

LANGEBERG MUNICIPALITY

LED STRATEGY REVIEW



19 August 2013

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ABBREVIATIONS

CWD	Cape Winelands District
GDPR	Gross Domestic Product Region
LED	Local Economic Development
LLM	Langeberg Local Municipality
NDP	National Development Plan
SWOT	Strengths, Weakness, Opportunities & Threats

1 INTRODUCTION

1.1 BACKGROUND

The Langeberg Local Municipality (formally the Breede River Winelands Municipality) last prepared a Local Economic Development (LED) strategy in 2007. This was reviewed during 2012. Since this review however, the release of the 2011 National Census Data and other policy interventions on a national and provincial level, have meant that a further review is required to strengthen the projects that make up the LED strategy.

1.2 METHODOLOGY

This strategy is a review of an existing strategy. As such, much of the information currently within the strategy is used, but reviewed in the context of updated information (data and policies).

The key objectives of the review were as follows;

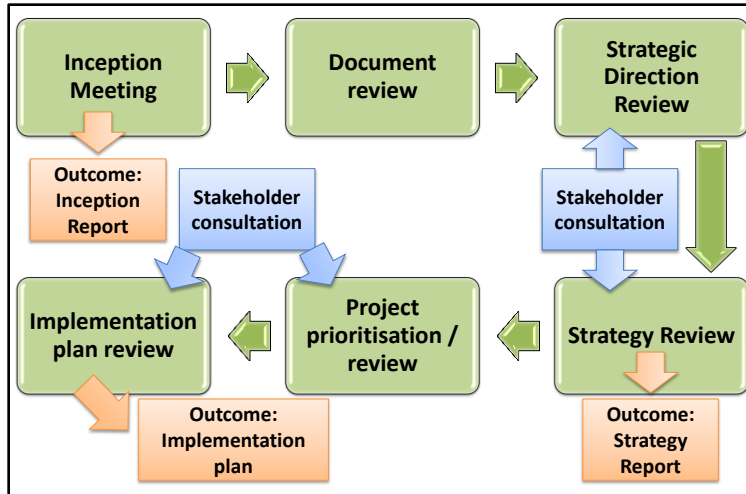
- Inclusion of national and provincial LED guidelines and the National and Provincial Development Plans
- Inclusion of the recently released census data for the municipality
- Inclusion of investment attraction and business retention interventions within the strategy
- To ensure that the strategy includes the correct LED terminologies
- Prioritization of projects and action planning related to selected projects
- Identification of internal and external LED drivers

The methodologies used in this review included;

Research: Extensive research was undertaken in this review. This included a desktop review on the current situation in Langeberg and update on the economic profile of the municipality and the policy framework within which the municipality should operate.

- **Consultation:** As LED is most effective when the planning for, and implementation of LED is done through extensive consultation with stakeholders, these stakeholders were consulted with during the review of the strategy. These stakeholders were identified by municipal officials, with some direction from CMRA.
- **Mentoring:** The review was conducted with extensive interaction between relevant municipal officials and the review team. This ensured transfer of skills, ownership of the final LED, and potential sustainability of the final project
- **Action Plan:** An action plan was developed for the key LED projects identified in the reviewed LED strategy. This action plan includes time frames and responsibility allocation.

The key activities in the LED strategy review are shown in the following diagram;



1.3 DEFINING LOCAL ECONOMIC DEVELOPMENT

The purpose of this section of the report is to provide an overview of ‘what LED is’, and the roles and responsibilities of the various stakeholders in LED planning and implementation.

1.3.1 WHAT IS LED

Local Economic Development (LED) is seen as one of the most important ways of decreasing poverty within a specific area, but can best be described as the process of promoting sustainable and shared economic growth and development. LED is defined by the World Bank as follows;

“The purpose of Local Economic Development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation” (www.worldbank.org).

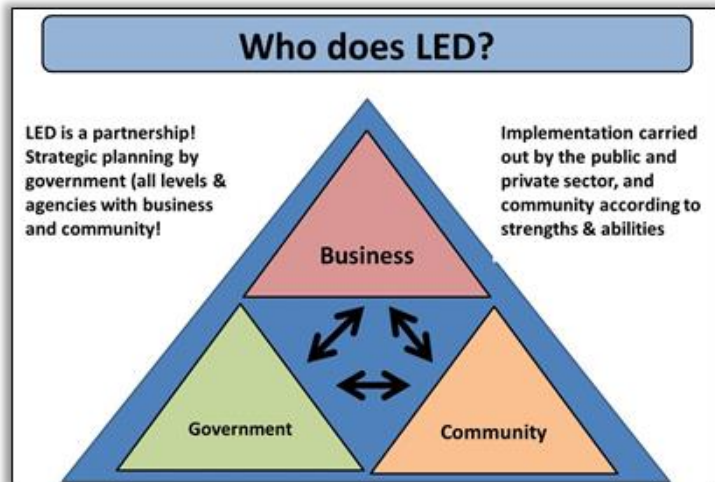
In order to build a strong economy, the unique conditions within a local municipality must form the basis for planning, designing and implementing a strategy to develop that economy. This should be built on the inherent strengths within the area, and to grasp economic opportunities presented by those local conditions. Furthermore, interventions should be made in this strategy to convert weaknesses, and mitigate against threats. In a changing world, the economic success of a locality depends on the locality being able to respond to these changing circumstances, in such a way that maximum economic benefits can be captured through, or in spite of any changes.

1.3.2 STAKEHOLDER ROLES AND RESPONSIBILITIES IN LED

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The promotion of economic growth and development is a concerted effort for all key stakeholders in the local community. This means that all key stakeholders in a municipal area must come together to reach agreement and take decisions to make the economy grow and create income opportunities for more people, especially the poor. This is shown in the adjacent diagram. These stakeholders should not only be the end beneficiaries of LED interventions. They must be involved in;

- Planning for LED
- Implementation of LED
- Monitoring and Evaluation of LED



The primary stakeholders are as follows;

Local government;

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

Key roles	Direct Roles	Indirect Roles
Co-ordinate Facilitate Stimulate Develop	Policy formulation and leadership	Creation of enabling economic environment
	Research	Improvement of operational efficiency
	Co-ordination of local initiatives	Facilitation of sustainable community projects
	Provision of business infrastructure	Attraction of development funding
	SMME support (funding & training)	Dissemination of LED information
	Formulation of incentives	

Source: (DPLG / CoGTA, 2004)

Business:

The role of business in the context of LED is for businesses to operate as optimally as possible, contributing to the economy, and creating jobs. For this, business often requires a local municipality to create an enabling environment to allow this optimal functioning. It is therefore important that local

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businesses create a partnership with local government for LED planning, implementation, and monitoring and evaluation. Businesses are the areas where most implementation of LED is carried out. It is important that for the purposes of LED in the South African context, formal and informal, large and small businesses are considered and included as stakeholders.

Community:

As with business, the community is where LED takes place, and they are the primary beneficiaries of LED. As such, they provide the economic resources (skills and labour), and social resources (NGOs, community associations, education facilities) for LED to take place.

1.4 REPORT OUTLINE

- Section 2:** Section 2 examines the *Status Quo* in Langeberg, in terms of spatial issues, services, the institutional context for LED and demographics. The section also examines the current labour market within the municipality, as well as the current economic situation.
- Section 3:** In this Section, an analysis is made of the current situation in Langeberg with a view to identifying interventions to grow the local economy. Specifically, this is done through a Strengths, Weaknesses, Opportunities and Threats (*SWOT*) analysis, as well as an analysis to identify the *competitive advantages* within the local economy.
- Section 4:** In Section 4, *the Vision, Goals and Strategic Direction* for the LLM is presented, based on the analysis done in preceding sections.
- Section 5:** In the final section of this strategy, and *action plan* is presented putting forward key projects to meet the vision and goals for LED in the LLM. The purpose of this framework is to assist the LM and its LED partners in implementing LED in the LLM.

2 LANGEBERG: A SITUATIONAL ANALYSIS

The purpose of this section of the report is to examine the current situational within Langeberg, with specific reference to issues effecting, or being effected by LED. Here, issues related to highlighting potential opportunities and weaknesses within the local economy are explored, in order to assist in identifying intervention areas by the municipality and its LED stakeholders. The section examines the following;

- The physical context for LED
- The institutional context for LED
- The policy context for LED
- The demographic profile of the LLM
- Employment in Langeberg
- Status quo of the local economy in Langeberg
- Overview of the Langeberg economy

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The information presented in this section is used in the subsequent section to identify weaknesses and opportunities in the Langeberg economy, which points to intervention areas and projects, which will form the action plan for LED.

2.1 THE PHYSICAL CONTEXT FOR LED

Langeberg Municipality is one of 5 local municipalities (Drakenstein, Stellenbosch, Witzenberg, Breede Valley) within the Cape Winelands District Municipality (CWD). Langeberg covers a total area of approximately 4 517.4 km² (which now includes 1184.54km² of former Cape Winelands DMA land - consisting mostly of extensive farming, natural veld and very large game farms). As such it makes up approximately 20% of the total district area. The district's proximity to the economic hub of Cape Town, and its port, has a positive economic benefit of the district. Furthermore, the district is crossed by two national highways, the N1 and the N2, and this infrastructure adds to its ability to move goods from the district to the metro and inland areas.

2.1.1 KEY NODES IN LANGEBERG

The Langeberg Municipality includes the towns of Ashton, Bonnievale, McGregor, Montagu and Robertson as well as the rural areas adjacent to and between these towns. While each town has unique qualities relevant to the municipalities LED, it is important to consider the linkages between the towns, as well as the specific economic development challenges and opportunities within the towns. LED is very much about creating economic linkages, both up and down stream of a particular geographic place. In the case of a local municipal LED strategy, this would be about creating linkages first and foremost between the areas within that municipality, and also with neighbouring municipalities, as well as further geographically dispersed areas. Furthermore, there are extremely large tracts of land situated between the towns in Langeberg, and the largely rural nature of the LLM must be considered in LED planning. The location of these towns in relation to each other and the main roads within the LLM is shown in the map below;

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Figure 1: Map of key nodes within Langeberg



Source: Langeberg IDP, 2012

Each of these five towns has a particular “mix” of agriculture, tourism and retirement settlements as well as small town history and culture, strengthening their respective attractions and increasing the uniqueness of the area.

Adjacent to these towns are townships and low income neighbourhoods which were planned during the apartheid era and which now require a new level of strategic planning to rectify, upgrade and develop quality environments which in turn will draw confidence and pride from the local community as well as external investors. Higher crime levels in these townships/ neighbourhoods currently deter investment and erode social capital. It is important that planning should take cognisance of the relevance of security and justice in building liveable communities.

A summary of each of these nodes is provided in the table below, together with its LED link or impact, or issues within LED in the town;

Table 1: Key towns within Langeberg and their key economic features

Ashton: Ashton is a small town situated on the R62, between Robertson and	Key economic features; Manufacturing (food and beverages, agro
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<p>Swellendam at the foot of the Langeberg mountains. It is the heart of the Langeberg Municipal area and hosts its administrative offices. It is an important wine producing and fruit processing centre with some well-known wineries and two large canneries. Many artists reside in an around the town and the town offers adventure tourism activities like river cruises, mounting climbing, hiking etc.</p>	<p>processing) centre Government services Arts and crafts Tourism</p>
<p>Bonnievale: Bonnievale is situated on the banks of the Breede River and is home to fruit and wine farms in its surrounds. With the Langeberg Mountain Range in the north-east, and the Riviersonderend mountains in the south-west, it is considered one of the most beautifully situated towns in the Western Cape. There are 8 Wine Cellars in the area and two cheese factories producing cheese, butter, milk, yoghurt and whey powder. A water channel scheme built more than 100 years ago provides Bonnievale with much of its water. The town is also known for its water and many outdoor activities such as golf.</p>	<p>Key economic activities; Manufacturing (food and beverages, agro processing) Tourism</p>
<p>Montagu: Montagu lies between two mountain ranges halfway between Cape Town and the Garden Route, on the legendary Route 62. It is considered as the gateway to the Little Karoo and also the scenic heart of Route 62. This historic link between Cape Town, Oudtshoorn, the Garden Route and the Eastern Cape, goes through spectacular scenery and mountain passes. The hot springs in the area form part of the popular Montagu Baths. The area is known for its dry, healthy climate, nature reserves and walks, 4X4 routes, cycling and cuisine. The area around Montagu is also home to some excellent rock climbing.</p>	<p>Key economic activities; Tourism Arts and crafts Fruit farming and processing (dry fruit and wine making) Events and festivals</p>
<p>McGregor: McGregor is a well-preserved mid-19th century town and offers outdoor activities, arts & crafts, tranquillity and relaxation. The village is home to fruit orchards, olive groves and vineyards and is home to many artists. Activities on offer include walking/hiking trails, mountain biking, 4x4 trails, bird watching as well as a pottery studio, art galleries, massage therapies and much more.</p>	<p>Key economic activities; Tourism Arts and crafts</p>
<p>Robertson: Robertson is located at the foot of the Langeberg Mountains with the Breede River in close proximity and is the largest economic centre of the LLM. The town is the western gateway to the longest wine route in the world, Route 62, and is only 1½ hours drive from Cape Town. With 150 years of history and Victorian buildings, Robertson is one of the largest wine-producing regions in South Africa. The Robertson Wine Valley offers a number of cellars, co-operatives and private estates for wine lovers. The key tourism attractions here are its natural attractions, the wine route, and outdoor activities.</p>	<p>Key economic activities; Manufacturing (food and beverages, agro processing) Tourism Agriculture Retail and wholesale Racehorse breeding Wine festivals</p>



Photo source: Shannon Moffett

2.1.2 LANGEBERG MUNICIPALITY INFRASTRUCTURE

2.1.2.1 Transport infrastructure

The Langeberg area is strategically located lying between the N1 and N2 National highways connecting Cape Town with the inlands and southern coast of South Africa with the R60 and R317 being the primary connectors between these two major roads. The Langeberg Municipality is well linked to other municipalities within the district, and, importantly, to the major economic hub of Cape Town. In addition, Montagu provides the link to the R62, which is the primary tourism route through the Klein Karoo as well as Oudtshoorn and other Eden destinations. The area is characterised by relatively far distances between the main towns due to natural barriers, traditional rural land uses and historic settlement patterns. Roads within the Langeberg Municipality amount to a total of 1,196.9kms of which 385km (32.2%) are surfaced roads and 811 km (67.8%), gravel roads.

The road between Ashton and Montagu is currently been upgraded which is expected to aid the local economies of the area. Furthermore, it is important to note that the R60 was recently closed due to flooding in the area, and this had a negative impact on the local economies, particularly those reliant on the tourist trade. Another possible future transport development which could impact on the local economy is the proposed toll roads for the N1 and N2. These toll roads could increase transport costs for Langeberg businesses, but could also increase traffic through the area wanting to avoid the toll roads. It is not yet clear if these will be implemented, and this will therefore not be considered here. However, if these are finally approved the impact on LED within the LLM should be considered in LED planning.

Most of the towns within the region are also joined by a rail network, although this offers only limited freight and passenger transport. The railway is used to deliver mostly sand and stone currently, passing through the municipality once a day. Robertson station is not currently in use. The local rail is not considered to currently play a major role in regional growth and development but reliance on road transport, particularly for freight, is considered to have a negative impact on the state of roads within the municipality. On the flip side of this, local construction companies benefit from local road maintenance.

2.1.2.2 Water, electricity and other services

The majority of homes within Langeberg are well serviced with water, electricity and sanitation services. For more information on this, consult Section 2.4.5 Socio-economic indicators in Langeberg. Services important for LED are however summarised below;

Energy:

89% of households use electricity for cooking in the LLM, and 70% of households use electricity for heating. The municipality has committed itself to energy efficiency within the LLM, through increasing capacity, upgrading networks and replacing out-dated electricity lines to reduce electricity loss.

Water Resources:

73% of households within the LLM have access to municipal or service provider water with the rest households sourcing water coming from dams, rivers, tankers etc. A number of interventions have been started within the LLM to aid water security including a water purification plant in Montagu and other developments to supplement the municipal water supply. Importantly for LED, the upgrading and enlargement of the water purification plant in Ashton is in a planning phase. Due to the high demands, especially from the canning industry, the purification capacity need to be enlarged by 1,2 mega litres per day. Construction is planned to commence in September 2012. There were some concerns raised by stakeholders on the quality of water within the LLM saying that the agriculture and tourism industries are reliant on good quality water. The LLM is however regularly monitoring the water quality, and infrastructure related to this.

2.1.3 NATURAL RESOURCES

The region is famous for its spectacular scenery, which includes picturesque mountains and valleys as well as wine and fruit estates, which attract both local and foreign tourists. The Cape Winelands District lies within the Cape Floral Kingdom which is of high global botanical importance. The area also hosts one of the most prominent river systems in the Western Cape, the Breede River, as well as a very dominant mountain range, the Langeberg Mountains both of which run through the Langeberg Local Municipality. These resources are currently well used within the municipality to attract tourists, in particular for water sports, as well as tourism related to the mountains such as hiking and rock climbing. The natural springs within the municipality are also a resource which are currently used for tourism

Implications for LED: The natural resources within the municipality create opportunities for development through the tourism sector.

2.2 THE ENABLING ENVIROMENT FOR LED

The current status of the institutional context for LED within the Langeberg municipality is provided here as reported by respondents, through desktop research and through previous studies.

2.2.1 INSTITUTIONAL FACILITATION OF LED

2.2.1.1 Local government institutions

Economic development within Langeberg falls under the Directorate: Strategy and Social Development. One department under this directorate is known Local Economic Development. According to the municipal organogram and website, the duties and responsibilities of this department are as follows;

- “Create a conducive environment for economic development to happen
- Assisting the previously disadvantaged to come into main stream economics.
- Supporting small business enterprises and sourcing funding for entrepreneurs.
- Retain established business in area and increasing trade.
- Recruit investment into area.
- Create new industry (Business process outsourcing; green economic activities; sustainable development).
- Poverty alleviation and skills development.
- Development of LED strategy.
- Facilitation of LED projects.”¹

A LED manager drives this process. An economic development officer has been appointed to drive the process of the establishment of the economic development partnership within the municipality. A manager for social development also works closely with the LED manager for issues around economic development within Langeberg.

The municipality is also in the process of appointing a tourism officer to; “Render the tourism function in the Langeberg area; Gathering and processing of tourism statistics; Attendance of Local, District and Provincial Tourism meetings; Marketing of the Langeberg area as a preferred tourist destination by arranging media educational tours and tour operator information sessions; Design, printing and distribution of marketing material; Attendance of Indabas, Expos's and Festivals to market the Langeberg area; Arrange training programmes for persons employed in the tourism sector and execute schools tourism awareness programmes; Product development in the previously disadvantaged areas; Doing of general administration”. (Human Resource department, by email).

¹<http://www.langeberg.gov.za/index.php/directory/strategy-and-social-development/local-economic-development>

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It is clear that the LLM can be institutionally strengthened to better fulfil their LED mandate. A concern was raised that while the Economic Development department might be responsive to needs related to business development, other departments within the LLM are not, which results in delays in building plan approval and other requirements for investment etc.

The Langeberg website lists a number of projects that have been undertaken by the Economic Development Department.

2.2.1.2 District institutions

On a district government level, the Cape Winelands completed their Regional Local Economic Development Strategy in 2012. Where possible, the LLM LED strategy should align with that of the district.

The CWDM hosts a regional LED forum on a bi-monthly basis. The chairperson of this forum is the CWDM portfolio-holder for LED. Participants are the 5 local municipality's LED Managers and Portfolio holders; an official from the provincial Department of Economic Development and Tourism (DEDAT) responsible for Cape Winelands region and an official from the Western Cape branch of the DTI. This forum is an important tool for institutional cooperation, for creating of economic linkages between the LMs within the district, and as an engagement tool between the province and the municipalities within the district.

2.2.1.3 A development agency

The LLM is currently looking to create a development agency or partnership, or similar entity around LED. The draft terms of reference for the entity / agency / partnership are as follows;

- Promote economic growth of the area
- Improve business and investment climate
- Platform where business can engage with LG
- Cooperation between stakeholders to promote the development of the various sectors
- Provide Advise on matter pertaining to LED to Council
- Sustainable development proposals
- To develop Business retention and expansion strategies

2.2.1.4 Business institutions

There are a number of business institutions or associations within Langeberg. They meet regularly amongst themselves, and this bodes well for further cooperation between business and the LLM. These include but are not limited to;

- Robertson Business Forum

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- Three business chambers (Montagu - known as the Langeberg Business Chamber, Robertson, Bonnivale)
- 3 tourism associations : Montagu , Robertson and McGregor (Ashton included with Montagu)
- Robertson Wine Valley (marketing of wine, tourism, etc)
- A small scale farmers association
- Robertson Fruit Packers
- Agricultural Associations in :
 - Montagu
 - Koo
 - Bonnievale
 - Vinkrivier
 - Robertson
 - Le Chasseur & Agterkliphoogte
- A Rural Development association called the Breerivier Wynland Landelike Ontwikkelings Vereniging

It is noted that there are no informal workers associations within the LLM.

It is important to note that most of these associations etc. are geographically based, and few are sector based. This limits the sectoral cooperation across various geographic areas.

2.2.2 THE BUSINESS ENABLING ENVIRONMENT

The business enabling environment within a municipality has many facets. It can largely be summarised as the ease by which businesses can invest and grow within the municipality as influenced by local conditions. These include, but are not limited to the following;

- The availability of land
- The availability of infrastructure and services for business development
- The ease of finding required skills for the business within the municipality, and interventions to grow those skills
- Institutions operating within the municipality to assist business (such as associations, groupings etc)
- The extent to which the local (and or district) municipality assists business development
- Regulations, and whether they help or hinder business growth
- Ease of accessing information on business development within the LM
- Quality of life within the municipality
- Support given to SMMEs
- Working relationship with municipal officials

Investment attraction: There is little information available on the website around investment attraction, or contact details should a business be looking to invest within the municipality. Few interventions are

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listed within the Economic Development page of the Langeberg website on interventions that they have made around attracting investment.

The LLM are not in a position to offer large scale incentives for investment attraction. They do however give rebates on bulk services contribution. An example was given by a municipal official of a company wanting to build a fruit processing plant. Their bulk levy contribution was R800,000 before any building had taken place, which was seen to be a barrier to entry. After a report to council on this, a reduction of 50% was granted. However, these types of incentives are given on an ad hoc basis, with no clear strategic direction or defined parameters or investment criteria for assistance. This should be reviewed.

Enterprise development: According to the Langeberg website, the municipality has made “concerted effort through its enterprise development programme to embark on dealing with SMME’s at the level that they at e.g. start-up businesses; those that need mentorship are put under mentorship to ensure sustainability and to counter SMME failure.” It is noted that the municipality has an extensive list of small businesses within their geographical boundaries.

Research and communication

The Langeberg Municipality has the tools to assist in research related to the local economy, and its performance. Specifically, the CWD has developed an “Economic Growth & Development Evaluation Tool” to;

- Assessment of development strategies (LED & GDS)
- Determine whether development objectives are achieved
- In depth study of demographic and economic situation
- Above information = baseline for evaluation tool
- Take pilot evaluation
- Provide recommendations based on outcome

All municipalities within the district have been provided with this tool, and have undergone training in how to use the tool. Furthermore, each of the 5 LMs within the district have been given access to *Global Insight* data for economic and other data. It is however unclear how often this or other research into economic performance or opportunities within the municipality takes place, and if it is communicated to the residents and businesses within the LLM.

Red tape reduction:

A study called the “Red Tape Reduction in the Winelands Municipalities: Report for Western Cape Provincial Government: Department of Economic Development and Tourism” was completed on the 9th April 2013. It is important to note that the study was based largely on responses received from local businesses and residents and many of the findings are therefore not specifically red tape issues. The table below includes a selection of those findings in the report that are relevant to ‘red tape’ and its influence on LED.

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Figure 2: Langeberg Municipality: Red tape concerns

Formal	Informal
<ul style="list-style-type: none"> • Need for building control function to be pro-active and comply with legislative requirements, including need for building control officer not to fall under the control of town planning and to have a direct email address • Lengthy time-frame to approve new developments, including EIA processes (Provincial Government) and approval time for building plans (including incomplete building plans submitted) (municipal government). • Lack of clear integrated departmental policy, inter-departmental process, and communication channels to locate the appropriate official to evaluate project proposals which impact on more than one municipal department • Excessive requirements and costs of supply chain management processes • Need to streamline internal processes related to needs of new businesses to the area so that they receive integrated information on new services etc. Instead of silo approach. 	<ul style="list-style-type: none"> • Need assistance around tender and tendering application forms to improve ability to develop and meet the various registration requirements. This includes simplifying tender documents and making them available in local languages. • Businesses need assistance to meet registration requirements for municipal supplier database

Source: (Western Cape Government, Economix, 2013)

Relevant recommendations within this report should be included in the LLM LED strategy.

2.2.3 CO-OPERATION FOR LED

Co-operative planning, implementation and monitoring and evaluation between LED stakeholders are a critically important component for effective, inclusive and sustainable LED within a local area. The key stakeholders include government (local, district, provincial and national), parastatals (all government levels), non-government organisations, communities, and businesses and business associations and groupings (formal and informal).

Currently within the LLM, there is little cooperative planning for LED. However, as outlined above, the municipality has recently embarked on a process for the establishment of an entity of partnership between business and government for LED.

On a district level, a “LED Memorandum of Cooperation has been drafted to “ensure cooperation, facilitation, coordination for effective implementation of programs, projects and creating conducive climate for economic development to prosper.” Through this memorandum, the municipalities within the CWD agree to co-operate on issues of LED. The Langeberg Municipality is currently in process of signing this MOU.

Businesses within the municipality do however cooperate loosely with each other, either in sector or geographic forums.

Communication with residents and businesses within the LLM is currently poor on LED planning and initiatives in place around local economic development. Respondents at the workshop reported that

they were not always aware of what LED programmes and initiatives were taking place within the municipality.

2.3 POLICY CONTEXT FOR LED

The purpose of this section is to briefly explore any policy documents to which LED in Langeberg should align.

2.3.1 THE CONSTITUTION AND WHITE PAPER ON LOCAL GOVERNMENT

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

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

2.3.2 THE NATIONAL DEVELOPMENT PLAN

The National Development Plan (NDP) is a national government long-term strategic plan with the following key priority areas (National Planning Commission, 2011);

- An economy that will create more jobs
- Improving infrastructure
- Transition to a low carbon economy
- Creation of an inclusive and integrated rural economy
- Reversing the spatial effects of Apartheid
- Improving the quality of education, training and innovation
- Quality health care for all
- Social protection
- Building safer communities
- Reforming the public service
- Fighting corruption
- Transforming society and uniting the country

As such it sets out ambitious goals for poverty reduction, economic growth, economic transformation and job creation. "The Plan highlights the need to strengthen the ability of local government to fulfil its developmental role. Municipal Integrated Development Plans (IDPs) need to be used more strategically to focus attention on critical priorities in the NDP that relate to the mandate of local government such

as spatial planning, infrastructure and basic services. Like provincial planning processes, municipal IDPs should be used to focus on aspects of the NDP that fit within a municipality's core responsibilities. This would allow the IDP process to become more manageable and the participation process more meaningful, thus helping to narrow the gap between the aspirations contained in these documents and what can actually be achieved. To do this effectively, the IDP process needs to be led by municipal staff, not outsourced to consultants."²

Implications for LED: As much as possible, the goals and projects of the LED strategy for the LLM should be directed towards fulfilling the goals of the NDP, as outlined above.

2.4 DEMOGRAPHIC PROFILE OF LANGEBERG

The purpose of this section is to examine relevant demographic data within Langeberg, with a view to understanding the impacts that demographics has on LED, and highlighting potential interventions based on this understanding. Specifically, the following will be examined;

- Population size in Langeberg
- Population growth rate
- Age and gender distribution
- Population groups within Langeberg
- Socio-economic indicators in Langeberg
- Education and skills levels within Langeberg

2.4.1 POPULATION SIZE

Population size provides an indication of the volume of demand for government services in a particular geographical area. It also provides a planning measure to assist budget planners to match available resources to address the relative demand for services. The population in Langeberg is currently 97,724³ persons. This means that 12% of persons within the Cape Winelands District, and 2% of the Western Cape residents reside in Langeberg.

2.4.2 POPULATION GROWTH RATE

According to the 2007 Community Survey, Langeberg's population decreased at an annual average rate of 0.24 per cent from 81,272 people in 2001 to 80,119 people in 2007. However, current population statistics of 97,724 means that there has been an increase of 17,605 persons in 5 years, representing an average annual growth rate of 4% since 2007. When considering the growth rate since 2001 however, the annual average growth rate to 2011 is a more modest

² <http://sanews.gcis.gov.za/south-africa/national-development-plan-unpacked>

³ Unless otherwise stated, all demographic information in this strategy is sourced from the 2011 South African National Census, Statistics South Africa.

2.4.3 AGE AND GENDER DISTRIBUTION

The analysis of the age and gender distribution of Langeberg Municipality highlights the gender ratio, functional age categorisation and how the age distribution impacts dependency on the potential working population. These statistics provides important insights into the age groups, where the bulk of the population is located and to target government, civil society and non-governmental programs more effectively.

Age distribution

The population can be classified into three main groups namely: children (0 - 14 years); economically active population (15 - 64 years); and persons aged 65 years and older. The following table shows the age structure of Langeberg in 2011;

Figure 3: Age structure in Langeberg, 2011

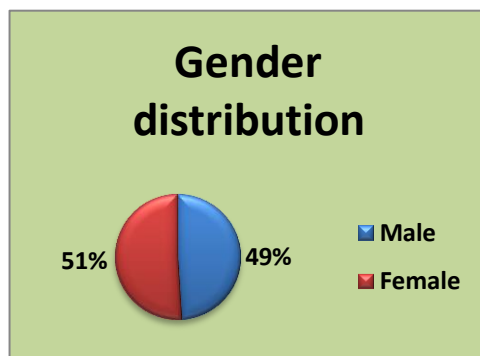
	Age group <15	Age group 15-64	Age group >64
Percentage	28.4%	65.5%	6.1%
Total number	27,753	64,000	5,961

The economically active population in the LLM in 2011 is therefore 64,000 persons. The age dependency ratio is therefore 52.6 per 100 (15-64).⁴ This dependency ratio almost 5% lower than ten years previously but still a large number of persons to support if employment rate in Langeberg is low.

Implications for LED strategy: In an ideal situation, all economically active persons should have employment. The target for employment in Langeberg should therefore be 64,000 persons employed.

Gender distribution

Figure 4: Langeberg gender distribution,



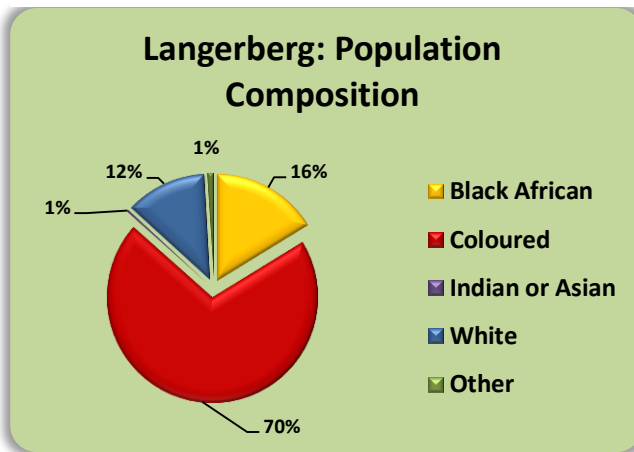
In terms of gender composition, the adjacent figure shows that 51% of the current Langeberg population are female. This is typical across South Africa.

⁴ Dependency ration is the ratio of the combined child population (0-14 years) and the aged population (65 years and over) - persons in the dependent ages - to every 100 people of the intermediate age population (15-65 years) - economically active ages. (Source – www.hst.org.za)

2.4.4 POPULATION GROUPS

Understanding the racial groupings of a population provides valuable insights into changes in the historical human settlement and migratory patterns of a population. In the South African context, historical and emerging human settlement patterns have particular relevance for how municipal services are packaged in order to prevent perpetuation of previous policy considerations. In addition, population

Figure 5: Langeberg population by race group, 2011



disaggregation provides insights into the level of access of the various racial groups to the employment opportunities and government services. These dynamics hold implications for government planning, including the delivery of education, health, housing and basic services.

The adjacent figure illustrates Langeberg's population distribution by race. The Coloured racial group was the largest population group in Langeberg in 2011 with a 70% per cent share of the population, followed by the black

African (16%) and White population groups (12%).

As such, the vast majority of residents (81%) cite Afrikaans as their first language.

2.4.5 SOCIO-ECONOMIC INDICATORS IN LANGEBERG

The purpose of this section is to briefly examine the socio-economic profile of the Langeberg municipality. The household indicators shown in the table below often serve as development indicators.

Total number of households	25,125
Avg. household size	3.7
Female headed households	31.1%
Percentage formal dwellings	90.7%
House owned / paying off	46.8%
Water source: Municipality / service provider	73%
Flush toilet (sewerage lines or septic tank)	89%
Refuse removed by municipality/private company	75%
Energy or fuel for cooking	89%
Household access to cell phone	80%

Implications for LED strategy: In an ideal situation, all economically active persons should have employment. The target for employment in Langeberg should therefore be 64,000 persons employed.

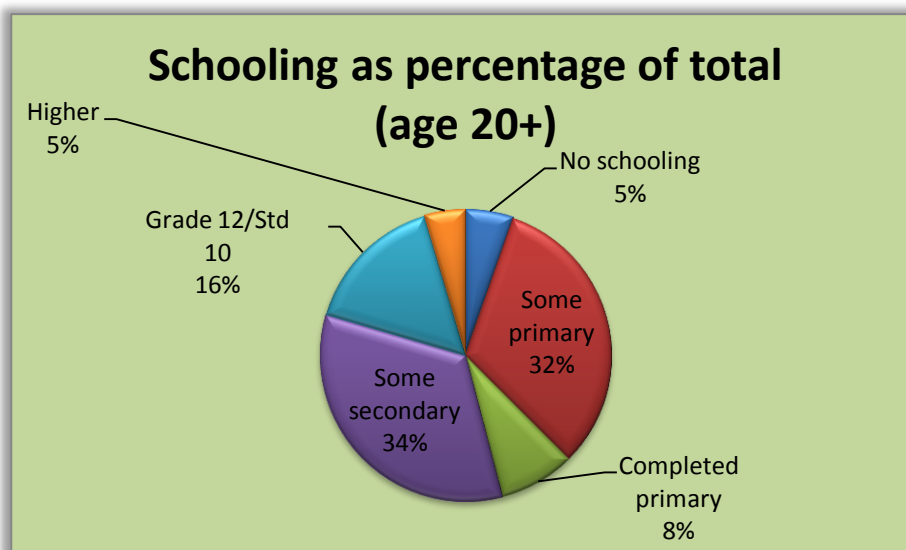
2.4.6 EDUCATION AND SKILLS LEVELS WITHIN LANGEBERG

Education and skills are critical components of LED. Economic growth is reliant on a sufficiently trained workforce, particularly if economic diversification is required for that growth.

2.4.6.1 Schooling within Langeberg

In terms of schooling, 5% of residents above the age of 20 in Langeberg had no schooling at all in 2011. This is significantly better than during the 2001 census where 12% of the population had no schooling. In 2011 21.5% of the population had a matric, with 6.5% having a higher education. While matric levels improved in the LLM since the 2001 census, higher education levels decreased slightly.

However, when this education is broken further it is noted that almost 40,000 persons above the age of 20 within Langeberg have no education above primary school. This means that they are not likely to find work above that of manual labouring. Furthermore, only 3900 persons above the age of 20 have a higher education, with accompanying opportunities in higher paid jobs.



Implications for LED strategy: While schooling is a provincial government mandate, it is important that persons within the municipality are provided with sufficient, quality schooling to enable them to achieve higher paying work through higher skills levels.

2.4.6.2 Skills levels within the municipality

The levels of skills of job seekers within Langeberg are an important determinant in the economic development potential in the municipality, as well as an indicator to highlight potential LED interventions. Furthermore, there is a direct correlation between income earned (or potentially earned) and skills levels. The following table shows the levels of education within the municipality, broken down into post school, higher education categories;

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EDUCATION	TOTAL
Grade 0-12	76 773
NTC I / N1/ NIC/ V Level 2	63
NTC II / N2/ NIC/ V Level 3	50
NTC III /N3/ NIC/ V Level 4	69
N4 / NTC 4	62
N5 /NTC 5	39
N6 / NTC 6	100
Certificate with less than Grade 12 / Std 10	99
Diploma with less than Grade 12 / Std 10	100
Certificate with Grade 12 / Std 10	470
Diploma with Grade 12 / Std 10	987
Higher Diploma	866
Post Higher Diploma Masters; Doctoral Diploma	161
Bachelors Degree	492
Bachelors Degree and Post graduate Diploma	196
Honours degree	232
Higher Degree Masters / PhD	212
Other	206
No schooling	4 523
Unspecified	-
Not applicable	11 912
Total	97 612

It is clear that the vast majority of persons within the Langeberg municipality have only high school (Grade 0-12) education. Only 11,900 persons have any form of post school education and training. Only about 1,000 of these are university level education.

Implications for LED strategy: Skills development within Langeberg will be critical to growing and diversifying the local economy. Of particular importance is the 76,000 persons with only schooling education and interventions should be sought on how to up-skill these persons.

2.5 EMPLOYMENT IN LANGEBERG

2.5.1 EMPLOYMENT OVERVIEW

As explained in the section above, there are 64,000 persons in Langeberg between the ages of 15 and 64, and thus eligible for employment. The following table shows the official employment status within Langeberg, including all persons living in the municipality between the ages of 15 and 64 years of age.

Table 2: Langeberg employment status (15-64 years), 2011

	Number	%
Employed	34713	54
Unemployed	4432	7
Discouraged work-seeker	1110	2
Other not economically active	23773	37

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Total	64028	100
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The official unemployment rate in Langeberg in 2011 was 11.3% meaning 7,808 persons. This is slightly less than the 12.2% in 2001. In terms of youth unemployment, 15.1% of persons aged 15-34 in Langeberg are unemployed. It is important to understand the definition of unemployment for the purposes of this study. Statistics South Africa defines unemployed as those people aged 15-65 who;

- Did not work during the 7 days prior to 10 October;
- Want to work and are available to start work within a week of the interview; and
- Have taken active steps to look for work or to start some form of self-employment in the 7 days prior to 10 October.

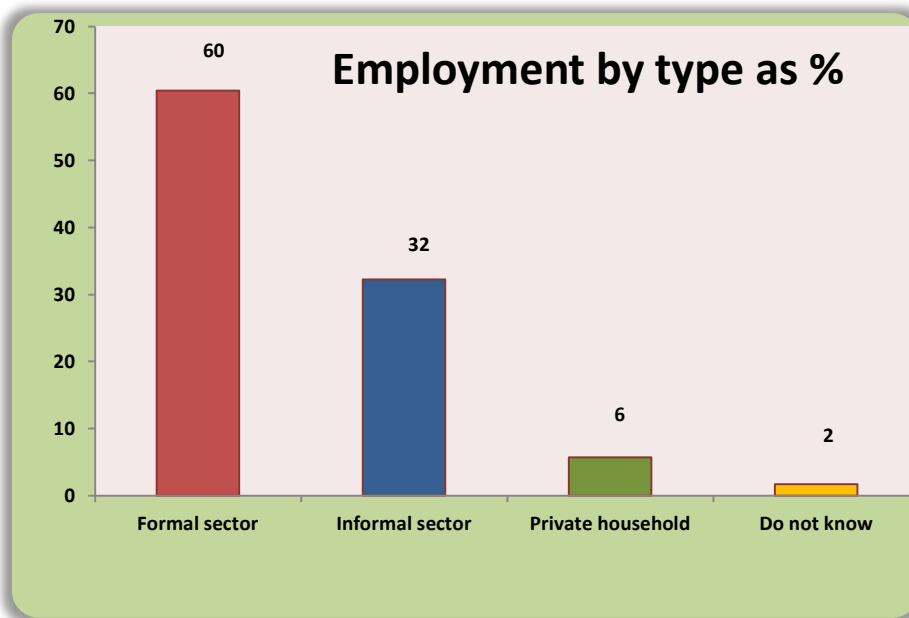
It is important therefore to note that persons who have become discouraged from seeking work, who no longer take active steps to find work, are not classified as unemployed. It is therefore likely that unemployment figures are higher than that provided in these statistics. Another concern to note is the time of the year when the census is done. In areas such as Langeberg, where many people are employed during some seasons and not in others, employment data can be skewed depending on what time of year the census was conducted. It is the view of the LED officials within the municipality that the employment rate is lower than what is given in the Census, given the fact that enumeration was done during a high season for employment.

Implications for LED: Based on the official government definition of unemployment, there are 7,808 unemployed persons in Langeberg. LED interventions should as much as possible be directed towards creating employment for these persons, and mitigating against further job losses within the municipality.

2.5.2 EMPLOYMENT BY TYPE

Of importance is the type of occupation that residents of Langeberg have. The following table shows that of the persons classified as employed, the vast majority (60%) were employed within the formal sector. This is followed by nearly one third of the employment found in the informal sector. While the formal sector employment exceeds the informal sector employment quite significantly, there are 11,400 persons working within the informal sector. This is a large number of people considering that informal work is often tenuous, with little security. Furthermore, with just over 2,000 persons working in private households, these workers should also not be neglected in planning for economic development within the municipality.

Table 3: Employment by type as percentage, 2011



Source: Census 2011

Implications for LED: Given the large number of persons reliant on informal work for their livelihood, it is important that the LED strategy within the LLM consider the informal sector in their interventions.

2.5.3 EMPLOYMENT BY SECTOR

The following table shows the employment within the broad economic sectors within Langeberg, and which sectors are gaining and losing employment over a ten year period to 2010.

Table 4: Employment in Langeberg by sector, 2010 and 2000-2010

Sector	2010	2000-2010
PA: Agriculture, forestry and fishing [SIC: 1]	5134	-9983
PB: Mining and quarrying [SIC: 2]	138	96
SC: Manufacturing [SIC: 3]	5331	1771
SD: Electricity, gas and water [SIC: 4]	32	-12
SE: Construction [SIC: 5]	1326	141
TF: Wholesale and retail trade, catering and accommodation [SIC: 54, 55]	4712	1894
TG: Transport, storage and communication [SIC: 7]	1004	716
TH: Finance, insurance, real estate and business service [SIC: 64, 65, 66, 67, 68, 69]	1732	754
TI: Community, social and personal services [SIC: 92, 93, 94]	2695	701
TJ: General government [SIC: 91, 94]	2776	1077
Total Langeberg	24881	-2846

Source: Western Cape Province Treasury statistics

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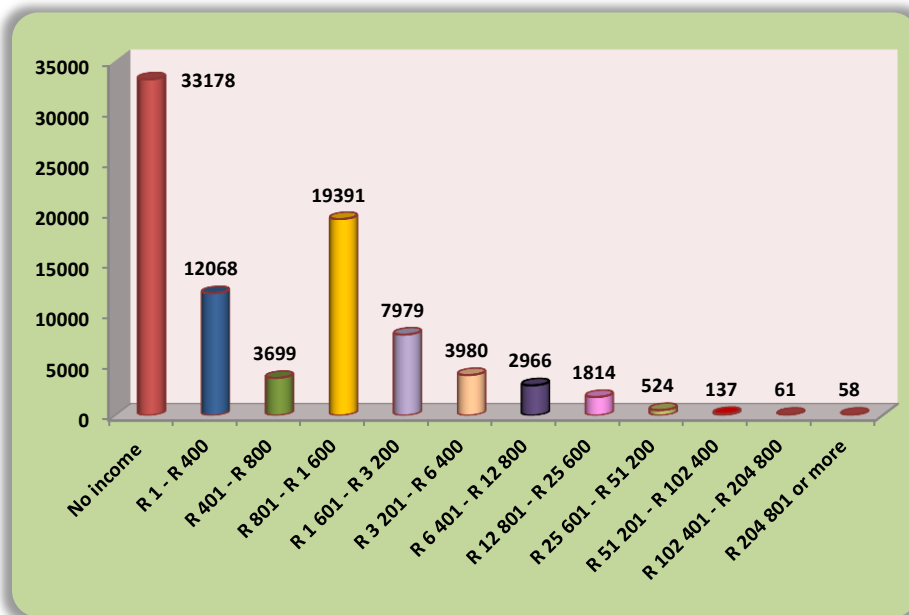
Manufacturing is currently the primary employer within Langeberg, followed closely by Agriculture, and Trade, catering and accommodation. As noted in the table above Langeberg lost 2,846 jobs over a ten year period, despite the 3.9% growth in the economy over the same period. This suggests jobless growth, which given the unemployment in Langeberg, is not ideal. The vast majority of these jobs lost were in the agriculture, forestry and fishing sector, with most job gains in manufacturing, trade, catering and accommodation.

Implications for LED: With consideration to the competitive advantages within the LLM, sectors which maximise job creation should be prioritised. Ideally focus should be on those sectors with growth potential, and a positive impact on the economy, as well as job creation.

2.5.4 INCOME PROFILE IN LANGEBERG

The purpose of this section is to analyse the average income within the LLM in order to assist in getting an understanding of the current socio-economic profile of residents. The graph below shows the average income profile of individuals within the municipality.

Figure 6: Individual average monthly income, 2011



It is clear, and of concern that there are 33,000 persons, nearly a third of the population of Langeberg who receive no income at all each month. The vast majority of the households where no income is received is Ward 2 (547 households) and ward 10 (418 households). Furthermore, half of the population receives less than R1,600 per month. Given the dependency ratio in this municipality as discussed above, this is of great concern.

2.6 STATUS QUO OF THE LANGEBERG ECONOMY

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Development interventions aimed at improving a local economy need to be based on an understanding of the current status of that economy, in order to identify potential intervention areas based on competitive advantages etc. The purpose of this section is therefore to give an overview of the current status of the local economy within Langeberg. Any local economy cannot be developed in isolation of the broader economy of the district, province, country, and in fact, international economic trends. The section therefore begins with a brief overview of the districts economy, and then examines the LLM's economic trends, sectors, and geographic distribution.

2.6.1 A CAPE WINELANDS DISTRICT ECONOMIC OVERVIEW;

The Cape Winelands District economy showed the following key indicators and trends in 2012 (Western Cape Government Provincial Treasury, 2012);

- The district is the second largest economic district in the Western Cape, contributing 11.4% of the Western Cape's GDP in 2010
- The value of GDP generated in the CWD amounted to R39.5 billion in 2010 calendar year
- Real GDP growth averaged 3.9% per annum over the period 2000 to 2010
- Well known district for its wine-lands and associated processing, as well as tourism
- Food and beverage processing is the mainstay of the district's manufacturing industry
- Agriculture, forestry and fishing is the sector with biggest employment (22%), followed by trade (18.3) and manufacturing (14.5%)
- District-wide employment contracted at a rate of 1.3% per annum.
- The heavy job losses in agriculture, forestry & fishing (61,400) and to a lesser extent in manufacturing (3,800) and construction (1,300) exceeded the net job growth in the CWD's services industries (32,800).
- Construction (8.2% per annum) grew the fastest, followed by finance, insurance, real estate & business service (7.5%) and transport, storage & communication (6.7%). The slowest growing sectors were electricity & water (1.5%), mining (1.5%) and agriculture, forestry & fishing (0.7%).
- The district's goods export basket is heavily concentrated: agriculture and related food & beverage processing exports (mainly wine) account for 93% of total goods exports. Exports exceed imports (in turn, mainly wine industry-linked manufactured goods) by a large and growing margin.
- A 3.9% per annum growth is forecast for the district in 2011-2016

2.6.2 A LANGEBERG ECONOMIC OVERVIEW

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The key economic trends and indicators of the Langeberg economy are as follows; (Western Cape Provincial Treasury, 2012).

- Langebergs's GDPR in 2010 was R3.9 billion⁵
- Langeberg contributed 11.5% of the CWD GDPR in 2010. This is significantly smaller than the contribution of Stellenbosch (32.2%) and Drakenstein (31.7%)
- Langeberg experienced a real GDPR growth of 5.1% in the years 2000-2010. This is significantly more than the 3.9% growth experienced in the district over the same period.
- Despite this growth, Langeberg shed a net total of 2,846 jobs from 2000-2010, losing nearly 10,000 jobs in the agricultural sector. The biggest job gain was experienced in the manufacturing sector (1771 jobs).
- The agriculture, forestry and fishing sector accounts for 21% of GDPR and manufacturing for 35% of GDPR.
- The basis for the positive economic performance in the LLM is the strong growth of its manufacturing and services industries with all adding to job growth
- Agri-processing is the dominant manufacturing activity within Langeberg

2.6.3 TRADE PROFILE

The CWD's growth is linked strongly to trade, in particular, exports. This puts the district's economy at risk of currency fluctuations, as well as international trends and policy shifts. Most exports from the district go to European Union (EU) followed by Asia Pacific Economic Cooperation (APEC). The trade profile of the Langeberg Municipality is shown in the following table;

Table 5: Langeberg trade profile, 2010

Exports (R1,000)	R1,279,344
Imports (R1,000)	R65,232
Total Trade (R1,000)	R1,362,576
Trade Balance (R1,000)	R1,232,112
Exports as a % of GDP	37.1%
Trade as a % of GDP	39%

Source: (Cape Winelands District Municipality, 2012)

It is clear that exports of goods from Langeberg makes up a significant contribution to the municipalities GDP (37%).

⁵ Source: Western Cape Provincial Treasury statistics

2.6.4 ECONOMIC SECTOR ANALYSIS

The local economy within Langeberg is made up of a number of economic sectors. Some of these are stronger than others, and some have more growth potential than others. Some sectors will have more GDP contribution potential, while others will be bigger employers. Similarly, some sectors require skilled workers while others are less skill intensive. It is therefore necessary to gain an understanding of the economic sectors within the Langeberg economy, to devise interventions based on an understanding of the opportunities, weaknesses presented by the local economic sectors.

For the purpose of this study, the economic sectors will be examined according to their Standard Industry Classification (SIC) code allocations, as shown in the following table;

Primary sector (SIC: 1-2)	Agriculture, forestry and fishing [SIC: 1]
	Mining and quarrying [SIC: 2]
Secondary sector (SIC: 3-5)	Manufacturing [SIC: 3]
	Electricity, gas and water [SIC: 4]
	Construction [SIC: 5]
Tertiary sector (SIC 6-9,0)	Wholesale and retail trade, catering & accommodation [SIC: 6]
	Transport, storage and communication [SIC: 7]
	Finance, insurance, real estate and business services [SIC: 8]
	Community, social and personal services [SIC: 92, 95-6, 99, 0]
	General government [SIC: 91, 94]

A summary of the key economic indicators and trends based on economic sectors within Langeberg is as presented below, and elaborated upon in the sections following;

Table 6: Gross domestic product Region (GDPR) 2010 at basic prices, R millions, constant 2005 prices

Economic sector	R million
PA: Agriculture, forestry and fishing [SIC: 1]	598
PB: Mining and quarrying [SIC: 2]	8
SC: Manufacturing [SIC: 3]	1096
SD: Electricity, gas and water [SIC: 4]	13
SE: Construction [SIC: 5]	103
TF: Wholesale and retail trade, catering and accommodation [SIC: 6]	368
TG: Transport, storage and communication [SIC: 7]	286
TH: Finance, insurance, real estate and business services [SIC: 8]	367
TI: Community, social and personal services [SIC: 92, 95-6, 99, 0]	111
TJ: General government [SIC: 91, 94]	243
Total Langeberg Municipality	3194

Source: Western Cape Provincial Treasury statistics

In terms of growth by sector within the Langeberg municipality, the following table is indicative;

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Table 7: Langeberg Municipality: Employment & GDP growth, 2000-2010

	GDP % share	Employment	GDP
Sector	2005-10	2000-2010	2000-2010
Agriculture, forestry and fishing [SIC: 1]	20,7	-9983	0,0
Mining and quarrying [SIC: 2]	0,3	96	6,0
Manufacturing [SIC: 3]	35,2	1771	6,0
Electricity, gas and water [SIC: 4]	0,5	-12	-1,1
Construction [SIC: 5]	2,9	141	9,7
Wholesale and retail trade, catering and accommodation [SIC: 6]	11,5	1894	6,7
Transport, storage and communication [SIC: 7]	7,5	716	16,1
Finance, insurance, real estate and business services [SIC: 8]	10,6	754	9,2
Community, social and personal services [SIC: 92, 95-6, 99, 0]	3,5	701	5,2
General government [SIC: 91, 94]	7,4	1077	3,9
Total Langeberg	100,0	-2846	5,1

Source: Western Cape Provincial Treasury statistics

As can be seen in the tables above;

- The largest sectors of the Langeberg economy in 2010 was Manufacturing (R1 billion), followed by Agriculture, Hunting, Forestry and Fishing (R598 million) and Trade, catering and accommodation (R368 million)
- The three largest sector of the local economy contributed approximately just over two thirds of the GDP of the Langeberg Municipality in 2010.
- The Transport, storage and communication sector (16.1%) has seen the biggest growth in terms of GDP contribution since 2000, followed closely by construction (9.7%).
- The very low growth of agriculture (0%) and relatively low growth of the manufacturing sector (6%) is of particular concern as both are high employment sectors within the economy.
- Overall growth in the LLM is 5.1% over a ten year period, but a net total of 2,846 jobs was lost from 2000-2010, with the agricultural sector losing nearly 10,000. The biggest job gain was experienced in the manufacturing sector (1771 jobs).
- The basis for the positive economic performance in the LLM is the strong growth of its manufacturing and services industries with all adding to job growth
- Agri-processing is the dominant manufacturing activity within Langeberg

2.6.4.1 Primary sector

The primary sector includes agriculture, forestry and fishing, as well as mining and quarrying. This sector, in particular agriculture, has for many years been the mainstay of the Langeberg economy. Some mining activity occurs in the municipal area, but its contribution to the local economy is very small.

2.6.4.1.1 Agriculture, forestry and fishing

Agriculture is key to the economy in Langeberg. It currently is the second highest contributor to the GDP after manufacturing. However, it is also critical to manufacturing within the district, as the primary manufacturing activity is around agro-processing of the fruits and grapes grown within the municipality.

Key features in the sector in Langeberg are as follows;

- Agriculture contributed R1096 million to the GDP in 2010
- Agriculture in Langeberg experienced stagnation in growth over the period 2000-2010. Despite a high growth rate in the early 2000s, the LLM experienced a negative growth rate during the recession.
- Agriculture makes up 20.7% of GDP at basic prices (2000-2010), the second highest contribution after manufacturing
- In 2010, 5134 persons were employed in this sector
- Over the period 200-2010, the sector shed almost 10,000 jobs, which were not taken up in other sectors, resulting in a net loss of jobs.
- Langeberg provides 17.8% of the districts agricultural, forestry and fishing sector GDP
- The Growth Potential of Towns in the Western Cape (GPTWC) study lists Ashton, Bonnievale & Robertson as having *medium* growth potential as *agricultural services centres*

While fruit farming, in particular grapes, is one of the key agricultural activities within the LLM, it was reported that there are a number of small scale farmers operating in the municipality. These farmers report that they require assistance, in the form of advice, implements and loans.

It was reported by respondents that agriculture within Langeberg is becoming less diversified and increasingly mechanised. The reasons for both of these were cited as wage increases in the labour market, and concerns about labour unrest etc. This is possibly one of the reasons for the large job losses in the agricultural sector.

2.6.4.2 Secondary sector

The secondary economic sector includes manufacturing, electricity, gas and water, and construction. As a very small contributor to the GGP of the LLM, this study will concentrate only on manufacturing and construction.

2.6.4.2.1 Manufacturing

Manufacturing is one of the key economic drivers within the LLM, and is largely related to agro-processing.

Key features in the sector in Langeberg are as follows;

- Manufacturing contributed R598 million to the GDPR in 2010
- Makes up 35.2% of GDPR at basic prices (2005-2010), the highest contribution of all sectors in the local municipality
- Manufacturing in Langeberg is largely linked to agro-processing accounting for 83% of manufacturing real value add to the local economy
- Manufacturing in Langeberg experienced a 6% GDPR growth from 2000-2010.
- Langeberg provides 16% of the districts manufacturing GDPR over the period 2000-2010 although its contribution is significantly less than that of Stellenbosch and Drakenstein.
- However, Langeberg's manufacturing sector grew fastest of the CWD local municipalities
- Food and beverage manufacturing makes up 66% of the districts manufacturing sector, and it is expected that similar patterns exist within the LLM.
- 5331 persons were employed in manufacturing in Langeberg in 2010
- Manufacturing increased employment of 1700 jobs in the years 2000-2010 in the municipality
- Given the large contribution to the GDPR of exports, it is expected that the manufacturing industry is at risk of international fluctuations
- No towns in the LLM have been identified in the GPTWC as having high potential as regional centres

One of the constraints of further manufacturing development was cited as the limited availability of industrial land.

2.6.4.2.2 Building and construction

One of the leading indicators in predicting economic activity and the impact of monetary policy changes are building statistics. The construction sector is cyclical by nature and is sensitive to changes in among others, interest rates. In addition, investments in non-residential buildings are also an indicator of potential future growth. Businesses, for instance, may be in the process of expanding, which may allude to an increase in future production capacity and expansion of business services.

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Key indicators and trends with the construction sector within the LLM are as follows;

- Construction contributed R103 million to the GDPR in 2010
- The construction sector in the LLM experienced the highest GDPR Growth (2000-2010) of all sectors with a 9.7% year on year growth
- Construction however, is not a large part of the LLM, contributing only 2.9% to the GDPR (2005-2010), the third lowest of all sectors.
- 1326 persons were employed in construction in 2010, and increase of 141 over a ten year period

It is important to understand more about the nature of the construction within the LLM. For example, higher commercial construction year-on-year, suggests business confidence and a growing economy. The Langeberg Municipality was able to provide the following building related information: Number of new applications received for 2009/2010 and 2010/2011 as well as the value of the applications for the two financial periods. The information was classified as residential, commercial and industrial. The residential applications were further classified as new residential, residential additions, and other residential.

The total value of building plans received for 2009/2010 was R202,4 million which related to 515 project applications, meaning an average of R393 000 per project. Of the total, residential plans contributed 92,43% and non-residential plan 7,57% to the total number of plans submitted to the Municipality. In terms of value, residential plans contributed 65,65% to the total value of building plans submitted, while the non-residential value contribution of building plans was 34,35%.

The findings are presented in the table below.

Figure 7: Building plan submissions to the Municipality for 2009/2010 per category of property

2009/2010			Contribution		Value per plan
	No of plans	R'Value	No of plans	R'Value	
New residential	68	R 59 790 060	14.29%	45.00%	R 879 266
Residential additions	242	R 67 072 230	50.84%	50.48%	R 277 158
Other residential	166	R 6 014 520	34.87%	4.53%	R 36 232
Sub-total	476	R 132 876 810	92.43%	65.65%	R 279 153
Commercial	15	R 10 385 010	38.46%	14.94%	R 692 334
Industrial	24	R 59 139 450	61.54%	85.06%	R 2 464 144
Subtotal	39	R 69 524 460	7.57%	34.35%	R 1 782 678
Total	515	R 202 401 270	100.00%	100.00%	R 393 012

Source: (Langeberg Municipality, 2012)⁶

⁶ It is noted that the statistics here include RDP housing.

The data for the 2010/2011 financial year provided by the Municipality appears to contain errors as in several of the property categories a strong decline was registered and an increase in value recorded that indicates an increase of between 204% and 844% over the previous year. As such a growth rate assessment is not possible. However, in future LED reviews, it is recommended that the data above be used as a baseline to determine construction growth, and the nature of that growth.

2.6.4.3 Tertiary/ services sector

The Tertiary Sector of the Langeberg economy includes Trade, Repairs and Hospitality, Financial Institutions, Real Estate and Business Services; Community, Social and Personal Services; and Government Services. The tertiary sector contributed 40% to the GDP of the local economy in 2005-2010. The largest service sector contribution to the GDP was Wholesale & retail trade, catering & accommodation (11.5%) followed by Finance, insurance, real estate and business services (10.6%).

The Transport, storage and communication sector within Langeberg experienced the sharpest annual average growth over the 2000 to 2010 period at 16.1%, followed by Finance, insurance, real estate and business services at 9.2%.

2.6.4.3.1 Wholesale and retail trade, catering and accommodation

- Retail, catering and accommodation contributed R368 million to the GDP in 2010
- Wholesale and retail trade, catering and accommodation is the third highest contributor to the LLM's GDP (2005-2010) at 11.5%. This contribution is significantly less than agriculture and manufacturing at 20% and 35% respectively.
- 4712 persons were employed in this sector in 2010 and increase of 1984 employees since 2000
- This sector has experienced a 6.7% year on year growth rate average (2000-2010)
- On a district level, this sector captures 31.7% of the services sector GDP
- The contribution of this sector can in part be attributed to tourism within the region

The vast majority of the economic contribution of this sector in 2010 was through (R340 million) with the contribution of catering and accommodation services (R28 million) significantly less. However it is important to remember that tourism is a cross cutting sector and GDP contributions to trade, transport etc. could have been through the tourism sector. Tourism is one of the sectors currently focussed on by the municipality. At present, marketing is done not on a municipal wide basis, but through towns, and the various tourism marketing agencies in the LLM. This is a lost opportunity as collaborative marketing on a municipal level can reduce costs, and contribute to marketing the municipality as a destination, not only for tourism. There is currently no dedicated tourism sector manager within the LLM, but appointment of such a person is currently underway. It is unclear how transformed the sector is in Langeberg, but respondents raised the concern that it is difficult to get B&B approval in some wards

within the municipality. The perception is that some areas are favoured for tourism, while some are neglected. It is important to note that tourism development needs to take place close to tourism products, and travel routes, but research should be conducted on how the municipality can better grow and transform the tourism sector.

2.6.4.3.2 Finance, insurance, real estate and business services

- Finances, insurance, real estate and business services contributed R367 million to the GDPR in 2010, and increase of 9.1% since 2000
- The sector employed 1732 persons in 2010, an increase of 754 employees in a ten-year period
- On a district level, this sector contributed close to 40% of the districts growth, even though it is not the largest sector, but because of its significant growth rate.

2.6.4.3.3 Transport, storage and communication

- Transport, storage and communication contributed R286 million to the GDPR in 2010
- Transport, storage and communication contributes 7.5% to the GDPR 2005-2010
- The sector has experienced a remarkable 16.1% average annual year on year growth rate (2000-2010)
- This sector employs just over 1000 persons within the LLM, a vast increase of 700 persons in a ten-year period
- Communication in particular sees Langeberg leading other local municipalities within the district

2.6.5 THE INFORMAL ECONOMY IN LANGEBERG

The informal sector plays a critical role in the various towns across the municipal area, and in the country as a whole, providing an income which many families might not otherwise have. Once considered a “survivalist” sector, the informal economy has increasingly been recognised as a long term reality, and an integral part of the economy.

The 2011 Census data shows that 12% of persons of working age (15-64) are employed within the informal economy in Langeberg. This represents more than 11,000 persons in Langeberg alone. While the number of employees within the informal sector is known, it is not known how many informal businesses there are within Langeberg.

The informal sector can be roughly divided into two main categories, retail and services. Retail includes hawkers, spaza shops, arts and craft sellers etc., and are the most visible of the informal economy workers. Because of this visibility, and the fact that more of the trading happens in urban and “CBD” areas, traders often receive more attention from local government. Informal sector services include

home based services industries such as hair salons, cell phone providers and chop-shops. As they are often less visible, these workers receive less attention than the traders.

It is not clear if the municipality has a database of all informal businesses within its geographic area. There is however a list of many SMMEs within the LLM.

Many new comers to the informal sector have shown the power of collective purchasing, cooperative development of new markets and pooling of resources for expansion. However, key challenges within the sector are the lack of coordination, lack of consideration of these workers in development initiatives, in some cases persecution, and lack of recognition as an integral part of the economy. A second challenge is the cost of formalised facilities and the barriers this creates to entry.

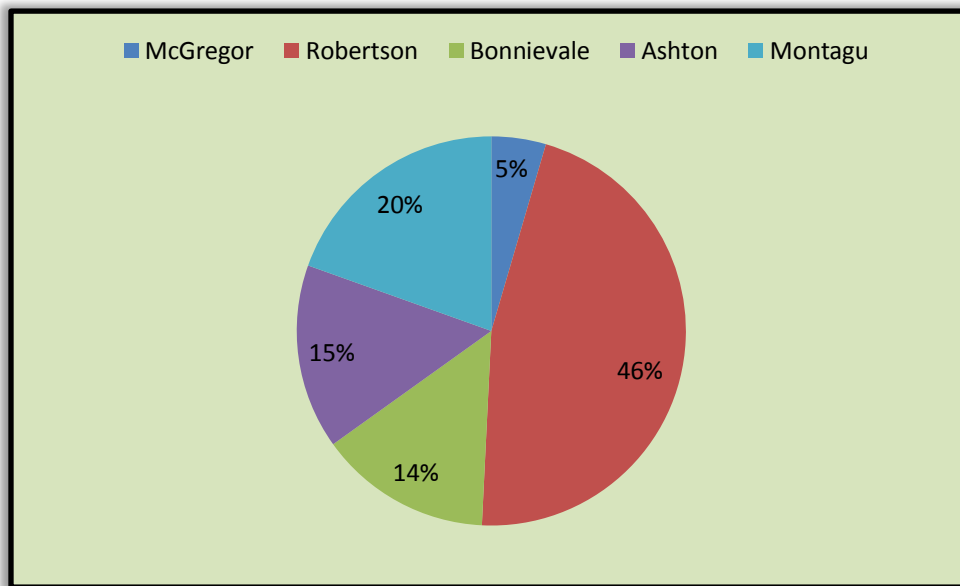
Concerns were raised by respondents on compliance of informal sector businesses with relevant by-laws. Furthermore, it was noted that many informal businesses are now foreigner owned, and not necessarily compliant. It was further reported that this is placing an unfair competitive advantage of locally owned, compliant businesses, which are going out of business.

2.6.6 GEOGRAPHIC DISTRIBUTION OF ECONOMIC ACTIVITIES

Data of economic activity per town in the Langeberg area is unavailable. However, it is possible to consider the use of proxies for economic activity that are based on information that is available per town. Variables such as employment per sector per town, number and value of building plans per town, electricity demand (consumption) per town and property rates per town could be considered as possible proxies for economic activity either individually or in combination. In order to provide a breakdown of the GVA allocation per town in the Langeberg area, the employment per sector and other variables were combined to develop an index of economic activity per town that was applied to the total GVA for the municipal area. It is noted that a significant amount of economic activity would take place in areas outside of the towns, especially given that this is a largely rural municipality.

The following graph provides the findings of this analysis.

Figure 8: Percentage contribution to GVA by town, 2009



Source: (Langeberg Municipality, 2012)

It is clear that Robertson is by far the largest contributor to the local economy in Langeberg, contributing nearly 50% of the GVA of the municipality. Other than McGregor, the other towns largely had an equal contribution, but each less than a half of that contributed by Robertson.

3 STRATEGIC ANALYSIS OF LED IN LANGEBERG

The purpose of this section of the report is to examine the findings of the situational analysis through a SWOT analysis to enable the strategic direction of the municipality to grow its economy to be determined and to highlight potential interventions.

3.1 SWOT ANALYSIS

3.1.1 INTRODUCING A SWOT ANALYSIS

A Strengths, Weakness, Opportunities and Threats (SWOT) analysis assists in identification and prioritisation of the critical issues affecting the local economy that need to be addressed in the LED strategic plan. The benefits of a SWOT analysis are as follows;

- Undertaking a SWOT analysis provides an understanding of the economic development potential within an area, and assist in selecting certain developments
- Highlights the drawbacks and weaknesses of a local economy
- Forms the basis for a well-planned LED strategy that focusses on both the positive and overcoming negatives within that economy

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- A SWOT analysis allows for interventions that address for internal and external forces and factors

The figure below provides a summary of a SWOT analysis and how the its use in LED planning;

	Strengths (internal) <i>What can be done to build on strengths?</i>	Weaknesses (internal) <i>What can be done to overcome weaknesses?</i>
Opportunities (external) <i>What can be done to grasp opportunities</i>	Opportunity – Strength Strategies: Use strengths to take advantage of opportunities	Opportunity – Weakness Strategies: Overcome weaknesses by making use of opportunities
Threats (external) <i>What can be done to mitigate against threats?</i>	Threat – Strength Strategies: Use strengths to avoid threats	Threat – Weakness Strategies Minimise weaknesses and avoid threats

3.1.2 SWOT ANALYSIS OF ECONOMIC DEVELOPMENT IN LANGEBERG

The table that follows provides an SWOT analysis of the Langeberg economy. For ease of analysis, the SWOT is focussed on the following key intervention areas of LED;

- **The enabling environment** - (including co-operation for LED, stakeholder participation, the business environment, municipal resource support, implementation ability, resource leveraging, facilitation of LED by officials, etc.)
- **Resources in Langeberg** (natural, built environment, and human resources)
- **Research and strategic decision making** (access to research, review of LED strategy, monitoring and evaluation of initiatives etc.)
- **Enterprise Development** - attraction and retention of business and new business development (SMME development, red tape issues, business enabling environment etc.)
- **Local economy functioning and sectors**, (SWOT and competitive advantages, linkages between businesses and sectors, clustering etc.)

The SWOT analysis in the table below has been developed making use of the previous LED strategies, desktop research, the situational analysis, using input from Langeberg Municipality officials, and during workshops with key stakeholders within Langeberg.

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Table 8: Langeberg LED SWOT analysis

The enabling environment	S	<ul style="list-style-type: none"> • Good database of SMME businesses within the LM • LLM currently in process of looking at setting up institutional entity for better cooperation / communication for LED between all stakeholders • Numerous business associations or groupings in the LLM • Well defined objectives for economic development in the LLM • A number of initiatives in place for skills development within the LLM
	W	<ul style="list-style-type: none"> • Capacity gaps for LED in the municipality • Other departments within the LLM not prioritising LED interventions • Little research conducted on economic performance, opportunities etc. • Little communication with businesses of research, opportunities etc. • Little communication and cooperation between LED stakeholders for LED • Little cooperation between LLM and neighbouring municipalities around LED linkages etc. • Communication with appropriate officials difficult (location of correct person etc.) • Low skills levels within the LLM • Currently a “silo approach” to LED – focus on towns with limited linking between the towns
	O	<ul style="list-style-type: none"> • A number of initiatives from District level around cooperation for LED planning and implementation • Economic tool available with access to excellent economic data • Create linkages between municipality and business associations or groupings around LED matters • Clear directives on ‘red tape’ issues from previous studies • Proximity of towns to each other gives opportunities for improved value chain linkages
	T	<ul style="list-style-type: none"> • No higher education institutions in the LLM for skills development
Resources for LED	S	<ul style="list-style-type: none"> • Climate, soil, water etc. excellent for agriculture (particularly fruits) • Natural resources (mountains, rivers, etc.) good for tourism • Well positioned close to Cape Town and the harbour, essential for exports • Connected with excellent quality road network to key cities / towns • Excellent natural resources for tourism, agriculture etc. • Key towns in the LLM relatively close to each other, with good road infrastructure between them • Situated on major tourism route, the R62
	W	<ul style="list-style-type: none"> • Low skills levels and schooling within Langeberg • Persons previously employed in agriculture unable to get new work due to the lack of skills • Untarred roads unusable during high rainfall times
	O	<ul style="list-style-type: none"> • Better use can be made of natural resources for tourism marketing • Proximity to Cape Town for day or weekend tourism getaways • Linking of key towns in LED • Better linkages of tourism products to R62 tourism route

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		<ul style="list-style-type: none"> • Large number of retired residents with extensive business, academic etc. skills • Use rail development to decrease transport costs, road maintenance costs etc. • Large labour pool • Use land reform for diversification of the local economic actors
	T	<ul style="list-style-type: none"> • Climate change • Natural disasters due to the large number of rivers within the LLM • Decreasing quality of water in LLM • Out migration of the youth to urban areas, in particular those with skills • Proposed toll roads could increase the cost of doing business within the LLM related to transport costs for export etc. • Slow land reform • Possible rail development has potential to negatively impact on local road construction companies
Research and strategic decision making	S	<ul style="list-style-type: none"> • Good quality economic data regularly released by the Provincial Treasury
	W	<ul style="list-style-type: none"> • Lack of reliable tourism statistics within Langeberg • Available economic data not used to inform LED interventions • LED interventions not selected based on competitive advantage etc. • LED strategy not reviewed regularly
	O	<ul style="list-style-type: none"> • Availability of research tools and databases through the CWDM • Use data to regularly review LED strategy
	T	<ul style="list-style-type: none"> • LED interventions that are not informed by research likely to fail and be a waste of resources
Enterprise development	S	<ul style="list-style-type: none"> • SMMEs mentored within the LLM • Number of initiatives in place in private sector for business mentoring • 32% of employed persons in informal sector – showing entrepreneurial drive
	W	<ul style="list-style-type: none"> • No investment attraction, retention policy of strategy in place • Ad hoc approach to incentives or business support around new developments • No integrated information available on requirements for new businesses • No information on website on investment opportunities / processes etc. • Past spatial planning, decay and lack of urban management currently experienced in the Townships • Economic Development and support programs for SMMEs and emerging businesses are a challenge. • Long time frame for new developments to be approved • Illegal business operations negatively impact on sustainability of legally compliant businesses – particularly informal / SMMEs • Limited land available for emerging farmers • Tender processes complicated for SMMEs • Registration requirements for municipal supplier database complicated • Requirements that in order to get a tender that 3 year financial statements are provided are difficult for SMME, informal businesses • Large number of persons no longer looking for work – ‘discouraged work seekers’
	O	<ul style="list-style-type: none"> • Unused infrastructure (factories etc.) that can be used for manufacturing • Make use of retired residents for business development mentoring

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		<ul style="list-style-type: none"> Assist informal businesses wishing to formalise to do so
	T	<ul style="list-style-type: none"> Influx of foreign nationals negatively impacting on sustainability of local business Possible xenophobia around economic opportunities within the LLM
Local economy functioning and sectors	S	<ul style="list-style-type: none"> Growing economy (5% over 10 years) despite the recession Strong linkages between agricultural sector and manufacturing in value add Number of events, festivals etc. in place – markets the LLM, increases the profile Increasing number of persons employed in manufacturing (1,700 jobs in 10 year) (Currently 5331 persons employed) Strong linkages between manufacturing and agriculture (agro-processing) Strong global brands Proximity to Cape Town (weekend getaway for tourism, export etc.)
	W	<ul style="list-style-type: none"> Massive job losses in agricultural sector (10,000 in 10 years) Total loss of nearly 3,000 jobs in 10 years Jobless growth Tourism currently developed in silos – based on towns (no Langeberg Tourism) The bulk of investment in Langeberg goes towards the towns, with little in the towns. Disposable income leakage from townships to towns Lack of a clear strategy on how to dispose of municipal land to leverage investment to unlock maximum economic benefit to the community Dwindling manufacturing sector Lack of industrial land for manufacturing Dependent on conventional energy Seasonality in agriculture and tourism sectors Lack of support for small scale farm workers Towns operate and are marketed separate from each other with little co-operative marketing or strategic linking (in terms of tourism and business in general). High levels of unemployment Mechanisation in agriculture and manufacturing
	O	<ul style="list-style-type: none"> Significant opportunities to grow tourism, linking towns and other areas, based on tourism competitive advantages Large number of people looking for work – potential employees Grow labour intensive economic sectors Create more value chains within the LLM Buy local (across all sectors, value chains)
	T	<ul style="list-style-type: none"> Global recession impacted negatively on export dependent economic sectors, including agro-processing sectors in Langeberg 37% of GGP linked to exports in 2010 – risk of changing demand Decreasing agricultural sector and job losses in this sector New labour regulations likely to increase unemployment in agricultural sector Increasing cost of conventional energy potential threat to financial viability of energy reliant businesses Possible toll roads expected to increase input and export costs associated with doing business with or in Langeberg

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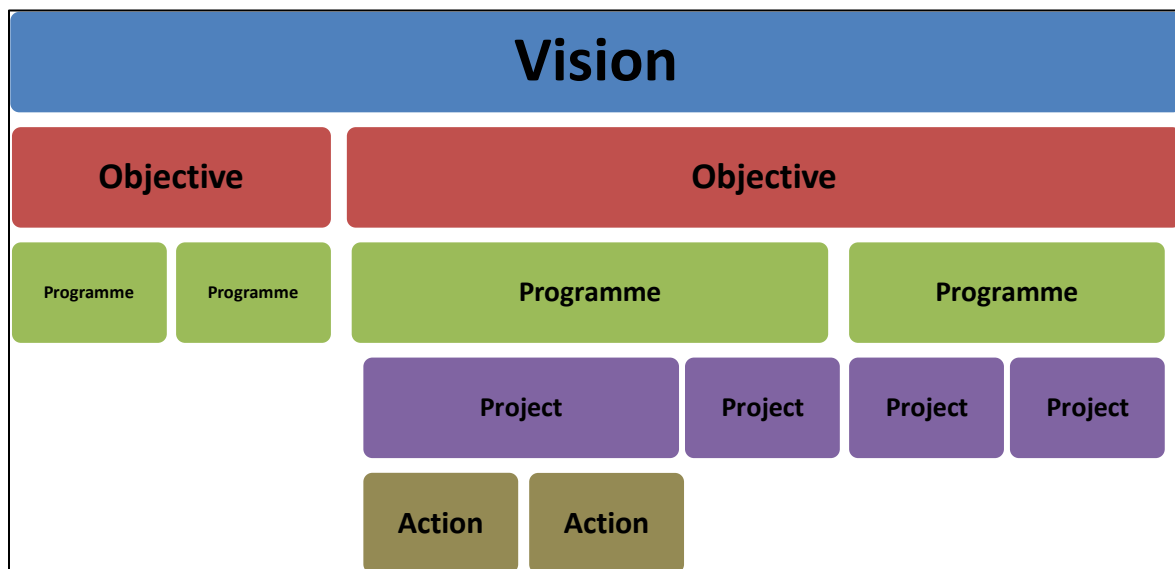
		<ul style="list-style-type: none"> • Labour laws resulting in mechanisation by labour intensive sectors • Labour unrest • Land insecurity in Langeberg • Labour brokers operating within the area
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An analysis of the findings of the SWOT analysis points to strategic direction and opportunity areas within a LED strategy for the Langeberg Municipality. This strategy is presented in the next section.

4 LANGEBERG MUNICIPALITY LED STRATEGY

4.1 LED STRATEGY FRAMEWORK

This LED strategy is set out as shown in the following framework, and later explained;



The key elements of a LED strategy as outlined above are defined below;

Vision: A vision answers the It makes clear the core values & principles that are central to what the local area wants to become. Is informed by the current situation & looks to the future to alter the **current** into the **desire**. A vision forms the basis for the objectives, programmes, projects and actions

Objectives: Objectives are more specific than a vision in pointing to where a municipality wants to be in terms of its economic development. Objectives answer the questions; ‘what matters’ and ‘why do we want to do this or that’. As such, objectives define the priorities for economic development and are the basis upon which to decide what actions are ultimately to be undertaken.

Programmes: Each objective has a number of programmes related to it. A programme is a group of projects which collectively address the same objective.

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Projects: Projects are specific initiatives to affect a programme, and ultimately enable objectives and visions to be achieved. A group of projects are designed to meet the same objective as the programme that they fall under.

Actions: Actions are very specific tasks needed to implement a project

For the purposes of this LED strategy, the vision, objectives and programmes are strategic in nature. Projects and actions on the other hand are specific and measurable, and therefore form the basis of the action plan for this strategy.

4.2 A VISION FOR LED IN THE LANGEBERG LOCAL MUNICIPALITY

The vision for the Langeberg Local Municipality as a whole is as follows;

"To create a stable living environment and sustainable living conditions for all citizens"

This vision is not limited to economic development and therefore not suitable for as a vision to drive LED within Langeberg. However, economic development activities within the municipality need to be directed towards achieving the overall vision for the municipality.

Based on 'Strategic Objective 8' – Growth and Economic Development of the Langeberg Municipality Strategic Plan 2012-2016, and the municipal vision and the SWOT analysis, the following vision is proposed;

Vision: To foster long term economic growth and employment to develop the Langeberg Local Municipality as home to a thriving economy for the benefit of all residents.

A Mission Statement defines the organization's purpose and primary objectives. Its prime function is internal – to define the key measure or measures of the organization's success – and its prime audience is the leadership team and stockholders. The Mission Statement for LED in the Langeberg Municipality is as follows;

Mission: To be a municipality whose economy is based on an integration of key economic sectors, local resources and geographic areas, providing business opportunities, an enabling business environment and employment to all residents, and where all stakeholders collaborate in achieving the municipality's potential.

4.3 INTRODUCING THE OBJECTIVES FOR LED IN LANGEBERG

In order to achieve the LED vision outlined above, a LED Strategy needs to present a number of objectives which are achievable, measureable, and viable, and provide guidelines to the municipality for

the identification and implementation of tangible projects designed to aid the municipality in achieving its vision. The objectives for LED in Langeberg are summarised below, and elaborated on thereafter;

- **Objective 1: To Create an enabling environment for business growth**
- **Objective 2: To Facilitate the provision of key resources for LED**
- **Objective 3: To create an enabling institutional environment for LED**
- **Objective 4: To develop key sectors with and competitive advantages & opportunities**

4.4 OBJECTIVE 1: TO CREATE AN ENABLING ENVIRONMENT FOR BUSINESS GROWTH

One of the key roles of local government in LED is the creation of an enabling environment for LED. While it is businesses that create the jobs, and contribute to the economy, they are reliant on government, in this case local government, to put measures in place for them to conduct their businesses. This applies to the day to day operations of business currently operating, to current businesses wanting to expand, and also to attracting new businesses to investment within the local municipality.

The programmes designed to meet this objective are as follows;

4.4.1 PROGRAMME 1.1: FACILITATE BUSINESS INVESTMENT & GROWTH THROUGH AN IMPROVED BUSINESS CLIMATE

Business development is premised on the idea of encouraging the establishment of new businesses, and retaining businesses within the area, while sustaining and expanding local firms in and around a particular area. Businesses require a number of resources for them to function optimally. Natural resources can to a large extent not be changed by a municipality and businesses requiring those resources are likely to be located close to these resources. However, there are a number of other factors relevant to the location of businesses, and these can to some extent be influenced by government interventions. Other locations will compete for these businesses to invest within that location, and it is therefore critical that LLM provide the business climate necessary for investment and business growth. This business climate can be created through business friendly policies and regulations, through the provision of land and other infrastructure, through assistance on queries, and through incentives and actively marketing the destination to businesses.

The projects under this programme are;

- Create a business advisory service and support within the LLM
- Facilitate red tape reduction
- Develop investment incentives for new and growing businesses

4.4.2 PROGRAMME 1.2: FACILITATE BUSINESS GROWTH THROUGH A LOCAL PURCHASING PROGRAMME

A key way to stimulate a local economy is through the preventions of economic leakages to other municipalities or areas. Through the creation of forward and backward value chains within a municipality, new and existing businesses can be stimulated. While local government cannot itself create businesses or force local procurement, it can however create an enabling environment for this.

The projects under this programme are;

- Make use of LLM tenders to purchase locally produced goods and local services
- Develop a "buy local, support local, produce local campaign"

4.4.3 PROGRAMME 1.3: FACILITATE THE DEVELOPMENT OF SMMEs & NEW ENTREPRENEURS

SMMEs are critical to economic growth and job creation within a local economy. Small business service mainly local markets, both forwards and backwards along a value chain. SMMEs are more likely than big businesses to be locally owned, and the profit from a SMME is therefore more likely to remain within a local municipality. SMMEs are large employers of local residents, and operate both in the formal and informal economies. However, many SMMEs require assistance, and local governments are well placed to provide and / or facilitate this assistance. A number of projects are included within the LED strategy to assist SMMEs and new entrepreneurs within the LLM.

The projects under this programme are;

- Facilitate SMME development
- Develop SMME and entrepreneurship mentoring programmes
- Create linkages between established businesses, and SMMEs and informal service providers
- Establish an annual Langeberg SMME Indaba

4.4.4 PROGRAMME 1.4: TO ATTRACT INVESTMENT TO THE LANGEBERG MUNICIPALITY

A municipality should not only be reactive to economic conditions and opportunities, but rather plans their economic growth around attracting and facilitating growth in strategic sectors and / or businesses with a competitive advantage within the municipality. This requires having significant insight into the local economy and the opportunities that are presented to current and potential businesses and implementing measure to create an enabling environment for business to grasp these opportunities. It is critically important that the LLM begin to attract investment in the municipality if they are to achieve their economic development vision, and create local jobs.

The projects under this programme are;

- Develop investment attraction strategy
- Marketing of investment opportunities to all potential stakeholders and investors

4.5 OBJECTIVE 2: TO FACILITATE THE PROVISION OF KEY RESOURCES FOR LED

As stated above, natural resources cannot be changed, but a local government can put programmes and projects in place to facilitate the provision of some of the resources necessary for economic development. These include both built and human resources (e.g. know how, information, facilities, transport, roads and other infrastructure, human resources, etc.) The programmes designed to meet this objective are selected from the analysis of the current situation of resources within the municipality, and resources necessary for future economic growth in key economic sectors.

The programmes designed to meet this objective are as follows;

4.5.1 PROGRAMME 2.1: ENSURE THE AVAILABILITY OF HARD INFRASTRUCTURE TO FACILITATE BUSINESS INVESTMENT, RETENTION AND GROWTH

Hard infrastructure includes land, roads, bulk infrastructure etc. These are critical elements for economic development, but particularly the case given the agricultural, manufacturing and tourism strengths and opportunities within the municipality.

The projects under this programme directed towards hard infrastructure provision are;

- Ensure continued good quality water supply
- Identify and make government land available for investment

4.5.2 PROGRAMME 2.2: FACILITATE THE AVAILABILITY OF REQUIRED SKILLS FOR BUSINESS INVESTMENT, RETENTION AND GROWTH

The availability of skills within a municipality is key to attracting investment and business and economic growth. Furthermore, these need to be the right skills, in demand by local businesses and needed to grasp economic opportunities. It is not the role of local government to embark on skills training, but there are many activities that they can do to facilitate skills development such as creating linkages, financial support, mentoring, facilitating the presence of skills development companies etc. The projects that make up this programme are directed towards demand driven skills development and linking skills in supply with demand areas for those skills.

The projects under this programme are;

- Match skills in demand with skills in supply in the LM
- Facilitate demand led skills development

4.5.3 PROGRAMME 2.3: FACILITATE IMPROVED TRANSPORT IN LLM FOR ECONOMIC DEVELOPMENT

This programme is directed towards ensuring that sufficient road and transport networks exist within the LLM to enable optimal economic sector functioning and attraction of new businesses. As Langeberg is primarily an export economy, transport infrastructure is of critical importance to the economy and local government has an important role to play in facilitating this transport infrastructure. Furthermore, the tourism trade in Langeberg is also reliant of safe, reliable road networks. Projects falling under this programme are focussed on both public transport and general road networks. They are as follows;

- Improve public transport
- Strategically develop roads to facilitate economic development

4.6 OBJECTIVE 3: TO CREATE AN ENABLING INSTITUTIONAL ENVIRONMENT FOR LED

As well as creating an enabling environment through the provision of infrastructure, business support services etc. local government needs to create a supporting environment for the planning, implementation and monitoring and evaluation of LED. LED is not done by government alone, but through collaboration and cooperation of businesses, government, NGOs and communities. This objective is focussed on creating that enabling environment within Langeberg Local Government, and with how they and other stakeholders communicate and cooperate for LED.

The programmes designed to meet this objective are as follows;

4.6.1 PROGRAMME 3.1: ENSURE SUFFICIENT HUMAN RESOURCE CAPACITY WITHIN THE MUNICIPALITY TO FULFIL THE LED MANDATE

In order for a LED unit to fulfil its mandate, it is critical that the skills for effective LED are situated within the LED unit. With a key focus in LED being an understanding of the local economy and strategic planning around the competitive advantages within that economy, research and strategic planning skills are important. Implementation of these plans is another important role of LED officials; the ability to execute is a critical success factor for LED maturity. For this, good project management, facilitation, governance and communication skills are necessary. Finally, monitoring, evaluation and review skills are important within a LED unit.

The projects under this programme are;

- Appoint relevant staff with relevant mandates
- Create awareness of LED to enable LED mandate to be filled

4.6.2 PROGRAMME 3.2: IMPROVE PARTICIPATION OF ALL KEY LED STAKEHOLDERS IN LED RESEARCH, PLANNING, IMPLEMENTATION AND M&E

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A critical element of LED is the cooperative planning and implementation of LED by all stakeholders including local government, local businesses, relevant provincial and national government departments and agencies, NGOs etc. Such cooperation is best achieved through some kind of structure, and regular meetings under specific frameworks. Furthermore, cooperation is reliant on regular communication between all stakeholders for LED.

The projects under this programme are;

- Make use of institutions for cooperative planning for LED
- Develop communication strategy for LED matters

4.7 OBJECTIVE 4: TO DEVELOP KEY SECTORS WITH COMPETITIVE ADVANTAGES & OPPORTUNITIES

The focus of this objective is the development of key economic sectors within Langeberg to aid economic growth and employment. The sectors selected to form part of programmes are those that are currently significant sectors (in terms of either contribution to GGP or employment) and / or those sectors with growth potential. Furthermore, the focus is on sectors with the ability to create forward and backward linkages within the sector, or with other sectors businesses within the municipality and or those sectors with a competitive advantage.

The programmes designed to meet this objective are as follows;

4.7.1 PROGRAMME 4.1: MAKE USE OF AGRICULTURE TO FURTHER DRIVE THE LOCAL ECONOMY

Agriculture contributed nearly a fifth of the GGP of the LLM in 2010. This together with its competitive advantage, as well as its strong linkages with the manufacturing sector makes it a key economic driver within the LLM. The sector's contribution to the local economy is constrained by its past and current shedding of jobs, which is of concern given the current unemployment rate within the municipality. The projects that collectively fall under this programme are as follows;

- Support small scale farmers
- Investigate diversification of the local agricultural economy
- Investigate mechanisms to reduce further job losses in agriculture

4.7.2 PROGRAMME 4.2: FURTHER DEVELOP THE TOURISM SECTOR WITHIN LANGEBERG MUNICIPALITY

The tourism sector is one of the key sectors within Langeberg, through its contribution to the economy, but also its links to other sectors, and the role it has in marketing the area as a whole. A number of constraints currently exist with the sector, and this has hindered to some degree its potential. The focus

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of projects selected under this programme is around marketing the municipality as a whole, rather than as individual towns, the transformation of the tourism sector, and the provision of tourism infrastructure to facilitate sector growth.

Specifically, the projects under this programme are;

- Diversification of tourism sector
- Collaborative marketing of the key towns and products within Langeberg
- Create tourism infrastructure

4.7.3 PROGRAMME 4.3: INVESTIGATE OPTIONS FOR DIVERSIFICATION OF THE LOCAL ECONOMY TO REDUCE SEASONALITY OF ECONOMIC ACTIVITIES

The economy of Langeberg is currently not particularly diversified, with a large reliance on agriculture, and the manufacturing of agricultural products, in particular, agro-processing. The economy is largely reliant on exports, which, together with its lack of diversification, makes it vulnerable to global trends or recessions etc. The local economy is also constrained by its seasonality and the resultant seasonality of work opportunities for non-permanent employees. This programme is therefore focussed on seeking to reduce the seasonality of employment, and facilitate diversification of the economy.

The projects under this programme are;

- Create new economic sectors and opportunities
- Addressing seasonality of sectors in LLM

4.7.4 PROGRAMME 4.4: ASSIST INFORMAL ECONOMY BUSINESSES

Informal businesses are often neglected in LED planning. Rather than being recognised as important employers and contributors to the local economy, some local governments take steps to eradicate informal traders and informal service providers. The 2011 Census found that 11,000 persons are employed in Langeberg in the informal sector. This programme therefore seeks to assist the performance of informal economy businesses within Langeberg.

The project under this programme is;

- Assist informal traders and informal service providers

4.7.5 PROGRAMME 4.5: FACILITATE GROWTH IN THE MANUFACTURING SECTOR

Manufacturing is currently the largest contributor to the LLM's GGP, and the biggest employer. Most of the manufacturing activity in the municipality is linked to the agro-processing. Further development of this sector is constrained by the lack of industrial land, and poor facilitation of business growth by the

municipality. This programme is designed to address this constraint, and to investigate and grasp new manufacturing opportunities.

The projects under this programme are;

- Increase availability of industrial land
- Value chain development in manufacturing sector
- Facilitate the development of new manufacturing enterprises

5 ACTION PLAN

An action plan for LED answers the question “how do we get there” (achieving the vision, mission and objectives). It identifies the projects and tasks that make up the plan as well as identifying who has to do what by when, and what resources will be needed. An action plan is designed to keep the LED stakeholders on track, and therefore often includes monitoring and evaluation indicators in the action plan.

5.1 ACTION PLAN PROJECTS AND TASKS

The vision, mission, objectives and programmes that make up this LED strategy have been outlined above. Projects and tasks are the key elements of an action plan, and need to be implemented to achieve objectives. The following tables show the projects and tasks for each programme and objectives for LED in the Langeberg Local Municipality.

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Objectives	Programme	Project	Actions
1. TO CREATE AN ENABLING ENVIRONMENT FOR BUSINESS GROWTH	1.1 Facilitate business investment and growth in the LLM through an improved business climate	Create a business advisory service and support within the LLM	Establish a investment and business assistance office / desk in LLM
			Appoint or delegate person for all investment / business advice services
			Create "A guide to doing business in Langeberg" booklet and distribute
			Place relevant contact details, information, and 'Guide' on website
		Facilitate red tape reduction	Implement findings of Red Tape study in Langeberg
			Ensure internal capacity to deal with business development processes
			Streamline process for building plan approvals
			Implement system to capture and monitor plans and approvals, with data generation tools
			Designate persons responsible for different processes and monitor targets for task completion
		Develop investment incentives for new and growing businesses	Determine strategic growth sectors for incentivisation
			Determine legal parameters for incentives
			Determine incentives, and qualifying criteria
			Market existence of incentives to current and prospective businesses
	1.2 Facilitate business growth through a local purchasing programme	Make use of LLM tenders to purchase locally produced goods and services	Provide assistance with tenders / supply chain management forms to local companies and SMMEs
			Ensure all tenders are locally advertised
			Communicate tenders through various means to all local businesses
			Facilitate local companies registration on supplier database
		Develop a "buy local, support local, produce local campaign"	Investigate points for locally based companies in tenders
			Develop database of 100% locally produced manufacturers, service providers
			Distribute database to local businesses, general public and encourage use of local businesses
			Marketing of buy local etc. campaign
			Develop "Made in Langeberg" stickers and distribute to qualifying companies
			Ensure preferential government procurement for local companies
		Facilitate SMME development	Ensure business information desk in LLM equipped to assist SMMEs, potential entrepreneurs
			Create linkages with district, provincial and national initiatives to assist SMMEs, entrepreneurs
			Investigate possibility of micro premises / incubators for businesses
			Identify potential mentors / businesses able to assist in mentoring
	1.3. Facilitate the development of SMMEs and new entrepreneurs	Develop SMME and entrepreneurship mentoring programme	Create database of support options and potential businesses to assist
			Create linkages with local schools for entrepreneurship training / mentoring
			Link learners / SMMEs with mentors and monitor
			Engage with developers on opportunities for smaller contractors
		Create linkages between established businesses, and SMMEs and informal service	Make available database of SMMEs to current and potential developers
			Keep SMMEs informed on planned developments and related opportunities
			Identify SMMEs to invite
			Organise annual indaba
		Establish an annual Langeberg SMME Indaba	Marketing of Indaba to all local businesses, residents and potential business partners
			Research feasibility of investment
			Investigate geographic, sectoral targets, competitor positioning etc.
			Develop investment strategy
	1.4 To attract investment to the Langeberg Municipality	Develop investment attraction strategy	Develop marketing strategy / tools
			Ensure regularly updated investment page on website, with information and contact details
			Attend investment conferences and business networking events
			Link with WESGRO and district for investment marketing
		Marketing of investment opportunities to all potential stakeholders and investors	Create investor focussed information system and website page

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Objectives	Programme	Project	Actions
2. TO FACILITATE THE PROVISION OF KEY RESOURCES FOR LED	2.1 Ensure the availability of hard infrastructure to facilitate business investment, retention and growth	Ensure continued good quality water supply	Continue with initiatives for improved water supply
			Assist companies with research into more efficient, sustainable use of water resources
			Address issues around water quality in the LLM
	Identify and make government land available for investment		Conduct land audit
			Analyse available land in conjunction with zoning
			Where necessary, embark on rezoning process
			Create land information database of government owned land including location, services, zoning, restrictions, etc.
			Identify land available for land reform and allocate as such
			Advertise land available for investment through investment, business communication channels
			Regularly maintain land database
	2.2 Facilitate the availability of required skills for business investment, retention and growth	Match skills in demand with skills in supply in the LM	Identify skills shortage in the LM through surveys, business chambers etc.
			Conduct skills audit
			Create skill database
			Match skills database to market demand
		Facilitate demand led skills development	Use skills audit to direct skills in demand
			Initiate partnerships with businesses, colleges, etc. for training in skills gaps
			Ensure legal compliance of all skills providers
			Initiate skills development mentoring programme
	2.3 Facilitate improved transport in LLM for economic development	Improve public transport	Create linkages with residents and skills development opportunities
			Identify key demand and gaps
			Identify safety and security issues regarding transport of workers
			Feasibility of public transport
			Look at business development around transport provision
		Strategically develop roads to facilitate economic development	Improve key access roads
			Prioritised road development for catalytic or high value investments
			Ensure road maintenance for high tourism routes, roads important for economic development

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Objectives	Programme	Project	Actions
4. TO DEVELOP KEY SECTORS WITH COMPETITIVE ADVANTAGES & OPPORTUNITIES	4.1 Make use of agriculture to further drive the local economy	Support small scale farmers	Develop and regularly update a small farmer database (contact details, farming type etc.)
			Provide information on accessing loans, government support
			Link farmers to district small scale farming programme
			Create linkages between small scale farmers and purchasers
			Facilitate access to tenders etc. as per business support provided by the LLM
		Investigate diversification of the local agricultural economy	Feasibility assessment of olive growing
			Feasibility assessment farming (and manufacturing of essential oils)
			Investigate further agro-tourism opportunities
		Investigate mechanisms to reduce further job losses in agriculture	Look to assist farmers / workers in addressing housing / social needs on farms
			Look to assist farmers and workers address implications of labour laws, etc.
	4.2 Further develop the tourism sector within Langeberg Municipality	Diversification of tourism sector	Look at tourism opportunities beyond traditional areas, markets
			Marketing of opportunities
			Facilitate training on what is tourism, how to create tourism business
			Assist with marketing of new tourism ventures
			Feasibility of medical tourism, sports tourism
			Develop mechanisms to assist in transformation of the tourism sector
		Collaborative marketing of the key towns and products within Langeberg	Look at opportunities to brand export goods from LLM
			Conduct product audit
			Define unique qualities of Langeberg
			Agree on marketing strategy of municipality as a whole
			Develop and distribute marketing material
			Attend tourism Indaba, promotional opportunities
		Create tourism infrastructure	Develop signage to key tourism products across LLM
			Develop tourism information offices in each town

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Objectives	Programme	Project	Actions
4. TO DEVELOP KEY SECTORS WITH COMPETITIVE ADVANTAGES & OPPORTUNITIES (cont)	4.3 Investigate options for diversification of the local economy to reduce seasonality of economic activities	Create new economic sectors and opportunities	Feasibility assessment of micro brewery in Langeberg
			Feasibility assessment of farming and processing of new farming activities (e.g. olives, Fynbos, Buchu, Honeybush Tea, Essential Oils)
			Feasibility assessment of further growth call centres in LLM
			Feasibility assessment of medical tourism
			Feasibility assessment of the green economy
		Addressing seasonality of sectors in LLM	investigate varied tourism marketing of Langeberg round season changes
			Investigate new, non seasonal agricultural products
			Investigate the creation of economic opportunities for seasonal workers
	4.4 Facilitate optimal performance of the informal economy	Assist informal economy businesses	Create informal traders strategy
			Communicate to all traders the regulations
			Facilitate development of associations / chambers for informal businesses
			Enforcement of regulations
	4.5 Facilitate growth in the manufacturing sector	Increase availability of industrial land	Make use of land database to determine potential for industrial land
			Prioritise bulk infrastructure for industrial land and roads networks to service the land
			Investigate the potential of the development of industrial / business parks
			Investigate the revitalisation of unused industrial land
		Value chain development in manufacturing sector	Investigate potential for local production of agricultural, manufacturing inputs (e.g. fertilizers, agriculture, machinery etc.)
			Investigate local production and packaging opportunities
			Package and incentivise manufacturing opportunities related to manufacturing
		Facilitate the development of new manufacturing enterprises	Conduct feasibility on new agro-processing linked to agricultural potential (olive oils, essential oils, cosmetics and medication)
			Investigate manufacturing opportunities linked to green” products, such as recycled goods and energy-efficient goods

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Objectives	Programme	Project	Actions
3. TO CREATE AN ENABLING INSTITUTIONAL ENVIRONMENT FOR LED	3.1 Ensure sufficient human resource capacity within the LM to fulfil LED mandate	Appoint relevant staff with relevant mandates	Fill current vacancies
			Look at new positions to enable LED
			Ensure job descriptions include research, communication, coordination, collaboration, project management, M&E
			Look at implementing a LED Charter as part of performance measurement
	Create awareness of LED to enable LED mandate to be filled		Awareness programme with all council departments LED
			Awareness programme with councillors on LED
	3.2 Improve participation of all key LED stakeholders in LED research, planning, implementation and M&E	Make use of institutions for cooperative planning for LED	Create LED Partnership / forum
			Assist in development of informal business groupings
			Participate in district LED forum
			Sign district LED memorandum of cooperation
		Develop communication strategy for LED matters	Develop detailed business profile with contact details
			Publicise contact details for business advice desk for all LED related communication
			Update website regularly with information on LED matters
			Develop LED newsletters and send quarterly to LED stakeholders
			Make use of bulk SMS to communicate with businesses with no email
			Training of all staff on LED awareness

5.2 MAKING USE OF THE ACTION PLAN TOOL

The above tables only include projects and tasks, and do not include critical elements of an action plan such as the following;

- Budget
- Possible funding source
- Year of implementation
- Responsible stakeholder (to drive implementation)
- Monitoring and Evaluation (M&E) indicator
- Monitoring and Evaluation target

This LED strategy is to be read in conjunction with the “Langeberg LED strategy Spreadsheet” which is an excel document. Here, all of the objectives, projects tasks are given with columns for each of the above action plan elements. This is to be considered a working action plan, and as such can be used by the municipality on a daily basis to plan, implement and monitor their progress in implementation of the LED strategy. As such, the “filter button” has been enabled to assist in sorting and grouping projects and tasks.

For more information on how to use filters in excel, consult the following links;

<http://office.microsoft.com/en-za/excel-help/filter-data-in-a-range-or-table-HP010073941.aspx>

<http://www.microsoft.com/canada/smallbiz/products/howto/use-excel-filtering-to-find-data-fast.msp>

<http://www.dummies.com/how-to/content/how-to-use-custom-filters-in-excel-2013.html>

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