Objectives**<br>• Development of Harbours<br>• Development of Ports<br>• Development of the Road and Rail Network<br>• Development of ICT Infrastructure<br>• Improve Water Resource Management and Supply<br>• Improve Energy Production and Supply |
| **Apex Indicators** | • KZN% of fixed capital investment in relation to provincial GDP<br>• Provincial average lead/lag time difference between development application submission and approval | | |
| **Key Partners** | National (DTI; DOT; Eskom; Transnet; Prasa; DWA; Infra Committee); Provincial (PPC; DEDT; DOT; DAEA; TIKZN; COGTA); Local (DM; LMs; Private Sector, Chambers) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| | | • Upgrade the water infrastructure at Gcilima, Assissi and waste water infrastructure at Phungashe and Assissi<br>• Upgrade the water and waste water infrastructure at Dweshula, Paddock, St Faiths and Isibonda | |
| | **5.5.3 Promote Awareness of Water Efficiency** | • Develop an Awareness Campaign for Water-Use Efficiency | |

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### 6.3.6 Strategic Driver 6: Institutional Development

A strong message has been communicated during the stakeholder consultation process that perceptions of weak local government leadership and institutions, corruption and mismanagement, and political divisions are reducing the risk and investment appetite of firms within the Ugu district. In addition to such perceptions, the district faces various other challenges. Due to a break down in trust and communication between various actors and the spatial divisions within Ugu, planning is fragmented with local municipal officials not being involved in district planning initiatives and vice versa. Furthermore, the silo nature of various institutions in Ugu leads to uncoordinated plans and projects. There is a lack of capacity at local municipality level and issues of exclusivity of the public and traditional leaders have been raised. Projects are often not implemented fully and most of the LMs have not received clean audits. There is a need for the credibility of representative public, private and civil society institutions to be improved and, if necessary, new institutions and platforms to be created that will encourage on-going collaboration, dialogue and accountability. The following 5 strategic objectives aim to address these challenges through (1) enhancing coordinated planning and implementation, (2) strengthening inter-governmental relations and private sector partnerships, (3) building local government capacity, (4) eradicating fraud and corruption, and (5) ensuring participative, facilitative and accountable governance.

#### *Strategic Objective 6.1 Enhancing Coordinated Planning and Implementation*

There is a sense that many institutions within the region operate in silos without sufficient co-ordination. The need for collaboration both within and between sectors was highlighted during the GDS consultation process. One recommendation was that research institutions, although not necessarily located within the district, need to have stronger linkages with local industries in order to support innovation and access to new technologies within the region. Through enhancing coordinated district-wide planning and implementation, and enhancing the functionality of existing structures and relationships, the district can achieve effective planning.

**Strategic Programme 6.1.1 Enhancing Coordinated District-wide Planning and Implementation**

The key intervention identified in this programme relates to the implementation of proposal three identified in section 4.5, which is to facilitate and implement programmes and interventions in the GDS. The objective of such an institutional mechanism will be to identify and allow local leaders from all sectors to drive the GDS and hold each other to account for the implementation of the GDS. Another intervention relates to establishing an inter-governmental District Planning Forum to ensure coordination between all stakeholders in the planning process. This mimics the provincial and national planning structures to some extent.

**Strategic Programme 6.1.2 Enhancing the Functionality of Existing Structures and Relationships**

In order to enhance the functionality of existing structures and relationships, it is necessary to review the structure and role of the Ugu Tourism Agency for greater effectiveness and efficiency, enhance the functionality of Ward Councils, and strengthen and enhance linkages between R&D institutions and industry.

#### *Strategic Objective 6.2 Strengthen Inter-Governmental Relations & Private Sector Partnerships*

A need to improve municipal IDP processes through stronger consultation with the community and increased communication and co-ordination amongst municipalities, sector departments and the private sector was identified. This is not only true of the IDP process, but in all planning and implementation it is necessary that stakeholders are partnered with and that there is transparency between private and public sector institutions. It is particularly important that local municipal councillors and official engage with district councillors and officials in a collaborative manner. Vulnerable groups such as the youth should also receive a platform to engage.

**Strategic Programme 6.2.1 Ensure Strong Partnerships and Transparency between all Stakeholders**

Interventions include the establishment of a Stakeholders Engagement platform within the Development Planning Office of the District, and business-government co-operation platforms. The fourth intervention is that municipalities ensure transparency in development changes.

**Strategic Programme 6.2.2 Ensure Strengthening of Inter-Governmental Relations**

In order to strengthen inter-governmental relations, mechanisms need to be put in place to ensure on-going co-operation amongst C & Bs, and existing IGR structures need to be strengthened in terms of representation, mandate & authority.

### *Strategic Objective 6.3 Building Local Government Capacity*

There are six local municipalities within the geographical boundaries of the Ugu district. Within these municipalities there are varying financial and human resource capacities, with the most rural municipalities being the most grant dependent. Attempts at shared services to address capacity constraints in these municipalities have been made. Relationships between the district and local municipalities appear to be relatively weak. The local sphere is required to perform an important role in identifying and attracting appropriate resources from other spheres of government and parastatals, as well as critical infrastructure and service delivery needs. This requires municipalities to be outward-focused, forward-thinking and proactive. The apparent low level of responsiveness of municipalities in the district is a major cause for concern.

**Strategic Programme 6.3.1 Promote Shared Services within the District**

In areas with a low rates base and capacity, it is suggested that municipalities invest in shared services where professional skills are shared amongst all local municipalities. It is necessary to identify potential areas to expand and roll-out Shared Services. Another intervention is for an effective customer care centre to be established in the district, possibly as a shared service.

**Strategic Programme 6.3.2 Strengthen the Capacity of Local Municipal Decision Making**

In order to strengthen capacity at a local level, the following interventions have been identified: establish a mentoring programme for municipal officials with retired professionals in Ugu; municipalities to commit to attracting and appointing quality skills with effective performance management; and ensure efficient and effective financial management by municipalities.

### *Strategic Objective 6.4 Eradicating Fraud & Corruption*

Some municipalities within the district, including the Ugu district municipality, have been receiving negative publicity relating to allegations of financial mismanagement, corruption, failed projects and weak administration. The impact of this has been felt by businesses and communities alike in terms of deteriorating infrastructure and non-responsive government. Corruption is something that needs to be taken very seriously within the district in order to stop the mismanagement of funds, but also to stop perceptions that chase away investment. In order to eradicate fraud and corruption, the municipality needs to focus on interventions that reduce it; this includes effecting efficient and effective disciplinary processes and criminal prosecution. With this in mind, the following two strategic programmes have been identified.

**Strategic Programme 6.4.1 Investigate and Encourage a Reduction in Fraud and Corruption**

Specifically, the district and all municipalities should commit to zero corruption, establish a fraud and corruption hotline, and investigate fraud and corruption in the Social Grant System.

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**Strategic Programme 6.4.2 Fast Track Disciplinary Processes and Effective Criminal Prosecution**

It is important that the district engage with all responsible departments to identify areas where disciplinary and criminal prosecution processes can be improved and implemented.

### *Strategic Objective 6.5 Ensuring Participative, Facilitative, and Accountable Governance*

Often spatial divides and well-meaning policy leads to further entrenchment of current socio-economic divides and excludes certain social groups. Exclusion can take the form of procurement policy, credit extension, wage and other labour policy, and land claims policy for example. This strategic objective aims to address exclusive policy and regulations and hold government accountable for the results of these policies and regulations. The two strategic programmes identified are designed to improve the regulatory and lobbying functions of local government and to elevate the importance of accountability.

**Strategic Programme 6.5.1 Improve the Regulatory and Lobbying Functions of Local Government**

In order to ensure participative, facilitative and accountable governance, it is important that the lobbying functions of local government are strengthened and directed properly. Lobbying should be directed at the following issues in particular:

- the preferential procurement system (ensuring that it rewards local content, labour and supplies);
- lobbying for the regulation of business activity (including micro-lenders, unregistered firms etc);
- the formal banking sector (to extend services to rural areas e.g. Capitec's business strategy);
- the negative impact of a legislative & policy environment, e.g. National Credit Act & Wage Determination Acts;
- the finalization of land claims & issues related to tenure security.

**Strategic Programme 6.5.2 Elevate the Importance of Accountability**

The key to accountability is an effective monitoring and evaluation system, with strong leadership. The two interventions identified are, therefore, to ensure constant M&E occurs through the GDS to ensure strong, credible and visible leadership for the GDS.

The table below outlines the strategic framework for strategic driver 5 and includes the programmes and interventions relating to each of the objectives.

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| STRATEGIC DRIVER 6: INSTITUTIONAL DEVELOPMENT | | | |
|---|---|---|---|
| **Alignment** | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| | **National Outcome 9**: A responsive, accountable, effective and efficient local government system.<br><br>**National Outcome 12**: An efficient, effective and development oriented public service and an empowered, fair and inclusive citizenship | **A capable and developmental state:** Towards better governance; & fighting corruption<br><br>**Leadership and responsibility throughout society** | **Goal**<br>• **Governance and Policy**<br>**Objectives**<br>• Strengthen policy, strategy co-ordination and IGR<br>• Building government capacity<br>• Eradicating fraud and corruption<br>• Promote participative, facilitative and accountable governance |
| **Apex Indicators** | • Improvement in the level of client satisfaction<br>• Improved business and investment environment | | |
| **Key Partners** | National (All National departments; Banking Sector); Provincial (PPC; all provincial departments); Local (DM, LMs; Chamber, Private Sector NGOs; CBOs) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| **6.1 Enhancing Coordinated Planning and Implementation** | **6.1.1 Enhancing Coordinated District-wide Planning and Implementation** | • Implement Institutional Proposal Three as per the GDS<br>• Establish an Inter-Governmental District Planning Forum to ensure coordination between all stakeholders in the planning process | |
| | **6.1.2 Enhancing the Functionality of Existing Structures and Relationships** | • Review the structure & role of the Ugu Tourism Agency for greater effectiveness & efficiency<br>• Enhance the functionality of Ward Councils | |
| **6.2 Strengthen Inter-Governmental Relations & Private Sector Partnerships** | **6.2.1 Ensure Strong Partnerships and Transparency between all Stakeholders** | • Establish a Stakeholders Engagement platform within the Development Planning Office of the District<br>• Establish business-government co-operation platforms<br>• Municipalities to ensure transparency in development charges | |
| | **6.2.2 Ensure Strengthening of Inter-Governmental Relations** | • Mechanisms to be put in place to ensure on-going co-operation amongst C & Bs<br>• Strengthen existing IGR structures in terms of representation, mandate & authority | |
| **6.3 Building Local Government Capacity** | **6.3.1 Promote Shared Services within the District** | • Identify potential areas to expand Shared Services and roll-out hared Services within these areas<br>• Effective customer care centre to be established in the district, possibly a shared service | |
| | **6.3.2 Strengthen the Capacity of Local Municipal Decision Making** | • Establish a mentoring programme for municipal officials with retired professionals in Ugu<br>• Municipalities to commit to attracting & appointing quality skills with effective performance management<br>• Ensure efficient & effective financial management by municipalities | |
| **6.4 Eradicating Fraud & Corruption** | **6.4.1 Investigate and Encourage a Reduction in Fraud and Corruption** | • All municipalities to commit to zero corruption (establish fraud & corruption hotline)<br>• Investigate Fraud and Corruption in the Social Grant System | |
| | **6.4.2 Fast Track Disciplinary Processes and Effective Criminal Prosecution** | • Engage with all responsible departments to identify areas where disciplinary and criminal prosecution processes can be improved | |
| **6.5 Ensuring Participative, Facilitative, and Accountable Governance** | **6.5.1 Improve the Regulatory and Lobbying Functions of local government** | • Ensure the preferential procurement system rewards local content, labour and supplies<br>• Ensure regulation of business activity (including micro-lenders, unregistered firms etc)<br>• Engage with the formal banking sector to extend services to rural areas e.g. Capitec's business strategy<br>• Organised business & municipalities to lobby national government re negative impact of legislative & policy environment e.g. National Credit Act & Wage Determination Acts<br>• Lobby for the finalization of land claims & address issues related to tenure security | |
| | **6.5.2 Elevate the Importance of Accountability** | • Ensure constant M&E occurs through the GDS<br>• Ensure strong, credible and visible leadership for the GDS | |

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### 6.3.7: Strategic Driver 7: Environmental Sustainability

It is strongly argued that sustainability must underpin the entire approach to development within the Ugu region. There is already an unacceptable level of environmental insensitivity and disregard. Growth and development cannot be simply measured in terms of wealth creation, but must take into account the impact on the quality of life of all citizens and on the planet. There are several challenges in the district with regard to environment sustainability – most notably the sheer lack of clear regulations, standards, supporting policy, incentives and appropriate research and development existing in the district currently. Further challenges relate to accessing financing capital and institutional infrastructural support. All industries should be assessing their current activities in terms of green principles and also investigating new opportunities that are presented through adopting a green approach. There is a need to have a "greening" strategy for the district that addresses both urban and rural development challenges. In particular, municipalities need to develop green strategies for service delivery and support sustainable livelihoods that address the needs of different human settlement typologies. With this in mind, three strategic objectives have been identified. These are (1) to advance alternative energy generation capacity, (2) to manage the pressures of biodiversity and environmental quality, and (3) to ensure efficient environmental monitoring, regulation and disaster management.

#### *Strategic Objective 7.1 Advance Alternative Energy Generation Capacity*

Currently, there is very little direction or understanding of alternative energy in the district. In order to embark on sustainable energy activities and projects, it is necessary to first gather all the knowledge in the district into a document and develop a strategy. Formulating an energy forum will help to mobilise energy projects and knowledge in the district. The following two strategic programmes have been identified.

**Strategic Programme 7.1.1 Ensure a strong platform for engagement with all Stakeholders in Alternative Energy**

It is necessary to develop a platform, similar to the KZN Sustainable Energy Forum, for stakeholders within the district. The key intervention in this programme is to develop a District Energy Forum.

**Strategic Programme 7.1.2 Promote viable alternative energy generation potential and develop pilot projects**

As there is little research and development or strategies related to alternative energy within the district, it is necessary for the district to first undertake an Integrated Energy Strategy to determine the best potential alternative energy sources, and implement pilot projects. Opportunities exist, particularly in bio-fuel production. Other interventions include promoting co-generation and renewable energy activities and investigating the regeneration of the Mhlabatine Horseshoe Power station.

#### *Strategic Objective 7.2 Manage the Pressures on Biodiversity and Environmental Quality*

There are numerous red flags in the Ugu district in terms of environmental management and the development of appropriate responses to climate change and general mismanagement of resources. These include: soil erosion, over exploitation of resources; loss of wetlands, coastal forests, bushlands and grasslands and associated biodiversity; loss of ecosystem services – flooding, erosion and infrastructure damage; alien plant encroachment etc. It is necessary that environmental management policies are written into planning requirement for public and private sector, that resource management is improved through generating strategies and prioritising EIA processes and that efficient waste management is encouraged.

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**Strategic Programme 7.2.1 Ensure Continuous and Coordinated District-wide Environmental Research and Planning**

Several existing plans have not been implemented or are in need of review – these include the Coastal Management Plan, Integrated Waste Management Plan, and Strategic Environmental Assessment for Ugu. Further planning interventions include developing sustainable measures and methods for service delivery and infrastructure design – this includes maintenance of services and infrastructure. The district should also establish a Joint Conservation Planning Forum with Ezemvelo KZN Wildlife.

**Strategic Programme 7.2.2 Improve Resource and Reserve Management**

In order to improve resource and reserve management, the district should review, upgrade and implement the existing Coastal Management Plan and the Green Wedges Policy for KZN South Coast; ensure sustainable land-use management; and fast-track environmental impact assessment processes.

**Strategic Programme 7.2.3 Encourage Efficient Waste Management (Reduction, Reuse and Recycling)**

Efficient waste management begins with the development of an Integrated Waste Management Plan and a district wide Water Catchment Management Strategy. The district should also encourage carbon sequestration activities in different sectors e.g. control of water run-off, alien clearing etc. and promote greening of all economic sectors.

### *Strategic Objective 7.3 Ensure Efficient Environmental Monitoring, Regulation and Disaster Management*

Climate change poses additional environmental stressors on the region with the increased incidence of flooding, drought as well as other natural disasters. These disasters disproportionately affect poor communities within the district and increase their vulnerability. Local coping strategies need to be understood and supported, together with local and district-level strategies for responding to climate change. Municipal Environmental Management Plans (EMPs) must address both mitigation and rehabilitation needs. The financial impact of such disasters must also be taken into account, as increased budgets are required for rehabilitation, thus reducing the budget available for maintenance and new investments. A thorough monitoring and evaluation plan is required in order to achieve this. The following two strategic programmes have been identified in order to achieve both improved disaster management and M&E.

**Strategic Programme 7.3.1 Strengthen District Disaster Management and Mitigation Capacity**

In order to strengthen district capacity re disaster management, it is necessary to undertake an assessment of current areas of under-capacity and develop a plan to address these capacity constraints.

**Strategic Programme 7.3.2 Undertake continuous Monitoring, Research and Regulation of Environmental Impacts**

In order to ensure that the environment is being properly protected, it is necessary to regulate businesses in this regard, improve management of conservation and protected areas, and continuously and rigorously monitor the impact of climate change on communities and sectors within the sector.

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| STRATEGIC DRIVER 7: ENVIRONMENTAL SUSTAINABILITY | | | |
|---|---|---|---|
| | **National Outcome** | **National Development Plan** | **Provincial Growth and Development Strategy/Plan** |
| **Alignment** | **National Outcome 10**: Environmental assets and natural resources that are well protected and continually enhanced. | **Building Capabilities:** Building Environmental sustainability and resilience | **Goal**<br>• **Environmental Sustainability**<br>**Objectives**<br>• Increase productive use of land<br>• Advance alternative energy generation and reduce reliance on fossil fuels<br>• Manage pressures on biodiversity<br>• Adapting to climate change |
| **Apex Indicators** | • Reduction in Green House Gas Emissions<br>• Improvement in the Biodiversity index | | |
| **Key Partners** | National (DME, Eskom, NERSA, DTI), Provincial (PPC; DAEA, DEDT, Ezemvelo), Local (DM, LMs, Private Sector, NGOs) | | |
| **Strategic Objectives** | **Strategic Programmes** | **Key Intervention Areas** | |
| **7.1 Advance Alternative Energy Generation Capacity** | **7.1.1 Ensure a strong platform for engagement with all Stakeholders in Alternative Energy** | • Develop an Energy Forum | |
| | **7.1.2 Promote viable alternative energy generation potential and develop pilot projects** | • Undertake an Integrated Energy Strategy to determine the best potential alternative energy sources, and implement pilot projects (particularly bio-fuel production)<br>• Promote co-generation and renewable energy activities<br>• Investigate the regeneration of the Mhlabatine Horseshoe Power station | |
| **7.2 Manage the Pressures on Biodiversity and Environmental Quality** | **7.2.1 Ensure Continuous and Coordinated District-wide Environmental Research and Planning** | • Municipalities to implement existing environmental plans and address gaps i.e. Coastal Management Plan and Integrated Waste Management Plan<br>• Review and Update the Existing Strategic Environmental Assessment for Ugu<br>• Develop and promote sustainable service delivery practices & options for the district<br>• Municipalities to design infrastructure in terms of climate change response<br>• Infrastructure maintenance must be planned to avoid negative environmental impacts e.g. sewerage spills<br>• Establish a Joint Conservation Planning Forum with Ezemvelo KZN Wildlife | |
| | **7.2.2 Improve Resource and Reserve Management** | • Review, upgrade and implement the existing Coastal Management Plan (2000)<br>• Ensure sustainable land-use management<br>• Fast-track environmental impact assessment processes<br>• Review, update and Implement the Green Wedges Policy for KZN South Coast | |
| | **7.2.3 Encourage Efficient Waste Management (Reduction, Reuse and Recycling)** | • Develop an Integrated Waste Management Plan<br>• Encourage carbon sequestration activities in different sectors e.g. control of water run-off, alien clearing etc<br>• Promote greening of all economic sectors<br>• Develop and Implement a district wide Water Catchment Management Strategy | |
| **7.3 Ensure Efficient Environmental Monitoring, Regulation and Disaster Management** | **7.3.1 Strengthen District Disaster Management and Mitigation Capacity** | • Undertake an assessment of current areas of under-capacity and develop a plan to address these capacity constraints | |
| | **7.3.2 Undertake continuous Monitoring, Research and Regulation of Environmental Impacts** | • Ensure environmental regulation of businesses<br>• Improved management of conservation and protected areas<br>• Monitor impact of climate change on communities and sectors within the district & develop mitigation strategies | |

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## 6.4: Proposed Institutional Arrangements for the GDS

Based on the institutional analysis of the Ugu district, three proposals were made (Section 4.5). These proposals have been made to ensure on-going commitment to, and the implementation of, the GDS. An evaluation was undertaken on each proposal, based on the following assessment criteria:

- The flexibility and responsiveness of the proposed model
- The level of multi-stakeholder ownership and accountability in the model
- The level of political accountability in the model
- The level of influence over resources and mobilisation

Based on the results of the assessment, **proposal three** is suggested as the ideal proposal to be adopted and implemented as part of the GDS.

### 6.4.1: Proposal Three – The Suggested Option

Proposal three argues that given the current capacity constraints within municipalities within Ugu, and given the multi-stakeholder nature of the GDS, that a structure should be established to drive the GDS unencumbered by such institutional constraints. This does not in any manner detract from the critical roles that the municipalities and local government leadership must play in implementing the GDS, as will be discussed below. The objective of such an institutional mechanism will be to identify and allow local leaders from all sectors to drive the GDS and hold each other to account for the implementation of the GDS.

It is proposed that the Executive Mayor of the district request nominations of credible leaders from the private, public and civil society sectors that are willing and able to drive the GDS. It is proposed that a team of a maximum of twelve members is appointed as the **GDS Lead Team** that will be mandated to drive and monitor the GDS. An independent panel will be appointed by the Executive Mayor of the Ugu District municipality to review the nominations received and recommend appointments. The term of appointment of the members should be three years. The mandate of the appointed team will include being able to:

- Request progress reports from the various stakeholders and structures with regard to the implementation of the GDS;
- Convene GDS stakeholder forums in order to monitor progress and provide strategic direction;
- Engage with local government, business and civil society leadership in order to unblock obstacles facing the implementation of the GDS;
- Report to relevant provincial and national government and private sector institutions if local stakeholders have failed to respond or co-operate within agreed time-frames;
- Mediate and request external mediation to assist in addressing any tensions or lack of co-operation amongst stakeholders;
- Advise stakeholders on issues pertaining to the GDS; and
- Lobby stakeholders, both internal and external, for the allocation of resources to the GDS.

This team will become the "face" of the Ugu GDS and will be accountable for ensuring that it is implemented. A technical support unit will be established to support the GDS lead team, consisting of at least a process facilitator, programme co-ordinator and administrator. This team will be responsible for undertaking the day-to-day tasks related to the work of the lead team and engaging with the various inter-governmental and sector bodies.

The Executive Mayor of the Ugu District will be the champion of the GDS within the local government sphere. The District Council and district IGR structures will be the platforms for co-ordinating the implementation of the GDS as per proposal one in Section 4.5. In addition, it is proposed that the Executive Mayor establishes and chairs a District Inter-Governmental Forum that is cross-sectoral and is focused on ensuring integrated and aligned planning and budgeting across government. This will be a high-level structure that will have both a political and technical component. The political component will be constituted through the offices of the relevant MECs and the administrative component through the offices of the relevant HoDs. Existing IGR structures, including the IDP Forum, will report to this structure.

## 6.5: Spatial Vision for the District

### 6.5.1: Towards a Spatial Vision for the District

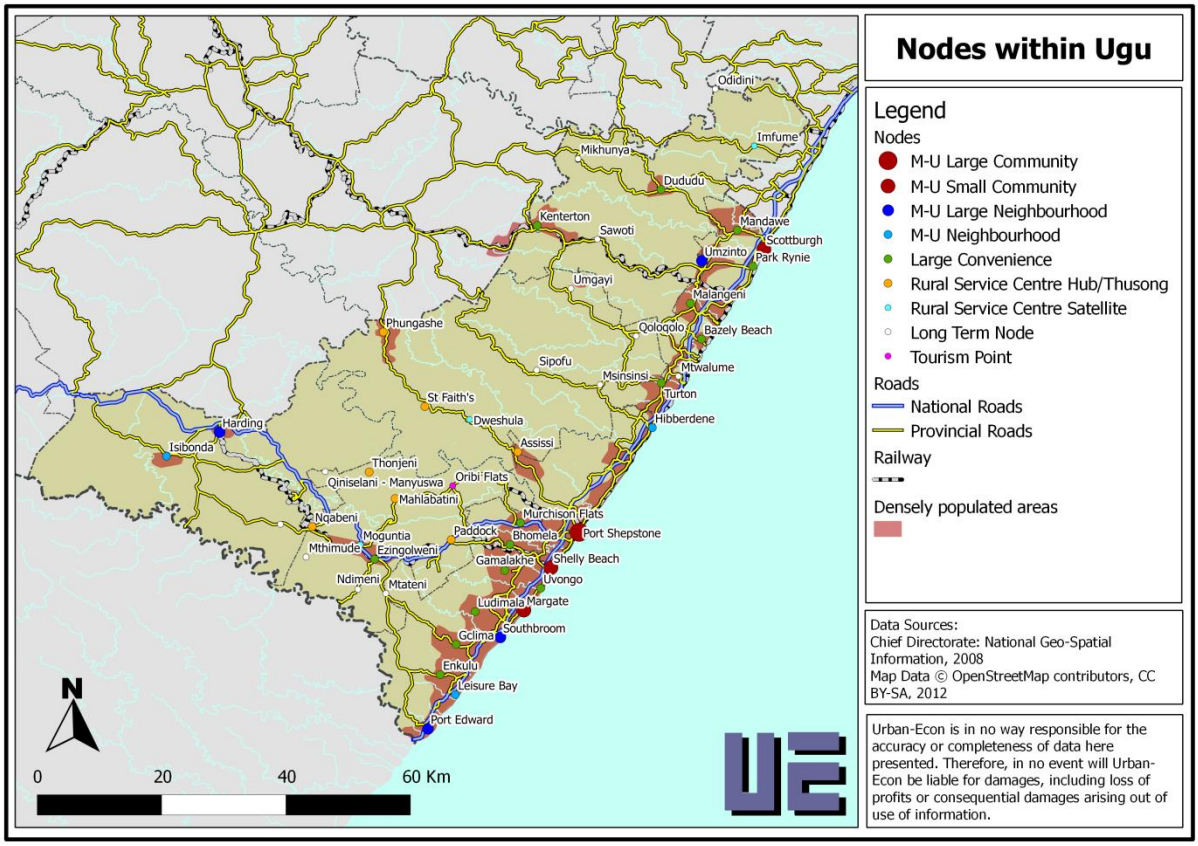
A spatial perspective was provided in section 3. This involved an assessment of the current SDF in order to identify the spatial challenges faced by the district. The key spatial challenge faced by the district is that the coastal belt has stronger linkages than the hinterland, which improves access to infrastructure, services and facilities. A higher level of linkage and accessibility is likely to contribute significantly to the necessary improvement of economic and socio-economic conditions in the district, particularly within the largely rural hinterland. The key linkage proposals are:

- A hinterland north-south linkage for the purposes of local access. It is intended to follow existing roads, and river crossings are to be in the form of minor (single vehicle) structures for local access rather than large bridge structures.
- Strategic east west linkages to promote accessibility throughout the region.
- The revival of rail lines throughout the district, extending the passenger rail line from Kelso to Port Shepstone, and, ultimately Harding.
- The establishment of inter-modal transport facilities at key nodal points within the district.

Given that a Ugu GDS vision has now been developed, and detailed strategies unpacked, an Ugu GDS Spatial Vision is now presented. This provides a snapshot of the future growth of the District. The following series of maps form the base from which the long-term spatial perspective for the GDS is constructed. Each map focuses on a specific element that, together with other elements from the other maps, forms a complete long-term spatial perspective for the GDS.

Figure 21 gives an indication of the hierarchical system of nodes as proposed by the SDF as well as the densely populated areas around these nodes. The densely populated areas include formal and informal settlements.

**Figure 21: Nodes within the Ugu District**



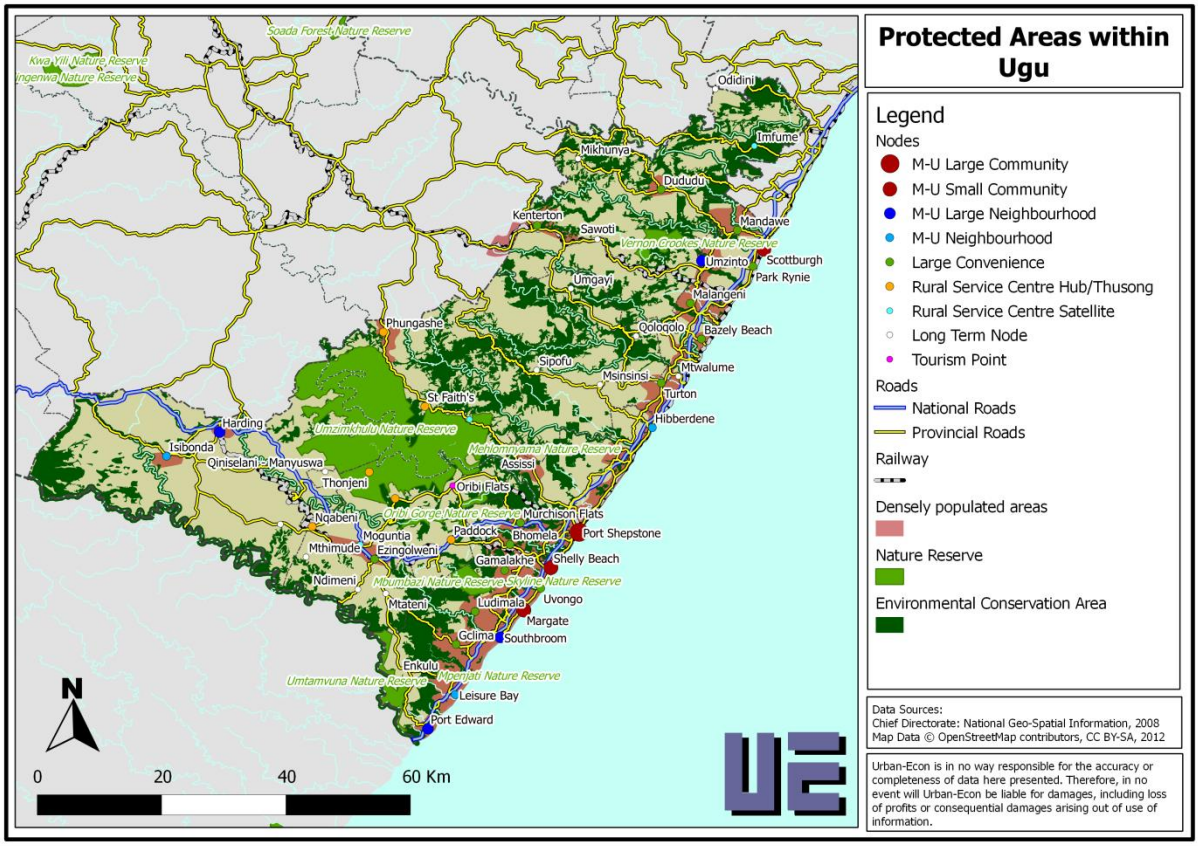

**Source: Urban-Econ (2012)**

From the map above, it is evident that the most densely populated areas are around the Community-level Multi-use nodes of Port Shepstone, Shelly Beach, Margate and Scottburgh. These nodes are all located along the coast, and it is noticeable that there are significantly less densely populated areas in the hinterland. The densely populated corridor that has formed along the coastline is also host to the majority of economic activity (manufacturing, tourism and services), formal housing, and access to services and social facilities.

Small pockets of densely populated settlements are also evident at inland nodes of Harding, Ezinqoleni, Isibonda, Assissi, Phungase, Kenterton, Dududu, and Mandawe. These nodes are expected to densify further as upgrade and installation of new services, bulk infrastructure and facilities are developed. As these inland nodes are located along east-west transport corridors, it is expected that the densities along these corridors will spread to form higher density settlements along these corridors.

Figure 22 focuses on the protected areas within Ugu. These include environmental conservation areas, current nature reserves, as well as the proposed *Big-five* Umzimkhulu Nature Reserve.

**Figure 22: Protected areas within Ugu**



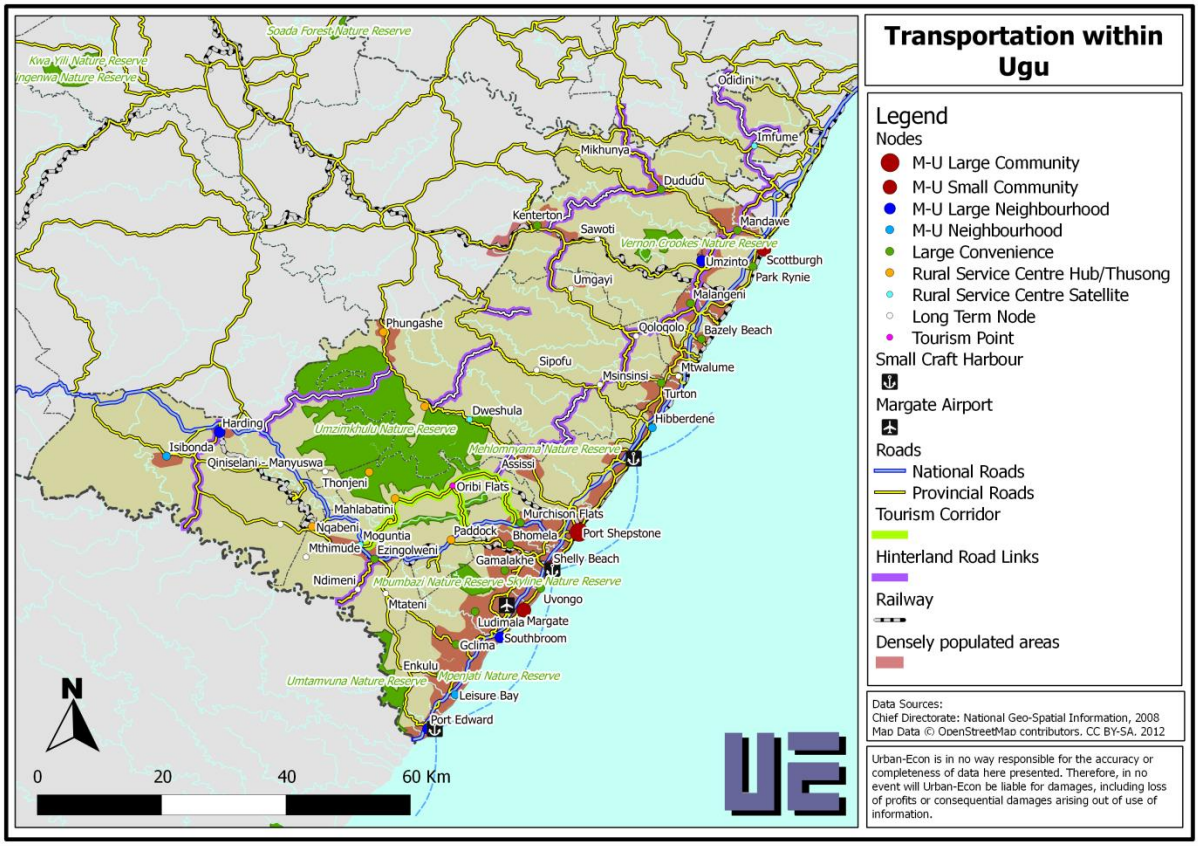

**Source: Urban-Econ (2012)**

From the map, it can be seen that all of the major rivers have an Environmental Conservation Area that forms a buffer around them. Several other environmentally sensitive areas have also been earmarked as Environmental Conservation Areas.

What is important to note is that many of the more densely populated settlements or nodes that are located in the hinterland are largely surrounded by conservation areas. Most of these nodes are also limited by the typography, including steep hillsides and rivers. This limits the potential for such nodes to expand substantially over time, but also creates opportunities for activities such as eco-tourism and other environmentally sustainable initiatives. This also links to Goal 6 (Environmental sustainability) which seeks to ensure sustainable land-use management, updated coastal management plans, and improved management of conservation and protected areas.

Figure 23 focuses on the transportation elements within the Ugu district.

**Figure 23: Transportation within Ugu**




**Source: Urban-Econ (2012)**

The map highlights the suggested tourism corridor, the national and provincial roads, the hinterland road linkages which need upgrading in order for better connectivity between nodes, as well as the maritime connectivity between the proposed small craft harbours.

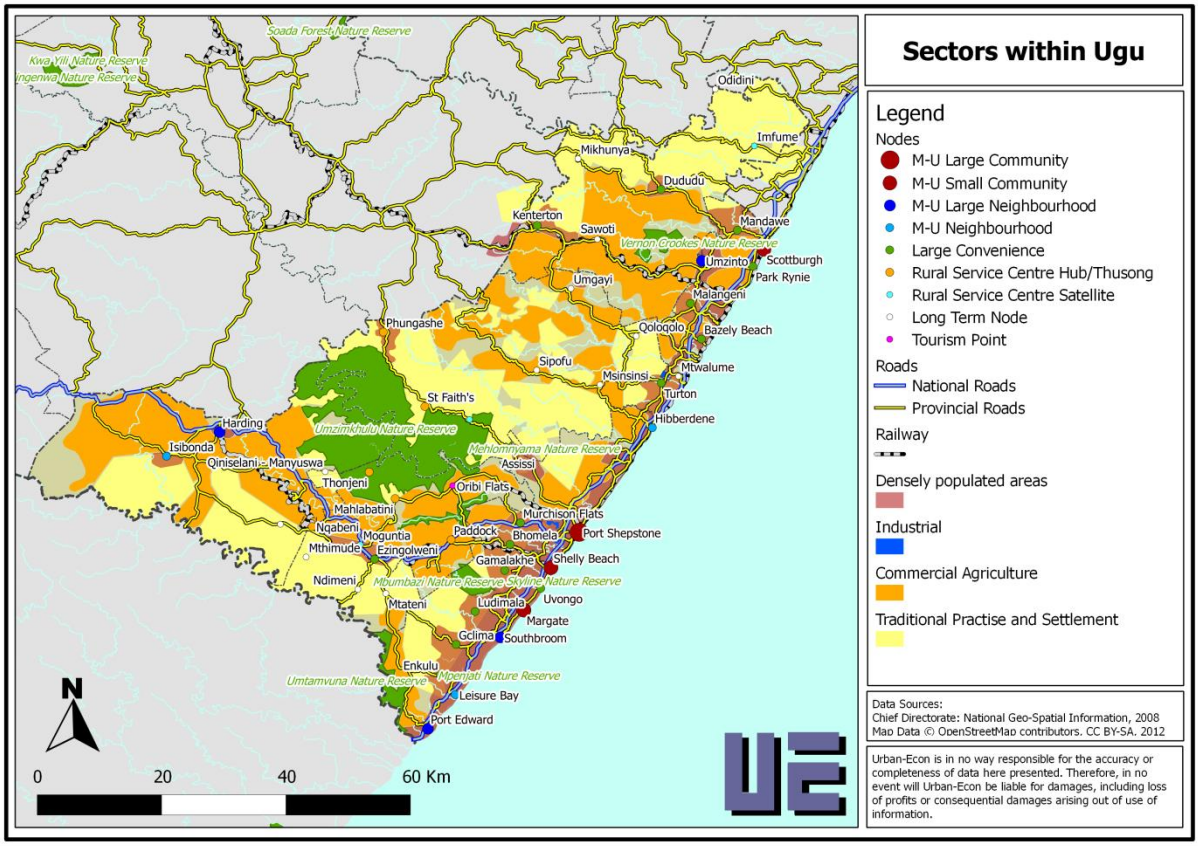
The P262 and P345 roads have been identified as tourism routes. These roads link Port Shepstone with the Oribi Gorge as well as the proposed *Big-five* Umzimkhulu Nature Reserve. The tourism node of Oribi Flats is also located along this route.

The topography of Ugu has largely dictated the transportation linkages within the district resulting in east-west road linkages between the coast and the hinterland. However, north-south road linkages linking hinterland areas either do not exist or are inadequate. The map highlights the hinterland link roads that should be prioritised.

The importance of upgrading or developing rural hinterland linkage roads cannot be over-stated. This will significantly 'open up' these rurally located nodes to trade through improved linkages with existing economic nodes, as well as inter-nodal trade between rural nodes.

Figure 24 shows the major land use sectors within Ugu.

**Figure 24: Land-uses within Ugu**



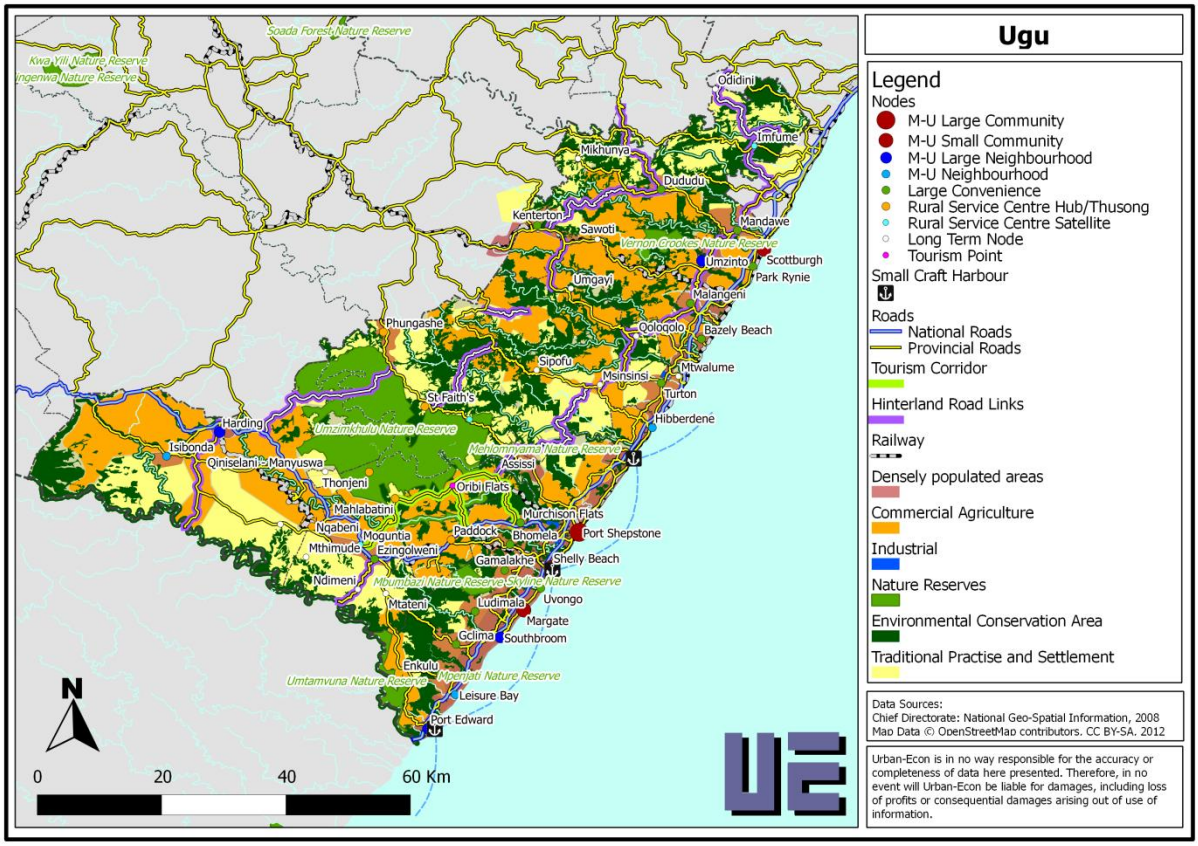

**Source: Urban-Econ (2012)**

The biggest industrial concentration is located around Port Shepstone, with some smaller industrial activity within Umzumbe, Shelly Beach, Turton, and Park Rynie. It is expected that Port Shepstone will continue to be the leading industrial node within the district given the existing industrial base. Park Rynie and Umzumbe are expected to experience some expansion in industrial activity based on the strategic vision for the district.

Traditional practice and settlements cover large parts of the northern, central and southern areas of the district with commercial agriculture located in-between. With regards to commercial agriculture, strategic programmes have been developed around support for the timber industry, higher-value crop production and agri-processing, investigation into aquaculture and Mariculture, as well as support for subsistence farmers in rural areas. This will create strong linkages with communities located within the rural hinterland, given that infrastructure and skills developed are strengthened to facilitate these linkages.

Figure 25 consolidates the nodes, protected areas, transportation and land-uses into one map. This map was used to inform the Ugu GDS Spatial Vision.

**Figure 25: Consolidated Map**




## 6.5.2: The Ugu GDS Spatial Vision

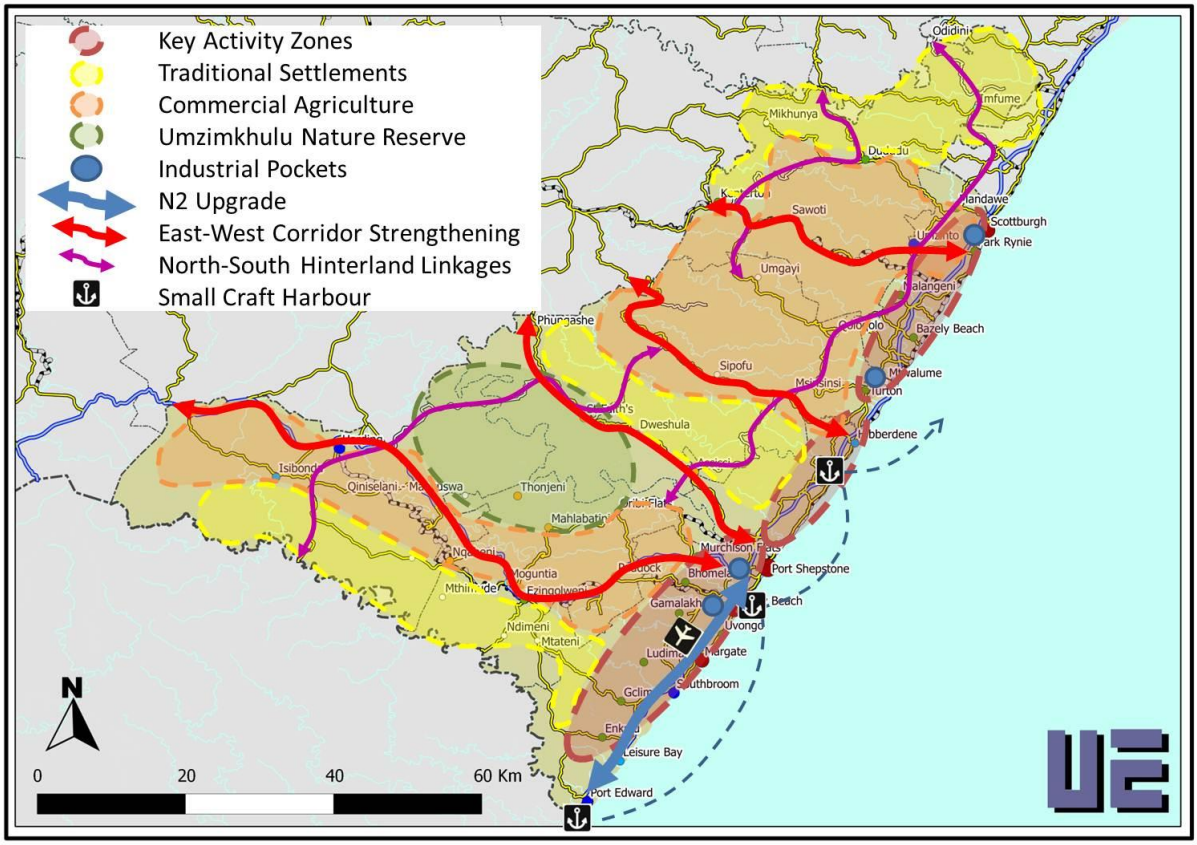
Given the above analysis of the current and expected spatial formation of the District, a GDS Spatial Vision is developed. This is informed by the consolidated map as well as the Strategic Goals, Objectives and Programmes identified in the Emerging Ugu GDS. The spatial requirements are also aligned to the existing Ugu SDF and the Spatial Development Framework as provided in the Provincial Growth and Development Strategy.

Some of the key considerations and requirements guiding the development of the spatial vision, as informed by the Ugu GDS are:

- Maintaining value-adding areas, such as Scottburgh, Hibberdene, Port Shepstone to Margate, Umtamvuna, and Port Edward (incl the Re-alignment of the N2);
- Understanding the entire coastal strip forming 'Key Activity Zones';
- The importance of the corridors from Park Rynie to Kenterton; Hibberdene towards Ixopo; Port Shepstone through St Faiths towards Ixopo; and Port Shepstone through Harding towards Kokstad;
- The indication of most of the rural hinterland as 'mandated service delivery areas', 'agricultural investment areas' and 'social investment areas'. Many comprise of all three.

The Ugu GDS Spatial Vision is presented below:

**Figure 26: Ugu GDS Spatial Vision**




## *Linkages and Improved Accessibility*

As previously noted, the coastal strip (as indicated by key activity zones), has good accessibility due to connectivity to the N2 highway. East-west linkages exist along the N2 towards Harding, from off the N2 through Umzinto towards Kenterton, and to a lesser extent from Hibberdene and Port Shepstone towards Ixopo. These east-west linkages require strengthening to ensure that communities located within the rural hinterlands can have improved access to economic opportunities located within the key economic zones, as well as improving connectivity to other towns such as Kokstad and Ixopo located outside of the border of Ugu.

Additionally, north-south linkages within the rural hinterland are weak and currently limit the potential for additional routes other than the N2 along the coastline. However, it is expected that developing these north-south linkages (from Harding to St Faiths; Oribi Flats through Umzinto to Odidini, and from Umgayi through Kenterton past Dududu) will dramatically improve accessibility within the district, creating a more structured grid-like transportation system throughout the district. This will dramatically improve trade between rural hinterland nodes, and allow greater access for commercial and small-scale farmers to markets both within and outside the district. In addition to this, the rural roads have been identified as a key strategy to unlock the potential for small-scale farmers. An integrated transport plan and inter-modal public transport facilities are also suggested to ensure that rural communities have improved access to such facilities to reduce the cost of transportation.

The N2 realignment has also been proposed and this would open up market opportunities into the Eastern Cape for the district. In addition, three small craft harbours have been proposed which will

enhance tourism potential. Regeneration of branch lines throughout the district will also assist in stimulating the timber and sugar industries, and provide greater opportunities for commercial activities within the rural hinterland.

### *Key Activity Zones*

Three key activity zones are expected to develop further. These are situated between Scottburgh and Hibberdene, Hibberdene and Port Shepstone, and Port Shepstone and Port Edward. This coastal belt currently hosts the majority of formal residential property, tourism activity, retail and manufacturing activities. Based on the GDS, the following activity is expected to further develop within these key activity zones:

#### Port Shepstone to Port Edward

Given the proposed re-alignment of the N2, it is expected that development will be strengthened along this corridor. This corridor is seen as a mixed-commercial corridor, with development occurring in manufacturing, tourism/recreation, services, and retail. This is supported by the proposal for a small-craft harbour at Port Edward and Umzumbe.

#### Hibberdene to Port Shepstone

This corridor is currently less developed commercially than Port Shepstone to Port Edward, and is expected to develop into a corridor focused largely on tourism, recreation and residential development.

#### Scottburgh to Hibberdene

This corridor currently contains residential land-uses, with some retail and service activity predominantly within the Scottburgh node, and some light-industrial activity at Park Rynie. It is expected that residential densification will occur, along with tourism and recreational activities, further retail and service industry, as well as light-industrial development.

Focus is given to the key activity areas with regards to commercial activity such as manufacturing, tourism, and retail services. However, this is based on the fact that accessibility is currently good along the coastal strip, and given the existing activities that are located within this corridor, investment is likely to continue to be channelled into this corridor. However, given the provision of infrastructure improvements such as road upgrades and bulk services within the rural hinterlands, it is expected that economic activity in the form of manufacturing (light manufacturing) will be advanced in areas such as Harding, Ezinqoleni, Umzinto and Dududu. In addition, a focus on development of rural and eco-tourism, as well as the Big-5 Game Reserve, will enhance the tourism potential within the rural hinterland. Perhaps the greatest potential for integrated rural development lies within the opportunities presented in expansion of the agricultural sector. This will be dealt with in the following section.

### *Traditional Settlements and Rural Development*

There are three distinct traditional settlements within the boundaries of Ugu; one along the southern border of the district, one along the northern border, and another running inland north from Port Shepstone towards Phungase. As mentioned previously, these areas have poor accessibility and contain very few and/or badly maintained linkages to the existing road network. The issue of accessibility is addressed in the previous section, and specifically relates to strategic driver 4 (particularly objective 4.2 – development of an integrated road and rail network).

Specifically relating to integrated rural development within traditional settlements, the strategy makes provision for development of economic activity (particularly agriculture), SMME development and training, provision of education and skills development capacity and facilities, social development, safety and security, poverty alleviation mechanisms, and sustainable human settlements. The specific interventions within these goals and objectives will guide integrated development with rural areas in Ugu, to ensure that the population is sufficiently educated and skilled, that provision is made for adequate infrastructure and services, and that opportunities are facilitated and supported to assist rural communities to actively take part in existing and new economic activity that is expected within the district.

Of particular importance within the rural context are the linkages between communities and the opportunities that exist for small-scale agricultural development (including crop, horticulture, livestock and even aquaculture production). This not only provides employment opportunities and income generation for communities, but also enhances efforts towards food security. As displayed on the map, the major traditional settlements are surrounded by commercial agriculture, and opportunities exist to not only create linkages between communities and commercial farmers, but also to develop capacity within rural communities to undertake small-scale farming. This will require supporting infrastructure (rural roads, fencing, and facilities to encourage agri-processing), mechanisation, skills development and mentorship, and research into opportunities that exist to ensure that communities can develop agricultural capacity, add value to products, and be linked to commercial markets.

### *Commercial Agriculture*

Unlike manufacturing activity that is expected to largely remain located along the coastal strip, agricultural pockets stretch from the coastline to the border of the district. The potential opportunities for rural development have already been discussed; however the importance of large scale-commercial agriculture cannot be understated within Ugu in the long-run. Current activities such as sugar and timber production are large employers and present many opportunities for upstream and downstream activities. These industries will continue to play a large part within the district and must be supported, while opportunities for value-adding within these industries must be encouraged.

However, opportunities exist for expansion into value-adding activities and intensive agriculture, and will continue to be the focus of the national and provincial departments for decades to come, and are a key sectoral focus within the GDS. The district must encourage the development of intensive agriculture and value-adding activities, through engagement and close coordination between industry, and local, provincial and national government. This will also include development of small-scale commercial farmers, investment into new production techniques and infrastructure, skills development and training, and substantial research (and research partnerships) into new opportunities and farming techniques.

# Section 7: Monitoring & Evaluation Framework

Please note that "Ugu" refers to all local government bodies

| Strategic Driver | | Strategic Objectives | | Strategic Programmes | | Interventions | Location | Time-Frame | Required Partners | Indicator |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Spatial Restructuring and Security of Tenure | 1.1 | Spatial Restructuring and Security of tenure | 1.1.1 | Address Tenure Security within Ingonyama trust Land | Lobby relevant institutions and stakeholders | Entire District | Ongoing | Ugu, LMs, Ingonyama Trust, DRD&LR, COGTA, DED&T, local traditional leadership | Increased tenure security and investment |
| | | 1.2 | Resolve outstanding land claims | 1.2.1 | Fast track resolution of outstanding and new land claims | Lobby DRD&LR to fast-track land reform and DoA to provide quality support to land reform beneficiaries | Entire District | Short-to medium term | Ugu DM, LMs, DRD&LR, Land Claims Commission, DoA | Finalisation of land claims |
| | | 1.3 | Consolidate emerging rural human settlement patterns | 1.3.1 | Consolidate emerging human settlement patterns within rural nodes and along major transport routes | Align municipal SDFs, LUMS, IDPs, SDBIPs and Budgets and inter-governmental planning alignment | Entire District | Short-to medium term | Ugu DM and LMs, departments responsible for human settlement, transport, roads, social services, education, health, communication, rural development, agriculture, economic development | Alignment of plans and investment |
| | | 1.4 | Enhance rural linkages and accessibility | 1.4.1 | Develop key linkage routes | Develop hinterland north-south linkage route and strategic east-west linkages | Entire District | Medium-term | Dept of Roads and Transport, DM and LMs | Implementation of road infrastructure plans |
| | | | | 1.4.2 | Develop and enhance public transport modalities | See Strategic Driver 5: Strategic Infrastructure Investment | Entire District | See Strategic Driver 5 | | |
| | | | | 1.4.3 | Appropriate investment within economic nodes in the district | Align municipal SDFs, LUMS, IDPs, SDBIPs and Budgets and facilitate government-wide planning and investment alignment | Entire District | Ongoing | Ugu DM and LMs, departments responsible for human settlement, transport, roads, social services, education, health, communication, rural development, agriculture, economic development | Alignment of plans and budgets |
| 2 | Sector Development and Support | 2.1 | Expand the Key Productive Sectors | 2.1.1 | Expansion of Agricultural Production and Agri-Processing | Unblock obstacles to commercial agricultural activity within traditional authority areas, including subsistence farmer commercialisation | Entire District | Short-Term | Ugu; DAEA; DEDT; Private sector; ADA; AFASA | Commercialisation Programme completed and implemented |
| | | | | | | Focus on Higher-Value Crop Production and Agri-Processing Activities | Entire District | Medium-Term | Ugu; DAEA; DEDT; ADA | Increase in the value and volume of high-value agricultural products (excl sugar and timber) |
| | | | | | | Increase agricultural extension services throughout the district | Entire District | On-going | Ugu; DAEA; DEDT; ADA; AFASA | Number of Extension Services accessed in the District |
| | | | | | | Development of Research Partnerships | Entire District | On-going | Ugu; DAEA; CSIR; Agricultural Research Council; Institute of Natural Resources | Number of new research studies completed in Partnership |
| | | | | | | Market agricultural sector jobs to youth | Entire District | On-going | Ugu; DAEA; DHE; Tertiary Education Institutions | Number of marketing campaigns developed; Number of youths in new agricultural positions |
| | | | | | | Identification of Mariculture & Aquaculture Opportunities | To be identified in the study | Medium-Term | Ugu; DAEA; Aquaculture Ass. Of SA | Feasibility Study and Identification Projects Completed |
| | | | | | | Address slow pace of land reform and facilitate tenure security | Areas under land reform | Short-Term | Ugu; DLRRD; COGTA; OoP | Percentage of Land Reform Claims settled |
| | | | | 2.1.2 | New Tourism Product Development and Marketing | Feasibly and Implementation of a Tourism Development Zone for Ugu | Entire District | Medium-Term | Ugu; DEDT: dti; private sector | Feasibility Study Completed and Implementation Commenced |
| | | | | | | Develop seasonal event calendar | Entire District | Short-Term | Ugu; South Coast Tourism; Private sector | Events calendar developed |
| | | | | | | Ensure Infrastructure Support for the Big 5 Game Reserve | Umzimkhulu | Short-Term | Ugu; South Coast Tourism; DOT; Treasury | Funding ring-fenced for Implementation |
| | | | | | | Develop an aggressive marketing strategy to promote year-round tourism & better marketing of existing products & events | Entire District | Short-Term | Ugu; South Coast Tourism; Tourism KZN; Private sector | Market Strategy Implemented and Rolled-Out |
| | | | | | | Umzimkhulu Gorge Developments to St Faiths | UMzimkhulu-St Faiths Corridor | Medium-Term | Ugu; South Coast Tourism; Tourism KZN; Ezemvelo; Private sector | Implementation plan developed and rolled out |
| | | | | | | Establish one-stop tourism shop | Location to be determined | Short-Term | Ugu; South Coast Tourism; Tourism KZN; Ezemvelo | Identify Location; One-Stop Shop established and operational |
| | | | | | | Beachfront Upgrades and Upgrade areas surrounding Blue Flag Beaches (Pilot Coastal Precincts) | Port Shepstone; Scottburgh | Short-Term | Ugu; South Coast Tourism | Selected beachfronts upgraded |
| | | | | | | Cycle lane.g. dedicated cycle paths on R 61 from Hibberdene to Port Edward & biking tracks along the coastline linked to railway line | R61; Coastline | Short-Term | Ugu; South Coast Tourism; Private sector | Cycle Route Established |
| | | | | | | Identify Areas for Adventure/Recreation Nodes (incl walking & cycling routes) | Entire District | Short-Term | Ugu; South Coast Tourism | Areas Identified and Prioritised within the IDP |

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| Strategic Driver | | Strategic Objectives | | Strategic Programmes | | Interventions | Location | Time-Frame | Required Partners | Indicator |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Build linkages between rural & urban based tourism products through tourism routes & packages | Entire District | Short-Term | Ugu; South Coast Tourism | Investigation Undertaken |
| | | | | 2.1.3 | **Stimulating the Manufacturing Sector and Manufacturing Value-Chains** | Upgrade of Industrial parks – ensure affordability of land, building & services | Port Shepstone; Izothsa, Umzumbe (inland), and Park Rynie | Medium-Term | Ugu; DEDT; COGTA | Identification Undertaken and Sites built into the Relevant Town Planning Schemes and District SDF |
| | | | | | | Establish a Shared Furniture Manufacturing Incubator Facility (resource mobilization & operational budget) | Port Shepstone | Medium-Term | Ugu; DEDT; SEDA | Manufacturing facility established |
| | | | | | | Promote competitiveness and provide support to the Clothing, Textile and Design Sector and local supplier network | Entire District | Short-term | Ugu; LM; DEDT; Private Sector | Number of clothing, textile and design businesses assisted |
| | | | | | | Development of Linkages between Small and Large Firms within the District | Entire District | Short-term | Ugu; DEDT; Private Sector | Number of linkages established |
| | | | | | | Prepare a District Industrial Development Plan | Entire District | Medium-Term | Ugu; DEDT; Private Sector | Industrial Development Plan Developed and Implemented |
| | | | | | | Mahlongwa / Mandawe Micro Manufacturing Centre | Mahlongwa / Mandawe | Medium-Term | Ugu; DEDT | Micro-manufacturing centre established |
| | | | | 2.1.4 | **Ensuring Effective Assistance and Support to SMME's, Cooperatives and Informal Traders** | Design & implement a differentiated SMME support programme | Entire District | Short-Term | Ugu; DEDT; Private Sector | Support Programmes actions implemented |
| | | | | | | Facilitate Access to Markets for Small and Medium Sized Manufacturers – e.g. shared Ugu business database & collective marketing to retailers | Entire District | Short-Term | Ugu; DEDT; Private Sector | Number of small and medium sized manufacturers with new market linkages |
| | | | | | | Investigate small scale sand, lime and stone mining potential in Ugu and Provide Support | Entire District | Long-Term | DME; Ugu; DEDT; Private Sector | Mining potential assessment undertaken |
| | | | | | | Ugu Small-Scale Farmers development programme (cane, timber, bananas, macadamia, market gardening, essential oils, tunnels - cucumbers/tomatoes, organic farming & poultry) | Identified Agricultural areas | Short-Term | Ugu; DAEA; Agricultural Research Council | Programme developed; Number of Small-Scale Farmers established |
| | | | | | | Facilitate provision of Nguni cattle to small farmers and implement provincial livestock improvement programme | Identified Livestock areas | Medium-Term | Ugu; DAEA | Livestock Improvement Programme implemented |
| | | | | | | Identification and Development of SMME Incubation Facilities and Supporting Mentorship | Dududu; Turton | Short-Term | Ugu; DEDT; Private Sector | Incubation Facilities Established; Number of SMMEs supported |
| | | 2.2 | **Enhance the Business and Investment Environment throughout the District** | 2.2.2 | **Enhancing Investment Promotion & Facilitation Capacity** | Investigate an investment promotion facility across the district | Entire District | Short-Term | Ugu; Private sector; DEDT; TIKZN | Investigation undertaken |
| | | | | | | Develop an IPFS and promote joint marketing across sectors | Entire District | Short-Term | Ugu; DEDT; TIKZN | IPFS Developed and Implemented |
| | | | | | | Promote and provide support to the Creative Industry | Entire District | Medium-Term | Ugu; DEDT; DAC | Number of Creative Initiatives Supported |
| | | | | | | Market and Facilitate Industrial Development opportunities | Port Shepstone; Izothsa, Umzumbe (inland), and Park Rynie | Medium-Term | Ugu; Private sector; DEDT; TIKZN | Number of new manufacturers established in Ugu |
| | | | | 2.2.2 | **Strengthen District BR&E Programme Capacity** | Roll-out of a District Wide BR&E Programme | Entire District | Short-Term | Ugu; DEDT; TIKZN; Private Sector | BR&E programme completed and implemented |
| | | | | | | Co-ordinate business support services | Entire District | On-going | Ugu; DEDT; TIKZN | Number of Businesses Supported |
| | | | | 2.2.3 | **Ensure a reduction in red-tape and other 'cost-of-doing-business factors'** | Municipalities to address red-tape & introduce seamless development processes | Entire District | On-going | Ugu; DEDT | Reduction in turnaround time of mandatory regulatory processes |
| | | | | | | Facilitate the relaxing of stringent banking sector lending criteria | Entire District | Short-Term | Ugu; Banking Sector; DEDT | Improvement in the access to funding for viable business ventures |
| | | | | | | Lobby with relevant stakeholders regarding dumping and unfair subsidies in the market place | Entire District | Short-Term | Ugu; Private Sector; dti; DEDT; DAEA | Engagement with relevant departments; Resolution in terms of Action plan |
| 3 | **Education and Skills Development** | 3.1 | **Ensure Early Childhood Development and Primary & Secondary Education** | 3.1.1 | **Ensuring Effective Early Childhood Development** | Develop and implement a quality ECD strategy | Entire District | Short-Term | Ugu; DSD; Centre for ECD | Assessment undertaken |
| | | | | | | Develop required ECD centres and capacity of caregivers with assistance from DSD and NPOs | Entire District | Short/Medium-Term | Ugu; DSD; Centre for ECD | Funding acquired and ECD centres established |
| | | | | | | Promote the Importance of education amongst parents | Entire District | Short-Term | Ugu; DOE; CBOs | Number of engagements undertaken |
| | | | | 3.1.2 | **School Resources and Capacity** | Facilitate links between municipalities & schools re access to libraries, sports facilities & MPCCs | Entire District | Short-Term | Ugu; DOE; DSR; NGOs | Number of functional linkages established |
| | | | | | | Cluster rural schools in key nodes in order to provide better quality education | Key nodes to be identified | Medium-Term | Ugu; DOE; NGOs | Number of functional school clusters established |
| | | | | | | Establishment of a Teacher Development Programme | Entire District | Short-Term | Ugu; DOE; SETA; | Teacher Development Programme established |
| | | | | | | Establishment of a Principal Leadership Programme | Entire District | Short-Term | Ugu; DOE; SETA | Principle Leadership Programme established; Number of Principles Graduated |

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| Strategic Driver | | Strategic Objectives | | Strategic Programmes | | Interventions | Location | Time-Frame | Required Partners | Indicator |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Investigate the Re-opening of the Gamalakhe Teacher Training College | Gamalakhe | Short-Term | Ugu; DHE; SETA | Investigation undertaken; Training Centre Re-opened |
| | | | | | | Lobby for minimum standards at all schools – e.g. science kits, laboratories & libraries | Entire District | Short-Term | Ugu; DOE; NGOs | Minimum Standards Set and Rolled Out |
| | | | | 3.1.3 | **Support and Promotion of the Education Sector** | Facilitate career awareness amongst young people | Entire District | On-going | Ugu; DOE; DHE; FETs; Private Sector; NGOs | Career Awareness Campaign Launched |
| | | | | | | Increase number of private sector and mobile education support programmes in the district, especially maths & science programmes | Entire District | On-going | Ugu; DOE; DST; NGOs | Number of Mobile Support Programmes Rolled Out |
| | | | | | | Education sector to participate in IDP consultations | Entire District | On-going | Ugu; DOE; NGOs | Attendance of Education Officials at IDP consultations |
| | | | | | | Roll-out of HIV/AIDS awareness campaigns | Entire District | On-going | Ugu; DOH;NGOs; CBOs | HIV/AIDs Awareness Campaign Rolled out and Maintained |
| | | | | | | Development of Exhibitions (Career Exhibitions, Science and Innovation Fairs) | Entire District | Short-Term | Ugu; DOE; DST | Annual Science Exhibitions established |
| | | | | | | Offer learnerships in private & public schools for matriculants interested in education | Secondary Schools within the District | On-going | Ugu; DOE; DHE; Tertiary Education Institutions | Number of matriculants enrolled in learnerships |
| | | | | | | Identification and establishment of a Shared Technology Centre with a focus on IT and Science (computer centres, laboratories, etc) | Entire District | Medium-Term | Ugu; DST; DOE | Establishment of a Shared Technology Centre |
| | | 3.2 | **Encourage Demand Driven Skills Development & Training linked to Industry** | 3.2.1 | **A Focus on Tertiary Education (satellite Varsity, specialist tertiary training colleges, etc)** | Establish a Work-Link Centre to assist with job placements & work experience | Esayidi FET | Medium-Term | Ugu; FET; Business Chambers; DOE | Job centre established; Number of Graduates placed in formal positions |
| | | | | | | Increase awareness of different modes of learning e.g. distance learning & learnerships | Entire District | On-going | Ugu; DOE; Private Sector; DHE; Tertiary Education Institutions | Number of Distance Learning Matriculants and Graduates |
| | | | | | | Establish an Ugu-based Agri-College | Location to be determined | Medium-Term | Ugu; DHE; DAEA; private sector | Agri-College Established; Number of Graduates |
| | | | | | | FET Boards to have private sector representation | Esayidi FET | Short-Term | Ugu; FET; Private Sector; DHE | FET Boards have Private Sector Reps |
| | | | | | | Investigate the establishment of University branches in Ugu | Investigation to determine location | Medium-Term | Ugu; DHE; Tertiary Institutions | Investigation undertaken and Implementation Plan Developed |
| | | | | 3.2.2 | **Creating Partnerships between Tertiary Education Institutions & Private Sector (incl. apprenticeships, internships, bursaries)** | Facilitate joint planning for skills development between FET & business sectors to increase relevance of FET courses & increased artisanal courses | Entire District | Short-Term | Ugu; DHE; SETA | Apprenticeship Plan implemented |
| | | | | | | Expand bursary programme for youth with community service component | Entire District | On-going | Ugu; DOE; DHE; Tertiary Institutions; Government; NGOs; CBOs | Number of youths enrolled in Bursary programmes |
| | | | | | | Resource retired professionals to mentor educators & learners | Entire District | On-going | Ugu; DOE; DHE; Retired professionals | Number of mentorship programmes established with retired professionals |
| | | | | | | Businesses to be receptive to learnerships & offer in-service training | Entire District | On-going | Ugu; DHE; FETs; Private Sector; SETA | Number of learnerships and in-service training opportunities provided |
| | | | | | | Strengthen and Enhance linkages between R&D institutions and industry | Entire District | Short-Term | Ugu; Private sector; Tertiary Institutions; Private Sectoral Research Institutions | Development of a Forum to nurture these relationships |
| | | | | 3.2.3 | **Programmes for Shared Training Centres (technical training facilities, etc)** | Identification and establishment of Shared Training Centres | Investigation to determine location | Short-Term | Ugu; DHE; SETA; FET; SETAs | Shared Training Centre established |
| 4 | **Ensure the Safety and Empowerment of Communities** | 4.1 | **Ensure Poverty Alleviation through Social Development and Food Security** | 4.1.1 | **Provide a safety net for the poor and vulnerable within the district** | Facilitate joint planning with Social Sector departments to ensure accessibility and coverage of services throughout the region | Entire District | Medium-Term | Ugu; DSD; NGOs; CBOs | Joint planning engagements undertaken |
| | | | | | | Implement food garden support and work-for-food programmes throughout the district | Vulamehlo; uMuziwabantu | Short-Term | Ugu; DAEA | Number of food garden support and work-for-food programmes implemented |
| | | | | 4.1.2 | **Facilitate Expansion of the Sukuma Sakhe Programme and 100ha Programme in Traditional Councils** | Engage with the Office of the Premier (OoP) to identify areas suitable for the Sukuma Sakhe programme and roll-out of Seed Distribution Programme | Entire District | Short-Term | Ugu; OoP | Number of recipients of the Sukuma Sakhe programme |
| | | | | | | Engage with the Office of the Premier (OoP) and traditional councils to identify areas to expand the 100ha Programme | Traditional Council Areas | Short-Term | Ugu; OoP; Traditional Councils | Hectares of new agricultural land in Traditional Authority Areas |
| | | | | 4.1.3 | **Encourage Social Development through Youth and Community Involvement** | Facilitate development & implementation of district youth development strategy | Entire District | Short-Term | Ugu; DHE; DOE; DSD; NGOs; CBOs; Private Sector | District strategy implemented |
| | | | | | | Development of School and Community Gardens | Traditional Settlements | Short-Term | Ugu; Traditional Councils; DOE; DAEA | Number of School and Community Gardens established |
| | | | | | | Roll-out EPWP and community works programmes, especially youth beneficiaries | Identified EPWP projects | Medium-Term | Ugu; DOT; DPW; COGTA; DAEA | Number of FTEs created |
| | | | | | | Encourage youth-business platforms for engagement | Entire District | On-going | Ugu; Youth Associations; Private Sector | Number of successful engagements undertaken |
| | | 4.2 | **Provide Support to Create Healthy Communities &** | 4.2.1 | **Enhancing Relationships between Stakeholders (incl** | Establish a Health Forum with DOH and NGOs | Entire District | Short-Term | Ugu; DOH; NGOs | Health Forum Established |

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| Strategic Driver | | Strategic Objectives | | Strategic Programmes | | Interventions | Location | Time-Frame | Required Partners | Indicator |
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| | | | **Citizens** | | **lobbying for HIV/AIDS education programmes & ARV's, provision of funding and facilities, etc)** | Facilitate support to NGO & CBOs involved in the social sector | Entire District | On-going | Ugu; NGOs; CBOs; DSD | Number of NGOs and CBOs engaged and supported |
| | | | | **4.2.2** | **Establishment of Awareness Programmes** | Roll-out of a Substance Abuse Programme | Entire District | Medium-Term | Ugu; DOH; CBOs NGOs | Roll-out of Substance Abuse Programme; Number of Substance Abuse Cases Reported |
| | | | | | | Roll-out of HIV/AIDS and Teenage Pregnancy Programmes | Entire District | On-going | Ugu; DOH; CBOs NGOs | Number of HIV/AIDS and Teenage Pregnancy Programmes rolled-out |
| | | | | | | Promote financial literacy through banking CSI programmes & promote culture of saving | Entire District | On-going | Ugu; Banking Sector | Number of graduates of CSI Programme; Increase in the savings level |
| | | | | | | Roll-out a Community ABET Programme | Entire District | Short-Term | Ugu; DSD; DHE; NGOs; CBOs | Community ABET Programme Developed and Implemented |
| | | | | **4.2.3** | **Encourage Expansion of Interventions to Support Vulnerable Groups** | Early Identification and Support of Children with Disabilities | Entire District | On-going | Ugu; DSD; DOH; NGOs; CBOs | Number of Children with disabilities supported |
| | | | | | | Undertake an Assessment and Demand Analysis of Existing NIP and Community Centres | Entire District | Short-Term | Ugu; DOE; DOH; NGOs; CBOs | Analysis undertaken; Number of NIP and Community Centres re/developed |
| | | | | **4.2.4** | **Encourage Promotion of Arts & Culture and Sport and Recreation Facilities, Initiatives and Events** | Sustainability Plan for the Ugu Sports & Leisure Centre | Ugu Sports & Leisure Centre | Short-Term | Ugu; DSR | Sustainability plan implemented |
| | | | | | | Facilitate support for arts and crafts activities | Entire District | On-going | Ugu; DSR; DAC; COGTA; NGOs; CBO;s Private sector | Number of arts and craft initiatives undertaken |
| | | | | | | Investigate development of the Vulamehlo Cultural Village | Vulamehlo | Medium-Term | Ugu; DAC | Vulamehlo Cultural Village established |
| | | **4.3** | **Ensure the Establishment of Sustainable Human Settlements** | **4.3.1** | **Promote Human Settlement Development and Town Rehabilitation** | Upgrade Dense-Informal Settlements | Dududu, Ezingolweni; Mandawe; Malangeni; Kenterton; Phungashe; Assissi | Short-Term | Ugu; DHS; COGTA | Specified informal settlements upgraded |
| | | | | | | Provide sustainable service delivery mechanisms to scattered settlements e.g. rain water harvesting & solar energy | Traditional Settlements | On-going | Ugu; DAEA; DOT; Eskom; COGTA; DPW | Number of households that have received sustainable services |
| | | | | | | Development of Affordable and Social Housing in areas of Demand | Areas of identified demand | Long-Term | Ugu; DOH; Private Sector | Number of new affordable and social houses developed |
| | | | | | | Investigate establishment of an Old Age Home in Ugu | Investigation to determine location | Medium-Term | Ugu; DSD; CBOs | Identified area receives an old-age home |
| | | | | | | Maintenance & upgrade of towns in terms of SDF nodal plans (including Margate Urban renewal project & Harding CBD redevelopment) | Margate; Harding; Umzinto; | Medium-Term | Ugu; COGTA; Private Sector | Upgrade programmes implemented in selected towns |
| | | | | **4.3.2** | **Ensure Clustering of Support Services & Facilities (incl access for disabled persons)** | Provision of social services & facilities in rural nodes in terms of sector norms & standards | Identified rural nodes | On-going | Ugu; COGTA; DSD; DOH; DOE; DOH; NGOs; CBOs | Required standards met at identified rural nodes |
| | | | | | | Investigate opportunities for shopping centres within rural economic nodes | Investigation to determine location | Long-Term | Ugu; DEDT; Private Sector | Identification undertaken |
| | | | | | | Facilitate increased access of communities to formal banking services | Traditional Areas | On-going | Ugu; Banking Sector | Number of banking accounts opened through facilitation |
| | | **4.4** | **Guarantee the Safety and Security of Communities** | **4.4.1** | **Strengthen the Relationship between civil society, business and criminal justice system** | Ensure regular Community Policing Forums occur with attendance from the District and Business Against Crime | Entire District | On-going | Ugu; SAPS; Community Policing Forum | Attendance register of Community Pol icing Forum |
| | | | | **4.4.2** | **Ensuring the Safety of all Citizens** | Development of an Anti-crime strategy for the district | Entire District | On-going | Ugu; SAPS; Community Policing Forum | Anti-Crime Strategy developed and actions implemented |
| | | | | | | Develop a programme aimed at ensuring the safety of Vulnerable Groups (Woman, children and disabled persons) | Entire District | Short-Term | Ugu; DSD; SAPS | Programme developed and interventions implemented |
| **5** | **Strategic Infrastructure Development** | **5.1** | **Development of Airports and Harbours** | **5.1.1** | **Ensuring an Integrated Passenger and Freight Transport via Air** | Margate Airport expansion (incl resource mobilisation) | Margate Airport | Medium-Term | Ugu; DEDT | Resources for the airport mobilised |
| | | | | **5.1.2** | **Enhance Connectivity to Existing Ports and Harbours** | Hibberdene Small craft harbour development | Investigation to determine location | Long-Term | Ugu; DEDT; DOT | Development of the Small-Crafts Harbour |
| | | **5.2** | **Develop an Integrated Road & Rail Network to support both Passenger and Cargo Transport** | **5.2.1** | **Rehabilitation of Key Branch Lines with Support from Transnet** | Investigate options for re-routing rail & re-opening branch lines | Key identified branch lines | Medium-Term | Ugu; Transnet | Key branch lines rehabilitated |
| | | | | **5.2.2.** | **Development and Rehabilitation of Key Primary, Secondary and Tertiary Roads** | Upgrade High Priority Roads | P77; P58 | Short-Term | Ugu; DOT | Upgrade of P77 and P58 |
| | | | | | | Upgrade Medium Priority Roads | P728, P238, P327, P57 | Medium-Term | Ugu; DOT | Upgrade of the P728, P238, P327, P57 |
| | | | | | | Other Road Upgrades | R 61 | Long-term | Ugu; DOT | Upgrade of R61 completed |
| | | | | | | Tarring of Bizana Road from Ezingolweni to Mthamvuma River | Bizana Road | Medium-Term | Ugu; DOT | Tarring completed |

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| Strategic Driver | | Strategic Objectives | | Strategic Programmes | | Interventions | Location | Time-Frame | Required Partners | Indicator |
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| | | | | | | Road links from P 68 St Faiths/ Dweshula to KwaNyuswa/Harding | Road links from St Faiths / Dweshula to KwaNyuswa / Harding | Medium-Term | Ugu; DOT | Road links upgraded |
| | | | | | | N2 access at Turton | Turton | Medium-Term | Ugu; DOT | N2 access improved |
| | | | | 5.2.3 | **Rural Access Road and Facility Rehabilitation Programme** | Rural roads upgrading to unlock agricultural potential | Roads to be identified | Short-Term | Ugu; DOT | Rural access roads rehabilitated |
| | | | | | | Rehabilitation of rural access roads | Roads to be identified | Short-Term | Ugu; DOT | Rural access roads rehabilitated |
| | | | | | | Establish basic public transport facilities in confirmed development nodes | Confirmed development nodes | Short-Term | Ugu; DOT | Public transport facilities developed in confirmed nodes |
| | | | | 5.2.4 | **Exploitation of Inter-modal/Integrated Transport Potential** | Develop an Integrated Transport Plan (ITP) for the District | Entire District | Short-Term | Ugu; DOT; PRASA | Integrated Transport Plan Development |
| | | | | | | Demand analysis to develop inter-modal public transport hubs/ranks | Entire District | Medium-Term | Ugu; DOT; PRASA | Inter-modal plan developed |
| | | | | 5.2.5 | **Development of Passenger Rail Capacity** | Extend passenger and freight rail services from Durban through Ugu district to Eastern Cape | Entire District | Medium-Term | Ugu; DOT; PRASA | Feasibility study undertaken |
| | | 5.3 | **Develop ICT Infrastructure to Support the Knowledge Economy** | 5.3.1 | **Increase Access and Quality of Telecommunications** | Ensure connectivity to Fibre optic cables to increase band width availability | Entire District | Short-Term | Ugu; DEDT | Broadband Programme developed |
| | | | | | | Development of a district-wide broadband roll-out programme | Entire District | Medium-Term | Ugu; DEDT | Implementation of Broadband roll-out |
| | | | | 5.3.2 | **Enhance Innovation & Technology Capacity** | Investigate the establishment of an Innovation Centre in Ugu | Investigation to determine location | Medium-Term | Ugu; DST; DHE; Private Sector | Investigation undertaken |
| | | 5.4 | **Strengthening of Energy Infrastructure Capacity and Efficiency** | 5.4.1 | **Increasing the Capacity of Energy Infrastructure** | Increase the Bulk Supply of Electricity | Entire District | Long-Term | Ugu; Eskom | Bulk capacity increased |
| | | | | 5.4.2 | **Promotion of Energy Efficiency** | Provision of Solar lighting for Scattered Settlements | Entire District | Short-Term | Ugu; Eskom | Number of Solar Lights installed at identified settlements |
| | | | | | | Promote National Incentives to ensure efficient use of energy and use of new energy efficient technology by large consumers | Entire District | Short-Term | Ugu; DTI; DME | Number of industrialists that take up incentives |
| | | 5.5 | **Ensure Effective Water Resource Management and Awareness** | 5.5.1 | **Ensuring Effective Water Resource Management** | Rural Water service delivery , including rain water harvesting, use of springs and boreholes, Agri-dams etc: resource mobilization required | Identified Rural areas | Short-Term | Ugu; DWA | Roll-out of Rural Water delivery plan |
| | | | | | | Develop a District Water Resource Management Strategy | Entire District | Medium-Term | Ugu; DWA; DAEA | Water Resource Management Plan developed |
| | | | | 5.5.2 | **Water Infrastructure Capacity** | Feasibility study to investigate the option of increasing the Dududu and Ezinqoleni Reservoir capacity | Dududu and Ezinqoleni reservoirs | Short-Term | Ugu; DWA | Feasibility Studies Developed |
| | | | | | | Infrastructure plan to upgrade water and waste water infrastructure in Dududu and Ezinqoleni | Dududu and Ezinqoleni | Short/Medium-Term | Ugu; DWA | Development of Infrastructure Plan |
| | | | | | | Extend Ezingolweni water reticulation to un-serviced areas/areas below RDP standards | Ezingolweni | Short-Term | Ugu; DWA | Water reticulation provided to all identified areas within Ezinqoleni |
| | | | | | | Upgrade the water infrastructure at Gcilima, Assissi and waste water infrastructure at Phungashe and Assissi | Gcilima, Assissi, Phungashe | Medium-Term | Ugu; DWA | Water and waste water infrastructure upgraded |
| | | | | | | Upgrade the water and waste water infrastructure at Dweshula, Paddock, St Faiths and Isibonda | Dweshula, Paddock, St Faiths and Isibonda | Long-Term | Ugu; DWA | Water and waste water infrastructure upgraded |
| | | | | 5.5.3 | **Promote Awareness of Water Efficiency** | Develop an Awareness Campaign for Water-Use Efficiency | Entire District | Medium-Term | Ugu; DWA | Awareness Campaign developed |
| 6 | **Institutional Development** | 6.1 | **Enhancing Coordinated Planning and Implementation** | 6.1.1 | **Enhancing Coordinated District-wide Planning and Implementation** | Implement Institutional Proposal Three as per the GDS | Entire District | Short-Term | Ugu; Required Stakeholders | Structure Established; Number of GDS Interventions implemented |
| | | | | | | Establish an Inter-Governmental District Planning Forum to ensure coordination between all stakeholders in the planning process | Entire District | Short-Term | Ugu; all relevant government departments; Private Sector; NGOs; CBOs | Inter-Governmental District Planning Forum established and functional |
| | | | | 6.1.2 | **Enhancing the Functionality of Existing Structures and Relationships** | Review the structure & role of the Ugu Tourism Agency for greater effectiveness & efficiency | Entire District | Short-Term | Ugu; Tourism Agency; TKZN; DEDT | Reviewed structure |
| | | | | | | Enhance the Functionality of Ward Councils | Entire District | Short-Term | Ugu; COGTA | Assessment undertaken |
| | | 6.2 | **Strengthen Inter-Governmental Relations & Private Sector Partnerships** | 6.2.1 | **Ensure Strong Partnerships and Transparency between all Stakeholders** | Establish a Stakeholders Engagement platform within the Development Planning Office of the District | Entire District | On-going | Ugu; all relevant government departments; Private Sector; NGOs; CBOs | Stakeholders Engagement Platform established |
| | | | | | | Establish business-government co-operation platforms | Entire District | Short-Term | Ugu; Private sector | Business-government co-operation platform established |
| | | | | | | Municipalities to ensure transparency in development charges | Entire District | Short-Term | Ugu; All other stakeholders | Transparency in development charges |
| | | | | 6.2.2 | **Ensure Strengthening of Inter-Governmental Relations** | Mechanisms to be put in place to ensure on-going co-operation amongst C & Bs | Entire District | On-going | Ugu | Mechanism Established |
| | | | | | | Strengthen existing IGR structures in terms of representation, mandate & authority | Entire District | On-going | Ugu; all government departments | IGR structure sufficiently strengthened |

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| | | 6.3 | Building Local Government Capacity | 6.3.1 | Promote Shared Services within the District | Identify potential areas to expand Shared Services and roll-out Shared Services within these areas | Entire District | Short-term and on-going | Ugu | Additional Shared Services offices established throughout the District |
| | | | | | | Effective customer care centre to be established in the district, possibly a shared service | Port Shepstone | Medium-Term | Ugu | Shared Customer Care Centre Established |
| | | | | 6.3.2 | Strengthen the Capacity of Local Municipal Decision Making | Establish a mentoring programme for municipal officials with retired professionals in Ugu | Entire District | On-going | Ugu; Retired Professionals | Number of municipal officials mentored from retired professionals |
| | | | | | | Municipalities to commit to attracting & appointing quality skills with effective performance management | Entire District | Short-Term | Ugu | Assessment undertaken and required technical skills acquired |
| | | | | | | Ensure Efficient & effective financial management by municipalities | Entire District | On-going | Ugu; Treasury | Clean Financial Audit achieved |
| | | 6.4 | Eradicating Fraud & Corruption | 6.4.1 | Investigate and Encourage a Reduction in Fraud and Corruption | All municipalities to commit to zero corruption (establish fraud & corruption hotline) | Port Shepstone | Short-term and on-going | Ugu | Number of Fraud and Corruption claims reported to the MM forum |
| | | | | | | Investigate Fraud and Corruption in the Social Grant System | Entire District | On-going | Ugu; DSD | Reduction in the number of fraud and corruption cases within the Social Grant System |
| | | | | 6.4.2 | Fast Track Disciplinary Processes and Effective Criminal Prosecution | Engage with all responsible departments to identify areas where disciplinary and criminal prosecution processes can be improved | Entire District | On-going | Ugu; DOJ&CD | Number of days taken for a disciplinary process to be completed and defendant prosecuted |
| | | 6.5 | Ensuring Participative, Facilitative, and Accountable Governance | 6.5.1 | Improve the Regulatory and Lobbying Functions of local government | Ensure the preferential procurement system rewards local content, labour and supplies | Entire District | On-going | Ugu; Private Sector; DEDT | Percentage of Procurement fulfilling BBBEE requirements |
| | | | | | | Ensure regulation of business activity (including micro-lenders, unregistered firms etc) | Entire District | On-going | Ugu; Private Sector; DEDT | Improved number of businesses meeting regulatory standards |
| | | | | | | Engage with the Formal banking sector to extend services to rural areas e.g. Capitec's business strategy | Traditional Settlements | Short-Term | Ugu; Banking Sector | Number of services established and functional |
| | | | | | | Lobby for the finalization of land claims & address issues related to tenure security | Areas under land claim | Medium-Term | Ugu; DLRRD; COGTA; OoP | Percentage of Land Claims finalised |
| | | | | | | Organised business & municipalities to lobby national government re negative impact of legislative & policy environment e.g. National Credit Act & Wage Determination Acts | Entire District | On-going | Ugu; Private sector | Number of successful engagements undertaken; Number of issues actively addressed by National Government |
| | | | | 6.5.2 | Elevate the Importance of Accountability | Ensure constant M&E occur through the GDS | Entire District | On-going | Ugu | Annual GDS M&E Report Developed |
| | | | | | | Ensure strong, credible and visible leadership for the GDS | Entire District | On-going | Ugu | Strong leadership identified and publicised; Number of GDS Interventions successfully implemented |
| 7 | Environmental Sustainability | 7.1 | Advance Alternative Energy Generation Capacity | 7.1.1 | Ensure a strong platform for engagement with all Stakeholders in Alternative Energy | Develop an Energy Forum | Entire District | Short-Term | Ugu; Eskom; NERSA; DME | Energy Forum established and functional |
| | | | | 7.1.2 | Promote viable alternative energy generation potential and develop pilot projects (wind, hydro and solar) | Undertake an Integrated Energy Strategy to determine the best potential alternative energy sources, and implement pilot projects (particularly bio-fuel production) | Entire District | Short-Term | Ugu; DME; Eskom; Illovo | Integrated Energy Strategy undertaken; Pilot projects implemented |
| | | | | | | Promote co-generation and renewable energy activities | Identified locations | On-going | Ugu; Eskom; NERSA; DME | Number of new co-generation initiatives implemented; Number of kW of renewable energy generated |
| | | | | | | Investigate the regeneration of the Mhlabatine Horseshoe Power station | Mhlabatine | Medium-Term | Ugu; Eskom | Investigation undertaken and action steps developed |
| | | 7.2 | Manage the Pressures on Biodiversity and Environmental Quality | 7.2.1 | Ensure Continuous and Coordinated District-wide Environmental Research and Planning | Municipalities to implement existing environmental plans and address gaps i.e. Coastal Management Plan and Integrated Waste Management Plan | Umdoni; uMuziwabantu | Short-Term | Ugu; DAEA; NGOs | Recommendations implemented |
| | | | | | | Review and Update the Existing Strategic Environmental Assessment for Ugu | Entire District | Short-Term | Ugu; DAEA; NGOs | Ugu SEA review completed |
| | | | | | | Develop and promote sustainable service delivery practices & options for the district | Entire District | On-going | Ugu; COGTA; DOH; Eskom; NGOs | Sustainable Practices Developed and Implemented |
| | | | | | | Municipalities to design infrastructure in terms of climate change response | Entire District | On-going | Ugu; DAEA; private sector | - |
| | | | | | | Infrastructure maintenance must be planned to avoid negative environmental impacts e.g. sewerage spills | Entire District | On-going | Ugu; DAEA; private sector | - |
| | | | | | | Establish a Joint Conservation Planning Forum with Ezemvelo KZN Wildlife | Entire District | Short-Term | Ugu, Ezemvelo, NGOs | Joint Planning Forum established |
| | | | | 7.2.2 | Improve Resource and Reserve Management | Review, upgrade and implement the existing Coastal Management Plan (2000) | Entire District | Short-Term | Ugu, Ezemvelo, Environmental Organisations | Review completed; Implementation plan developed and initiated |
| | | | | | | Ensure sustainable land-use management | Entire District | On-going | Ugu; DAEA; COGTA; Private Sector | Percentage of land under land-use management schemes |
| | | | | | | Fast-track environmental impact assessment processes | Entire District | On-going | Ugu; DAEA; Private Sector | Reduction in the turn-around time of EIA assessments |
| | | | | | | Review, update and Implement the Green Wedges Policy for KZN South Coast | Entire District | Short-Term | Ugu, Ezemvelo, Environmental Organisations | Review completed; Implementation plan developed and initiated |

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| Strategic Driver | | Strategic Objectives | | Strategic Programmes | | Interventions | Location | Time-Frame | Required Partners | Indicator |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | 7.2.3 | **Encourage Efficient Waste Management (Reduction, Reuse and Recycling)** | Develop an Integrated Waste Management Plan | Entire District | Short-Term | Ugu; DWA | Integrated Waste Management Plan developed |
| | | | | | | Encourage carbon sequestration activities in different sectors e.g. control of water run-off, alien clearing etc | Entire District | On-going | Ugu; DAEA; Ezemvelo; Private Sector | Number of sequestration activities in operation |
| | | | | | | Promoting greening of all economic sectors | Entire District | On-going | Ugu; DAEA; dti; DEDT; Private Sector | Number of new green initiatives implemented by industry |
| | | | | | | Develop and Implement a district wide Water Catchment Management Strategy | Entire District | Medium-Term | Ugu; DWA; DAEA | Water Catchment Management Strategy implemented |
| | | 7.3 | **Ensure Efficient Environmental Monitoring, Regulation and Disaster Management** | 7.3.1 | **Strengthen District Disaster Management and Mitigation Capacity** | Undertake an assessment of current areas of under-capacity and develop a plan to address these capacity constraints | Entire District | Medium-Term | Ugu; COGTA | Disaster Management Capacity shortages addressed |
| | | | | 7.3.2 | **Undertake continuous Monitoring, Research and Regulation of Environmental Impacts** | Ensure environmental regulation of businesses | Entire District | Medium-Term | Ugu; DAEA; DEDT; Private sector | Percentage of businesses that are compliant with regulation |
| | | | | | | Improved management of conservation and protected areas | Entire District | On-going | Ugu; DAEA; Ezemvelo; Private Sector | Reduction in the amount of degraded land under conservation and protection |
| | | | | | | Monitor impact of climate change on communities and sectors within the district & develop mitigation strategies | Entire District | On-going | Ugu; DAEA; NGOs | Database established and annual report developed |

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**Report prepared for:**

*Ugu District Municipality*

*Development Bank of Southern Africa*

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**Report Prepared by:**

*Urban-Econ Development Economists KZN*

*With the assistance of the Ugu REDI Team*