Tongaat Local Economic Development Strategy

October 2008

Submitted to:
ETHEKWINI ECONOMIC DEVELOPMENT UNIT (EDU) AND KZN DEPARTMENT OF ECONOMIC DEVELOPMENT

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In Association with URBAN-ECON TOURISM AND GABHISA PLANNING & INVESTMENTS
ETHEKWINI MUNICIPALITY AND KWAZULU-NATAL DEPARTMENT OF ECONOMIC DEVELOPMENT

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- Mlibo Bantwini: Dube Trade Port
- Mthethwa Sifiso: Tongaat Youth Forum
- Vijay Ori: Vijay Ori and Associates cc
- Michael Phungula: SEDA Tongaat

It should be noted that the above list is not exhaustive and our acknowledgment goes to all the other stakeholders including provincial governments, municipal officials, households, businesses, shoppers and informal traders who participated in interviews and surveys as well as those who attended the workshops in March and June 2008.
# ABBREVIATIONS

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<thead>
<tr>
<th>TERM</th>
<th>DEFINITION</th>
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<tbody>
<tr>
<td>ASGISA</td>
<td>Accelerated and Shared Growth Initiative of South Africa</td>
</tr>
<tr>
<td>BEE</td>
<td>Black Economic Empowerment</td>
</tr>
<tr>
<td>BRS</td>
<td>Business Retention Strategies</td>
</tr>
<tr>
<td>CBD</td>
<td>Central Business District</td>
</tr>
<tr>
<td>DACT</td>
<td>Department of Arts, Culture and Tourism (KZN)</td>
</tr>
<tr>
<td>DEAT</td>
<td>Department of Environmental Affairs and Tourism</td>
</tr>
<tr>
<td>DED</td>
<td>Department of Economic Development</td>
</tr>
<tr>
<td>DM</td>
<td>District Municipality</td>
</tr>
<tr>
<td>DPLG</td>
<td>Department of Provincial and Local Government</td>
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<tr>
<td>DTP</td>
<td>Dube Trade Port</td>
</tr>
<tr>
<td>EIA</td>
<td>Environmental Impact Assessment</td>
</tr>
<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
</tr>
<tr>
<td>GTA</td>
<td>Greater Tongaat Area</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
</tr>
<tr>
<td>IDP</td>
<td>Integrated Development Plan</td>
</tr>
<tr>
<td>IDS</td>
<td>Industrial Development Strategy</td>
</tr>
<tr>
<td>KSIA</td>
<td>King Shaka International Airport</td>
</tr>
<tr>
<td>KZN</td>
<td>KwaZulu-Natal</td>
</tr>
<tr>
<td>LED</td>
<td>Local Economic Development</td>
</tr>
<tr>
<td>LM</td>
<td>Local Municipality</td>
</tr>
<tr>
<td>LTDF</td>
<td>Long-term Development Framework</td>
</tr>
<tr>
<td>NGDS</td>
<td>National Growth and Development Strategy</td>
</tr>
<tr>
<td>PGDS</td>
<td>Provincial Growth and Development Strategy</td>
</tr>
<tr>
<td>PSEDS</td>
<td>Provincial Spatial Economic Development Strategy</td>
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<tr>
<td>SEDA</td>
<td>Small Enterprise Development Agency</td>
</tr>
<tr>
<td>SETA</td>
<td>Sector Education and Training Authority</td>
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<tr>
<td>SMME</td>
<td>Small, Medium and Micro Enterprise</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, Weaknesses, Opportunities, Threats</td>
</tr>
<tr>
<td>DTI</td>
<td>Department of Trade and Industry</td>
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<td>THETA</td>
<td>Tourism, Hospitality and Sport Education and Training Authority</td>
</tr>
<tr>
<td>TKZN</td>
<td>Tourism KwaZulu-Natal</td>
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<tr>
<td>WTO</td>
<td>World Tourism Organisation</td>
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EXECUTIVE SUMMARY

A. INTRODUCTION

This local economic development strategy project has been commissioned by the eThekwini Municipality and the KwaZulu-Natal Department of Economic Development. As an emanation of the eThekwini Municipality, the LED Strategy is developed in alignment with the Integrated Development Plan of eThekwini.

South Africa is faced with the challenge of improving the quality of life of the poor and marginalised in an ever globalising world. Local government has been given the responsibility to improve the overall economic and social conditions within their respective local areas in order to encourage economic and employment growth and development. Local municipalities are mandated to develop local economic development (LED) strategies and plans that will assist them and their economic partners to work together to address the challenges facing their respective local economies in an effort to improve the economic future and the quality of life for all the residents in the area.

The approach towards local economic development in Greater Tongaat has been ad hoc and fragmented until now, lacking a strategic framework to guide strategic economic development interventions that encourage economic and employment growth and development in the local economy. In order to address the above issue, the purpose of the current study is, therefore:

1. To undertake a thorough consultative approach with business, communities and stakeholders.
2. To create a vision and strategy for the Tongaat area.
3. To assess and rationalise the existing economic situation analyses of the study area.
4. To examine and define the strategic role of the Tongaat area.
5. To provide a set of plans that translate existing policy.
6. To identify the strategic and detailed responses necessary to turn around the decline in businesses in Tongaat and to achieve poverty alleviation.
7. To identify potential areas for industrial development.
8. To undertake an implementation framework giving due consideration to institutional mechanisms to drive growth in the area.

B. SITUATIONAL ANALYSIS

The history of Tongaat shows that the present site of Tongaat was selected in 1846 by a government commission as one of a number of villages, which it was hoped, would be established through emigration. The village was initially named ‘Victoria.’ It developed into a town in the 19th Century because of the successful cultivation of sugar cane in the area.

B1. SPATIAL LOCATION

Tongaat is one of eight economic zones in the eThekwini municipality falling within the northern area that is bounded by the Umgeni River in the south, the Tongaat River in the north and the rural tribal area of Ndwedwe in the west. Geographically Tongaat is surrounded by the following areas: Ballito.
and Stranger in the North, Pietermaritzburg in West, Durban in the South and the Indian Ocean in the East.

Tongaat is located in one of the highest growth potential areas in KZN as it is found between Durban and Richards Bay corridor development. This strategic location coupled with its proximity to the Dube Trade Port, means that Tongaat is facing exceptional growth and development over the next 20 years and requires a fundamental review of its current spatial framework.

The DTP development, situated 6km from Tongaat will provide many job opportunities estimated at thousands - approximately 156,747 new sustainable jobs (estimated 16,268 direct and 140,479 indirect in the rest of the economy) will be provided by 2025, and DTP is likely to be a considerable economic boost to the greater Tongaat area.

The greater Tongaat area also provides road and rail access for the rural communities to the Durban Metropolitan area. It is also the first and most accessible area for other surrounding rural communities. Tongaat is therefore an important commercial transit node for many of the people living beyond the metro fringe.

B2. DEMOGRAPHICS

The total population of Tongaat, including all sub-areas is 104,116. Given the history of Tongaat, it is not surprising that Indians are the dominant race group, representing 51% of the total population. The Black population follows at 46%. The southern precinct houses the highest population of Indians. The highest number of black people is found in the northern precinct which consists mainly of low-income housing settlements. The majority of the White population are to be found in Tongaat Beach and the majority of the Coloured population is to be found in Tongaat South. Coloureds and Whites only represent 0.6% and 1.9% of the total Tongaat population respectively. The gender profile of Tongaat reflects those of South Africa and KZN in general, with a higher percentage of females. In terms of education levels, almost 27% of people have Grade 12, followed by 17.3 % with Grade 10 and 11.

B3. EMPLOYMENT LEVELS

The unemployment profile of the area indicates that Hambanathi-Wewe (49.6%), Emona-Buffels (47.6%) and Greylands (39.6%) have the highest percentage of unemployed in relation to their economically active population, when compared with other zones. Unemployment is highest in the Black residential areas, largely due to the lack of education and skills development resulting from the past political era. Approximately 32% of the economically active population of Tongaat are employed in some form of economic activities. There are currently local jobs for just over 47% of the zone’s population. This needs to increase to between 60% and 80%. An estimated 15,000 people must travel outside the zone daily to their places of employment. Major parts of Tongaat are being affected by the current problems being experienced in the clothing, footwear, textiles and luggage sectors due to low priced imports from China. The sugar industry is also experiencing low world sugar prices, so the local economy is struggling and its activity level is well below the growth periods of the past.1

1 eThekwini Northern Area Economic Analysis and Pointers towards a Development Strategy (2005)
B4. SECTOR ANALYSIS AND GDP CONTRIBUTION

Tongaat has a number of economic sectors that contribute to its economy including the following:

**Industrial sector:** the main industrial areas in Tongaat are the Trurolands area south-west of the CBD and the Maidstone industrial area north of the CBD, which include the Tongaat-Hulett sugar mill north of the Tongaat River and Tongaat Industrial Park south of the Tongaat River. There are also a number of small-scale manufacturing firms situated within the CBD, and a handful of larger manufacturing firms within the Greater Tongaat area, but these fall outside of the primary study area.

**Manufacturing** dominates the Tongaat zone economy in terms of job creation and the manufacturing figure would be nearly double if the problems with cheap imports from China could be resolved. The manufacturing sector contributed about 39% to the Greater Tongaat economy in 2005, down from an estimated 44% in 1995. The largest contributor to the manufacturing sector in Tongaat is the food and beverages sub-sector that includes the Tongaat-Hulett group’s operations in Tongaat. The clothing and textiles sub-sector is the 2nd largest manufacturing sector in Tongaat, followed by the furniture and other manufacturing sectors. There are about 35 registered clothing and textile firms operating in Tongaat. Most of the 27 registered firms in the metal products, machinery and equipment sub-sector are small-scale operations focussing on the local market.

**The Agricultural sector** is dominated by the sugar plantations. The sugar industry is significant in the scale mainly because of its contribution to GDP and to the employment levels of the area. Indeed, the sugar industry is a major labour intensive sector not only in Tongaat but throughout the country and sugar cultivation does not have a strong negative environmental effect.

**Retail and commerce:** Tongaat CBD serves as the commercial centre of Tongaat town. A number of commercial activities are concentrated in the CBD with a few in Maidstone. Tongaat CBD is an established shopping area that provides a range of facilities to shoppers.

**The tourism industry** in the CBD, Northern and Southern Precincts of Tongaat is very weak while the tourism industry in the beach area is stronger but is in need of upgrades. Tourism products exist but are undeveloped and not integrated into the tourism market. These tourism products are largely related to culture, history and heritage, and one nature-based product. Tourists, both international and domestic seek out cultural, historical and heritage products, beach products, adventure and nature-based products. The tourism demand in Tongaat is expected to grow and the new airport will bring significant demands for accommodation in close proximity, and general tourism services. Furthermore, the 2010 Soccer World Cup will bring a spike in demand, but care needs to be taken to develop a tourism industry that will be sustainable beyond 2010.

**Informal Economy and SMMEs** are more developed in the CBD than in the rest of the Greater Tongaat area. Major activities include the following: mielie cookers, newspaper vendors, live chicken sellers, second hand clothes dealers, hairdressers, candle makers, fruit sellers, street food vendors, street non-food products vendors, spaza shop owners and workers, tailors, dressmakers and hatters, Mr. phone dealers, bead workers and sellers, shoe makers and polishers and welders.

---

The informal economy in Tongaat is led by women which make up 52.1% of this sector compared to men that account only 47.9%. Informal traders in Tongaat experience many business related problems that can be grouped into infrastructural, institutional and economic challenges.

**Spatial planning and infrastructure:** Tongaat’s proximity to major road systems, including the regional N2 connector, the metropolitan R102 connector and its position along the north coast rail line provides excellent regional metropolitan connectivity. It should be noted that Tongaat’s road and rail constitute the major means for its rural communities to access to the Durban Metropolitan area. This makes Tongaat an important commercial transit node for many of the people living beyond the metro fringe.

**B5. DEVELOPMENT PERSPECTIVE**

Following the above analysis, a number of issues have been identified as key parameters influencing the economy of Tongaat. These include the following:

**Land availability:** currently Tongaat has tracts of underdeveloped lands owned by individuals as well as private companies. Some of these land owners do not want to release the land. This has serious implications for the future development of Tongaat and the surrounding areas.

**Dube Trade Port development:** the DTP is an immense project for both the province and country. The project will create thousands of job opportunities and Tongaat is well placed to benefit from it and King Shaka International Airport (KSIA). Apart from being well located to provide basic services, Tongaat could take advantage of the opportunities in export-oriented agricultural and horticultural industries.

**Infrastructure development:** currently Tongaat faces a number of challenges related to its present infrastructure. These include among others, limited parking space, regular congestions on the roads. Capacity problems exist in terms of the proximity to major road systems, including the regional N2, the metropolitan R102 and north coast rail line.

**Housing development:** housing issue is particularly critical to Tongaat’s economic development as the town was initially developed as a dormitory suburb for sugar cane workers, and much of the original infrastructure and layout of the town has remained unchanged for many years. A number of municipal housing projects have been undertaken in Tongaat including the Newtown development, Hambanathi Ext 2, 3A and 3B and Brake Village which in total generated an additional 1,012 housing units. There are at present 15,132 housing units that have been planned in and around Tongaat or have since been completed. Further, KwaDukuza Municipality in iLembe District has allocated 3,000 ha of land to affordable and low income housing on the Drifontein Farm to accommodate 15 000 housing units. This development will impact immediately on the West and North of Tongaat.

**Skills development:** the Tongaat skills profile indicates the following: primary school certificate 38.3% of the population; almost 27% of people have only Grade 12; 17.3 % of people have Grade 10 and 11; 3.8% of people have other certificates. People with diplomas represent 11.5% of the total and people with a university degree represent 2.6%. This provides an indication that there is an opportunity for further skills development and training in the area.
**Sectoral opportunities:** there are numerous sectoral opportunities in Tongaat; many linked to the large capital investments currently underway such as DTP.

**Liaison and co-ordination between the key stakeholders:** to attain the maximum economic benefits from the sectoral opportunities, improved communication and regular contact between key stakeholders will have to be maintained.

### C. STRATEGY FORMULATION

The strategic economic outcome strategy adopted by the eThekwini (2008) is as follows:

<table>
<thead>
<tr>
<th>Strategic Outcome</th>
<th>Strategic Target</th>
<th>Strategic Choice</th>
<th>Current Performance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business Growth</td>
<td>EMA GDP growth 1% above SA GDP by 2014</td>
<td>Specialised sector and investment support</td>
<td>1% above national</td>
</tr>
<tr>
<td>Reduce Inequality</td>
<td>Lowest Gini Coefficient nationally by 2014</td>
<td>Spatial integration and efficiency at the micro-level</td>
<td>Unacceptability high</td>
</tr>
<tr>
<td>Reduce Local Unemployment</td>
<td>Halve unemployment by 2014 in the EMA</td>
<td>Strategic industry skill development</td>
<td>34.4% unemployed</td>
</tr>
<tr>
<td>Improve Business Confidence</td>
<td>Highest business confidence amongst A cities by 2014</td>
<td>Strategic economic infrastructure</td>
<td>Not determined to date</td>
</tr>
<tr>
<td>Equitable Access to Opportunities</td>
<td>Highest proportion number of BBBEE SMMEs nationally by 2014</td>
<td>Specialised enterprise development and innovation</td>
<td>21% of SMMEs in EMA are BBBEE compliant (ranked second in KZN behind PMB)</td>
</tr>
</tbody>
</table>

*Source: eThekwini Municipality Economic Development Strategy draft 2008*

Using the eThekwini strategic economic outcomes and targets as base, a vision for economic intervention in the Greater Tongaat area was formulated and goals were developed.

The greater Tongaat vision states:

*“By 2010 and beyond, the Greater Tongaat will be a preferred investment destination with superior and continuing quality service delivery; thereby providing sustainable employments and addressing social ills for the majority of people”*

Based on the above vision, the following goals are the key economic thrusts to in this strategy:

**To establish the economic foundations of the greater Tongaat.**

The stagnant economy of Tongaat suffers from the lack of a number of economic assets including the infrastructure and land availability for its improvement. The lack of those economic assets impacts strategically on the overall development of Tongaat area.
To initiate economic growth of Tongaat

This goal deals with economic sectors’ opportunities in terms of employment/unemployment, incomes, and growth. Many sectors in Tongaat including manufacturing, industrial, retail and commerce, informal economy, tourism and the like have many opportunities that can be capitalised on to improve the economy of the area.

To initiate a developmental environment

The goal deals with BEE, skills development issues, HIV/AIDS, health care and social assistance, and women and youth empowerment issues. Skills development, HIV/AIDS and other social issues are among major concerns threatening the social capital in Tongaat.

To maximise effort in order to establish institutional structures for implementation

The significance of this goal is that it allows the rational interconnection of the other preceding goals. For instance, the economic foundations, the sectors’ opportunities and the skills development cannot improve the economy if they are un-co-ordinated and fragmented. Therefore, liaisons, management and regulations need to be put in place.

LED strategies derived from the preceding goals include the following:

Strategies derived from the preceding goals included the following:

1. Enhance sector competitiveness
2. Further development of emerging and niche sectors
3. Business retention and investment promotion
4. Innovatively package industrial sites for development
5. Develop priority investment nodes and corridors
6. Regional strategy and development
7. Sector skills alignment
8. Enhance labour productivity, literacy and numeracy skills
9. Knowledge economy
10. Implement key logistics and economic infrastructure
11. Bulk infrastructure to match economic growth
12. Direct the infrastructure required for economic growth
13. Provide strategic enterprise development support to emerging and informal enterprises
14. Centres of excellence
15. Cyber City
D. IMPLEMENTATION PLAN

The implementation plan is derived from the strategy formulation and each strategy has a number of actions as show below:

Table E2 Strategies and Projects

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Key Actions</th>
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<tbody>
<tr>
<td>Strategy 1. Enhancing sector competitiveness: to facilitate the optimal</td>
<td>Manufacturing</td>
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<tr>
<td>strategic functioning of industry organisations to drive the local</td>
<td>1. To conduct feasibility study to develop clothing and textile park with</td>
</tr>
<tr>
<td>economy.</td>
<td>fashion incubator focussing on high value clothing in Tongaat.</td>
</tr>
<tr>
<td></td>
<td>2. To organise active investment promotion to attract investors to</td>
</tr>
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<td></td>
<td>Tongaat focussing on electronics, time-sensitive agro-processing and</td>
</tr>
<tr>
<td></td>
<td>avionics industries.</td>
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<tr>
<td></td>
<td>3. To implement a cluster focussed manufacturing strategy in Tongaat.</td>
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<td></td>
<td>4. To provide entrepreneurial development training for youth and</td>
</tr>
<tr>
<td></td>
<td>recently unemployed.</td>
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<tr>
<td><strong>Tourism</strong></td>
<td>5. To provide a recreational tourism infrastructure (braai areas, picnic</td>
</tr>
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<td></td>
<td>areas, public toilets, security lighting, fencing)</td>
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<td></td>
<td>6. Upgrade the beach infrastructure.</td>
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<td></td>
<td>7. Signage for tourist attractions.</td>
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<td></td>
<td>9. Conduct Tourism Awareness Programme in Tongaat.</td>
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<td></td>
<td>10. Provide entrepreneurial support for SMMEs who wish to develop</td>
</tr>
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<td></td>
<td>tourism enterprises.</td>
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<td></td>
<td>11. Develop hotel on Watson Highway, close to Tongaat CBD, away from flight</td>
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<tr>
<td></td>
<td>contours.</td>
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<td></td>
<td>12. Develop business, conference meeting venue and hotel between</td>
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<td></td>
<td>Tongaat and Verulam on R102.</td>
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<td></td>
<td>13. Develop Indian Heritage Tourism Route (temples, mill house, old</td>
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<td></td>
<td>sugar barracks, museum documenting Hindu Religion at Brake Village,</td>
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<td></td>
<td>museum documenting indentured labour and arrival of Indians in Durban at</td>
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<td></td>
<td>Old Mill).</td>
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<td></td>
<td>14. Develop linkages with Inanda Heritage Route and Zulu Route, and</td>
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<tr>
<td></td>
<td>proposed Indian Heritage Route.</td>
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<tr>
<td></td>
<td>15. Develop Hambanathi Township tours to include micro enterprises</td>
</tr>
<tr>
<td></td>
<td>such as shebeens, art and craft outlets, walking tours, eateries.</td>
</tr>
<tr>
<td>the removal of barriers-to-entry in high-value-add, higher order</td>
<td>2. To establish an agricultural training programme in Tongaat.</td>
</tr>
<tr>
<td>business services and niche sectors</td>
<td></td>
</tr>
<tr>
<td>Strategy 3. Business retention and investment promotion: to improve the</td>
<td>1. To improve the safety of passengers on the current means of transport</td>
</tr>
<tr>
<td>mechanisms of investment facilitation and business retention in key</td>
<td>including train and minibuses</td>
</tr>
<tr>
<td>industrial and commercial nodes</td>
<td>2. To develop a digital hub through KZN DED Digital Hub Goal.</td>
</tr>
<tr>
<td></td>
<td>3. To establish a community policing forum and Business Against Crime</td>
</tr>
<tr>
<td></td>
<td>initiative.</td>
</tr>
<tr>
<td>Strategy 4. Innovatively package industrial sites for development: to</td>
<td>1 To make land available for commercial, industrial, housing and</td>
</tr>
<tr>
<td>facilitate the supply of land and buildings for priority sectors</td>
<td>other current and future developments.</td>
</tr>
<tr>
<td>Strategy 5. Develop priority investment nodes and corridors: to</td>
<td>1. To revise the city’s land plan and approach.</td>
</tr>
<tr>
<td>conceptualise and package the economic significance of economic nodes</td>
<td></td>
</tr>
<tr>
<td>at various levels from city-wide nodes to community level nodes, for</td>
<td></td>
</tr>
<tr>
<td>investment and development</td>
<td></td>
</tr>
<tr>
<td>Strategy 6. Regional strategy and development: to determine the nature and</td>
<td>1. Establish liaisons between key stakeholders through a forum set up.</td>
</tr>
<tr>
<td>and development</td>
<td></td>
</tr>
</tbody>
</table>
### Strategies

<table>
<thead>
<tr>
<th>Strategies</th>
<th>Key Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td>extent to which regional integration can add value to the EMA economy</td>
<td></td>
</tr>
</tbody>
</table>
| Strategy 7. Sector skills alignment: to facilitate the alignment between   | 1. To reinforce the application of the BEE policy in Tongaat to assist BEE businesses and historically disadvantaged individuals with the needed support.  
2. To increase the number of training centres in Tongaat targeting the BEE and PDI. |
| skills supply (by secondary and tertiary – FET) and industry demand in    |                                                                                                                                                                                                             |
| priority sectors                                                           |                                                                                                                                                                                                             |
| Strategy 8. Enhance labour productivity, literacy and numeracy skills: to  | 1. To organise an awareness campaign on the impact of HIV/AIDS.  
2. To engage local businesses to develop applicable HIV/AIDS workplace strategies / plans. |
| facilitate the improvement (value-adding) of labour practices and         |                                                                                                                                                                                                             |
| efficiency in priority sectors                                             |                                                                                                                                                                                                             |
| Strategy 9. Knowledge economy: to facilitate the establishment of higher   | 1. To organise an awareness campaign to motivate private and public sectors to give preferential treatment to women and youth.                                                                               |
| learning and entrepreneurial culture centres in key nodes of the EMA      |                                                                                                                                                                                                             |
| Strategy 10. Implement key logistics and economic infrastructure: to       | 1. Upgrading of the commercial function and facilities of Tongaat including the renewal of the Town Centre  
2. To study the possible re-location of the Toll Plaza.                        |
| develop an infrastructure for economic growth, plan to address capacity   |                                                                                                                                                                                                             |
| constraints and encourage further investment into the region.             |                                                                                                                                                                                                             |
| Strategy 11. Bulk infrastructure to match economic growth: to              | 1. To open the link road between the R 102 and DTP.  
2. To build the Eastern bypass road in Tongaat CBD.  
3. To upgrade the internal roads and parking and to deal with issues such as maintenance, cleanliness and beautification of the town. |
| innovatively package and deliver bulk services infrastructure in key nodes|                                                                                                                                                                                                             |
| within the EMA                                                             |                                                                                                                                                                                                             |
| Strategy 12. Direct the infrastructure required for economic growth: to   | To investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2.                                                                               |
| conceptualise and package the economic integration of underinvested areas |                                                                                                                                                                                                             |
| into the EMA                                                               |                                                                                                                                                                                                             |
| Strategy 13. Provide strategic enterprise development support to emerging  | 1. To provide and run the informal economy incubator in Tongaat.  
2. To conduct a study for Tongaat’s carrying capacity of the informal traders.  
3. To use the current park as a flea market venue for traders.  
4. To create partnerships between small and big businesses.  
5. To persuade new constructors of malls and shops to consider the existence of the informal traders, and therefore to plan during the construction for a specific place to accommodate them. |
| and informal enterprises: to bridge the gap between first and second      |                                                                                                                                                                                                             |
| economy by facilitating the process of business evolution and global       |                                                                                                                                                                                                             |
| market integration for priority sectors.                                   |                                                                                                                                                                                                             |
| Strategy 14. Centres of excellence: the provision of one-stop business,    | 1. To provide skills development and capacity building for small businesses.  
2. SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat.  
3. To provide incubator/hive for small businesses.                            |
| product and process enhancement centres in the EMA                        |                                                                                                                                                                                                             |
| Strategy 15. C2 = Cyber City: to provide an enabling environment for       | 1. To develop a retail and commerce policy.  
2. To prepare an updated detailed precinct plan to guide new developments in the greater Tongaat.                                           |
| innovation and technological advancement in the city.                     |                                                                                                                                                                                                             |

In assessing and prioritising the above projects, the following key anchor actions are defined:

1. Upgrade the commercial function and facilities of Tongaat including the renewal of the Town Centre in response to the other developments especially the DTP and housing projects. This implies the formulation of the detailed precinct plan of the CBD to guide development of this area.

2. Infrastructure Development
   - 2.1 Build the Eastern Bypass road in Tongaat CBD.
   - 2.2 Upgrade the R 102 in Tongaat.
   - 2.3 Open the link road between the R 102 and DTP
2.4 Investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2

3. Implement a cluster focussed manufacturing strategy in Tongaat.

4. Development of a Cultural Heritage Tourism Route (temples, mill house, old sugar barracks, museum documenting Hindi Religion at Brake Village, museum documenting indentured labour and arrival of Indians in Durban at Old Mill).

5. Development of the Informal Economy and SMMEs economy.
   5.1 SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat
   5.2 Provision and running of Incubator for SMMEs and informal traders.
   5.3 Design site to be allocated to informal traders.


7. Establish liaisons (forums) between key stakeholders

8. Other complementary projects

To achieve the successful and sustainable implementation of the key actions and projects, it is recommended that a multi party stakeholders’ forum be established. It is, however, also necessary to institute a core task team of the key stakeholders to focus on the strategic and technical development aspects. The proposed stakeholders should include among others:

- KZN Department of Economic Development
- KZN Department of Transport
- Trade and Investment KwaZulu-Natal
- Tourism KwaZulu-Natal
- eThekwini Economic Development Unit
- eThekwini Engineering Department
- eThekwini Transport Authority
- eThekwini Business Support Unit
- eThekwini Planning and Development Department
- Dube Trade Port
- Tongaat Hulett
- Greater Tongaat Councillors (Ward 58, 61, and 62)
- Tongaat Business Chamber of Commerce
- Tongaat Civic Association
- Tongaat SEDA
- Tongaat Community

The budget for the greater Tongaat development is as follows:
### Table E3. Project Budgets

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of the industry cluster in food production, agri-business, high-end textiles, furniture, construction in-put, ICT and arts and crafts</td>
<td>R 3.2 m</td>
</tr>
<tr>
<td>Upgrading of the commercial function and facilities of Tongaat including the renewal of the town centre</td>
<td>R 3.0 m</td>
</tr>
<tr>
<td>Tongaat culture and heritage route (museum, tour guide training, tourism signage, tourism marketing and the establishment of legal entity for route and products)</td>
<td>R 1.2 m</td>
</tr>
<tr>
<td>Infrastructure Development (Eastern bypass, DTP link road, R102 upgrading, R 614 opportunities)</td>
<td>To be determined</td>
</tr>
<tr>
<td>Land identification, mapping and negotiations</td>
<td>R 1.5 m</td>
</tr>
<tr>
<td>Informal economy (incubator, training and capacity building)</td>
<td>R 13.6 m</td>
</tr>
<tr>
<td>Institutional structure (Stakeholders co-ordinating committee and forum)</td>
<td>R 0</td>
</tr>
<tr>
<td>Other complementary projects</td>
<td>R 15.5 m</td>
</tr>
</tbody>
</table>
SECTION 1: INTRODUCTION

1.1 PROJECT PURPOSE AND BACKGROUND

This Local Economic Development (LED) Strategy has been commissioned by the eThekwini Municipality and the KwaZulu-Natal Department of Economic Development. As an emanation of the eThekwini Municipality, the LED Strategy is developed in alignment with the Integrated Development Plan of eThekwini.

South Africa is faced with the challenge of improving the quality of life of the poor and marginalised in an ever globalising world. Local government has been given the responsibility to improve the overall economic and social conditions within their respective local areas in order to encourage economic and employment growth and development. Local municipalities are mandated to develop local economic development (LED) strategies and plans that will assist them and their economic partners to work together to address the challenges facing their respective local economies in an effort to improve the economic future and the quality of life for all the residents in the area. It is essential that the LED strategy has to be integrated with the municipal IDP to form a strategic guideline to the local municipality’s focus on economic development initiatives.

The approach towards local economic development in Greater Tongaat has been ad hoc and fragmented until now, lacking a strategic framework to guide strategic economic development interventions that encourage economic and employment growth and development in the local economy. In order to address the above issue, the purpose of the current study is therefore:

1. To create a vision and strategy for the Tongaat area by taking into consideration the projects within the area as well as stakeholder linkages and project implementation. It will also develop programmes that collectively address the same objectives and select projects which have specific initiatives to give effect to the programme.

2. To assess and rationalise the existing economic situation analyses of the study area within the context of the Municipality’s current long-term development framework (LTDF), the IDP, and the Economic Development Strategy. Other initiatives of relevance are the North Spatial Plan (under preparation) and the Tongaat Framework Plan (of 2000).

3. To examine and define the strategic role of the Tongaat area and to identify and articulate the infrastructural and economic capacity for development within the context of the Municipality’s LTDF, IDP and Economic Development Strategy.

4. To provide a set of plan, for the Tongaat area that translate existing strategic policy, located within the LTDF, IDP and Accelerated and Shaped Economic Development Strategy into economic responses.

5. To identify strategic and detailed responses necessary to turn around the decline in businesses in Tongaat and factor in poverty alleviation.
6. To identify potential areas for industrial development to serve DTP and the growth needs of the town and the city in general.

7. To undertake an implementation framework giving due consideration to institutional mechanisms to drive growth in the area as well as the roles of different stakeholders. Furthermore to undertake business planning and project packaging for key interventions identified.

8. To undertake all the above through a consultative approach with business and communities (including NGOs; CBOs; etc).

1.2 METHODOLOGY

As part of the methodology followed, the project engaged with key local stakeholders from the private, non-governmental and public sectors in the development of the LED Strategy. In the implementation of the LED Strategy, partners are identified for each specific project. The project includes a short-term to medium-term implementation plan for identified LED actions, as well as proposed systems to monitor and evaluate progress. The strategy is a living document that should change as circumstances dictate, and thus is structured so that it can be refined or reworked to resolve problems when these occur.

The LED strategy consolidates and adds value to the existing strategies and programmes to facilitate and guide economic development and investment in the Greater Tongaat area. The strategy is based on identified development needs, opportunities and comparative advantages that will unlock the latent economic development potential of the area.

Therefore the above objectives are grouped into five steps as shown in Figure 1.1

- **Step 1:** Orientation helped to finalise the project scope in the terms of the goal and objectives to be achieved and deliverables to be provided with the study.

- **Step 2:** Situational analysis: here the local economic profile will be analysed and presented. The holistic sector integration that allows the gathering of relevant and up-to-date information and data of the Tongaat and leads to the SWOT analysis, will be scrutinised.

- **Step 3:** Strategy Production: here the Vision, Concepts and Strategies are developed with the purpose of undertaking a focussed and structured interpretation of the findings in terms of the sectoral focus and impact of support measures.

- **Step 4:** Development of the implementation plan. As the implementable LED plan, strategic guidelines have been formulated in the previous step. This step will therefore be used to specify the second axis of the strategic implementation matrix.

- **Step 5:** Stakeholders’ forum and consultative meetings. This step is about stakeholders’ consultation in order to collect and integrate the information generated and identify sectors’ potentials, key issues and development opportunities, by means of a focussed sectoral analysis and verified by workshops.
It should be noted that the stakeholders' consultation and participation is not an isolated step as consultative sessions and meetings have been taking place throughout the process of the study.

Figure 1.1 Methodology

**Step 1: Orientation**
1. Final study scope, objectives, and possible dates for meetings.
2. Collection and assessment of documentation.
3. Identify specific gaps and shortcomings in the data available.

**Step 2: Tongaat Local Economic Profile Analysis**
1. Economic and socio-economic evaluation of the municipality.
2. Conduct a trend analysis to project population growth and economic development potential.
3. Identify sector potentials, key issues and development opportunities, by means of a focussed sectoral analysis.
4. Sectoral assessment in terms of current situation, demand as well as supply factors.

**Step 3: Strategy Production**
1. Formulate a strategy framework.
2. Undertake a systematic prioritisation process of the recorded projects based on a generic classification framework.
3. Consolidate LED development framework and “vision-to-projects’ matrix.

**Step 4: Implementation Plan**
1. Integrate the different projects into a coherent LED strategy consisting of functional programmes.
2. Develop a project implementation plan.
3. Finalise the Strategy by packing selected anchor projects as business plans and evaluating potential funding sources.
It should be noted that the study has other detailed working papers including the situational analysis and the strategy formulation from which this document is extracted.

1.3 SOURCES OF INFORMATION

Information for the formulation of this LED was accessed from various sources including a detailed desktop study, IDPs, workshops, stakeholders’ consultation and analysis. It should be noted that all sources of information are provided at the end of the Report.

1.3.1 Desktop Research

Desktop research was undertaken throughout the study to collect national, provincial as well as local information pertaining to economic development issues. The sources of information include:

- Legislation related to economic development and support,
- Publications and research documents concerning economic development,
- Annual reports and strategic documents of institutions involved in economic development and support,
- Internet correspondence with officials involved in economic development,
- Internet websites.

1.3.2 Site Visit

During the consultation process, a visit was organised on Tuesday 29th of February 2008. The project team visited the Greater Tongaat areas including the CBD and the rural areas. Further, the individual researchers contributing to this Report also made their own site visits on various occasions. The key features of the site visit include the following:

- To have a broad observation of the Tongaat urban and rural areas
- To have an outlook on the current and visible sectors.
- To inspect and collect some preliminary data from the area.
- To meet with sectors’ related stakeholders in the area.

1.3.3 Interview and Telephone Survey

Six types of surveys were organised in the Greater Tongaat area. Sector-specific questionnaires were designed and field workers were sent to Greater Tongaat to survey the area. The types of surveys organised include:

- Household Survey,
- Informal Economy and SMMEs Survey,
- Shoppers Survey,
- Shop Owners Survey,
- Industrial Survey,
- Tourism Survey.
It should be noted that there is presently very little information published about the Greater Tongaat area. Therefore the above mentioned survey techniques constitute a major source of data gathering for this Tongaat study.

1.3.4 Stakeholder Analysis

The stakeholders’ consultation is an ongoing process with the progress of the project. A number of the local stakeholders have been identified. Some of them have been interviewed and contacted either telephonically or during the formal/informal meetings which were organised. The list of participants including all stakeholders’ appears in Annexure 2.

1.3.5 Meetings and Workshops

A number of meetings have been organised with various project stakeholders. These include:

- Meeting with Prof Michael Abraham (Ward 61), Logan Naidoo (Business Chamber) and Siva Naidoo (Civic Association),
- Meeting with Mlibo Bantwini from the DTP,
- Meeting with Busi Mlotshwa from the eThekwini Business Support,
- Meeting with Councilors Keneth Ndizimbomvu (Ward 58) and Nompumelelo Mabaso (Ward 62),
- Meeting with Tongaat Hulett Development,
- Meeting with Helene Epstein from the eThekwini Development Planning,
- Meeting with Ken Brezetke from eThekwini Engineers,
- Monthly project steering committee (PSC) meetings with KZN-DED and eThekwini Economic Development Unit,
- Meeting with Grishka Naidoo from the eThekwini Transport Authority,
- Other individual meetings and discussions were held by the specialist researchers.

Two community based workshops took place on Tuesday evening 4 March and 10th June 2008 from 18:00 to 20:30 in the Tongaat Town Hall and many stakeholders attended both meetings. From the stakeholders’ workshops, the following inputs were obtained from stakeholders:

- Issues constraining the growth and development of Tongaat in all economic sectors;
- Gaps and opportunities in the development of the area;
- Identification of economic resources, infrastructure and facilities that can advance the growth and development of Tongaat;
- The impact of the Dube Trade Port development on Tongaat and opportunities for growth and development that may result from this development
1.4 REPORT OUTLINE

The report has five sections and deals with all steps highlighted in the methodology. These include the following:

1. The first introductory section deals with the administration part of the document,
2. The second section presents the situational analysis of the greater Tongaat up to SWOT analysis,
3. The third section deals with the strategy formulation,
4. The fourth section presents the implementation plan, and
5. The fifth section presents the general conclusion of the study.
This is followed by the annexure.
SECTION 2: SITUATIONAL ANALYSIS

2.1 MACRO ECONOMIC OVERVIEW OF TONGAAT

2.1.1 History of Tongaat

The present site of Tongaat was selected in 1846 by a government commission as one of a number of villages which it was hoped would be established through emigration. The village was initially named ‘Victoria.’ It developed into a town in the 19th Century because of the successful cultivation of sugar cane. The initial settlers attempted the cultivation of cotton, arrowroot and coffee but it was the successful cultivation of sugar that the town became known for. The bountiful soils, well-watered during the summer months, provided an ideal backdrop for sugar production. This in turn led to the development of huge and very successful sugar estates which asserted themselves as a distinctive force in the cultural and political spheres of the region’s social history.

Sugar cultivation in Tongaat was extremely labour intensive, particularly at seasonal peaks. From the 1860s the labour requirements of the sugar industry were met by the importation of indentured Indian labour. This gave rise to the establishment of an informal community where no form of development control existed. Consequently there was a high incidence of occupational and environmentally related diseases. The malaria epidemic in 1930 triggered the establishment of a form of local government in the form of health committees. However, the scheme that emerged was more than just an attempt at health regulation reform. It was considered an experiment in social welfare to provide the housing, health, cultural and recreational needs of the diverse population and was largely influenced the spatial pattern that emerged. This form of local government was formalised as the Tongaat Town Board in 1944.

The Natal Sugar Company made a significant contribution to the built environment as the company provided housing and public facilities to its employees, with the Tongaat Town Board also undertaking a number of housing schemes after the Second World War. This partnership of local government and the Sugar Company resulted in the increase of service provision, public buildings and a number of housing projects that has shaped Tongaat into the bustling town it is today.

The modern town of Tongaat is located within the far northern area of eThekwini Municipality. It is situated approximately 40km north of the Durban CBD and is located within the northern development corridor associated with the R102 north/south axis. Tongaat is one of the economic development nodes located in the northern parts of eThekwini Municipality and covers the area for Ward 58, 61 and 62 which encompasses the whole town of Tongaat including the surrounding villages and areas like Hambanati, Maidstone and Cottonland.

---

4 Idem
2.1.2 Geographic Delineation of the Study Area

For the purposes of this study the following functional areas have been defined.

- Greater Tongaat catchment – which incorporates the area immediately south of the proposed Dube Trade Port as a south boundary, on the eastern side the whole coastal belt along M4, to the west certain portions of Ward 60, 61 and 62 and to the north up to Pringle Dam

- Furthermore three functional precincts are defined:
- CBD precinct – areas that generally fall within Wards 61 (Tongaat CBD) and sections of Ward 58 and is bounded to the south by Watson Highway / Eastern bypass section connecting to main road and to the north by Tongaat River.
- Northern precinct which starts from Tongaat River and runs through to Pringle Dam area, incorporating areas like Emona, Lindokuhle, Wewe and Greylands. To a great extent it covers Ward 62 areas.
- Southern precinct which to a large extent is shaped by the Dube Trade Port on the eastern side of main road and portions of Cottonlands / Nyaninga forming the western boundaries of the precinct. The precinct area generally includes sections of Wards 58 and 60. The Watson highway/ and a section of the Eastern bypass connecting to the south of Main road can be viewed as a northern boundary of this precinct.

Figure 2.2 Study Area
2.1.3 Economic Overview

The most important economic resources in the town of Tongaat are its people; the road and rail transport facilities; the surrounding land uses that includes the agriculture, industrial, commercial and tourism related activities; the existing infrastructure and the opportunity of relocating the international airport to La Mercy. Tongaat also has the potential to develop into a town that could be developed into a significant transport, industrial and residential hub, responding proactively to the airport and industrial development zone initiatives that will be taking place.\(^5\)

Economic growth of the area has not been in line with the increasing population growth of Tongaat and the surrounding areas. The area still faces a number of service backlogs and challenges including among others the increasing levels of unemployment, poverty and skills shortage. Therefore, with the above economic constraints, the town runs the risk of remaining a village with a highly localised economy if there is no strategic plan for its economic development\(^6\).

The main sectors operating within Tongaat are included in the following table.

<table>
<thead>
<tr>
<th>Sector</th>
<th>No. of Bus./Instit.</th>
<th>Jobs Estimate</th>
<th>% of Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Arts and Crafts</td>
<td>1</td>
<td>20</td>
<td>0.2</td>
</tr>
<tr>
<td>Agriculture and Horticulture</td>
<td>26</td>
<td>481</td>
<td>4.7</td>
</tr>
<tr>
<td>Automotive and Transport</td>
<td>69</td>
<td>785</td>
<td>7.7</td>
</tr>
<tr>
<td>Building and Construction</td>
<td>57</td>
<td>690</td>
<td>6.8</td>
</tr>
<tr>
<td>Catering and Accommodation</td>
<td>25</td>
<td>398</td>
<td>3.9</td>
</tr>
<tr>
<td>Churches and Religious Organisations</td>
<td>16</td>
<td>80</td>
<td>0.8</td>
</tr>
<tr>
<td>Conservation and Game Parks</td>
<td>0</td>
<td>0</td>
<td>0.0</td>
</tr>
<tr>
<td>Education and Training</td>
<td>41</td>
<td>919</td>
<td>9.0</td>
</tr>
<tr>
<td>Government (all 3 levels)</td>
<td>6</td>
<td>84</td>
<td>0.8</td>
</tr>
<tr>
<td>Light Industrial</td>
<td>33</td>
<td>309</td>
<td>3.0</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>31</td>
<td>2960</td>
<td>29.0</td>
</tr>
<tr>
<td>Medical</td>
<td>77</td>
<td>524</td>
<td>5.1</td>
</tr>
<tr>
<td>Retail - Food and Beverages</td>
<td>81</td>
<td>805</td>
<td>7.9</td>
</tr>
<tr>
<td>Retail - Other</td>
<td>132</td>
<td>793</td>
<td>7.8</td>
</tr>
<tr>
<td>Services - Financial</td>
<td>41</td>
<td>452</td>
<td>4.4</td>
</tr>
<tr>
<td>Services - Other</td>
<td>90</td>
<td>592</td>
<td>5.8</td>
</tr>
<tr>
<td>Tourism, Sport and Leisure</td>
<td>15</td>
<td>75</td>
<td>0.7</td>
</tr>
<tr>
<td>Wholesale and Distribution</td>
<td>7</td>
<td>77</td>
<td>0.8</td>
</tr>
<tr>
<td>Unspecified</td>
<td>30</td>
<td>150</td>
<td>1.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>778</td>
<td>10194</td>
<td>100.0</td>
</tr>
</tbody>
</table>


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\(^5\) Sourced from the Terms of Reference 2007  
\(^6\) Idem
From the information in table 2.1, the following figure shows the dominant sectors of Tongaat in terms of job creation.

Figure 2.3 Tongaat's Dominant Sectors


Key economic trends to be mentioned include the following:

- DTP is an immense project for both the province and country. The project will create thousands of job opportunities. The industrial development zone at DTP is part of an initiative by KwaZulu-Natal to create a Logistics Gateway on the East Coast of Southern Africa, in order to effectively participate in export driven activities and international trade. It will capitalise on the existing transportation links to seaports and the inland port at City Deep in Gauteng. These links include Durban harbour as the largest container port in sub-Saharan Africa. In addition, the King Shaka International Airport at the site will provide airside access for the movement of time sensitive goods on a national and international basis and will offer export opportunities for higher value, just-in-time manufactured clothing products to the more sophisticated markets in Europe and the USA.

- Manufacturing dominates the Tongaat zone economy in terms of job creation and the manufacturing figure would be nearly double if the problems with cheap imports from China could be resolved. As with Phoenix and Verulam, the other main job creating sectors are retail, services, automotive/transport, building/construction and education. There is a small contribution from Catering and Accommodation. Once again industrial development is disappointing.

- Tongaat’s agricultural sector is dominated by the sugar plantations. The sugar industry is significant mainly because of its contribution to GDP and employment of the area. Indeed, the sugar industry is a labour intensive sector, not only in Tongaat but throughout the country and sugar cultivation does not have a strong negative environmental effect. But it should be noted that there are some potentially worrying trends in terms of the decline of total sugar output. This applies in Tongaat as well as in the country as whole. Apart from the dominant sugar plantation, the Tongaat area also has small scale and subsistence agriculture.
Tourism development: Tourism development opportunities exist in and around Tongaat, through the development and upgrading of existing tourism products in the area, as well as the development of new tourism opportunities to align with the area’s tourism competitive advantage.

Tongaat is very well placed to benefit from the proposed new Dube Trade Port and King Shaka International Airport. Apart from being well located to provide basic services, the town and district could well take advantage of the opportunities in export oriented agricultural and horticultural beneficiation. Furthermore, it would be an advantageous location for the manufacture of so-called “knowledge products” such as electronics, computer software, telephonic and wireless. This type of industry needs the supply and market service facility of an international airport with overnight airfreight linkages to First World economies, i.e. time-sensitive markets and procurement.

Tongaat was one of the original sugar growing areas in KwaZulu-Natal and the head office of the Tongaat-Hulett Group, one of KwaZulu-Natal’s largest sugar companies, is located there. The town is well developed and the economy, whilst largely driven by the sugar industry linkages, now includes a diverse range of manufacturing companies. The retail sector is also well developed. Although slightly larger than Verulam, the population mix is very similar and is dominated by Indians and Blacks. The unemployment level at 32.0% of the economically active, indicates that all is not well in the economy of the town.

As with other zones, unemployment is highest in the previously black residential and rural areas. This is largely due to the lack of education and skills development which are as a result of the past political era. However, a major part of the community is being affected by the current problems being experienced in the clothing, footwear, textiles and luggage sectors caused by low priced imports from China. The Sugar industry is experiencing low world sugar prices, so the local economy is struggling and its activity level is well below the growth periods of the past.

The Municipality is currently upgrading the CBD infrastructure and generally imparting a fresh look to this historical town and its immediate environs. With the construction of the DTP, economic development is likely to improve in the area. Therefore the town needs to start preparing now for that development. It also needs to address the question of practical and entrepreneurial skills development for the low-income sector of its population.

In summary, the town of Tongaat is made of Sandfield, Newtown, Maidstone, Hambanathi, and part of Wewe. The economic resources of Tongaat are its people; the road and rail transport facilities; the surrounding land uses that includes the agriculture, industrial, commercial and tourism related activities. The manufacturing sector in Tongaat is one of the major sectors of the economy in terms of job creation. The other main job creating sectors are retail, services, automotive/transport, building/construction and education. The agricultural sector is dominated by the sugar plantations and contributes significantly to the GDP and employment levels of the area.

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\(^7\)Vancometrics: eThekwini northern area economic strategy, 2005
2.2 SPATIAL PLANNING AND INFRASTRUCTURE

Tongaat is located within the northern catchment area of eThekwini Municipality. It is situated approximately 40 km north of central Durban.

2.2.1 eThekwini Spatial Development Framework

The importance of acknowledging the unique spatial character of a particular locale has been a key area of learning during the implementation of City’s Area Based Management and Development (ABMD) pilot programme. This strategy is therefore a robust, richly-textured one that embraces achieving different actions in different parts of the City, responding to local need and character, whilst at the same time supporting the strategic intent of the overall spatial framework of the City.

To summarise, the spatial framework’s defining features include:

- A compact city model,
- Emphasis on accessibility and convenience in more densely populated urban areas,
- Durban CBD and SDB play dominant roles in terms of jobs and rates,
- Small satellite centres play support roles,
- Support for a high priority public transport network,
- Support for an informal economy at Warwick Junction,
- Infrastructure excess capacities utilised,
- Upper catchment open space area continues to provide free services and supports health of core urban area,
- Urban edge concept used as a tool to curb urban sprawl, promote compaction and achieve associated efficiencies, secure agriculture and upper catchment environmental assets,
- Urban edge supported by cost surfaces model.

2.2.2 The Spatial Development Framework for North Local Council

The spatial development framework for north local council was undertaken in 1998 by Siyakhana consortium. The framework identified the following context:

- Two primary north-south development corridors namely R102 and M4
- Four secondary corridors in the form of east-west corridors comprising of M41, M27, M43 and the proposed airport cross linkages
- New corridors that may arise due the impact of Dube Trade Port and the Eastern bypass

The SDF further made specific recommendations about the improvement of R102. These included:

- The development of the R102 as a mixed use development corridor consisting of a series of nodes with Tongaat serving as the Primary node,
- Promoting the development of office and industrial parks along the R102 at selected areas (Nyaninga being identified as point),
- Ensuring the development of low cost housing adjacent to the corridor, south west and east of Tongaat,
Facilitating the development of SMMEs along R102 especially along certain nodes,

- Upgrading and widening of R102 to accommodate future development and improved accessibility to the development corridor,

- Promoting strong linkages to the railway station.

The SDF further recommended:

- Upgrading of M43 to cater for additional traffic,

- The development of eastern and western bypass routes,

- The development of M43 as a scenic and tourism corridor.

Currently the North local SDF is under review and will in all likelihood take into account new development opportunities and pressures arising from the proposed Dube Trade Port.

2.2.3 The Dube Trade Port

DTP development is likely to be a considerable economic booster of the greater Tongaat since it is expected to provide approximately 156,747 new sustainable jobs (estimated 16,268 direct and 140,479 indirect in the rest of the economy) by 2025.

The proposed industrial development zone at La Mercy is part of an initiative by KwaZulu – Natal to create a Logistics Gateway on the East Coast of Southern Africa, in order to effectively participate in export driven activities and international trade. To achieve this requires the creation of an operational and physical environment which enables its participants (tenants, operators and service providers) to achieve increased levels of productivity and international competitiveness.

The DTP site of approximately 3,000 hectares is located at La Mercy within the Durban Metro area and has the objective of being an integral part of a Southern African logistics network. It capitalises on the existing principal N2 road feeders to and from Durban and Richards Bay, in addition to the existing rail link with the Nyaninga Station, which adjoins the site. The industrial development zone will therefore capitalise on the existing transportation links to seaports and the inland port at City Deep in Gauteng. This includes Durban Harbour as the largest container port in sub-Saharan Africa.

In addition, the King Shaka International Airport, to be located at the site, will provide airside access for the movement of time sensitive goods on a national and international basis. The industrial development zone at La Mercy or Dube Trade Port is therefore a critical element of the initiative as it will provide a value added logistics capability. Ventures that establish themselves within the industrial development zone will consequently be able to effectively participate in the Global Supply Chain. This should provide a catalyst to South African economic development and job creation as a globalised developing country. It further enables a focus on high value added exports to principal world importers.

The location of enterprises within the Dube Trade Port or the adjoining areas is therefore desirable to multinational and South Africa corporations focussed on international trade. This includes manufacturing, transportation, logistics, warehousing, and service organisations as participants in the Global Supply Chain.
An additional advantage of the location is the advanced telecommunications capability provided at the site facilitating the participation of these enterprises in e-Commerce, including order taking and fulfilment activities.

Figure 2.4 The Dube Trade Port Site and Tongaat

![Map of Tongaat and Dube Trade Port Site](source:image)

Source: Gabisa Planning and Investment (2008)

### 2.2.4 Transportation Context

The proximity to major road systems, including the regional N2, the metropolitan R102 and its position along the north coast rail line, provides excellent regional metropolitan connectivity to the extent that Tongaat has developed into a significant metropolitan transport node and much of its existence and present vitality can be attributed to its position within the larger transport network.

The biggest challenge in the transportation network is to be found in the configuration of the town which follows a linear pattern largely influenced by main road. This has a major impact on traffic as besides the form, there is a high volume of passing traffic including trucks and buses that passes...
through the town centre. Therefore, the eastern and western bypasses are considered to be the most feasible option for improving network capacity in this area. Its proposed localised options will ease traffic congestions in the short to medium-term. The bypass will also cater for the Dube Trade Port and potential surrounding industrial developments.

Within the central area, the road network is undefined and discontinuous in places. This is partly caused by topographical constraints and existing infrastructure elements such as the railway line. Only one crossing of the rail line exists via Ganie Street, while most of the secondary roads terminate onto the R102.

Plane Street provides secondary north-south distribution to the west of the R102 (and rail line) while High Street performs a similar function to the east. Ganie Street and Wadd Street to a lesser extent, provide the main connections to the western residential areas with Watson Highway providing eastward connections.

The railway line which runs through the town forms an important passenger and goods transport link with the metro, province and even on a national level. The relocation of the airport is significant in light of the already established road and rail infrastructure. Tongaat stands to benefit substantially from its strategic location with respect to the road, rail and air transport linkages.

2.2.5 Broad Land Use Issues

Looked from a wider area perspective, agriculture is the dominant land use in Tongaat, although this occurs on the outskirts of the study boundary. Furthermore, it needs to be noted that the predominance of agriculture is likely to dwindle in the near future as more pressure on the Tongaat area is experienced due to the Dube trade port.
Figure 2.5 Land Use Plan

Source: Gabisa Planning and Investment (2008)

Figure 2.6 and Table 2.2 below summarise the densities of the greater Tongaat area and surroundings.

Source: Gabisa Planning and Investment 2008
As can be seen from the above table, a large percentage of the land is tied up as environmental asset. The dominant residential is medium density residential.

Commercial and industrial land uses are split along the main road in pocket developments. An evaluation of the land use plan indicates that the uses are not integrated. Promotion of intensified land use i.e.: commercial and compatible industrial along the main road, will promote convenience.

The table below gives an indication of the densities of different land uses. It can be concluded from the figures that there is significant room to maximise on commercial and industrial land uses, especially in light of the upcoming intervention of the Dube Trade Port and proposed infrastructure improvements.

<table>
<thead>
<tr>
<th>TOWNSHIPS / TOWN</th>
<th>LAND USE</th>
<th>DENSITY RANGE (Dwelling Units per hectare)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Buffels Kloof</td>
<td>Agriculture</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Buffels Kloof</td>
<td>Environmental Asset</td>
<td>N.A</td>
</tr>
<tr>
<td>Buffels Kloof</td>
<td>Residential</td>
<td>25-40</td>
</tr>
<tr>
<td>Emona</td>
<td>Agriculture</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Emona</td>
<td>Environmental Asset</td>
<td>N.A</td>
</tr>
<tr>
<td>Greylands</td>
<td>Agriculture</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Greylands</td>
<td>Environmental Asset</td>
<td>N.A</td>
</tr>
<tr>
<td>Greylands</td>
<td>Residential</td>
<td>25-40</td>
</tr>
<tr>
<td>Hambanathi</td>
<td>Environmental Asset</td>
<td>N.A</td>
</tr>
<tr>
<td>Hambanathi</td>
<td>Residential</td>
<td>25-40</td>
</tr>
<tr>
<td>Hambanathi Extension</td>
<td>Agriculture</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Hambanathi Extension</td>
<td>Environmental Asset</td>
<td>N.A</td>
</tr>
<tr>
<td>Hambanathi Extension</td>
<td>Residential</td>
<td>25-40</td>
</tr>
<tr>
<td>Hazelmere</td>
<td>Agriculture</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Hazelmere</td>
<td>Environmental Asset</td>
<td>N.A</td>
</tr>
<tr>
<td>Hazelmere</td>
<td>Rural Residential</td>
<td>&lt;5</td>
</tr>
<tr>
<td>Inyaninga</td>
<td>Agriculture</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Inyaninga</td>
<td>Environmental Asset</td>
<td>N.A</td>
</tr>
<tr>
<td>Inyaninga</td>
<td>Residential</td>
<td>25-40</td>
</tr>
<tr>
<td>Kruisfontein - Westbrook</td>
<td>Agriculture</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Kruisfontein - Westbrook</td>
<td>Environmental Asset</td>
<td>N.A</td>
</tr>
<tr>
<td>Kruisfontein - Westbrook</td>
<td>Industry</td>
<td>&lt;3</td>
</tr>
<tr>
<td>Kruisfontein - Westbrook</td>
<td>Low Medium Density</td>
<td>5-10</td>
</tr>
<tr>
<td>Kruisfontein - Westbrook</td>
<td>Residential</td>
<td>25-40</td>
</tr>
</tbody>
</table>
2.2.6 Spatial planning Assessment

CBD Precinct

Spatial Issues

- The CBD is characterised by a combination of residential, commercial and industrial zones and includes areas such as the CBD, current industrial zones and settlements of Hambanathi.
- This precinct has the largest concentration of population and activities within the entire study area.
- As highlighted by the previous North Spatial Development framework, the CBD follows a linear development pattern, largely following main the road.
- Due to outdated planning schemes, there is evidence of conflict of uses.
- The Urban Design Framework undertaken by Iyer Rothaug Collaborative noted that the Truro Industrial Estate to the south of the town has been underperforming during the last decade.
- The existing town planning scheme has been overtaken by various developmental activities that are not noted in the scheme itself.
- The CBD contains series of historical buildings of heritage value.

Transportation Issues

- As noted earlier, the biggest challenge in the transportation network is to be found in the configuration of the town which follows a linear pattern largely influenced by Main Road.
- This results in limited spaces for parking within the town centre. There has been talk of western and eastern bypasses that are intended to relieve traffic pressure from the town centre.
- Whilst the Truro Industrial Estate is accessible with its own internal network, the current link to Main Road is not conducive to business growth.
In spite of various challenges, the case the study undertaken by MMC Engineers in 2005 found that the traffic situation in the CBD is not that severe compared to the pressures elsewhere in towns of similar size and character. (MMC Engineers, Tongaat CBD Traffic Study 2005).

However, the same study concluded that the results of pedestrian survey on the other hand showed that the pedestrian flows along Main Road in the vicinity of the bus/ taxi ranks and shopping centres are very high.

Whist strongly supporting the eastern bypass, the MMC traffic report cautioned against the adverse effect of the bypass in terms of exiting economic thresholds along Main Road.

The Northern Precinct

Spatial Issues

The northern precinct is generally made up of low to middle income residential areas and transforming agricultural areas. Save for formal residential areas, densities in the farming areas within this precinct are generally low. There are minimal business opportunities here as the bulk of commercial activities are accessed from the town centre. Syphon and Pringle dams form important natural features, which could be used to shape potential tourism development. If properly planned and developed, the precinct as a whole presents various leisure and recreational prospects which can be used for economic development.

Transportation Issues

Main Road, R102 and Noordesberg Road are the main transport routes serving the precinct. These routes also serve to connect other areas outside of Tongaat and as a result also used by heavy load transportation.

The Southern Precinct

Spatial Issues

To a large extent the predominant land use found in this precinct is agricultural but this will only be the case until the Dube Trade Port plans come to fruition. It is anticipated that this precinct will create new thresholds that will change the current economic and spatial landscapes prevalent in this precinct. Whilst improved opportunities are envisaged, once the Trade Port is in operation, this area will be significantly affected by aviation restrictions, namely:

- No buildings or structures are permitted in aircraft approach and take off zones
- Agricultural use will be permitted provided there is no impact of bird life or any aviation safety.

These zones, in conjunction with the runaways, create two north–south corridors of undevelopable land that traverse the length of the site. Furthermore, various noise zones have been identified with respect to different aircraft characteristics.
The restrictions on development adjacent to the airport platform will vary according to flight racks and aircraft types.

**Transportation Issues**

- This precinct comprises of N2 to the east, the R102 to the west and Watson Highway to the North.
- The Nyaninga station is located along the railway line west of R102.
- This rail is an important link between Richards Bay and Durban.
- According to the Dube Trade Port Development Framework Plan, the precinct will be accessed from various points:
  - In the east off N2 via proposed interchange between Watson Highway and N2 interchange.
  - In the west off R102 via interchange in the vicinity of Cottonlands.
  - In the north off Watson Highway (main road Watson Highway interchange).
  - In the south through Mount Moreland and into Umdloti Valley.
- The provision for a long-term people mover link between the North Coast rail, Nyaninga station and the passenger terminal is still being investigated.

### 2.3 DEMOGRAPHICS AND SOCIO-ECONOMIC ANALYSIS

#### 2.3.1 Neighbouring Areas

Tongaat is one of eight economic zones in the eThekwini municipality falling within the northern area that is bounded by the Umgeni River in the south, the Tongaat River in the north and the rural tribal area of Ndwedwe in the west. These eight economic zones are collectively known as the Northern Areas and comprises of the following areas:

- Durban North
- Inanda / KwaMashu
- Mount Edgecombe
- Phoenix
- Tongaat
- Umdloti
- Umhlanga / La Lucia
- Verulam

Base Statistics of the Northern Area which includes Tongaat are as follows:

<table>
<thead>
<tr>
<th>% of eThekwini</th>
<th>Land Area</th>
<th>Population</th>
<th>No. of households</th>
<th>GDP (2004 estimate)</th>
</tr>
</thead>
<tbody>
<tr>
<td>26.0%</td>
<td>60 093 Hectares</td>
<td>966 612</td>
<td>201 890</td>
<td>R19 – R21 billion</td>
</tr>
</tbody>
</table>
| 31.3%         | 31.0%      | 15% to 17% | Source: eThekwini Northern Area Economic Analysis (2005)
The population of the Northern Areas is almost a million, representing approximately 31.3% of the total eThekwini population. The area’s percentage contribution to eThekwini’s GDP is relatively small. However, the area has many diverse economic zones which need to be exploited and Tongaat has the potential to become a major draw card to the area.

Figure 2.7 provides an indication of the population of Tongaat in relation to the other economic zones in the Northern Areas. The majority of the population in the Northern Area live in the Inanda/KwaMashu economic zone (56.8%), followed by Phoenix (17.5%) and Tongaat (8%).

![Population of the Northern Area](image)

Source: eThekwini Northern Area Economic Analysis (2005)

### 2.3.2 Sub-Areas of Tongaat

The following sub-areas have been included in the Tongaat Economic Zone and from which the population of the town is derived.

<table>
<thead>
<tr>
<th>Table 2.5 Tongaat Sub-Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>TONGAAT SUB - AREAS</strong></td>
</tr>
<tr>
<td>CENTRAL PRECINCT</td>
</tr>
<tr>
<td>Tongaat Central and Industrial:</td>
</tr>
<tr>
<td>NORTHERN PRECINCT</td>
</tr>
<tr>
<td>Emona-Buffels:</td>
</tr>
<tr>
<td>Greylands:</td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Hambanathi-Wewe</td>
</tr>
<tr>
<td>SOUTHERN PRECINCT</td>
</tr>
<tr>
<td>Tongaat South:</td>
</tr>
</tbody>
</table>
2.3.3 Population of Tongaat

The total population of Tongaat, including all of the above sub-areas is 104 116. Table 2.6 provides a racial breakdown of the population.
Table 2.6 Racial Breakdown

<table>
<thead>
<tr>
<th>Race</th>
<th>%</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>46.5</td>
<td>48413.94</td>
</tr>
<tr>
<td>Coloured</td>
<td>0.6</td>
<td>624.696</td>
</tr>
<tr>
<td>Asian</td>
<td>51</td>
<td>53099.16</td>
</tr>
<tr>
<td>White</td>
<td>1.9</td>
<td>1978.204</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100</strong></td>
<td><strong>104 116</strong></td>
</tr>
</tbody>
</table>


- Given the history of Tongaat, it is not surprising that Indians are the dominant race group representing 51% of the total population. The Black population follows at 46%. Coloureds and Whites only represent 0.6% and 1.9% of the total Tongaat population respectively.
- The majority of the White population can be found at Tongaat Beach and the majority of the Coloured population is to be found in Tongaat South as indicated in the following figure.

Fig. 2.9 Racial Breakdown of Sub-areas

Source: eThekwini Northern Area Economic Analysis (2005)

2.3.4 Average Household Size

A household basically describes a group of persons, who occupy a common dwelling, live together and share resources as a unit. The aggregating of household numbers according to municipal areas is problematic in South Africa. Municipal demarcation policy has ensured that local municipal jurisdictions include a range of land-use and settlement typologies (urban, rural, white-owned farms, traditional areas to name a few). The household structures across these typologies differ greatly. Consider a traditional white suburban household, which might comprise 3-5 members in one physical building, and a traditional rural black household that might house 15 or more people in a cluster of structures. Such differences in settlement patterns and cultures complicate statistical projections over large areas. Tongaat is an urban settlement and so one would expect to find household structures that are characteristic thereof. However, the town is also dominated by Indian and Black households where the structures of households have traditionally included the extended family.
2.3.5 Gender Distributions

The gender profile of Tongaat reflects those of South Africa and KZN in general, with a higher percentage of females.

2.3.6 Age Groups

Source: Urban Econ (2008)
The area is characterised by a mature population. The largest age group is represented by people between the ages of 35 to 49 years old, followed by 20% of people between the ages of 25-34 years old. Children between the ages of 11 to 17 years represent 12% of the sample population. The presence of an older population can be attributed to the fact that many of these people have families and extended families that are living in the area and so a close sense of community still exists. Well established businesses and permanent employment opportunities could also result in a mature population. Younger people tend to move to the cities for employment and educational reasons.

2.3.7 Spoken Languages

The survey revealed that the most commonly spoken language among the surveyed were Zulu followed by English and Hindi. English is the common language between the race groups while Hindi is spoken by the older Indian population.

Fig. 2.12 Language Profile

![Language Profile](source: Urban Econ (2008))

2.3.8 Employment Status

Unemployment is expressed as a percentage of the Economic Active Population (EAP). Officially, the EAP refers to all the people between the ages of 15 and 64 years that are able and willing to partake in economic activities (this excludes people not looking for work, students, pensioners, housewives, etc). The unemployment and employment levels of Tongaat are important to investigate, as it is indicative of the ability of local residents to earn household income (generated from economic activities and which are employed to purchase goods and services).

The wide array of sub-area population sizes in Tongaat necessitates the use of proportions in comparisons of employment. Table 2.7 shows employment and unemployment as percentages of the labour force.
Table 2.7 Employment Breakdown of the Sub-Areas

<table>
<thead>
<tr>
<th>Employed.</th>
<th>Econ. Act. %</th>
<th>Unempl. %</th>
<th>Total Population</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CENTRAL PRECINCT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tongaat Central and Industrial:</td>
<td>43.0</td>
<td>15.9</td>
<td>10307</td>
</tr>
<tr>
<td><strong>NORTHERN PRECINCT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Emona-Buffels:</td>
<td>39.4</td>
<td>47.6</td>
<td>3956</td>
</tr>
<tr>
<td>Greylands</td>
<td>50.3</td>
<td>39.6</td>
<td>13326</td>
</tr>
<tr>
<td>Hambanathi-Wewe</td>
<td>48.5</td>
<td>49.6</td>
<td>13326</td>
</tr>
<tr>
<td><strong>SOUTHERN PRECINCT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tongaat South</td>
<td>44.6</td>
<td>28.1</td>
<td>29881</td>
</tr>
<tr>
<td>La Mercy:</td>
<td>47.3</td>
<td>23.6</td>
<td>2811</td>
</tr>
<tr>
<td><strong>GREATER TONGAAT</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tongaat Beach:</td>
<td>46.5</td>
<td>17.2</td>
<td>7808</td>
</tr>
<tr>
<td>Kruisfontein West:</td>
<td>47.4</td>
<td>29.7</td>
<td>1249</td>
</tr>
<tr>
<td>Redcliffe:</td>
<td>52.9</td>
<td>31.1</td>
<td>17907</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>47.3</td>
<td>32.0</td>
<td>104 116</td>
</tr>
</tbody>
</table>

Source: Gabisa Planning and Investment (2008)

Fig 2.13 Employment profile of the Sub-Areas

Source: eThekwini Northern Area Economic Analysis (2005)

Figure 2.13 provides a visual comparison across the sub-areas.

- Hambanathi-Wewe (49.6%), Emona-Buffels (47.6%) and Greylands (39.6%) have the highest percentage of unemployed in relation to their economically active population.
- As with other zones, unemployment is highest in the Black residential areas. This is largely due to the lack of education and skills development resulting from the past political era.
Around 25,007 (32%) of the economically active population of Tongaat are employed in some form of economic activity.

There are currently local jobs for just over 47% of the zone’s population. This needs to increase to between 60% and 80%.

An estimated 15,000 people must travel outside the zone daily to their places of employment.

Major parts of Tongaat are being affected by the current problems being experienced in the clothing, footwear, textiles and luggage sectors due to low priced imports from China. The sugar industry is also experiencing low world sugar prices, so the local economy is struggling and its activity level is well below the growth periods of the past.

Manufacturing dominates the Tongaat zone economy in terms of job creation. However, this sector has the potential to employ double the number should the issue of cheap manufactured imports from China be resolved.

The dominant employment sectors are shown in the following figure.

Figure 2.14 Employment Sectors of Tongaat


Tongaat is very well placed to benefit from the proposed new Dube Trade Port and King Shaka International Airport. Apart from being well located to provide basic services, the town and district could well take advantage of the opportunities in export oriented agricultural and horticultural beneficiation. Furthermore it would be an advantageous location for the manufacture of so-called “knowledge products” such as electronics, computer software, telephonics and wireless need the supply and market service facility of an international airport with overnight airfreight linkages to first world economies, i.e. time-sensitive markets and procurement.

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8 eThekwini Northern Area Economic Analysis and Pointers towards a Development Strategy (2005)
2.3.9 Annual Household Income

Income simply deals with households and the total income that they receive. The way in which this is received is not considered.

Average annual household income levels serve as an important tool when assessing a local area’s level of socio-economic development. It reflects the living standards of a household and influences aspects such as asset ownership. An integral part of the economic structure of an area is the spending power and multiplier effect of spending within the local economy. Figure 2.15 provides an indication of the levels of income in Tongaat.

Fig. 2.15 Income Profile Per Month

<table>
<thead>
<tr>
<th>Household Income</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>R30001 and</td>
<td></td>
</tr>
<tr>
<td>R16001-R30000</td>
<td></td>
</tr>
<tr>
<td>R11001-R16000</td>
<td></td>
</tr>
<tr>
<td>R8001-R11000</td>
<td></td>
</tr>
<tr>
<td>R6001-R8000</td>
<td></td>
</tr>
<tr>
<td>R4501-R6000</td>
<td></td>
</tr>
<tr>
<td>R3501-R4500</td>
<td></td>
</tr>
<tr>
<td>R2501-R3500</td>
<td></td>
</tr>
<tr>
<td>R1501-R2500</td>
<td></td>
</tr>
<tr>
<td>R801-R1500</td>
<td></td>
</tr>
<tr>
<td>R501-R800</td>
<td></td>
</tr>
<tr>
<td>R201-R500</td>
<td></td>
</tr>
<tr>
<td>R1-200</td>
<td></td>
</tr>
<tr>
<td>No response</td>
<td></td>
</tr>
</tbody>
</table>

Source: Urban Econ (2008)

- The majority of the sampled population (18%) live in a household that falls into the R801 to R1 500 per month category. This provides a good indication that the internal spending power of the population is very limited.
- The second largest proportion of the households (12%) earn between R11001 and R16000 per month followed by households (11%) earning between R8001 and R11001.
- This is a good indication that on average Tongaat is a middle income town.
- However, the surrounding informal settlements such as Hambanathi, Emona, and Greylands are characterised by a low level of employment, poor levels of formal education and are representative of relatively low income communities.
2.3.10 Expenditure Profile

The Stats SA Income Survey, the Expenditure Survey (2008) and the current study's survey pointed out that South Africans spend as follows:

- Expenditure on housing, transport and food continues to dominate household consumption.
- Transport has grown the fastest as a result of the accelerated growth in purchases of motor vehicles between 2004 to 2006. This increase of transport's proportion of overall expenditure was evident across all income and population groups and across all provinces.
- There has been a substantial reduction in expenditure on food in relation to total consumption.
- There has also been a sizeable increase in expenditure on communications (telephone equipment and services, postal services etc), recreation and culture, insurance and financial services as a proportion of total consumption.

2.3.11 Occupational Profile

The occupation profile is an important indicator of anticipated community income, serving as a proxy for the level of community wealth and stability. The presence of white and blue collar occupations serves as an indication of either a higher income profile or lower income profiles. Figure 2.16 provides an indication of the types of occupations that are prevalent in the town.

A large percentage of the sample consists of professionals at 17%, which would account for the high income recorded in Figure 2.15. This is followed by skilled agricultural and fishery workers at 9% and legislators, senior officials and managers at 7%. A relatively small proportion represents machine operators and elementary occupations. These findings correlate with the findings on the level of
education and employment, namely that the population of Tongaat comprises relatively sophisticated groups of people living besides poorer groups of people who have few skills and earning no or very little income. The large percentage of no responses can be attributed to people who have no job title or are unemployed.

2.3.12 Educational Levels

The highest level of education achieved by the population is indicative of the level of human development. It furthermore serves as a proxy for the potential to be absorbed into the local economy. The baseline information employed to present an indication of the education profile excludes individuals younger than 20 years as these individuals might either still be in the education system or too young to participate in the formal education system. For development to occur in Tongaat, education remains an important factor. Through education, individuals are prepared for future engagement in the labour market which directly affects their quality of life as well as the economy of the country. Figure 2.17 provides an indication of present educational levels in Tongaat.

Figure 2.17 Educational Profile

![Educational Profile](source)

The Tongaat skills profile indicates the following: primary school certificate 38.3% of the population; almost 27% of people have only Grade 12; 17.3% of people have Grade 10 and 11; 3.8% of people have other certificates. People with diplomas represent 11.5% of the total and people with university degree represent 2.6%. This provides an indication of the potential of the people and suggests that there is an opportunity for further skills development and training to overcome the present skills gap. People who have matriculated should be encouraged to attend a formal training institute or skills development course where skills that are in demand and which would contribute to the growth of the local economy are encouraged.
2.3.13 Services

The characteristics of the dwelling units in which households live and their access to services and facilities provide an important indication of the well-being of members of households. Housing and access to services such as electricity, refuse disposal, water and sanitation are essential in terms of satisfying the basic human need of physical security and comfort.

2.3.14 Type of Dwelling

The Southern and Central Precincts reflect more formal housing structures. Settlements in the Northern precincts are dominated by informal housing. Dwellings in the urban areas reflect a mismatch of structures ranging between formal houses on separate land, blocks of flats and semi-detached houses. The majority of people live in 2 and 3 bedroomed homes which is typical of middle income urban areas.

2.3.15 HIV/AIDS

Table 2.8 Provincial HIV prevalence: Ante Natal Clinic attendees (ANCs), South Africa 1994-2004

<table>
<thead>
<tr>
<th>Year</th>
<th>'94</th>
<th>'95</th>
<th>'96</th>
<th>'97</th>
<th>'98</th>
<th>'99</th>
<th>2000</th>
<th>'01</th>
<th>'02</th>
<th>'03</th>
<th>'04</th>
</tr>
</thead>
<tbody>
<tr>
<td>KwaZulu-Natal</td>
<td>14.4</td>
<td>18.2</td>
<td>19.9</td>
<td>26.8</td>
<td>32.5</td>
<td>32.5</td>
<td>36.2</td>
<td>33.5</td>
<td>36.5</td>
<td>37.5</td>
<td>40.7</td>
</tr>
</tbody>
</table>


KwaZulu-Natal (KZN) has the highest HIV/AIDS prevalence rate; this is a trend that has existed since the first ANC HIV prevalence survey in 1990. In that year KZN had a prevalence twice that of the national level and since then has sustained a prevalence rate approximately 10% higher than the national average.

No official data on the prevalence of HIV/AIDS exists for Tongaat as yet. However, the above statistics for KZN provide an indication on the pervasiveness of the disease.

2.3.16 Training and Skills Development

The eThekwini Municipality has committed itself to enhancing skills development and overcoming the present skills gap. The following programmes have been adopted:

- Programme 1: Address the skills gap in the economy
- Programme 2: Improve the employability of citizens
- Programme 3: Raise the skills level of employees

The IDP provides a framework for the development of the Municipality’s annual Workplace Skills Plan, where skills that require development are identified and prioritised.
Skills development in Tongaat should take into account the following:\footnote{eThekwini Northern Area Economic Analysis and Pointers towards a Development Strategy (2005)}

- Skills development and entrepreneurial support programmes should focus on enabling learners and aspirant entrepreneurs to enter either the formal economy of the town or to establish their own enterprises.

- A key to the success of the process is facilitating the growth of the local economy so that individual enterprises and households are able to trade with each other over a range of goods and services. In such a way much of the money entering the community economy via those linked to the formal economy will re-circulate within that community, creating new wealth with each transaction or trade.

- Entrepreneurial Support Centres (ESC’s) should target all aspirant small business entrepreneurs at an education level that will enable them to understand and develop (with assistance) a Business Plan suitable for a small business. The education level should be matched to the type of business they have in mind.

- Skills development initiatives in Tongaat should focus on those unemployed adults who have less than Matric equivalent education. Matriculants should be encouraged to attend tertiary education institutions as far as possible.

- The present and planned developments in and around Tongaat present an opportunity to determine the kinds of skills that would be in demand. Some suggestions include:
  - Building skills
  - Commercial skills
  - Community skills
  - Manufacturing skills (e.g. metal working, welding, woodworking etc.)
  - Real Estate and Property
  - Service skills
  - Technical and Machine skills
  - Tourism skills
  - Transport and Auto repair skills.

There is a unique opportunity to train people to fill the skills needs of the new Dube Trade Port, including King Shaka International Airport and the Cyberport. Tourism is and will continue to be a high growth industry in the area.

2.3.17 Future Population Growth Estimates

The following factors would impact on the population growth of Tongaat:

**Housing Developments in and around Tongaat**

There are at present 15 132 housing sites that have been planned in and around Tongaat or have recently been completed. This has the potential to increase population numbers in Tongaat. Further, KwaDukuza Municipality in iLembe District has allocated for 3 000 ha to affordable and low income
housing on the Driefontein Farm to accommodate 15 000 housing units. This development will impact immediately on the West and North of Tongaat.

Impact of Dube Trade Port

The most likely impact that the Dube Trade Port will have in Tongaat is related to the migration of labourers to the area. There will be the perception that a large scale development will offer plenty of job opportunities. The three components of the Trade Port offer numerous possibilities for employment. In their study “Dube Trade Port, Project scenarios: Macro and Socio Economic Impact Assessment” (also referred to in the study by Kaiser and Associates) Global Insight carry out a number of detailed calculations in order to arrive at credible job creation estimates. These estimates split the jobs under three main areas, namely tourism, services and increased exports. They have looked at best-case scenarios, with low-case and high-case alternative scenarios in increased exports.

These figures have been used to provide a broad picture of what is possible in order to provide some guide to the potential job numbers. The figures below are generated by Urban-Econ and are based on the Global Insight estimates.

Table 2.9 Potential Number of Jobs

<table>
<thead>
<tr>
<th></th>
<th>Sustainable jobs created over 20 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Lower Expectation</td>
</tr>
<tr>
<td>Tourism</td>
<td>90 000</td>
</tr>
<tr>
<td>Services</td>
<td>40 000</td>
</tr>
<tr>
<td>Increased Exports</td>
<td>30 000</td>
</tr>
<tr>
<td>TOTAL</td>
<td>160 000</td>
</tr>
</tbody>
</table>


It has been estimated that between 8 000 and 13 500 jobs per annum will be created by the Dube Trade Port on average over twenty years. Not all of this employment would be created in the Northern Area as some of it would be due to redevelopment of the existing Durban International Airport site and some would be created in other parts of the city, the province and nationally. Because of the relatively higher impact on tourism jobs, which will be felt throughout the region, it seems more reasonable to expect that 33% to 50% of the jobs will develop within the Northern Area, i.e. 2 300 to 4 500 jobs per annum.

Employment and income levels are relatively low in the historically Black, Indian and peri-urban areas. If the job creation potential associated with the DTP is realised in these areas then the DTP will improve the quality life of many people. This impact will not be as significant in the higher income areas.
2.3.18 The Likes and Dislikes of People in Tongaat

Projects that have been identified should commence with an understanding of the issues that the people of Tongaat consider to be crucial. The Dube Trade Port is welcome as an initiative that would stimulate job creation in the local economy. It is also perceived that the Trade Port would provide an opportunity for Tongaat to generate new business opportunities. The likes and dislikes of people in Tongaat in relation to their town are summarised as follows:

**What residents like about Tongaat:**
- Facilities are conveniently located and one can save on travel time
- Transport is readily available
- Durban is not too far away
- People are relaxed and friendly
- A welcome sense of community exists

**What residents do not like about Tongaat:**
- For people renting, the most common complaint is that rentals are too high
- Many flats require renovating
- Insufficient retailers
- Roads require servicing
- Crime

2.4 PROPERTY ECONOMICS (LAND AND HOUSING)

The issues of land and housing are particularly relevant to Tongaat’s economic development as the town was initially developed as a dormitory suburb for sugar cane workers, and much of the original infrastructure and layout of the town has remained unchanged for over 50 years. Critical to the further development of Tongaat is the reality that the town is essentially “boxed in” with little available municipal upon which land to expand – the majority of the land surrounding Tongaat is owned by the Tongaat-Hulett Group and the advent of the Dube Trade Port is putting a further restriction on local expansion.

2.4.1 Shortage of Industrial Land in KZN

There is a major shortage of industrial land in eThekwini, with limited Greenfield-type sites readily available (i.e. zoned and ready for market) in the Durban area. Anecdotal evidence indicates that available industrial land in Riverhorse Valley (site adjacent to Springfield) is on the market at R1 600/m². Some available parcels are still evident in Cato Ridge, however, there have been numerous concerns raised over the current congestion being experienced on the N3 arterial into Durban and through to Gauteng. This shortage of land is feeding into the provincial shortage of approximately 4 000 ha, which is forcing investors to look outside of the province to locate their plants/businesses.
2.4.2 Existing Trends in eThekwini North\(^\text{11}\) and iLembe

Recent growth in eThekwini’s property development has been concentrated in the northern precinct of the City. Strong commercial nodes have been established in La Lucia/Umhlanga Ridge and Mount Edgecombe. Extensions to existing industrial areas have included the areas of Briardene, Springfield Park, Umgeni and Riverhorse Valley (N2 Corridor). Commercial development in Canelands between Verulam and Tongaat has also taken place.

**Commercial/Office**

The La Lucia Ridge development indicates the greatest evidence of this expansion. When combined with new housing developments of upmarket residential homes in Umhlanga the area shows a rapid boom.

Office developments in Umhlanga have been developed largely by owner-occupiers with large landscaped lands and low bulk buildings in evidence. These buildings have attracted many large firms from the CBD and the area is viewed as the “premier decentralized office location”\(^\text{12}\).

**Residential**

New residential stock has become available in large gated estates such as Simbithi and Zimali along the northern coastal area. However, as the demand for coastal property is high from both local and hinterland buyers, this has done little to satisfy the local demand for homes.

Middle income and affordable housing is experiencing some lags in provision, restrained by both the new National Credit Act and higher interest rates which has put a dampener on affordability aspects of property purchases in eThekwini.

KwaDukuza Municipality in iLembe District has a plan for 3 000 ha affordable and low income housing on the farm Driefontein that will accommodate 1 500 housing units. This development will impact immediately west and north of the current Tongaat town and will need to link with Tongaat’s infrastructure (roads, water, and electricity). Therefore it may be necessary to set up a KwaDukuza-eThekwini liaison committee to co-ordinate the implementation of this programme.

**Industrial**

The industrial parks off the N2 (Umgeni Park, Riverhorse, Briardene and Springfield Park) are experiencing very low vacancy levels as the available industrial land take up within eThekwini has been rapid. Interestingly, Ballito (further along the N2) is experiencing a slow take up of available industrial land.

Significant available industrial land (over 350ha) within KwaDukuza (Stanger and surrounds) has been identified and this, in conjunction with the available industrial strip on Compensation Flats near Ballito, makes iLembe an attractive area for expansion in industrial development.

\(^{11}\) Viruli (2007) Property Market Review Durban Metro Region

\(^{12}\) Viruli (2007) Property Market Review Durban Metro Region
2.4.3 Tongaat Property Profile – A Supply and Demand Analysis

Population and Demographic Demand for Land in the Area

Current housing data from eThekwini indicates a total backlog of 190 000 houses. Unfortunately this information is not available disaggregated to a ward level. The implication of this backlog is, however, significant in Tongaat as there is a considerable peri-urban fringe surrounding the town and numerous informal settlements that are included in this housing backlog.

Review of Existing Housing Stock in Tongaat

A series of interviews were conducted with local realtors (full interview list included in the annex) to assist in ascertaining the existing housing market in Tongaat. The Tongaat property market has reacted similarly to the demand for housing stock in eThekwini. There is little affordable (below R400k) housing available in the area, with traditionally affordable areas like Belgrave now fetching market prices in excess of R600k.

Affordable housing (notably the apartments within the CBD) have escalated significantly in price. For example, 2 bedroomed “council flats” which were initially priced at R13k have recently been sold at R250k.

Rapid growth in Seatides (some speculative) has also been noted by the realtors of Maxprop, with property prices between R800k and R1m for older properties. Interestingly, despite the rising interest rates, few repossessed homes have come onto the market – due largely to the social and family networks of homeowners in the area.

According to Shoreline Property, there is demand in the area for gated community developments and with the expected impact of Dube Trade Port, there will be growth in rental demand (this last sentiment was echoed by all realtors).

Much of the available land in Tongaat is owned by Tongaat-Hulett. When contacted, Tongaat-Hulett indicated that there were currently no plans for development in the Tongaat area.

Housing Demands

As was evident from the interviews with the realtors, there is a high demand evident for residential property in Tongaat. All realtors indicated that available stock has a high turn around, with properties selling within weeks and not months – as is the case for other areas in eThekwini.

The high demand for housing is being felt in the push for rental stock, with virtually no availability within Tongaat Town. The high demand for rental is a sign of insecurity in the market, with high interest rates and contract employment in Tongaat making first time purchasers hesitant.

However, as Tongaat is the urban fringe of eThekwini in the north, it supports a large peri-urban and rural area. The location of retail and employment opportunities (textile sector, commercial and domestic) as well as schooling and other services make the town an attractive place to relocate to and has put additional pressure on the existing housing stock and services.
Land Ownership and Availability

Ownership of vacant land in and around Tongaat is split into three categories: council owned, state owned and privately held land. Of the latter, ownership has been split in the table below into private land owned by Tongaat-Hulett and land owned by other private individuals/firms.

Table 2.10 Tongaat land ownership

<table>
<thead>
<tr>
<th>Council Owned</th>
<th>State Owned</th>
<th>Private Ownership Excluding Tongaat-Hulett</th>
<th>Tongaat-Hulett</th>
</tr>
</thead>
<tbody>
<tr>
<td>5ha</td>
<td>2.6ha</td>
<td>27ha</td>
<td>260ha</td>
</tr>
</tbody>
</table>

Source: eThekwini Housing (2008)

As is evident from the table above, Tongaat-Hulett is by far the largest land owner in the area. The implication of this is that there is little land owned by eThekwini municipality that can be used for city driven developments. The City will need to purchase, at market price, substantial amounts of land in order to undertake additional housing and infrastructure projects in the Tongaat area.

Local Developer Profile

Tongaat-Hulett Developers (previously Moreland Group) has focussed on developing the northern areas of eThekwini. Their recent developments in the north of Durban include the Umhlanga Triangle a four phase development linking the Umhlanga Ridge to the Umhlanga old town centre known as Ridgeside (approximate cost of R8b); La Lucia Ridge Office Estate, Mount Edgecombe Golfing Estate and the Gateway Theatre of Shopping.

As the biggest land owner in the Tongaat area, developers are the key role players in unlocking the potential of Tongaat. Some brief discussion with the group indicated that currently they are focussing on the higher value coastal corridor between Umhlanga and Umdloti and not on the inland corridor where Tongaat town is located.

2.4.4 Implication of Dube Trade Port on Tongaat’s Property Market

There are several key issues and implications arising from the development of Dube Trade Port among these the following have been identified as being critical to the property sector:

Land availability

The majority of land in the greater Tongaat area is privately owned by the Tongaat-Hulett Group. With the development of the DTP on the outskirts of Tongaat, the limited available land surrounding the development will make the relocation of business and support services off-site very difficult. It is likely that this land shortage will encourage businesses to locate within the DTP Trade Zone and not in and around Tongaat.

Infrastructure constraints

The existing urban-edge that eThekwini is currently operating within includes Tongaat – however, the local service infrastructure is at present highly constrained and new developments are unlikely to be easily approved as a result of this. This too is likely to make Tongaat a less attractive area for
development. eThekwini has identified projects to ease these constraints, but currently they are not prioritised by the City.

**Noise constraints**
The noise contours indicated by the EIA study for Dube Trade Port clearly delineate the areas that will no longer be suitable for human habitation. A critical concern to Tongaat is the loss of the area to the South of the town that was demarcated for low cost housing that can no longer be utilised.

**New land uses**
As the airport is designed as an international air destination, there will be a range of new demands placed on the scarce land resources of Tongaat. Land will be required for warehousing, storage and possibly for space intensive service industries like rental car storage lots. This additional demand upon land is likely to force the price of available land upwards and possibly beyond the reach of local business people.

**New forms of property demand**
As more individuals enter into the northern eThekwini area seeking and locating work generated by the DTP there will be an increase in demand for accommodation. The current interest and credit trends indicate that this demand is likely to manifest in demand for rental accommodation – of which there is a very limited supply in Tongaat.

### 2.4.5 eThekwini Housing Plans

Tongaat is regarded as a ‘middle-income’ town with pockets of high income groups. However, approximately 18% of households earn between R801 and R1 500 per month - which is considered low income. Interestingly, 12% earn between R 11 000 and R16 000 per month. This dichotomy is evident in the range of housing prices seen in Tongaat.

Significant migration into Tongaat is already evident (as discussed in the Demographics chapter) as Tongaat forms the outlying boundary of eThekwini. This pattern is likely to continue as individuals perceive that there will be lots of jobs created as a result of the Dube Trade Port. This is likely to have a significant impact on local housing demands.

**Review of Existing Municipal Housing in Tongaat**

eThekwini’s Housing Department uses the following categories of housing grading in their planning for housing provision:

- Low income – homeowners earning below R3 500 per month;
- Affordable - homeowners earning between R3 500 and R7 500 per month;
- Gap Housing – homeowners earning between R7500 and R1 5000 per month; and
- Social Housing – rental accommodation for individuals earning between R2500 and R7 500 per month.

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13 Derived percentages from the Demographics chapter
A number of municipal housing projects have been undertaken in Tongaat, these include the Newtown development, Hambanathi Ext 2, 3A and 3B and Brake Village which in total generated an additional 1 012 sites.

These municipal housing estates were designed to provide additional affordable and low income housing as well as to assist in the transformation of local informal settlement areas and the provision of services (water, sanitation and shelter) to the affected persons.

**Planned Extensions to Tongaat’s Housing Stock**

Planned extensions to the current housing stock of Tongaat are broken down into two categories: 5yr-short-term and medium/long-term provision. Table 2.11 below indicates these planned developments.

<table>
<thead>
<tr>
<th>PROJECT NAME</th>
<th>TYPE</th>
<th>CATCHMENT</th>
<th>NO OF SITES</th>
<th>PROGRESS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Umbhayi</td>
<td>Insitu Upgrade</td>
<td>Tongaat</td>
<td>352</td>
<td>5yr- short-term</td>
</tr>
<tr>
<td>Tongaat South</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>550</td>
<td>5yr- short-term</td>
</tr>
<tr>
<td>Mona Sunhills(Stocks and Stocks land)</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>1000</td>
<td>5yr- short-term</td>
</tr>
<tr>
<td>Burbreeze</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>310</td>
<td>5yr- short-term</td>
</tr>
<tr>
<td>Motala's Farm</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>2000</td>
<td>5yr- short-term</td>
</tr>
<tr>
<td>Buffelskloof</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>3500</td>
<td>5yr- short-term</td>
</tr>
<tr>
<td>Bellgate Tongaat Ext</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>250</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Hambanathi</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>1110</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Flamingo Heights</td>
<td>Other</td>
<td>Tongaat</td>
<td>200</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Greylands Phase 2</td>
<td>Insitu Upgrade</td>
<td>Tongaat</td>
<td>1021</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Belvedere Extension</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>175</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Greylands Housing Project</td>
<td>Greenfields</td>
<td>Tongaat</td>
<td>1000</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Gwalas Farm/ Zwelitsha</td>
<td>Insitu Upgrade</td>
<td>Tongaat</td>
<td>407</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Emona</td>
<td>Relocation</td>
<td>Tongaat</td>
<td>445</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Desainager</td>
<td>Relocation</td>
<td>Genazzano</td>
<td>100</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Dunpals</td>
<td>Insitu Upgrade</td>
<td>Tongaat</td>
<td>9</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Lungelani</td>
<td>Relocation</td>
<td>Genazzano</td>
<td>240</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Pholani</td>
<td>Relocation</td>
<td>Genazzano</td>
<td>125</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Thuthukani</td>
<td>Relocation</td>
<td>Genazzano</td>
<td>265</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Jan Roz</td>
<td>Insitu Upgrade</td>
<td>Tongaat</td>
<td>219</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Sita Rami</td>
<td>Insitu Upgrade</td>
<td>Tongaat</td>
<td>259</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Ocean Drive Inn</td>
<td>Relocation</td>
<td>Tongaat</td>
<td>500</td>
<td>Medium/Long</td>
</tr>
<tr>
<td>Shayamoya</td>
<td>Relocation</td>
<td>Genazzano</td>
<td>83</td>
<td>Medium/Long</td>
</tr>
</tbody>
</table>

Source: eThekwini Housing (2008)
Several of the short-term planned developments are Green fields, and are located on the fringe of the Tongaat town area – notably to the south and west. The medium to long-term plans include relocations and the upgrading of existing housing stock.

Buffelskloof and Motala Farm are planned as mixed settlements with a range of accommodation types to be included in the final estate.

High density infill sites are planned to help alleviate the housing demand pressures in Tongaat.

**The Meeting of Supply and Demand in the Tongaat Housing Market**

There is high demand for housing in Tongaat due to the number of informal settlements in the area, the low levels of stock for affordable and middle income households and the close proximity to the eThekwini and Ballito. Tongaat forms the urban fringe of eThekwini and the existing good schools and services infrastructure ensures that it services a wide catchment area. The existing metro rail linkages make it possible for individuals to access employment opportunities in other areas of eThekwini.

The population of 104,116 has created a situation of over-demand on the existing housing stock, notably the demand for rentals, low income and affordable stock which has widely outstripped local supply.

**2.4.6 Some Implications**

**Implication of Current Property Planning**

There are five major implications evident in eThekwini’s plan to service the current housing shortage for low income and affordable housing in the Tongaat area:

- A significant amount of land that is currently owned by private land owners will need to be purchased in order to develop these housing units;
- Service provision to these areas will need to be developed as much of the land is currently actively being used as agricultural land;
- Extensive public transport and road networks will need to be developed to services these areas;
- Noise contours from DTP prohibit low cost development adjacent to the airport; and
- Additional services (schools, clinics) will need to be planned for to meet increased demand pressures – and land for such will need to be identified.

**Implication of Existing Trends**

The implication of the existing trends in demand for property in Tongaat are that there will be a growing demand for low cost and affordable housing close to town which will put additional pressure on existing transport infrastructure. This will be coupled with an upward price pressure for older stock within Tongaat and this in turn could result in the market reaching a point of stasis until inflation and regulatory pressure from the NCA are better incorporated by households.
Implication of Dube Trade Port

Due to the anticipated impact of the DTP development on employment creation - approximately 156,747 new sustainable jobs (estimated 16,268 direct and 140,479 indirect in the rest of the economy) by 2025, there is likely to be a considerable influx of job seekers into the area – and many of these will require accommodation. Flat and home rental demand as well as backyard accommodation demand is set to increase dramatically within Tongaat.

Local new job creation is estimated at between 8,000 and 13,500, the majority of which will be focussed on the higher end of the skills spectrum rather than on semi or unskilled labour – and this in turn will create pressure for formal housing stock.

Additional property demands will be felt from the relocation of businesses from the south of Durban to the North – and while Tongaat’s current industrial spaces are well utilised there is likely to be some speculative buying and selling of property within the noise contour zones for commercial/industrial development.

The demand for commercial space – notably retail and office is likely to increase substantially as the trade and agri-zones are developed within Dube Trade Port. This will very likely lead to Tongaat-Hulett and other developers looking at the attractiveness of developing business parks in Tongaat akin to those in La Lucia Ridge.

2.5 RETAIL AND COMMERCE

2.5.1 The Nature and Extent of the Retail Sector in Tongaat

Tongaat CBD serves as the commercial centre of Tongaat town. A number of commercial activities are concentrated in the CBD with a few in Maidstone. Tongaat CBD is an established shopping area that provides a range of facilities to shoppers.

A number of shops exist in Tongaat but most of these shops sell low order goods. The town is dominated by a number of local shops. These include retail, leisure, business services, real estate, personal services, financial services, information, communication, technology and transport. Tongaat has about 188 retail shops followed by Verulam with 146 shops, Ballito with 123 shops and Umhlali with the least number of shops at 49. The retail category includes shops such as restaurants, repairs, liquor stores, clothing shops, supermarkets, furniture shops and any other retailers.

The leisure component includes entertainment, clubs, holiday accommodation such as hotels and resorts, promotional services and art galleries. Ballito has more leisure facilities than the other three areas with about 25 leisure facilities/areas. Ballito is dominated by high income areas, therefore a large number of people that reside there can afford to use these facilities. It is also predominantly a holiday area. On the other hand, Tongaat only has 11 leisure facilities followed by Umhlali and Verulam with only 5 and 4 entertainment facilities respectively. The Tongaat area has limited facilities that provide for entertainment. More facilities are required especially for the younger population which enjoys a night life.
Business services are businesses that offer services to other businesses and general businesses. These include accountants, advertising agencies, architects and designers, business consultants, computer software consultants and courier services. General businesses include employment agencies, insurance, doctors, landscapers, travel agencies, photographers, medical services and locks and locksmiths. There are 151 businesses in Ballito followed by Tongaat with 131 businesses. Verulam has 108 businesses and Umhlali only has 33 businesses. It is interesting to note that more medical practitioners are located in Tongaat than in the surrounding areas.

Interestingly real estate and construction is more dominant in Tongaat with 34 construction related businesses. Ballito has 26 businesses followed by Verulam with 16 businesses with Umhlali having the least number of construction related businesses. Real estate and construction includes building and home maintenance, built-in cupboards and units, building contractors, building sand and stone suppliers, estate agents, property consultants and developers, concrete mixing and construction companies.

Personal services include businesses that offer services to individuals. These include cosmetics and hair product suppliers, hair salons, health and beauty salons, dress-makers, dry-cleaners, laundry services and wedding consultants. Ballito has 18 personal services businesses and Tongaat has 10 with Verulam and Umhlali having 5 and 2 respectively. In terms of the financial services, there are more businesses providing this service in Tongaat than the three other areas. There are 9 businesses in Tongaat followed by Verulam with 8 businesses and Ballito and Umhlali both with 6 financial businesses. Financial services include banks; financial brokers; financial institutions and debt administrators.

Information communication technology related businesses include cell phone shops, communication consultants, information technology, internet services, radio and TV systems, telecommunication and equipment and web developers. There are 16 ICT related businesses in Verulam, 13 in Tongaat, 11 in Ballito and 1 in Umhlali. Transport includes transport consultants; public transport services and taxi services. There are 9 transport businesses in Verulam, 6 in Tongaat, 5 in Umhlali and 1 in Ballito.

2.5.2 Profile of Shops In Tongaat

Retail, which in this case has been used to describe grocery stores, is dominant in Tongaat. About 90% of the shops in Tongaat are located in the central precinct area. The remaining 10% of the shops are located in the northern precinct in Maidstone. There are two big supermarkets in Tongaat town which are Shoprite and Checkout. In addition, there are a number of smaller supermarkets. See Figure 2.18 below.
A number of businesses in Tongaat are small to medium sized with the exception of a few shops. A significant number of the shops are local shops that provide mainly low order goods that serve a convenience function. There are a number of restaurants that have been developed in the area in addition to local takeaway stores. There are a number of liquor stores in Tongaat and this is in line with retail trends that indicated large spending on liquor in the retail sector followed by general groceries. Figure 2.19 clearly shows this trend.

Offices are limited in the Tongaat area because of lack of office space in the CBD. However, there are a few offices located in Tongaat. These include estate agents, consultant offices, banks, doctors and funeral services. There is a lack of variety in clothing shops. Existing clothing shops include Woolworths, Nu shop, Pep, Asmall's and clothing junction. There are three petrol filling stations in Tongaat: two in the CBD area and surrounds and one in Maidstone.

### 2.5.3 Retail Market Assessment

This section assesses the demand for retail in Tongaat. The total population of Tongaat is estimated at 104,116. The primary market for retail in Tongaat is from the immediate areas to the CBD. A shoppers’ survey conducted by Urban-Econ (2008) indicated that 43% of the shoppers reside in Tongaat. Another 29% come from Maidstone which is in close proximity to Tongaat town. It is...
interesting to note that 11% of the shoppers surveyed in Tongaat town indicated that their area of residence is Verulam and another 9% came from Stanger. Tongaat and Maidstone residents put together add up to 72% which makes up the primary and secondary market for Tongaat town. The remaining 19% serves as tertiary market because they have local shopping facilities used for convenience. The tertiary market usually has a choice to shop in other areas. For example Stanger residents can purchase their goods in the Stanger CBD or in shopping centres in Ballito. On the other hand people from Verulam can make their purchases in Verulam, Gateway or Durban. Ndwedwe residents can purchase in Stanger, Verulam and Durban because of the transport network that services these areas.

Figure 2.20 Tongaat Retail Market

![Tongaat Shoppers' Area of Residence %](image)


Figure 2.21 shows Tongaat households’ area of shopping. 89% of the households shop in Tongaat and Verulam, followed by 7% who shop in Ballito and only 2% shop in Umhlanga. Tongaat is widely used by the local community as it provides facilities for grocery shopping. However, residents and shoppers indicated that for other shopping needs they go to other areas such as Ballito, Gateway and Durban.

Figure 2.21 Household’s Area of Shopping

![Households' Area of Shopping %](image)

Shopper Demand Trends

Table 2.12 shows reasons for visiting Tongaat town. A number of Tongaat residents use the CBD for shopping purposes. 69% of the shoppers surveyed mentioned that they came to town to do their shopping. About 14% were passing through. Tongaat has good public transportation system that links areas such as Ndwedwe and Stanger. A further 16% use the town for other services such as medical services and banking facilities.

Table 2.12 Reasons for visiting Tongaat town

<table>
<thead>
<tr>
<th>Why are you in Tongaat</th>
<th>Total</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>To Shop</td>
<td>85</td>
<td>69.1</td>
</tr>
<tr>
<td>visit a Doctor</td>
<td>13</td>
<td>10.6</td>
</tr>
<tr>
<td>Going to the Bank</td>
<td>8</td>
<td>6.5</td>
</tr>
<tr>
<td>Passing through</td>
<td>17</td>
<td>13.8</td>
</tr>
<tr>
<td>Grand Total</td>
<td>123</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Table 2.13 shows a number of issues flagged by shoppers as areas that require attention. The majority at 37% felt that the town is dirty and needs to be cleaned up. Shoppers also felt that there are limited facilities in Tongaat and the young population felt that the town was boring. There are limited entertainment facilities in Tongaat, in the form of only a few restaurants and drinking areas. The responses given by shoppers indicate that there is a need for urban regeneration in the Tongaat CBD. It also became clear that a wider range of facilities is critical in order to attract higher LSM residents to Tongaat CBD.

Table 2.13 Dislikes about Tongaat

<table>
<thead>
<tr>
<th>Dislike about Tongaat</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>China Shops</td>
<td>6.8</td>
</tr>
<tr>
<td>Dirtiness</td>
<td>36.4</td>
</tr>
<tr>
<td>Everything</td>
<td>18.2</td>
</tr>
<tr>
<td>Environment</td>
<td>9.1</td>
</tr>
<tr>
<td>Limited services</td>
<td>13.6</td>
</tr>
<tr>
<td>Not enough space</td>
<td>2.3</td>
</tr>
<tr>
<td>Old buildings</td>
<td>4.5</td>
</tr>
<tr>
<td>Small pavement</td>
<td>6.8</td>
</tr>
<tr>
<td>Street vendors</td>
<td>2.3</td>
</tr>
<tr>
<td>Grand Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>

2.5.4 External Factors Likely To Impact on Retail in Tongaat

Dube Trade Port

The Dube Trade Port is a Green Field development on a 2 040 hectare site at La Mercy, adjacent to Tongaat. The Dube Trade Port development consists of three main elements namely:

- **The King Shaka International Airport**: consisting of the air platform as well as the passenger-focused component in order to accommodate large international flights.
- **The Trade Zone**: is a specialist freight-orientated zone
- **Agricultural Zone**: is an integrated agricultural export zone for exporters of high-value, time-sensitive, airfreight-able agricultural produce.

This development will have a significant impact on Tongaat. The overall impact of DTP on employment creation is estimated at approximately 156 747 jobs by 2 025. A number of job seekers in DTP will choose to live in Tongaat. This will impact on retail in a sense that demand for retail facilities will increase.

Demands as a result of Dube Trade Port

- Permanent residential developments
- Leisure tourist residential
- Hotels
- Recreation (beach areas, lagoons, inland dams, natural vegetation, visual amenity)
- Office and business parks
- Shopping and commercial development
- Job creation in the local economy;
- New business opportunities and enhanced opportunities for business operators in Tongaat
- Expansion of informal sector activities.

Other Developments

Housing Developments in Tongaat

A number of municipal housing projects have been undertaken in Tongaat. These include low cost development and informal settlement upgrades. In addition, a number of middle income houses are planned for the area. Most of the planned extensions to the current housing developments are located south and west of Tongaat town. There are 14 120 residential development sites planned for Tongaat. This will have a significant impact on population figures and the demand for retail and commerce, which will also serve as places of employment.

Proposed Shopping Centre

There is a proposed shopping centre in Tongaat that is due to be completed in mid 2008. However, no earthworks have commenced thus far. This will consist of major chain stores and other popular clothing shops such as Mr Price and Truworths. Residents and other shop owners had indifferent
views about the shopping centre, some were excited about the development and some shop owners felt it was direct competition that could impact negatively on their own businesses.

**Competing Centres**

Tongaat residents use the CBD mainly for convenience shopping. There is limited variety in terms of more chain stores, entertainment facilities and recreation. A number of shopping centres exist and provide competition for Tongaat town. Tongaat is situated:

- 10 km away from Ballito
- 10 km away from Verulam
- 15 km away from Gateway shopping centre,
- 20 km away from Bridge City
- 30 km away from Durban CBD

Bridge City is a 43 ha retail development which will cost R4 billion. It is aimed to serve mainly the areas of Inanda, Ntuzuma, KwaMashu and Phoenix (PINK). There will be linkages between Tongaat and PINK areas through the R102 and according to DTP Economic Submission report, some of the job seekers in Dube will locate in PINK areas.\(^{14}\)

**2.6 INDUSTRY**

**2.6.1 Industrial Sector in Tongaat**

**Spatial Location**

The main industrial areas in Tongaat are the Trurolands area south-west of the CBD and the Maidstone industrial area north of the CBD, which includes the Tongaat-Hulett sugar mill north of the Tongaat River and Tongaat Industrial Park south of the Tongaat River, as can be seen in the figure below. There are also a number of small-scale manufacturing firms situated within the CBD, and a handful of larger manufacturing firms within the Greater Tongaat area, but outside the primary study area.

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\(^{14}\) DTP EIA Economic Submission, 2007
eThekweni Municipality identified about 155 manufacturing firms\textsuperscript{15} operating in Tongaat in January 2008. The table below shows that most (about 80\%) of the manufacturing firms in Tongaat are situated within the Core CBD precinct, which includes the Trurolands industrial area where more than 30 firms are located. About 8\% of firms are currently situated in the Northern Precinct and a further 8\% in the Greater Tongaat Area, but outside the Primary study area, i.e. Westbrook, Tongaat Beach and La Mercy.

<table>
<thead>
<tr>
<th>Area</th>
<th>Number of Firms</th>
</tr>
</thead>
<tbody>
<tr>
<td>Core Precinct</td>
<td>126</td>
</tr>
<tr>
<td>Southern Precinct</td>
<td>3</td>
</tr>
<tr>
<td>Northern Precinct</td>
<td>13</td>
</tr>
<tr>
<td>Greater Tongaat</td>
<td>13</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>155</strong></td>
</tr>
</tbody>
</table>

Source: eThekweni Municipality (2008)

**Structure of Industrial Sector in Tongaat**

The manufacturing sector contributed about 39\% to the Greater Tongaat economy in 2005, down from an estimated 44\% in 1995.\textsuperscript{16} The largest contributor to the manufacturing sector in Tongaat is the Food and Beverages sub-sector that includes the Tongaat-Hulett group’s operations in Tongaat.

\textsuperscript{15} Identification of manufacturing firms in Tongaat is based on the Standard Industrial Classification (SIC) codes of each firm supplied with the data supplied by eThekweni Municipality (2008) based on Braby’s Business Directory.

\textsuperscript{16} Quantec (2008). Easydata. (www.quantec.co.za)
The Clothing and Textiles sub-sector is the 2nd largest manufacturing sector in Tongaat, followed by the Furniture and Other Manufacturing sector. There are about 35 registered Clothing and Textile firms operating in Tongaat. Most of the 27 registered firms in the Metal Products, Machinery and Equipment sub-sector are small-scale operations focussing on the local market.

Table 2.15 Breakdown of Manufacturing Sector in Tongaat

<table>
<thead>
<tr>
<th>Industry</th>
<th>Contribution to Manufacturing GVA</th>
<th>No of Firms 2008 (Brabys)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Beverages</td>
<td>36.7% 37.7%</td>
<td>16</td>
</tr>
<tr>
<td>Textiles, clothing and leather goods</td>
<td>27.0% 24.5%</td>
<td>35</td>
</tr>
<tr>
<td>Wood, paper, publishing and printing</td>
<td>6.1% 5.1%</td>
<td>15</td>
</tr>
<tr>
<td>Petroleum, chemicals, rubber and plastic</td>
<td>6.8% 6.7%</td>
<td>6</td>
</tr>
<tr>
<td>Other non-metal mineral products</td>
<td>3.1% 2.5%</td>
<td>10</td>
</tr>
<tr>
<td>Metals, metal products, machinery and equipment</td>
<td>2.6% 2.5%</td>
<td>27</td>
</tr>
<tr>
<td>Electrical machinery and apparatus</td>
<td>0.7% 1.2%</td>
<td>4</td>
</tr>
<tr>
<td>Radio, TV, instruments, watches and clocks</td>
<td>1.9% 2.0%</td>
<td>9</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>1.6% 1.8%</td>
<td>9</td>
</tr>
<tr>
<td>Furniture and other manufacturing</td>
<td>13.5% 16.0%</td>
<td>24</td>
</tr>
<tr>
<td><strong>Manufacturing (% of Greater Tongaat GVA)</strong></td>
<td><strong>43.5% 38.8%</strong></td>
<td><strong>155</strong></td>
</tr>
</tbody>
</table>

Source: Quantec 2008, eThekwini Municipality

**Assessment of Industrial Firms**

The table above shows that the economic contribution to the Greater Tongaat economy of many firms is very low, indicating that there is a large number of small to micro enterprises in the industrial sector in Tongaat. Given the small scale, and the list of products manufactured by local firms, provided below, most of the small and micro manufacturing firms would appear to focus only on the local market.
### Table 2.16 List of products from manufacturing firms in Tongaat

<table>
<thead>
<tr>
<th>Food, beverages and tobacco</th>
<th>Electrical machinery and apparatus</th>
<th>Transport equipment</th>
<th>Petroleum products, chemicals and plastic</th>
<th>Other non-metal mineral products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bread and Confectionery</td>
<td>Armature Winders</td>
<td>Boats</td>
<td>Adhesive Tapes</td>
<td>Asphalt and Asphalt Products</td>
</tr>
<tr>
<td>Food Canning</td>
<td>Automatic Gates</td>
<td>Brake and Clutch</td>
<td>Cosmetics</td>
<td>Building Blocks and Cement</td>
</tr>
<tr>
<td>Herbs and Spices</td>
<td>Batteries</td>
<td>C.V. Joints and other Motor</td>
<td>Automotive Paints</td>
<td>Products</td>
</tr>
<tr>
<td>Sugar Products</td>
<td></td>
<td>Radiators</td>
<td>Plastic Products</td>
<td>Crockery and Cutlery</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Trailers</td>
<td>Powder Coatings</td>
<td>Glass and Glassware</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Tyres</td>
<td>Tiles</td>
</tr>
<tr>
<td>Metals, metal products, machinery and equipment</td>
<td>Textiles, clothing and leather goods</td>
<td>Radio, TV, instruments, watches and clocks</td>
<td>Wood and paper; publishing and printing</td>
<td>Furniture; other manufacturing</td>
</tr>
<tr>
<td></td>
<td>Awnings and Canopies</td>
<td>Car Radios</td>
<td>Cardboard Boxes and other Packaging</td>
<td>Beds</td>
</tr>
<tr>
<td></td>
<td>Clothes: Shirts, Underwear,</td>
<td>Medical Supplies</td>
<td>Decking</td>
<td>Built-in Cupboards and Units</td>
</tr>
<tr>
<td></td>
<td>Curtains and Pelmets</td>
<td>Contact Lenses</td>
<td>Decking</td>
<td>Curios and Souvenirs</td>
</tr>
<tr>
<td></td>
<td>Sewing, Dressmakers,</td>
<td>2-way Radio Systems</td>
<td>Coffins</td>
<td>Fish and Tackle Equipment</td>
</tr>
<tr>
<td></td>
<td>Tailors and Outfitters</td>
<td>Telecommunication</td>
<td>General and Specialised Printers</td>
<td>Furniture</td>
</tr>
<tr>
<td></td>
<td>Embroidery and Blazer Badges</td>
<td>Equipment and Systems</td>
<td></td>
<td>Gift and Novelty Shops</td>
</tr>
<tr>
<td></td>
<td>Leather Goods</td>
<td>Television and Video Repairs</td>
<td></td>
<td>Golf Equipment</td>
</tr>
<tr>
<td></td>
<td>Luggage Manufacturers and</td>
<td></td>
<td></td>
<td>Haberdashery Manufacturers</td>
</tr>
<tr>
<td></td>
<td>Distributors</td>
<td></td>
<td></td>
<td>and Suppliers</td>
</tr>
<tr>
<td></td>
<td>Textiles</td>
<td></td>
<td></td>
<td>Jewellery Designers and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Manufacturers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Martial Arts Equipment</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Mattress Manufacturers and</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Distributors</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Scrap Metal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Signs</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Wastepaper</td>
</tr>
</tbody>
</table>

Source: eThekwini Municipality (2008)
Despite the large number of small and micro manufacturing enterprises operating in Tongaat, there are also a few medium to large manufacturers in Tongaat, most notably Tongaat-Hulett and the handful of clothing and textile firms. Telephonic interviews were conducted with a random selection of these larger manufacturers in Tongaat to obtain a more in-depth qualitative assessment of the Tongaat manufacturing and business environment, with the following firms responding:

- Marky Rooftiles
- Davinscot
- Protea Leather
- Business Partners (Tongaat Industrial Park)
- Triwaste
- Sediba Laboratories (Tongaat)
- Superhaze Trading
- Tongaat Industrial Park

It should be noted that randomly Tongaat Hulett was not selected, but due to its size and impact in the area, Tongaat Hulett was selected and a telephone interview was organised with its Public Relation's manager.

Most of the main suppliers to the firms interviewed are located outside Tongaat and eThekwini. Specifically, clothing manufacturers source most of their textile and garment supplies from Asia, and in particular China. In the past, they have sourced supplies from textile firms in SA and even firms in the Tongaat area, but many of these have become uncompetitive compared to Asian manufacturers. It was reported that only 1 textile firm in Tongaat is still in business, with 3 having closed down in the past decade.

The manufacturing firms reported that they focus almost exclusively on the Southern African market, with their primary focus on the SA and KZN markets. None of those interviewed reported exporting to markets outside Southern Africa. Clothing manufacturers in Tongaat focus either on the higher value markets in South Africa (such as Edgars, Milady's, etc) or on niche markets such as clothing for schools or organisations.

Most of the supplies and products transported from suppliers to Tongaat manufacturers, and from Tongaat manufacturers to their clients are taken by road or by sea if supplies come from Asia. None of the manufacturers interviewed identified airfreight as part of their logistics network or supply chain. Networking with clients and suppliers is mostly done via telephone or email. The National Clothing Manufacturers Association, to which some of the manufacturers belong, negotiates with retailers and suppliers on behalf of its members.
It was estimated that in 2004, manufacturing and light industrial firms made up 1 in every 3 employment opportunities in the Tongaat area.\(^\text{17}\) It was reported that most of the formal jobs in the industrial firms in Tongaat are of a skilled or highly skilled nature. Interviewees reported that they hardly ever use formal skills development and training courses, but rather use on-the-job training within their respective firms. The occupational profile of workers in Tongaat was presented in the Demographic Profile section.

HIV/AIDS has affected some of the larger firms in Tongaat through increased absenteeism from work, as well as the deaths of workers. Many of the medium and small manufacturers reported that they don’t have a specific HIV/AIDS policy or strategy in place.

**Key Trends**

In value terms, the manufacturing sector in Tongaat expanded by an average of nearly 2% per annum between 1995 and 2005, well below the average growth rate in Tongaat and South Africa over the same period. The value of output from the clothing and textile industry in Tongaat has stagnated over the past decade due to increased competition from lower priced imports from Asia, reflected in the below 1% per annum growth between 1995 and 2005.

Table 2.17 Annual percentage change in manufacturing sector in Tongaat: 1995 to 2005

<table>
<thead>
<tr>
<th>Industry</th>
<th>% Annual Growth in Manufacturing GGP</th>
<th>% Annual Growth in Formal Jobs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and Beverages</td>
<td>2.2%</td>
<td>-0.7%</td>
</tr>
<tr>
<td>Textiles, clothing and leather goods</td>
<td>0.9%</td>
<td>-5.8%</td>
</tr>
<tr>
<td>Wood, paper; publishing and printing</td>
<td>0.0%</td>
<td>-5.2%</td>
</tr>
<tr>
<td>Petroleum, chemicals, rubber and plastic</td>
<td>1.8%</td>
<td>-3.6%</td>
</tr>
<tr>
<td>Other non-metal mineral products</td>
<td>0.0%</td>
<td>-3.9%</td>
</tr>
<tr>
<td>Metals, metal products, machinery and equipment</td>
<td>1.4%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Electrical machinery and apparatus</td>
<td>7.3%</td>
<td>-2.0%</td>
</tr>
<tr>
<td>Radio, TV, instruments, watches and clocks</td>
<td>2.5%</td>
<td>-1.0%</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>3.0%</td>
<td>-0.8%</td>
</tr>
<tr>
<td>Furniture and other manufacturing</td>
<td>3.7%</td>
<td>0.3%</td>
</tr>
<tr>
<td><strong>Manufacturing (% of Greater Tongaat GVA)</strong></td>
<td>1.9%</td>
<td>-3.9%</td>
</tr>
</tbody>
</table>

Source: Quantec (2008)

There have been significant job losses in the manufacturing sector in Tongaat. It was reported by interviewees that some firms in Tongaat have closed their doors, while the surviving manufacturers have down-scaled their production levels significantly. It is estimated that about

one third of formal jobs in the manufacturing sector in Tongaat have been lost between 1995 and 2005, i.e. an average annual decrease of 4%.

It is estimated that more than 80% of the jobs lost in Tongaat between 1995 and 2005 were in the Clothing and Textiles industry, where the number of formal employment opportunities decreased by nearly 45% between 1995 and 2005. As a result, the Clothing and Textile industry’s contribution to formal employment in Tongaat’s manufacturing sector decreased from nearly 60% in 1995 to less than 50% in 2005. The job losses in the clothing and textile firms in Tongaat has also resulted in job losses in other local manufacturers who were dependent from clothing and textile. However, the rate and scale of job losses was much smaller. Only about 20% of manufacturing jobs lost between 1995 and 2005 in Tongaat were within the other industrial sectors, though they contributed more than 50% of overall employment in 2005.

2.6.2 Strategic Assessment of Industrial Development in Tongaat

**Competitiveness Analysis**

The competitiveness of the manufacturing sector in Tongaat is evaluated using Porter’s Diamond Model developed in The Competitive Advantage of Nations (1990). The model was developed to explain why specific industries perform better (are more competitive) in certain nations and why the same industries fail to make any impact in others. The key elements of Porter’s Model are:

- **Factor conditions** – Refers to the area’s position in the factors of production necessary to establish a competitive industry. A distinction can be made between basic production factors (incl. natural resources, climate etc.) and advanced production factors (incl. labour force, knowledge, capital resources etc).

- **Demand conditions (Markets)** – Specifically the nature of the local demand for the industry’s product or service is important. This includes the composition of demand, size and growth of demand and others.

- **Related and supporting industries** – Refers to the presence or absence in the area of supplier and related industries that are internationally competitive. This suggests the importance of clustering.

- **Structure of firms and rivalry**: The way in which companies/businesses are created, organised, and managed and the nature of domestic rivalry.

- **Government**: Government is viewed as the 5th element impacting on competitiveness of the industry.

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18 Quantec (2008). Easydata. [www.quantec.co.za](http://www.quantec.co.za)
Factor conditions

Land

As identified in Section 3 of this Situational Analysis, there is about 90ha of land zoned for industrial development in Tongaat, or 1% of total land area in Tongaat. Most of this land is already fully developed and/or used by private firms in Tongaat. There is at present no land available for the further development or expansion of the industrial sector in Tongaat. It was identified that there is the potential to expand the Maidstone industrial area south of the Tongaat River. However, eThekwini Municipality has specified that road access to the Maidstone industrial area is at present insufficient for expansion of this industrial area.

It was identified that there are areas near Tongaat with serviced industrial land sites available, in particular Canelands industrial area south of Tongaat (just north of Verulam), and Ballito Industrial Park north of Tongaat (and situated in KwaDukuza Municipality), both of which are partly driven by private property developers.

As stated elsewhere in this report, the eThekwini Municipality identified the Nyaninga station area, in the southern precinct area, as a potential future development node with commercial and industrial zoned land. The rezoned land will be in the vicinity of the DTP road link with the R102 between Tongaat and Verulam. At present this land is still zoned for agriculture and has no services. Another potential area identified for industrial development is the land area north of the airport and east of Tongaat where noise pollution will prohibit the development of housing and commercial activities.

The DTP Framework Plan predicts that the DTP Trade Zone will have about 260ha land available for commercial and light industrial usage over the next 30 years. It expects that by 2010, around 370,000m² usable floor space will be available for uptake by investors. In addition, there will be about another 200ha available in 3 of the 6 support zone areas for light industrial usage after about 2030. However, it has been reported by some investors that the DTP land is rather expensive and they would prefer cheaper land near the DTP.

Table 2.18 Estimated size of industrial and commercial land at the Dube Trade Port

<table>
<thead>
<tr>
<th>Precinct</th>
<th>Total Land Area (ha)</th>
<th>2060 Floor Area (m²)</th>
<th>2035 Floor Area (m²)</th>
<th>SZ10 Floor Area (m²)</th>
<th>2010 Floor Area (m²)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Trade Zone</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>T1</td>
<td>164</td>
<td>640,000</td>
<td>280,000</td>
<td>211,500</td>
<td>179,400</td>
</tr>
<tr>
<td>T2</td>
<td>97.22</td>
<td>348,000</td>
<td>240,000</td>
<td>188,600</td>
<td>193,200</td>
</tr>
<tr>
<td><strong>Trade Zone</strong></td>
<td>261.2</td>
<td>988,000</td>
<td>520,000</td>
<td>400,100</td>
<td>372,600</td>
</tr>
<tr>
<td>Site Total</td>
<td>2060</td>
<td>2,617,175</td>
<td>1,712,688</td>
<td>1,310,100</td>
<td>540,000</td>
</tr>
<tr>
<td><strong>Support Zones</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>P3</td>
<td>60.82</td>
<td>70,000</td>
<td>70,000</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>P4</td>
<td>57.43</td>
<td>140,000</td>
<td>164,500</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>
A threat to expansion of industrial land is the expected high demand for other, more profitable uses of land.

Infrastructure

The railway line runs past both industrial areas, but there is no direct access to the railway line from the existing industrial areas in Tongaat. In addition, the railway line is almost exclusively used for commuters, with limited goods being transported via rail to or from Tongaat.

Road access to both industrial areas is limited and not conducive to further expansion of these areas. In particular, the road network in Tongaat is not suited for heavy vehicles. As stated above, eThekwini Municipality has identified that road access has to be improved before the expansion of the Maidstone industrial area can take place.

Tongaat industries have also been affected by the recent electricity problems affecting South Africa. However, it was reported by local stakeholders that they have had it worse than other areas in eThekwini due to the poor quality of existing electricity distribution infrastructure in Tongaat.

Other service infrastructure that is reportedly in a poor condition includes water and sewerage facilities. As such, these services have become unreliable and some managers of Tongaat industries have indicated that they would not recommend Tongaat as an investment location to other investors.

eThekwini Municipality has indicated that the existing sewerage facilities in the Tongaat area are fully utilised and there is thus no capacity for new “wet” industrial development in the area. It was indicated that there are no plans in the short to medium-term to expand the sewerage capacity in the Tongaat area, further limiting any industrial development that could potentially take place in Tongaat. As such, only clean / “dry” industrial development could potentially take place.

Labour

Tongaat has a high percentage of skilled and highly skilled persons as was shown in the demographic section. The nearby rural areas have large, mostly semi- and unskilled workers. The earlier Demographic Profile shows that the unemployment rate in Tongaat is around 30%, with a further 50% of the working age population not economically active, creating a relatively large labour reserve of between 12 000 and 50 000 workers.
There has been significant work insecurity for workers in the manufacturing sector in Tongaat in the past few years due to the closure of many clothing and textile firms and downscaling at others. The many lay-offs resulting from these closures and down-scaling has left behind unemployed, but skilled in clothing and textiles workers.

As noted earlier, HIV/AIDS is having an impact on manufacturing firms, mainly through increased absenteeism from work and death. This places an extra burden not only on the worker, but also the firm he/she works for through increased medical costs, lost production, higher staff turnover, increased skills development and training expenses, to name but a few.

**Markets**

Tongaat is considered a middle income town, with the majority of households in Tongaat earning less than R10 000 per month. The local Tongaat economy is thus relatively small and offers limited scope for local manufacturers. The easy access to nearby markets, in particular Ballito and Gateway, offers manufactures access to these larger and wealthier markets, but also increases competition within the Tongaat market to manufacturers in these areas. Though there is limited competition within Tongaat, most of the firms in Tongaat face strong competition from firms located outside Tongaat. The larger clothing, textile and leather goods manufacturers in Tongaat face increasing competition in the SA market from Chinese and other Asian producers.

Tongaat has easy access to larger markets in Durban to the south and Richards Bay/Empangeni to the north via the N2, which provides Tongaat manufacturers with the potential to expand their local operations. However, the impact of this is reduced by the presence of the toll roads between these markets and Tongaat. In addition, both these cities have harbours, providing manufacturers of larger, bulkier goods in Tongaat with relatively easy access to international markets. The relocation of the Durban International Airport to La Mercy will also provide manufacturers in Tongaat with easy access to international suppliers and markets for time-sensitive goods. In particular, this will apply to higher value clothing exports to Europe and North America, as well as agri-processed goods in particular to East Asia.

The development of the DTP and international airport is also expected to increase the size and sophistication of the local market. It was estimated in the DTP EIA that the DTP development will create between 8 000 and 13 500 sustainable direct and indirect employment opportunities in the northern eThekwini area, with most of the employment opportunities requiring skilled and/or highly-skilled persons. The development of the DTP and subsequent residential, commercial and industrial development that is expected to take place over the next few decades will increase the market for building materials, which should boost the local construction materials industry.

**Related and Supporting services / businesses**

The easy access from Ballito and the northern areas of Durban provide easy access to business support services from these areas to manufacturers in Tongaat in those cases where these
services are not already located in Tongaat. In particular, the presence of the major financial institutions in Tongaat and the nearby Ballito and Gateway areas ensure that manufacturers in Tongaat also have relatively easy access to finance, which has not been raised as a constraint to further development in Tongaat.

There is a Tongaat chapter in the Durban Chamber of Commerce and Industry. However, few of the larger manufacturing enterprises interviewed reported that they are members of the Chamber. They did report being members of associations in their respective industries.

As stated earlier, there are poor supply chain linkages between businesses in Tongaat. Most of the existing suppliers for larger manufacturers in Tongaat are situated outside Tongaat. However, the small and close-knit community in Tongaat does offer local manufacturers informal inter-firm linkages, especially to small and micro manufacturers.

**Firm Structure and Strategy**

As noted earlier, there are a few large, labour-intensive industries located in Tongaat, in particular clothing firms. However, the impact of increased competition from Asian manufacturers in the SA market has led to some firm closures and down-scaling at others. Many of the clothing firms still in existence, operate significantly below capacity.

Most of the manufacturing firms in Tongaat are small and focus on producing basic goods to meet the local demand. There are also a few larger industrial firms in Tongaat, many of whom are owned by national or international companies, focussing on the broader provincial and national markets for their specific goods, notably the clothing and textiles firms. However, very few manufacturing firms in Tongaat focus on the export market. The poor access to international gateways and high levels of competition in the export market are some of the reasons reported by interviewees.

Tongaat-Hulett, which has its group and sugar company headquarters in Tongaat, is a successful international corporate company operating in many countries. However, local residents are negative in their feelings about Tongaat-Hulett’s stranglehold on private land in the greater Tongaat area and the company’s lack of community involvement in Tongaat.

It was revealed during the interviews that very few of the existing Tongaat manufacturers are forward planning, in particular with regards to benefiting from the DTP development and the construction of the new airport. Part of this is due to lack of information available about the DTP developments, uncertainty about linkages between Tongaat and DTP, the poor quality of services provided by the eThekwini Municipality, as well as the negative perceptions about the future of the town.
Government

eThekwini Municipality have no plans to expand the industrial land in Tongaat, mostly due to lack of funds to expand the sewerage / sanitation infrastructure in the Tongaat area. The municipality’s Draft Northern Spatial Framework indicates potential industrial land to be made available in the southern precinct area (near Nyaninga station), as well as north of the DTP site, though there will not be capacity for “wet” industries.

A further fact hindering industrial development is that most of the land around Tongaat is owned by the Tongaat Hulett group, who have their own development plans for it, as reported in the Property section.

Government has established a local SEDA office in Tongaat to support small and micro enterprises. The accessibility to SEDA services and officers by local manufacturers has not been determined. None of the firms interviewed indicated any interaction with any government structures on a formal basis in the past few years.

There has been some support from the provincial government for the attraction, retention and expansion of investment in Tongaat with the development of the Investment Attraction and Retention Strategy for Tongaat. The strategy focusses on the dominant clothing and textile sector.

2.7 TOURISM

2.7.1 Supply of Tourism Products in the Greater Tongaat Area

The purpose of this section is to analyse the current situation in Tongaat with respect to the supply of the tourism products that make up a tourism value chain. For the purpose of this analysis, the analysis is limited to the study areas as defined by the LED strategy, made up of a primary study area (CBD, northern and southern precinct) and a secondary study area.

This section seeks to identify the current supply of tourism products within Tongaat. As shown above, tourism includes a number of activities, not only those related to accommodation. This analysis looks at all tourism products within the study area, using the value chain in the previous section as a guide to showing the current functioning of the tourism sector in Tongaat.

Accommodation

All tourism accommodation establishments are legally obliged to register with Tourism KwaZulu-Natal. This supply analysis of tourism accommodation in the study is therefore taken from this register. However, it must be noted that despite the legal obligation to do so, some accommodation establishments do not register. This analysis is therefore not necessarily a
complete picture of all accommodation in the study area, and rather presents a picture of those establishments which have complied with the legal regulations.

The Tongaat precincts are currently not a “tourist” area. Consequently, there are few accommodation establishments within any of these precincts. The exceptions to this are as follows:

- Chelmsford Hotel, Main Road, Tongaat (CBD Precinct)
- The Westbrook Beach Hotel, North Beach Road, Westbrook Beach, (Broad Study area)
- Coral Cove in Tongaat, (Broad Study area)
- Beachbums Backpackers (Broad Study area)
- Byways Beach Retreat B and B, Tongaat, Westbrook (Northern Precinct)
- Lazy Forest Self Catering, Seatide, Tongaat Beach, (Broad Study area)
- Quail Cottage, Maidestone, Tongaat (Northern Precinct)
- La Mercy Beach Hotel: (Broad Study area)
- Beach Lodge B and B (Broad Study area)
- Dolphin Sands, BandB, Westbrook, (Broad Study area)
- Sea Moya on Westbrook, BandB, (Broad Study area)
- Westbrook Beach Lodge, Self Catering, Westbrook, (Broad Study area)
- The Malaba Hills, Self Catering, La Mercy, (Broad Study area)
- River Rock Chalet, Westbrook, (Broad Study area)
- Fair Breeze House, Tongaat
- Crofts Beach Cove, La Mercy (Broad Study area)
- The Aloes, Westbrook, (Broad Study area)

It is clear that while there is a significant concentration of accommodation along the coastal belt of the area. In contrast, there is very little accommodation available in the CBD, Northern or Southern Precincts.

Activities

In terms of activities available to tourists in the study area, the supply is equally limited. This is however to be expected as accommodation establishments largely go hand in hand with activities.
which tourists can undertake in an area, as per the systems approach outlined above. There are however, a few exceptions to this as outlined below.

- Nature Based Tourism
  The Dudley Pringle Dam is situated in the Northern Precinct of the study area, and is used primarily by local residents for picnicking and water sports.

- Sports based tourism
  The Northern Precinct is also home to an 18-hole golf course, set amongst the nearby sugar cane fields. In terms of sports based activities however, most activities are concentrated on the coastal strip and are therefore primarily around beach activities. In particular, swimming and fishing are the predominant activities as well as picnicking and spending a day with family and friends. It must be noted that Westbrook beach is a Blue Flag Beach. Kite surfing is gaining prominence in the area at La Mercy, with two kite surfing schools conducting lessons in the lagoon and sea waters. These schools estimate that approximately 100 students and their friends and family visit this part of the beach every weekend to take part in this sport related tourism. The pictures below depict some of the facilities available for tourists at this beach, and the kite surfing school in operation.

- Culture and Heritage Tourism
  There are a number of culture and heritage attractions within the Tongaat area, based largely on the Indian heritage in the area. The Sri Siva Soobramaniar Temple is situated in Brake Village (Central Precinct) and hosts the country’s largest Kavadi Festival during April or May, with some of the oldest religious rituals in recorded history. This temple is set in the grounds of a lush park, with a small river running through it. Brake Village itself was donated to the Temple Management Committee by Moreland Properties. The Jagnat Puri Temple at Tongaat, built in 1920 by Pandit Sirikishan Maharaj, is said to be the tallest Hindu temple in South Africa and is a national monument and tourist attraction. A further place of cultural interest is the Shree Marriamen, a tiny Hindu temple on the Tongaat main street.

It must be noted that the signage and mapping for these cultural tourism attractions is poor, and tourists wishing to visit these attractions in Tongaat will have difficulty locating them.
A number of township tours are available to Hambanathi Township in the CBD Precinct of the study area. These township tours are advertised widely in the North Coast and Umhlanga Tourism literature as an opportunity to experience “African culture”.

The Maidstone Sugar Mill, in the Northern Precinct of at Tongaat, was completed in 1850, and still uses some of the original sugar-crushing methods. Tourists are able to visit the mill especially during the crushing season of July – December, but booking is required for this.

- Meetings, Incentives, Conferences and Exhibits (MICE).
  These types of tourist activities are largely related to business tourism. It is important to note that there are no MICE tourism facilities in the Tongaat area.

- Tourism infrastructure (road, signage, information)
  As the Tongaat tourism industry is relatively undeveloped, infrastructure development for the tourist trade is weak. As stated above, there is no signage to the local tourism attractions, and information is not readily available on the various tourism products available. The only exception to this is the coastal strip, where signage and tourism infrastructure is available, but is in poor condition and not conducive to a positive visitor experience as per the following photographs.

2.7.2 Marketing of Tourism in Tongaat

Tongaat has no specific marketing strategy at present. Falling under eThekwini however, many of the attractions and accommodation facilities listed above can be accessed by mean of the city’s tourism marketing mechanisms. These products are also listed on the Tourism KwaZulu-Natal
marketing website and brochures. Furthermore, Tongaat is also advertised on a number of tourism websites, such as:

http://www.thedolphincoast.co.za/
http://www.warthog.co.za/dedt/tourism/ncoast/towns/tongaat.htm

However, it is important to note that Tongaat itself is not advertised as a destination itself, owing largely to the fact that there is no tourism system, as explained above, in operation. Rather there are a few tourism products in the area that are advertised as attractions for the wider region.

2.7.3 Planned Product Development in Tongaat

This supply analysis has only looked at the current tourism products in the Tongaat area. It is important in this supply analysis to examine planned tourism developments which will impact on the supply of products available to tourists. The key driving force for this product development is the construction and operationalisation of the King Shaka International Airport. This airport development is expected to comprise a number of tourism related facilities, including hotels, business centres and restaurants. Clearly, these developments will significantly change the overall picture of tourism supply within the greater study area.

2.7.4 Assessment of Demand Factors

The purpose of this subsection is to examine the demand for tourism both within Tongaat itself and also to look at the macro demand for tourism products and services. This analysis includes an analysis of the profile of tourists who visit the area and highlights their preferences and requirements. This analysis is aimed at tailoring the tourism sector interventions of the Tongaat LED to meet these preferences and requirements and to grow the local tourism sector.

A key component of this analysis is both current and future demand. While the first part will examine current demand, the second will examine expected future demand for tourism products and services. There are three general elements that are expected to influence future demand in the Tongaat area as follows:

- Current demand (growth or decline in demand)
- Demand associated with the hosting of the 2010 FIFA World Cup
- Demand associated with the development of Dube Trade Port (DTP) and the King Shaka International Airport (KSIA).
Current Demand:

National Tourism Demand

The primary reason for travel to South Africa is differentiated according to source market. To have a Holiday is the primary reason for travel by American, European and Australian source markets, while African tourists’ purpose of travel is more related to Visiting Friends and Relatives (VFR) and shopping. In addition, business travel has a good market source in the Americas (15%) and even more so in Asia and Australia (23%).

In terms of what activities are undertaken by international tourists, a significant number of international tourists undertake activities such as visiting natural attractions and viewing wildlife whilst a small, yet significant percentage undertake activities related to adventure and sports.

eThekwini Tourism Demand

Tourism is a significant part of the city’s economy with an estimated one million foreign tourists coming to the city each year. 83% of foreign and 28% of domestic visitors to the province come to Durban. In particular, the beaches continue to be a major attraction for these tourists being visited by 875,000 foreign tourists in 2005 (SA Tourism, 2005). This is in line with the desire matrix of foreign tourists shown in the section above.

In terms of the source market for eThekwini’s foreign visitors, the majority of them are from Africa, followed by Europe. African visitors are primarily from neighbouring countries such as Swaziland, Lesotho, Zimbabwe, Botswana and Mozambique. European visitors come primarily from the UK, Germany, France and the Netherlands. (SA Tourism, 2005)

Expected future demand

There are a number of issues relevant to the expected future demand for tourism in the Greater Tongaat area. The two drivers expected to most affect future tourism demand in the area are the 2010 FIFA World Cup and the development of the King Shaka International Airport. These will be discussed in the subsequent sections. This analysis is therefore a general look at the expected performance and growth / decline of the tourism sector.

Following world-wide tourism trends, the South African tourism economy is expected to continue its growth in the foreseeable future. On a global level, tourism continues to grow at a rate of 5.5% per annum. Sub-Saharan African tourism growth in 2005 was 12.6%.19

19 KZN Tourism Green Paper, 2007
2010 FIFA World Cup Demand:

The hosting of certain 2010 FIFA World Cup soccer matches in Durban is expected to significantly impact on the demand for tourism within the eThekwini region. While this is expected to be a once-off demand that will end following the finals, the long-term impact is expected to be significant for tourism in the country. This analysis is limited to an examination of the direct and short-term impact on tourism that the city, and therefore the Tongaat area, will experience due to the hosting of the Cup. At the outset it must also be noted that because of the short-term effects of this, there is the need to manage expectations regarding the impact. Any tourism developments for this period need to be either short-term, or with a good understanding that the developments must be sustainable beyond 2010.

One of the key impacts that 2010 will bring will be the huge increase in visitors to the Durban area. Each match day is expected to bring more than 100 000 visitors to Durban. While the primary purpose of this visit will be to watch a match, each tourist with match tickets will have days when they do not have tickets, and these days are likely to be spent engaging in tourism activities. It is also important to note that during the previous World Cup, many visitors combined their World Cup experience with an extended holiday, providing opportunities to attract these tourists to the local tourism attractions.

However, it is clear that there will be a large number of tourists during 2010 who will require other tourism products and services. The key issues highlighted by the Tourism Organising Plan with regards to tourism services in eThekwini during 2010 are as follows:

- Road upgrades required to link tourism attractions in the surrounding areas
- Tourism signage requires upgrading, which should not be limited to road signage
- Insufficient attention to tourist safety and security
- Limited awareness of tourism by local communities
- SMMEs have limited access to marketing channels
- Insufficient capacity within current tourism infrastructure
- Skills shortages, specifically around tourist guiding, language skills, and service ethic
- Ineffective packaging and marketing of Zulu urban cultural and anti-apartheid history attractions
- Limited innovation around cultural and historical offerings

Dube Trade Port and King Shaka International Airport Demand:

One of the locally planned developments which are expected to have a significant effect on demand for local tourism products is the Dube Trade Port (DTP) and the King Shaka International Airport (KSIA).

Dube Trade Port is a multifaceted development concept which is anchored by an international airport (KSIA) with multiple passenger terminals and a runway of sufficient length to support the
largest aircraft in circulation. This will open Durban up to direct international flights, which the current airport is unable to land. The design plans for DTP indicate that the KSIA is the first phase of the development, scheduled for completion in 2010 with a trade port, agri-zone and support zone scheduled to be developed by 2030.

Of importance for this study, is the support zone development, expected to consist of 12ha of net developable land and 55 000 square metres of floor space comprising:

- Office complexes
- Business parks
- Commercial enterprises and
- Hotels.

KSIA will replace the existing Durban International Airport, and effectively relocate the epicentre of airborne tourism traffic into the province to a site adjacent to Tongaat and the study area. The location of the DTP will promote local airfreight logistic efficiencies through the multi-modal transport as well as support high end manufacturing and agri-perishable exports. More critical to this review is the role that the DTP is expected to have in driving tourism growth in KZN and particularly in the study area through direct access to international flights, something previously not present in eThekwini. The tourism impact of the development of the DTP and the KSIA airport is therefore expected to be significant and various studies have been conducted into the nature and extent of this impact. In particular, the Institute of Natural Resources (INR) has examined the tourism impact closely as part of the Environmental Impact Assessment for the proposed development.

This summary draws heavily from this analysis and examines the impact by means of the following categories;

- Visitor numbers
- Accommodation demand
- Attraction demand
- Negative impacts
- Associated developments
- Implications for Tongaat LED tourism development

### 2.7.5 Impacts of Dube Trade Port and KSIA Demand on Study Area

The development of DTP and KSIA, and the associated growth in tourist numbers in the area opens up a series of opportunities of the Greater Tongaat area, primarily due to its proximity to this development. Most notable amongst these opportunities are the following:

- First (or final) night accommodation facilities (hotel, chalet, lodge, B&B etc)
- Conferencing facilities
- Business tourism (MICE)
o Trips to local tourism attractions, especially related to nature, culture or heritage
o Airport transfers
o Tour guiding
o Travel agencies
o Tourism information offices
o Beach tourism development (in broad study area)
o A museum showcasing local cultural products

However, it must be noted at this point that maximum advantage of the tourism opportunities presented can only be reached if access is provided to the Trade Port through the R102.

In conclusion, the above analysis highlighted the following:

o The tourism industry in the CBD, Northern and Southern Precincts is very weak
o The tourism industry in the beach area is stronger but requires upgrades
o Tourism products exist in the primary study area, but are undeveloped and not integrated into the tourism market
o These tourism products are largely related to culture, historical and heritage, and one nature based product
o Tourists, both international and domestic seek out cultural, historical and heritage products, beach products, adventure and nature based products
o The tourism demand for the region is expected to continue to grow
o This growth is going to be substantially increased by the development of the KSIA
o The airport will bring significant demands for accommodation in close proximity, and general tourism services
o 2010 will bring a spike in demand, but care needs to be taken to develop a tourism industry that will be sustainable beyond 2010
o The focus of provincial and local tourism development strategies is on beach development, tied into inland areas based on culture and heritage, as well as business tourism

2.8 INFORMAL ECONOMY AND SMMES

The informal economy makes an important contribution to the economic and social life of most South Africans, including most residents in Tongaat. It developed rapidly in the 1990s due to the deregulation of the economy and the transition to a democratic political system. In the 2nd decade of democracy, the government has planned to play an active role in the economy by increasing the productivity of the first economy and developing the second economy. The gains of the first economy must be used to create quality income opportunities for the masses of people trapped in the second economy.

The informal economy in Tongaat as is the case in other areas in eThekweni municipality is heterogenic, ranging from street traders and spaza owners to candle makers and newspaper distributors. It is often characterised by its flexibility, creativity, resilience to absorb shocks, and
its ability to adapt to changing external environments. However, by its very description, it falls outside the regulatory environment in which all formal businesses and their workers operate, increasing the risks faced by informal economy workers and enterprises, and reducing the support and protection these workers and enterprises can receive from government.

The characteristics of the informal economy have ensured that it will never disappear, but instead continues to grow in size and importance. A problem facing local government in Tongaat is that informal economy activities are spread throughout the area, with many of its activities taking place in rural areas where monitoring is difficult. In addition, by its very nature, the informal economy is hard to manage and, more importantly, to support in its development. Given that the informal economy supports the livelihoods of thousands of mostly poor, vulnerable and marginalised people in Tongaat, there is a need to pay a special attention to this sector in order to address the various challenges faced by informal traders in this area.

The purpose of this section is therefore to develop a coherent and integrated Informal Economy Policy to guide local government in the management and support of the workers in the informal economy in Tongaat. This Informal Economy Policy aims to address these overall objectives which relate to the problems identified in Tongaat:

- Support the growth and development of the informal economy to the benefit of the overall local and provincial economies
- Reduce the vulnerability and risks of informal economy workers and enterprises
- Encourage economic and employment growth in rural areas to boost the overall development of Tongaat.

### 2.8.1 Informal Economy and SMMEs Key Stakeholders

Table 2.19 below indicates the identified informal economy key stakeholders from national to the local levels.

<table>
<thead>
<tr>
<th>National Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Trade and Industry (DTI)</td>
</tr>
<tr>
<td>Small Enterprise Development Agency (SEDA)</td>
</tr>
<tr>
<td>Sector Education Training Authority (SETA)</td>
</tr>
<tr>
<td>Department of Environment and Tourism (DEAT)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Provincial Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>KZN Department of Economic Development (KZN DED)</td>
</tr>
<tr>
<td>Arts. Culture and Tourism (ACT)</td>
</tr>
<tr>
<td>SEDA KZN</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>eThekwini Stakeholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>eThekwini Economic Development Unit (EDU)</td>
</tr>
</tbody>
</table>
2.8.2 Informal Economy in Tongaat: Profile and Trends

The Greater Tongaat area is more rural than urban. The rural areas comprise the north and south parts of Tongaat and include Sandfield, Newtown, Maidstone, Hambanathi, Belvedere, Gandhi Nagar and part of Wewe. The urban areas of Greater Tongaat are made of Gandhi’s Hill and CBD. Rural and urban disparities have a major impact on the informal economy of the area. It should be noted that the informal economy is more developed in the CBD areas than in the rest of the Greater Tongaat. Data provided below were sourced from various documents including the National indicators of the Informal Economy, the KZN Economic Analysis of the Informal Sector, the Tongaat CBD Economic Framework and the Urban-Econ informal economy organised surveys.

Major Activities within the Informal Economy

Major activities characterising the informal economy in the Greater Tongaat include the following: mielie cookers, newspaper vendors, live chicken sellers, second hand clothes dealers, hairdressers, candle makers, fruit sellers, street food vendors, street non-food products vendors, spaza shop owners and workers, tailors, dressmakers and hatters, muthi traders, Mr. phone dealers, bead workers and sellers, shoe makers and polishers and welders.
Following the result from the informal economy surveys organised, it should be noted that the informal economy in the Greater Tongaat is overwhelmingly dominated by the fruit sellers, followed by street non-food products vendors, spaza shop owners as well as the Mr. phone dealers as indicated in Table 2.20 below.

Table 2.20 Tongaat Informal Economy Activities

<table>
<thead>
<tr>
<th>No</th>
<th>Activities</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Bead sellers</td>
<td>4.1</td>
</tr>
<tr>
<td>2</td>
<td>Candle makers</td>
<td>1.7</td>
</tr>
<tr>
<td>3</td>
<td>Dressmakers and hatters</td>
<td>1.7</td>
</tr>
<tr>
<td>5</td>
<td>Fruit sellers</td>
<td>24.8</td>
</tr>
<tr>
<td>7</td>
<td>Hairdressers</td>
<td>0.8</td>
</tr>
<tr>
<td>8</td>
<td>Live chicken sellers</td>
<td>2.5</td>
</tr>
<tr>
<td>9</td>
<td>Mielie cookers</td>
<td>4.1</td>
</tr>
<tr>
<td>10</td>
<td>Mr. Phone dealers</td>
<td>7.4</td>
</tr>
<tr>
<td>11</td>
<td>Muthi traders</td>
<td>0.8</td>
</tr>
<tr>
<td>12</td>
<td>Newspaper vendors</td>
<td>3.3</td>
</tr>
<tr>
<td>13</td>
<td>Second hand clothes dealers</td>
<td>5.8</td>
</tr>
<tr>
<td>14</td>
<td>Shoe makers and polishers</td>
<td>5.8</td>
</tr>
<tr>
<td>15</td>
<td>Spaza shop owners</td>
<td>12.4</td>
</tr>
<tr>
<td>16</td>
<td>Street food vendors</td>
<td>1.7</td>
</tr>
<tr>
<td>17</td>
<td>Street non-food products vendors</td>
<td>19.0</td>
</tr>
<tr>
<td>18</td>
<td>Tailors</td>
<td>0.8</td>
</tr>
<tr>
<td>19</td>
<td>Welders</td>
<td>1.7</td>
</tr>
<tr>
<td>23</td>
<td>Others</td>
<td>1.7</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td>100</td>
</tr>
</tbody>
</table>


**Gender Parity**

The informal economy in the Greater Tongaat involves both males and females, but as the population of the eThekwini Municipality is dominated by females, the informal economy is led by women with 52.1% compared to men that account for 47.9%.

**Age Distribution**

The informal workers in Tongaat include both young and old people. Nearly three quarters of the informal workers are between 10 and 34 years old of the Most of them are South African citizens with a few immigrants from neighbouring and other SADC countries.

**Ethnic Group**

The informal economy in the Greater Tongaat is overwhelmingly dominated by the Black people that account for 76.9%. Indian and Coloured follow with respectively 21.5% and 1.7%.
Level of Education

More than half of the informal workers in Tongaat are people who studied up to secondary school level. Others have done primary school and some have accredited training education. A small number of them have either a diploma or a certificate.

Weekly Income

The weekly income of the informal workers in Tongaat depends on business focus and sector and varies between R 100 to R 1000.

Place of Work

The informal economy businesses in Tongaat are operated at the following places: from home, taxi rank, pavement of streets, in flea markets, built market, in front of big shops, and at the Tongaat Morning market. The majority of them are located at the taxi rank, pavement of the streets and in front of the big shops.

Table 2.21 Tongaat Informal Economy Place of Work

<table>
<thead>
<tr>
<th>Place of Work</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>From home</td>
<td>6.6</td>
</tr>
<tr>
<td>Taxi rank</td>
<td>48.8</td>
</tr>
<tr>
<td>Pavement of streets</td>
<td>19.8</td>
</tr>
<tr>
<td>Flea markets</td>
<td>6.6</td>
</tr>
<tr>
<td>Built market</td>
<td>10.7</td>
</tr>
<tr>
<td>In front of big Shops</td>
<td>6.6</td>
</tr>
<tr>
<td>Tongaat Morning Market</td>
<td>0.8</td>
</tr>
<tr>
<td>Total</td>
<td>100.0</td>
</tr>
</tbody>
</table>


Duration of the Business

56.2% of informal businesses in Tongaat have been operating for between 1 and 3 years.

Number of People Employed Per Business

Majority of informal economy businesses have only one person who is both an employer and employee.

Major Obstacles

Major obstacles faced by informal traders in Tongaat are grouped into infrastructural, institutional and economic issues.
Infrastructure issues

- Poor infrastructure such as transport, storage facilities, water, electricity
- Theft and criminal violence
- Lack of working premises
- Poorly developed physical markets
- Police harassment

Institutional issues

- No access to formal training and, as a result, lack of skills in particular in terms of basic economic skills and managerial expertise
- Limited access to formal finance and banking institutions
- Reliance on self-supporting and informal institutional arrangements
- Lack of access to official social security schemes
- Fewer market opportunities due for instance to non-compliance with national and international standards
- High level of competition

Economic issues

- Excessive registration and transaction costs of starting or operating businesses
- Limited access to technology
- Lack of opportunities for bulk purchase of inputs
- Low incomes or lack of regular income as household consumption competes for the use of business earnings
- Lack of working capital: credit has to be obtained from informal sources such as friends or relatives or non-banking financial agencies on unfavourable terms
- Insufficient funds do not allow for further investments

2.8.3 Dube Trade Port’s Implications on the Informal Sector

The main expectations relating to the informal sector and the second economy is that the development of the Dube Trade Port will have a positive impact on the informal sector through an increase in opportunities.

These opportunities include:

- With the construction of the DTP, it is planned that the south and north areas of the Greater Tongaat will experience major construction of low cost houses. This will put pressure on the current formal businesses in the Tongaat’s CBD and will open a way to the informal trade.
As stated above, the informal economy does not include only the street traders, it encompasses the casual labours and other registered but socially unprotected businesses. Therefore with the construction of the DTP that involves the construction of an industrial zone, an increase in the opportunities and income will accrue to those participants in the informal sector and the second economy.

A certain proportion of that expansion will be to the benefit of local people, particularly from the local area (PINK)²⁰.

There will be opportunities for other operators within the informal sector and the second economy who are not in the immediate area (through for example export opportunities).

The current unemployed people in PINK and those migrants who come seeking work and do not find formal employment at the DTP, will all be absorbed into the informal economy. But it should be noted that in addition to positive opportunities that will be accompany the DTP, there are other possible negative impacts.

The first is that the demand for space to trade will be high. This sector is typically overtraded and competition could possibly become negative and socially dysfunctional (with conflict over space and opportunities on and around the site).

The second is that there will be additional demands on local services. The number of immigrants who cannot find formal employment, but find informal opportunities and stay in the area will place increased pressure on local services.

Thirdly, the same number of immigrants who cannot find formal employment at DTP but see the informal economy as an opportunity could turn to illegal activities such as crime, and drug abuse in the area.

2.9 SWOT ANALYSIS

This section serves as the concluding section to the Situational Analysis section and provides a breakdown of the Tongaat’s Strengths, Weaknesses, Opportunities and Threats (SWOT) from all identified and analysed economic sectors. The strengths and weaknesses are based on the present situation while the Opportunities and Threats consider the future implications of various factors. It should be noted that SWOT analysis leads to the understanding of strengths to be worked upon as well as weaknesses to be counteracted in the area. Strengths from all sectors will be grouped and presented together, this also applies to weaknesses, opportunities and threats.

²⁰ PINK stands for Phoenix, Inanda, Ntuzuma, and KwaMashu
### Table 2.22 SWOT

<table>
<thead>
<tr>
<th>SECTORS</th>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
</table>
| Spatial Planning and Infrastructure | - The regional N2 connector, the metropolitan R102 connector and north coast rail line all provide excellent regional metropolitan connectivity.  
- The railway line which runs through the town forms an important passenger and goods transport link with the metro, province and even on a national level  
- Emphasis on accessibility and convenience in urban areas  
- Urban edge concept used as tool to curb urban sprawl, promote compaction and achieve associated efficiencies, secure agriculture and upper catchment environmental assets | - The configuration of the town which follows a linear and compacted pattern has a major impact on traffic issues.  
- At a micro-level capacity problems exist in terms of transportation: the proximity to major road systems, including the regional N2 connector, the metropolitan R102 connector and north coast rail line  
- Commercial and industrial land uses are split along the main road in pocket developments. An evaluation of the land use plan indicates that the uses are not integrated | - Whilst the northern precinct accommodates to some degree, residential areas, it provides opportunities for leisure, tourism and further agricultural development  
- The proposed eastern bypass is considered to be the most feasible long-term option for improving network capacity in this area. It proposed localised options which will ease traffic conditions in the short to medium-term. The bypass will also cater for the proposed Dube Trade Port and potential surrounding industrial developments.  
- The Dube Trade Port provides enormous opportunities for the economic growth of Tongaat as a whole  
- The Southern Precinct will experience significant transformation from busy light industries and will possibly become the logistics hub of the entire north coast  
- Low and affordable housing developments  
- Significant amount of undeveloped land  
- Growth in property demand likely to result from DTP development  
- Opportunity to develop industrial land between Verulam and Tongaat | - The land use presents more pressure in the area,  
- The CBD serves the residential community found in Tongaat but it is likely to experience a spill over effect from economic activity of the southern node.  
- The delay in prioritising the link road access from the DTP to the R 102 will undermine other developments |
| Property Economics | - Existing public transport infrastructure  
- High demand for residential property | - Development of urban-fringe too expensive to fully service  
- Significant land ownership held by a single entity | - Increased construction costs  
- Higher interest rates deter property investment  
- Influx of job-seekers could generate additional informal settlements near Dube Trade Port | |
<table>
<thead>
<tr>
<th>SECTORS</th>
<th>STRENGTHS</th>
<th>WEAKNESSES</th>
<th>OPPORTUNITIES</th>
<th>THREATS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retail and Commerce</td>
<td>- High population of 104,116, creates demand for retail</td>
<td>- Lack of variety of shopping facilities</td>
<td>- Dube Trade Port presents an opportunity</td>
<td>- A number of competing shopping centres accessible to Tongaat residents e.g. Ballito and Umhlanga</td>
</tr>
<tr>
<td></td>
<td>- Dominated by local shops which provides an opportunity for Small and Medium enterprises to participate in a local economy</td>
<td>- No available office space</td>
<td>- Current and planned housing developments in Tongaat, will increase population and demand for retail</td>
<td>- Rail line serves a barrier for further development of Tongaat</td>
</tr>
<tr>
<td></td>
<td>- Proposed shopping centre development</td>
<td>- Tongaat town is not in a good condition therefore does not attract high income clientele</td>
<td></td>
<td>- Increasing interest rates and inflation threaten the retail industry</td>
</tr>
<tr>
<td>Industry</td>
<td>- Relatively large labour force</td>
<td>- Declining manufacturing sector</td>
<td>- There is demand for warehousing and logistics infrastructure in Tongaat, partly linked to the DTP development</td>
<td>- DTP industrial zone limits potential demand for industrial land in the Greater Tongaat area</td>
</tr>
<tr>
<td></td>
<td>- Established skills base in particular in clothing and textiles</td>
<td>- Poor services infrastructure</td>
<td>- DTP and subsequent commercial developments will create demand for construction materials</td>
<td>- Many residents are the skilled unemployed from clothing and textiles declining industry in KZN and SA</td>
</tr>
<tr>
<td></td>
<td>- Easy access to N2 highway</td>
<td>- Lack of available industrial land</td>
<td>- DTP offers export opportunities for higher value, just-in-time manufactured clothing products to the more sophisticated markets in Europe and the USA</td>
<td>- Toll road on N2</td>
</tr>
<tr>
<td></td>
<td>- Quite a few medium and large companies focussing on national and international markets are located in Tongaat</td>
<td>- Poor road access to industrial areas</td>
<td>- Development of service industries to both DTP and future industrialisation of Compensation Flats in KwaDukuza</td>
<td>- Greater focus by local government on densification and expansion in areas south of Tongaat</td>
</tr>
<tr>
<td></td>
<td>- Relatively good social and living environment, i.e. a country lifestyle just 30 minutes from Durban CBD</td>
<td>- Many firms operate below capacity due to low demand and increased foreign competition</td>
<td></td>
<td>- Potential industrial land zoned for commercial or residential usage to increase the returns for property developers</td>
</tr>
<tr>
<td>SECTORS</td>
<td>STRENGTHS</td>
<td>WEAKNESSES</td>
<td>OPPORTUNITIES</td>
<td>THREATS</td>
</tr>
<tr>
<td>-------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
</tbody>
</table>
| Tourism                       | o As the tourism sector is currently undeveloped, something needs to be done to sustain it  
  o Blue Flag beach status  
  o Excellent cultural heritage, particularly related to Indian culture  
  o Cultural products in demand  
  o Proximity to natural attractions  
  o Current township tours operating in area  
  o Number of good natural attractions | o Poor condition of beach infrastructure  
  o Tourism does not operate as system  
  o Poor tourism supply in precinct area  
  o Poor signage  
  o Tongaat not marketed as an area, rather products are marketed individually  
  o Little awareness of tourism  
  o Litter makes town look ugly  
  o Little marketing of current products | o DTP / KSIA offers significant opportunities  
  o These relate to accommodation, servicing business tourism, provision of tourism services etc  
  o Possibility to link cultural products to Inanda Heritage / Zulu route  
  o Development of beach front will open up opportunities for day visits to inland areas | o DTP expected to have “in-house” tourism services and products (Support zone)  
  o Possibility that R102 is not opened up  
  o Sound contours might affect opportunities to develop tourism products in certain areas  
  o No local tourism expertise  
  o Limited land available for tourism enterprises |
| Informal Economy and SMMEs    | o Existence of International and National Policy Instruments  
  o Existence of the Street Traders Committee  
  o Existence of synergies between municipal officials on informal traders through the existence of the informal economy Area Manager  
  o Existence of SEDA branch in Tongaat | o Narrow view of informal economy  
  o Lack of not well structured informal economy organisation  
  o Lack of finance and difficult access to funding  
  o Poor services and infrastructures  
  o Lack of formal-informal businesses partnerships | o The Construction of the DTP - Informal Economy is a Labour Intensive Sector | o Lack of skills and poor education levels  
  o High level of competition  
  o Crime and HIV / AIDS |
2.10 CONCLUSION

This section presented the situational analysis of the greater Tongaat including the macroeconomic sector, a detailed spatial planning and infrastructure, the demographic profile, the property economics, the retail and commerce, the industrial profile, the tourism profile, the informal economy and the SWOT analysis.

Through an examination of the SWOT analysis of the Greater Tongaat Area, strategies will be developed which build on the strengths, overcome the weaknesses, grasp the opportunities and mitigate against the threats in the area as per the following figure.

Figure 2.23 SWOT and Strategy

| Strengths | • What should be done to sustain the strengths of the economy in Tongaat? |
| Weaknesses | • What can be done to reduce the current weaknesses of the economy in Tongaat? |
| Opportunities | • What economic opportunities are there in Tongaat that should be grasped? |
| Threats | • What actions need to be made to negate the threats posed to the economy in Tongaat? |


The interventions required to do this, will be developed in the following section of the report.
SECTION 3. STRATEGY FORMULATION

This strategy formulation section follows the preceding situational analysis section that assessed the existing economic situation of the study area within the context of the Municipality’s current LTDF, IDP, draft Economic Development Strategy and other initiatives of relevance. In the conclusion of the Situational Analysis Section, a breakdown of the Tongaat’s economy in terms of Strengths, Weaknesses, Opportunities and Threats (SWOT) was presented.

The current section deals with the formulation of a strategic framework and interventions that are necessary to turn around the declining economy of Tongaat. This will be achieved through the creation of a vision and strategy which takes into consideration the projects within the area as well as stakeholder linkages and project implementation.

The section starts by revisiting the information that flows from Tongaat’s key development parameters as reported in the preceding sector named as key development issues of the Greater Tongaat. This will be followed by the vision, goals, strategies and identified projects.

3.1 KEY DEVELOPMENTAL ISSUES OF TONGAAT

Information collected through the situational analysis indicated that Tongaat’s economy is declining due to numerous key economic issues that require attention. These issues include the following: land availability, Dube Trade Port development, infrastructure development, housing development, skills development, sectoral opportunities and liaison and co-ordination between the key stakeholders. Each of these issues is dealt with in more detail in the following sub-sections.

3.1.1 Land Availability

Currently Tongaat has tracts of underdeveloped lands owned by individuals as well as private companies. Some of these land owners do not want to release the land. Consequently, there is little available land for the expansion and development of the town. This has serious implications for the future development of Tongaat and the surrounding areas.

Some implications related to the non-availability of land include the following:

- Lack of available land limits the expansion of industrial sector;
- Lack of available land weakens the growth of commercial sector;
- Limited available land undermines the growth of tourism enterprises;
- The configuration of the town of Tongaat follows a linear and compacted pattern which needs to be expanded, but this might be possible only if the land is available; and
- A number of projects related to property economics and housing are being put on hold because of land availability issues in the area.
Therefore, to unlock the economy of Tongaat, land needs to be made available for development. The unavailability of land in Tongaat will lead to the economic stagnation and the perpetuity of poverty.

3.1.2 Dube Trade Port (DTP) Development

Tongaat is crippled by unemployment and related poverty threats. Located just 6 km south of Tongaat, Dube Trade Port is a major economic intervention which will have a direct impact on Tongaat. This development will have major impact on improving and turning around the economy of the area.

Tongaat is well placed to benefit from the proposed DTP and King Shaka International Airport (KSIA). Apart from being well located to provide basic services, the town could take advantage of the opportunities in export-oriented agricultural and horticultural industries.

Further, Tongaat would be an advantageous location for the manufacture of so-called “knowledge products” such as electronics, computer software, telephonic and wireless. This type of industry needs the supply and market service facility of an international airport with overnight airfreight linkages to first world economies, i.e. time-sensitive markets and procurement.

Other benefits of the DTP include the following:

- The DTP site is approximately 3 000 hectares and is located at La Mercy within the Durban Metro area with the objective of being an integral part of a Southern African logistics network.
- The proposed industrial development zone at DTP is part of an initiative by KwaZulu-Natal to create a Logistics Gateway on the East Coast of Southern Africa, in order to effectively participate in export driven activities and international trade. It will capitalise on the existing transportation links to seaports and the inland port at City Deep in Gauteng. These links include Durban harbour as the largest container port in sub-Saharan Africa.
- In addition, the KSIA at the site will provide airside access for the movement of time-sensitive goods on a national and international basis.
- There is demand for warehousing and logistics infrastructure in Tongaat, partly linked to the DTP development.
- DTP and subsequent commercial developments will create demand for construction materials and labour (some of which will be sourced from Tongaat).
- DTP offers export opportunities for higher value, just-in-time manufactured clothing products to the more sophisticated markets in Europe and the USA.

In conclusion, the DTP is an immense project for both the province and country. The project will create thousands of job opportunities. If the job creation potential associated with the DTP is realised, then the quality of life of many people in Tongaat will improve.
3.1.3 Infrastructure Development

Another key economic intervention of Tongaat is the infrastructure development. Currently Tongaat faces a number of challenges related to its current infrastructure. These include among others:

- The major challenge in the transportation network is provoked by the linear configuration of the town along the R 102. This can be alleviated by the construction of the proposed Eastern bypass as well as the upgrading of the R 102.
- The inadequate provision of infrastructure by eThekwini in response to DTP and other development opportunities constitutes a major issue in the area and need to be re-evaluated. The planned 15 132 housing units in and around Tongaat as well as the planned 15 000 housing units in KwaDukuza Municipality in iLembe District will have a direct impact on the North and West areas of Tongaat's CBD.
- Limited parking space in Tongaat leads to regular congestions in roads.
- Location of the N2 Toll plaza discourages Tongaat as a place of manufacturers for the Durban market.
- At a micro-level, capacity problems exist in terms of the proximity to major road systems, including the regional N2 connector, the metropolitan R102 connector and north coast rail line.
- Tongaat town in general is littered and poorly maintained and needs ongoing maintenance, cleanliness and beautification programmes.

Among other advantages linked to the infrastructure development in Tongaat include the following:

- The link road from DTP to the R102 needs to be prioritised in order for Greater Tongaat to achieve all its short and medium-terms economic priorities.
- The proposed Eastern bypass as indicated above is considered to be the most feasible option for improving network capacity in this area. Its proposed localised options will ease traffic conditions in the short to medium-term. The bypass will also cater for the Dube Trade Port and potential surrounding industrial developments.
- A long-term proposed Western bypass project will also relieve congestion in town of Tongaat.
- Upgrading of M43 will cater for additional traffic.
- The upgrading of the regional N2 connector, the metropolitan R102 connector and north coast rail line will provide excellent regional metropolitan connectivity.
- The upgrading and widening of the R102 will accommodate future development and improved accessibility to the development corridor including the promotion of the development of new offices in Tongaat, development of industrial parks, development of low cost housing, and promotion of strong linkages to the railway station. Further, it will relieve traffic pressure from the town centre, and will lead to the opening of the link road to DTP.
Therefore, should the link road between DTP and the R102 not be constructed, or should the R102 not be upgraded including the proposed Eastern Bypass in the short-term, Tongaat stands to lose on many of the spin-off benefits of DTP.

**3.1.4 Housing Development**

Housing development is another major economic issue in Tongaat area. A number of municipal housing projects have been undertaken in Tongaat including the Newtown development, Hambanathi Ext 2, 3A and 3B and Brake Village which in total generated an additional 1 012 housing units. There are at present 15 132 housing units that have been planned in and around Tongaat or have since been completed. The growing population of Tongaat, the informal settlements as well as the near future pressure from the DTP have already created a situation of over-demand on the existing housing stock, notably the demand for rentals, low income and affordable middle income houses.

Further, KwaDukuza Municipality in iLembe District has allocated for 3 000 ha to affordable and low income housing on the Driefontein Farm to accommodate 15 000 housing units. This development will impact immediately on the West and North of Tongaat.

The issues of housing is particularly critical to Tongaat’s economic development as the town was initially developed as a dormitory suburb for sugar cane workers, and much of the original infrastructure and layout of the town has remained unchanged for many years.

Some positive spin-offs with regard to the housing development include the following:

- Construction sector development
- Retail and commerce development
- New investments and businesses development
- Tourism development
- Informal economy sector development
- Social services development including schools, clinics, police, etc

**3.1.5 Skills Development**

As with other areas of the municipality, unemployment is high in the Black residential and rural areas. This is largely due to the lack of both education and skills as a result the past political era. The process of education and training is the key to social, cultural and political participation, personal and community economic empowerment, and national development. The output of education and training is human capital, which constitutes the nation’s primary wealth and potential for growth. Therefore illiteracy and unemployment need to be considered as threats to personal, community as well as national development.
As stated in the preceding section, the skills profile in Tongaat indicates the following: primary school certificate 38.3% of the population; almost 27% of people have only Grade 12, 17.3 % of people have Grade 10 and 11, 3.8% of people have other certificates. People with diplomas represent 11.5% of the total and people with university degree represent 2.6%. This provides an opportunity for further skills development and training to overcome the present skills gap.

### 3.1.6 Sectoral Opportunities

There are numerous sectoral opportunities in Tongaat; many linked to the large capital investments currently underway such as DTP. Tongaat's sectoral opportunities include the following:

- **Manufacturing rejuvenation and expansion:** opportunities exist in the manufacturing sector especially in the manufacturing of the building materials for the planned construction of 15,000 low cost housing units in KwaDukuza.
- **Construction development:** many opportunities exist in this sector with all the planned building of houses in both Tongaat and KwaDukuza, and associated development resulting from the DTP.
- **Transport improvement and development:** many opportunities exist in transport especially with the proposed upgrading of the R102 as well as Tongaat's other roads.
- **Agri-processing and development:** agri-processing has many opportunities especially with the opening of the DTP.
- **Tourism development:** tourism development opportunities exist in and around Tongaat, through the development and upgrading of existing tourism products in the area, as well as the development of new tourism opportunities to align with the area's tourism competitive advantage.
- **Retail and Commerce:** with the development of DTP and new housing projects, many opportunities exist in the retail and commerce sectors as the population number will increase (with the immigrant job seekers in the area, etc).
- **Information and Communication Technology:** has many opportunities especially with the development of DTP.
- **Informal Economy and SMMEs:** as per retail and commerce, the DTP and new housing projects provide many opportunities for the informal economy and SMMEs sector to expand.
- **Social Services:** have many opportunities to develop and improve in Tongaat especially with the new housing projects, DTP as well as infrastructure development. New schools and other social facilities will be built in the area.

### 3.1.7 Liaison and Co-ordination between the Key Stakeholders.

To attain the maximum economic benefits from the sectoral opportunities, improved communication and regular contact between key stakeholders will have to be maintained. This enables all sides to develop their understanding of the dynamics in the local economy and what is
required to maintain competitiveness and social cohesion. Among the key stakeholders are the following:

- KZN Department of Economic Development
- KZN Department of Transport
- Trade and Investment KwaZulu-Natal
- Tourism KwaZulu-Natal
- eThekwini Economic Development Unit
- eThekwini Engineering Department
- eThekwini Transport Authority
- eThekwini Business Support Unit
- eThekwini Planning and Development Department
- Dube Trade Port
- Tongaat Hulett
- Greater Tongaat Councillors (Ward 58, 61, and 62)
- Tongaat Business Chamber of Commerce
- Tongaat Civic Association
- Tongaat SEDA
- Tongaat Community

However, there is presently no linkage or co-ordination between the stakeholders listed above. Consequently, the management of the sectors’ performance is unorganised and fragmented, negatively affecting the development of the area. Key liaisons suggested include the following:

- DTP, eThekwini and the KZN Department of Transport
- Tongaat Hulett Development and the eThekwini Municipality
- Community Stakeholder group and the eThekwini Municipality
- KwaDukuza and eThekwini (Housing Department)

### 3.2 VISION, GOALS AND STRATEGIES

#### 3.2.1 Vision

A vision is a point of reference to keep the community focussed on the important issues and heading the right direction. A vision provides an opportunity for the community and relevant stakeholders to think in a broad and general terms about the future.

The economic framework is based on the eThekwini Municipality's adopted vision and mission statement from the Integrated Development Plan, and is in line with the objectives thereof. The economically specific aspects of the adopted Vision are as follows:

“By 2020, eThekwini Municipality will be Africa’s most caring and liveable city.”
Greater Tongaat LED Vision

The vision is a key element of the LED study and one of the steps to strategy implementation. From the assessment of the local economy and the sector analysis of the LED, it is clear that there are real challenges and constraints facing Tongaat. However, Tongaat also plays host to a wealth of opportunities across a variety of sectors, from good potential for retail and business through to the opportunities in the services and manufacturing sectors. Therefore the Tongaat LED vision derived from eThekwini IDP states:

“By 2010 and beyond the Greater Tongaat will be a preferred investment destination with superior and continuing quality service delivery; thereby providing sustainable employments and addressing social ills for the majority of people

3.2.2 Development Goals

Goal One: Establishing the Economic Foundations

Current Situation

It should be noted that apart from the CBD, the rest of Tongaat is predominantly rural and suffers from a severe backlog in terms of economic basic foundations and assets. Infrastructural issues that need to be considered in Tongaat include traffic congestion, parking issues, upgrading of M43, construction of the Eastern and Western bypasses, location of the Toll plaza and the link road from the R 102 to DTP. In terms of land, Tongaat has large tracts of underdeveloped lands owned by individuals and private companies who do not want to release them. Other issues faced by people in Tongaat’s CBD include the lack of access to basic services such as water, electricity, waste removal and proper sanitation. Consequently, those challenges have negative implications for the economic growth of the area especially on the economic sectors.

Broad Approach

The roads as well as other infrastructure in the Tongaat area need more attention. The land availability issues need to be addressed and the service backlog need to be resolved. The more infrastructures, service backlogs, and land issues are settled and rationally addressed, the more sectoral economy will be improved, the more new development will take place and the more Tongaat will be a liveable city. Therefore the plan will be to establish the economic foundations including upgrading and improving all infrastructures such as the R102, the proposed Eastern bypass, the link road from R 102 to DTP and other roads. Secondly, to increase access to services such as water, electricity, sanitation; and to engage with the land owners around discussions on the land availability in Tongaat. To address those challenges there is a need:
To accelerate the bulk infrastructure development in Tongaat,
To unlock the economy through land availability and management

**Goal Two: Growing the Economy of Tongaat**

**Current Situation**

As stated above, the approach towards local economic development in Greater Tongaat has been ad hoc and fragmented until now, lacking a strategic framework to guide strategic economic development interventions that encourage economic and employment growth and development in the local economy.

Furthermore, Tongaat’s economy is weak, especially with the decline of the clothing and textile industries coupled with the skills shortage, infrastructural and land issues. Consequently, all these impact on the economic growth of the area especially on the economic sectors.

**Broad Approach**

Tongaat accounts for a number of opportunities in various economic sectors that are linked to the other local developments including the DTP, housing and infrastructure development. To achieve this goal, there is a need:

- To develop manufacturing and construction sectors
- To improve the transport system in Tongaat
- To develop agriculture and agri-processing
- To develop tourism sector
- To improve retail and commerce in Tongaat
- To develop the ICT sector
- To improve the informal economy and SMME in Tongaat

**Goal Three: Initiating a Social Development Environment**

**Current Situation**

The level of education in the Greater Tongaat is low with some people having no school education at all. Consequently, the area is characterised by high unemployment rates. The majority of the population, especially in the rural areas, are without jobs because of few investments in those areas as well as their lack of skills. Hambanathi for instance is one of the greater Tongaat rural areas, but the area is populated by a large number of previously disadvantaged individuals with low level of access to social services. There are no shops, no water, no electricity, and no development taking place. With a limited number of people with
management and technical skills, people from outside the area might come to take employment to fill the few jobs currently existing in Tongaat.

Another challenge that infringes on the social capital in Tongaat is HIV/AIDS. This pandemic is starting to manifest visibly in the workplace with absenteeism and the deaths of workers.

**Broad Approach**

Young people under the age of 34 years predominantly populate Tongaat. This constitutes a pool of social capital for the economy of the area as well as labour for investors. The lack of skills to equip communities and other residents to become active participants in the economy is one of the major challenges that need to be addressed. Therefore, the plan will be to maximise effort in order to improve the level of skills development of social capital in Tongaat. If the skills gap in the economy of Tongaat is not well addressed today, this will continue to threaten the future growth of this area. Therefore, there is a need:

- To improve the BEE and Skills in Tongaat
- To address HIV/AIDS and social assistance issues
- To empower the women and youth of Tongaat

**Goal Four: Establishing Institutional Structures for Implementation**

**Current Situation**

The attraction of new investors as well as the local business retention and expansion requires a number of incentives in the area including available services, taxes and legal regulations. But the following was observed in the Greater Tongaat:

The lack of financial support, mentorship, advisory services and relevant skills support services to business, coupled with the service backlog are still visible and make Tongaat an unattractive area for new investors and un-conducive area for local business development.

The lack of structured and co-ordinated partnerships between the major economic stakeholders including the City, Tongaat Hulett, the provincial government, the DTP and the community also contribute to Tongaat’s low level of appeal for new businesses and investments.

**Broad Approach**

As stated above, Tongaat accounts for a number of opportunities in various economic sectors that require certain incentives to reach their full potential. The more the above issues are settled, the more Tongaat will be a favourable area for business development and an attractive setting for new investors. Therefore the need is:
To organise an economic development structure in Tongaat.

To establish regulation and planning frameworks.

### 3.2.3 Development Strategies

The strategic economic outcomes adopted by the eThekwini Economic Development Strategy (2008) are as follows:

<table>
<thead>
<tr>
<th>EMA Strategic Choice</th>
<th>EMA Economic Strategies</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Growth</strong></td>
<td>Strategy 1. Enhancing sector competitiveness: to facilitate the optimal strategic functioning of industry organisations to drive the local economy.</td>
</tr>
<tr>
<td>Specialised sector and investment support</td>
<td></td>
</tr>
<tr>
<td><strong>Reduced Inequality</strong></td>
<td>Strategy 2. Further development of emerging and niche sectors: to facilitate the removal of barriers-to-entry in high-value-add, higher order business services and niche sectors</td>
</tr>
<tr>
<td>Spatial integration and efficiency of priority nodes and corridors</td>
<td>Strategy 3. Business retention and investment promotion: to improve the mechanisms of investment facilitation and business retention in key industrial and commercial nodes</td>
</tr>
<tr>
<td><strong>Reduced Unemployment</strong></td>
<td>Strategy 4. Innovatively package industrial sites for development: to facilitate the supply of land and buildings for priority sectors</td>
</tr>
<tr>
<td>Strategic industry skills development</td>
<td>Strategy 5. Develop priority investment nodes and corridors: to conceptualise and package the economic significance of economic nodes at various levels from city-wide nodes to community level nodes, for investment and development</td>
</tr>
<tr>
<td><strong>Improved Business Confidence</strong></td>
<td>Strategy 6. Regional strategy and development: to determine the nature and extent to which regional integration can add value to the EMA economy</td>
</tr>
<tr>
<td>Strategic economic infrastructure</td>
<td>Strategy 7. Sector skills alignment: to facilitate the alignment between skills supply (by secondary and tertiary – FET) and industry demand in priority sectors</td>
</tr>
<tr>
<td><strong>Improved Business Confidence</strong></td>
<td>Strategy 8. Enhance labour productivity, literacy and numeracy skills: to facilitate the improvement (value-adding) of labour practices and efficiency in priority sectors</td>
</tr>
<tr>
<td><strong>Improved Business Confidence</strong></td>
<td>Strategy 9. Knowledge economy: to facilitate the establishment of higher learning and entrepreneurial culture centres in key nodes of the EMA</td>
</tr>
<tr>
<td><strong>Improved Business Confidence</strong></td>
<td>Strategy 10. Implement key logistics and economic infrastructure: to develop an infrastructure for economic growth, plan to address capacity constraints and encourage further investment into the region.</td>
</tr>
<tr>
<td><strong>Improved Business Confidence</strong></td>
<td>Strategy 11. Bulk infrastructure to match economic growth: to innovatively package and deliver bulk services infrastructure in key nodes within the EMA.</td>
</tr>
<tr>
<td><strong>Improved Business Confidence</strong></td>
<td>Strategy 12. Direct the infrastructure required for economic growth: to conceptualise and package the economic integration of underinvested areas into the EMA.</td>
</tr>
</tbody>
</table>
Based on the preceding, the following table details EMA’s strategies replicated at Tongaat level in terms of current performance, trends, targeted performance and key actions to achieve target.

<table>
<thead>
<tr>
<th>EMA Strategic Choice</th>
<th>EMA Economic Strategies</th>
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</thead>
<tbody>
<tr>
<td>Equitable Opportunities&lt;br&gt;Specialised enterprise development and innovation support for emerging and informal businesses</td>
<td>Strategy 13. Provide strategic enterprise development support to emerging and informal enterprises: to bridge the gap between first and second economy by facilitating the process of business evolution and global market integration for priority sectors.</td>
</tr>
<tr>
<td></td>
<td>Strategy 14. Centres of excellence: the provision of one-stop business, product and process enhancement centres in the EMA</td>
</tr>
<tr>
<td></td>
<td>Strategy 15. C= Cyber City: to provide an enabling environment for innovation and technological advancement in the city.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>EMA Strategic Choice</th>
<th>Strategies</th>
<th>Current Performance and Trends in Tongaat</th>
<th>Targeted Performance</th>
<th>Key Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business Growth</strong></td>
<td><strong>Strategy 1. Enhancing sector competitiveness: to facilitate the optimal strategic functioning of industry organisations to drive the local economy.</strong></td>
<td>Manufacturing 1. Manufacturing is among the most significant sectors in Tongaat’s economy, contributing nearly 40% to the Greater Tongaat GDP in 2004. 2. Manufacturing and light industrial firms made up 1 in every 3 employment opportunities in the Tongaat area in 2004. 3. Opportunities exist in the manufacturing, especially on the construction materials for the DTP and housing development.</td>
<td>Manufacturing 1. Manufacturing firms have to grow and operate above the current capacity. To absorb unemployed skilled labour retrenched from the declining clothing and textile industries. To improve export opportunities for higher value, just-in-time manufactured clothing products to the more sophisticated markets in Europe and the USA.</td>
<td>Manufacturing 1. To conduct a feasibility study to develop a clothing and textile park with fashion incubator focussing on high value clothing in Tongaat. 2. To organise active investment promotion to attract investors to Tongaat focussing on electronics, time-sensitive agro-processing and avionics industries. 3. To implement a cluster focussed manufacturing strategy in Tongaat.</td>
</tr>
<tr>
<td></td>
<td><strong>Tourism</strong></td>
<td>4. Tourism is currently underdeveloped in Tongaat. 5. Opportunities exist based on the area’s strategic location to the beach, the King Shaka International Airport, and other transport routes such as the R102.</td>
<td>Tourism 5. To provide a recreational tourism infrastructure (braai areas, picnic areas, public toilets, security lighting, fencing)</td>
<td>Tourism 5. To provide a recreational tourism infrastructure (braai areas, picnic areas, public toilets, security lighting, fencing)</td>
</tr>
</tbody>
</table>

Table 3.2 EMA Strategies applied at Tongaat
<table>
<thead>
<tr>
<th>EMA Strategic Choice</th>
<th>Strategies</th>
<th>Current Performance and Trends in Tongaat</th>
<th>Targeted Performance</th>
<th>Key Actions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Reduction of Inequality</strong></td>
<td>Strategy 2. Further development of emerging and niche sectors: to facilitate the removal of barriers-to-entry in high-value-add, higher order business services and niche sectors</td>
<td>1. The potential for agricultural development has not been fully exploited by the lower income groups mainly because of lack of access to land, capital and other supports.</td>
<td>To grow the agriculture sector above the current capacity.</td>
<td>1. To make land available for low income people. 2. To establish an agricultural training programme in Tongaat.</td>
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<tr>
<td></td>
<td>Strategy 3. Business retention and investment promotion: to improve the mechanisms of investment facilitation and business retention in key industrial and commercial nodes</td>
<td>1. Tongaat has a fairly reliable public transport means. The existing railway is fairly reliable but presents safety problems. 2. The ICT is not developed but presents opportunities to expand.</td>
<td>To have a First World class transport system for 2010 and beyond.</td>
<td>1. To improve the safety on the current means of transport including train and minibuses 2. The action is to develop a digital hub through KZN DED Digital Hub Goal. 3. To establish a community policing forum and business against crime.</td>
</tr>
<tr>
<td></td>
<td>Strategy 4. Innovatively package industrial sites for development: to facilitate the supply of land and buildings for priority sectors</td>
<td>1. Difficult access to the land. 2. The use of commercial and industrial land is not integrated or co-ordinated.</td>
<td>To get the land released for industrial growth, commercial growth, Tourism growth, housing and other developments</td>
<td>1. To make land available for commercial, industrial, housing and other current and future developments.</td>
</tr>
<tr>
<td></td>
<td>Strategy 5. Develop priority investment nodes and corridors: to conceptualise and package the economic significance of economic nodes at various levels from city-wide nodes to community level nodes, for investment and development</td>
<td>1. The city’s current approach and plan to deal with land issues in Tongaat, sometimes leads to conflicts between agricultural land, industrial land and urban development land.</td>
<td>To better co-ordinate the development of various sectors both at the city and community level.</td>
<td>1. To revise the city’s land plan and approach.</td>
</tr>
<tr>
<td></td>
<td>Strategy 6. Regional strategy</td>
<td>Lack of a structured partnership</td>
<td>To have a local and global</td>
<td>1. The action here will be to establish liaisons between</td>
</tr>
<tr>
<td>EMA Strategic Choice</td>
<td>Strategies</td>
<td>Current Performance and Trends in Tongaat</td>
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</tr>
<tr>
<td>Reduced Unemployment</td>
<td>and development: to determine the nature and extent to which regional integration can add value to the EMA economy</td>
<td>between the major economic stakeholders including the City, Tongaat Hulett, the provincial government, the DTP and the community.</td>
<td>integration including local stakeholders and surrounding municipalities (e.g. KwaDukuza)</td>
<td>key stakeholders through a forum set up.</td>
</tr>
<tr>
<td>Reduced Unemployment</td>
<td>Strategy 7. Sector skills alignment: to facilitate the alignment between skills supply (by secondary and tertiary – FET) and industry demand in priority sectors</td>
<td>The Tongaat skills profile indicates: primary school certificate 38.3% of the population; 27% have only Grade 12; 17.3 % have Grade 10 and 11; 3.8% have other certificates. People with diplomas represent 11.5% of the total and people with university degree represent 2.6%.</td>
<td>To accelerate the deracialisation of the South African economy and to fast track the re-entry of historically marginalised communities into the mainstream of the economy through skills development.</td>
<td>1. To reinforce the application of the BEE policy in Tongaat to assist BEE businesses and historically disadvantaged individuals with the needed support. 2. To multiply the number of training centres in Tongaat targeting the BEE and PDI.</td>
</tr>
<tr>
<td>Reduced Unemployment</td>
<td>Strategy 8. Enhance labour productivity, literacy and numeracy skills: to facilitate the improvement (value-adding) of labour practices and efficiency in priority sectors</td>
<td>1. HIV/AIDS has affected some of the larger firms through increased absenteeism from work, as well as the deaths of workers. 2. Many SME manufacturers reported that they don’t have a specific HIV/AIDS policy or strategy in place.</td>
<td>To stop the widespread of HIV/AIDS in the area</td>
<td>1. To organise an awareness campaign on the impact of HIV/AIDS. 2. To engage local businesses to develop applicable HIV/AIDS workplace strategies / plans.</td>
</tr>
<tr>
<td>Reduced Unemployment</td>
<td>Strategy 9. Knowledge economy: to facilitate the establishment of higher learning and entrepreneurial culture centres in key nodes of the EMA</td>
<td>1. Some women head households, and are found in the micro and survivalist sector and require assistance. 2. The youth in the area also constitute an important indicator of long-range planning needs and need attention.</td>
<td>To empower women by increasing the extent to which black women own and manage existing and new enterprises, and to increase their access to economic activities. To empower youth by adopting development strategies to guide public, private and community-driven agencies in the support of youth.</td>
<td>1. To organise an awareness campaign to motivate private and public sectors to give preferential treatment to women and youth.</td>
</tr>
<tr>
<td>EMA Strategic Choice</td>
<td>Strategies</td>
<td>Current Performance and Trends in Tongaat</td>
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</tr>
<tr>
<td>Improved Business Confidence</td>
<td>Strategy 10. Implement key logistics and economic infrastructure: to develop an infrastructure for economic growth, plan to address capacity constraints and encourage further investment into the region.</td>
<td>1. Old local area housing and infrastructure development framework that dates from 2000 needs to be upgraded</td>
<td>To improve the provision of the soft infrastructure in the area</td>
<td>1 Upgrading of the commercial function and facilities of Tongaat including the renewal of the Town Centre 2 To study the possible re-location of the N2 Toll Plaza.</td>
</tr>
<tr>
<td></td>
<td>Strategy 11. Bulk infrastructure to match economic growth: to innovatively package and deliver bulk services infrastructure in key nodes within the EMA.</td>
<td>1. The current infrastructure impedes developmental programmes. 2. Limited parking space in Tongaat leads to regular congestion in roads</td>
<td>To improve the provision of the bulk infrastructure in the area</td>
<td>1 To open the link road between the R 102 and DTP. 2 To build the Eastern bypass road in Tongaat CBD. 3 Upgrading the internal roads and parking as well as the maintenance, cleanliness and beautification of the town.</td>
</tr>
<tr>
<td></td>
<td>Strategy 12. Direct the infrastructure required for economic growth: to conceptualise and package the economic integration of underinvested areas into the EMA.</td>
<td>1. Area such as Hambanathi does not have much of bulk infrastructure. This impedes the integration of this area with the rest of Tongaat.</td>
<td>To provide new bulk infrastructures where they do not exist to allow economic integration</td>
<td>To investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2.</td>
</tr>
<tr>
<td>Equitable Opportunities</td>
<td>Strategy 13. Provide strategic enterprise development support to emerging and informal enterprises: to bridge the gap between first and second economy by facilitating the process of business evolution and global market integration for priority sectors.</td>
<td>1. Informal economy exists but it will expand with the new developments. 2. SEDA has a branch in Tongaat, but many gaps exist in the services provided. Informal traders face challenges ranging from lack of both business skills and of finance, through marketing, networking, mentorship and the like.</td>
<td>To support existing and emerging SMMEs and informal traders as well as to bridge their gap.</td>
<td>1 To provide and run the informal economy incubator in Tongaat. 2 To conduct a study for the Tongaat's carrying capacity of the informal traders. 3 To use the current park as a flea market venue for traders. 4 To create partnerships between small and big businesses. 5 To persuade new constructors of malls and shop to consider the existence of the informal traders, and therefore to plan during the construction for a specific place to accommodate them.</td>
</tr>
<tr>
<td>EMA Strategic Choice</td>
<td>Strategies</td>
<td>Current Performance and Trends in Tongaat</td>
<td>Targeted Performance</td>
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<tr>
<td></td>
<td>Strategy 14. Centres of excellence: the provision of one-stop business, product and process enhancement centres in the EMA</td>
<td>1. Retailers face crime as the robbers target their shops as well as other challenges. 3. The high population of Tongaat and the new developments will increase demand for retail.</td>
<td>To improve the access to various support services for SMMEs and informal traders.</td>
<td>1. To provide skills development and capacity building for small businesses. 2. SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat. 3. To provide incubator/hive for small businesses.</td>
</tr>
<tr>
<td></td>
<td>Strategy 15. C2 = Cyber City: to provide an enabling environment for innovation and technological advancement in the city.</td>
<td>Regulations and planning have major impact on the growth of the economy.</td>
<td>To have an enabling environment for business development and economic growth</td>
<td>1. To develop a retail and commerce policy. 2. To prepare an updated detailed precinct plan to guide new developments in the greater Tongaat.</td>
</tr>
</tbody>
</table>
3.3 CONCLUSION

The strategy formulation section followed the preceding situational analysis that assessed the existing economic situation of the Greater Tongaat. The section started by revisiting the key development parameters as reported in the preceding section named as key development issues of the Greater Tongaat. These issues included the following:

- Land availability
- Dube Trade Port development
- Infrastructure development
- Housing development
- Skills development and
- Sectoral opportunities

Using the eThekwini strategic economic outcomes and targets as bases, the vision, goals and strategies were developed in order to address the key economic issues of the Greater Tongaat area. The goals included the following:

- To establish the economic foundations of the greater Tongaat;
- To initiate economic growth;
- To promote a developmental environment; and
- To maximise effort in order to establish institutional structures for implementation.

It should be noted that each strategy has a number of projects or activities that will be unpacked in the following section (implementation framework).
SECTION 4. IMPLEMENTATION FRAMEWORK

Preamble

This Implementation section follows the preceding strategy formulation section that provided a strategic framework and interventions necessary to turn around the declining economy of Tongaat. The strategy formulation section developed a vision and strategic goals taking into consideration the projects within the area, stakeholder linkages and project implementation. In the conclusion of the strategy section, key bankable projects were suggested which have specific initiatives to give effect to the economic development of Tongaat.

The sub-sections included in this implementation framework are made up of the key, as well as other projects suggested from the strategy formulation section as follows:

1. Upgrading of the commercial function and facilities of Tongaat including the renewal of the Town Centre in response to the other developments especially the DTP and housing projects. This implies the formulation of the detailed precinct plan of the CBD to guide the development of this area.
2. Infrastructure Development
   2.1 Build the Eastern bypass road in Tongaat CBD.
   2.2 Upgrade the R 102 in Tongaat.
   2.3 Open the link road between the R 102 and DTP
   2.4 Investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2
3. Implementing a cluster focussed manufacturing strategy in Tongaat.
4. Development of a Cultural Heritage Tourism Route (temples, mill house, old sugar barracks, museum documenting Hindi Religion at Brake Village, museum documenting indentured labour and arrival of Indians in Durban at Old Mill).
5. Development of the Informal Economy and SMMEs economy.
   5.1 SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat
   5.2 Provision and running of Incubator for SMMEs and informal traders.
   5.3 Designing of sites to be allocated to informal traders.
7. Establishing of Liaisons (forums) between key stakeholders
8. Other identified projects
4.1. UPGRADE OF THE COMMERCIAL FUNCTION AND FACILITIES OF TONGAAT INCLUDING THE RENEWAL OF THE TOWN CENTRE

4.1.1 Project Description

The main goal of the project is the growth and development of the commercial sector. The project is divided into four activities which include the Tongaat CBD upgrade, commercial development in the northern precinct (Maidstone), business node development in the southern precinct and the nodal development in the new housing areas.

**Tongaat CBD**

There is a dire need for the redevelopment of Tongaat town CBD. This includes the regeneration and expansion of the town. The CBD needs to be expanded to the west where there are currently old houses. This is to allow for the provision of a wider variety and higher order services that are currently lacking in Tongaat. The residential development where the town will expand is where there will be densification and also mixed use developments. The expansion and upgrade of the town centre will deal with current problems and optimise opportunities to encourage the growth and development of the commercial sector in this major node. It will also allow for easy movement within the town and ease the traffic congestion. The development of the Eastern bypass will also have positive impacts on the ease of traffic in the town centre because it will provide an alternative route. The upgrade of the town centre needs to attract residents that are doing their major shopping in external shopping centres such as Gateway and Ballito back to Tongaat. The upgrade of the town centre intends to increase the standard of shopping facilities and variety equivalent to what is offered in other affluent areas. Tongaat should have a clearly defined shopping hierarchy with a town centre serving as a small regional shopping centre, Maidstone operating as a community shopping centre and nodal shopping centres in residential areas serving as neighbourhood centres.

**Commercial Node in Maidstone**

Currently there are limited retail facilities provided in Maidstone. However, the R102 and R 614 will provide opportunities for commercial development because of accessibility and traffic generated in the intersection. This will function as a secondary node to the CBD. Maidstone should provide community level facilities with higher order facilities in the CBD. There are a number of residential units located in close proximity to Maidstone and residents from these units are currently doing their shopping in Tongaat CBD because of the lack of services in Maidstone.

**Business Node**

Commercial development in Tongaat is critical because of the Dube Trade Port. There will be an increased demand for office space development as there is currently limited office space in
Tongaat. The development of office spaces will optimise the commercial sector and employment creation within Tongaat. The link road from R 102 to Dube Trade Port will provide opportunities for commercial sector development in the form of offices.

**Nodal Development in New Housing Projects**

A number of housing developments are planned in Tongaat and nearby areas which will have an impact on population and services provided. A number of these people will do their shopping in Tongaat CBD. However the housing developments should have neighbourhood level shopping facilities that provide for low order services within a 400 metre radius which accounts for 5 minute walking distance.

**Positive Spin Offs of the Planned Developments**

These include:
- **Retail and Commerce**: with the development of DTP and new housing projects, many opportunities exist in the retail and commerce sectors as the population number will increase with the immigrant job seekers in the area.
- **Business services investments**: the development trend is focussing on the north and with DTP coming up more businesses will locate in Tongaat
- **Informal Economy and SMMEs as per retail and commerce**, the DTP and new housing projects provide many opportunities for the informal economy and SMMEs sector to expand.
- **Information and Communication Technology** has many opportunities especially with the development of DTP.
- **Social services development including schools, clinics and police station**
- **Information and Communication Technology** has many opportunities especially with the development of DTP.
- **Most of these developments will occur in the CBD especially retail and commerce which will require a conducive environment for business development, hence the need for the redevelopment of the town centre.**

**4.1.3 The Business Plan**

**Aims and Objectives**

The overarching aim for this project is the growth and development of the commercial nodes. This can be broken down into a number of objectives which are:
- **Infrastructure investment and facilities provision**
- **Ensuring land availability for further development in terms of access and appropriate zoning**
- **Distribution of growth and development opportunities to:**
  - The Town centre (CBD)
  - Maidstone
  - Nodes in housing areas
• R102 and DTP link road intersection
  o Provision of business support functions

Detailed Activities/Actions

  o Upgrading of the commercial function and facilities of Tongaat including the renewal of the Town Centre. This action requires market research, urban design and specialist inputs and the estimated budget is R 1.2 million.
  o Maidstone development to serve the function of a community centre (estimated budget for its preliminary activities is R650 000).
  o Development of retail nodes in residential areas (estimated budget for its preliminary activities is R600 000).
  o Business node development in the R102 and DTP link road intersection (estimated budget for its preliminary activities is R600 000).
  o Upgrading of internal roads and parking provision as well as maintenance, cleanliness and beautification of the town (the budget still to be determined).
  o To provide skills development and capacity building for small businesses (the budget still to be determined).
  o SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat (the budget still to be determined).
  o To provide an incubator/hive for small businesses (estimated budget is R 10 million)
  o To establish a community policing forum and business against crime (estimated budget will be R 200 000)
  o Develop a digital hub through KZN DED Digital Hub Strategy (the budget still to be determined).

Key Stakeholders

  o eThekwini Development and Planning
  o eThekwini Economic Development Unit
  o eThekwini Transport Authority
  o Tongaat Chamber of Business
  o Tongaat Civic Association
  o Tongaat Community

Specialist Input

  o Town planners/urban designers
  o Surveyors
  o Transport engineers
  o Development Economists
Integrated Town Centre Regeneration

Traditionally town centres have been defined by town planners and geographers as distinct areas containing higher order commercial and retail purposes which come together to exploit their accessibility and other agglomeration advantages. Town centres usually contain some institutional public space facilities such as halls, public offices and social facilities such as libraries. Some even contain a small amount of appropriate light/service industry to reinforce its centrality focus. Town centres are defined based on their physical, economic, cultural, psychological and institutional forms. However town centres should contain a wide range of uses that need to be accessible to a large number of people, including employment, shopping, offices, leisure, entertainment, hospitals and higher education (The UK Department of the Environment, 1996). They also should provide a high quality environment if they are to continue to be places where people wish to come.

Town centres need a number of qualities if they are to be commercially and socially sustainable. These qualities are:

- A critical mass attraction: it needs to have an ability to attract large numbers of people through densification in residential areas closer to the town centre
- Easy access into the town centre: the road network should be effective and ensure good accessibility to and within the centre and also provide adequate parking space
- Good pedestrian linkages: pedestrian paths and street lighting are critical components of a successful town centre.
- Attractive streets and public spaces which are safe and possess a sense of local identity: Street furniture and beautification of the town centre provide liveable spaces. Social facilities that offer a sense of belonging are critical for the success of town centres
- Retaining and developing a wide range of attractions and amenities: the variety of goods and services provided plays a major role in the town centre’s ability to attract people and sustain itself
- Attracting continuing investment in the development or refurbishment of existing buildings: Some town centres have been in decline because they failed to attract investment. This is as a result of the level of choice available to consumers and because the quality of shopping in some town centres has not been sufficient to attract customers. This has been the case with Tongaat town centre.

In order for town centres to be successful there must be a focus on issues of quality of life, economic competitiveness and social engagement.

- Balance – there is a need to maintain balance between economic viability and distinctiveness, social cohesion and environmental sustainability.
- Variety - a much wider range of uses and activities should be promoted to facilitate a positive quality of life for investors, employees and users.
- Flexibility and innovative thinking - the need to adjust town centres to new economic, lifestyle and socio-cultural realities, and the demand for an increasingly flexible use of urban space.
Accessibility - the need to focus on the diversity of public transport provision
Employment creation - town centres must be areas of employment for residents
Local accountability - the transparency of the activities of institutions and commercial interests within city centre needs to be recognised, and it is crucially important that town-centre management fully reflects informed public opinion and needs.

Role of the municipality
- Encourage the development of town centre strategies
- Enable town centre development through development plans and by facilitating land issues
- Attract investment into upgrading existing buildings and high-quality new development
- Encourage investment in retail, employment, leisure and other key town centre uses
- Encourage mixed-use development in town centres
- Encourage an increase in housing in town centres
- Promote town centre management, including maintenance of public areas
- Improve access and traffic management
- Make more effective use of town centre car parking, and
- Encourage high-quality design of both urban spaces and buildings

Competitive Place Theory in Tongaat

Tongaat town centre competes with a number of established shopping centres such as Gateway and Durban. The Competitive Place Theory accepts that towns and cities compete and that they compete for market areas and also for investments. Companies are influenced by how the location will improve their competitiveness, quality of the local labour force and quality of lifestyle. The availability and quality of physical infrastructure and location are therefore important determinants of place competitiveness. The quality of place and management of public assets is a critical element. A number of benefits are possible for urban renewal/regeneration of town centre:
- Installing confidence for private and other investors in the area
- Increasing the variety, range and quality of services available to local residents
- Building infrastructure rehabilitation and providing visible evidence of physical improvements
- Create a new townscape and place making
- Where resources are limited, concentrate efforts within a clearly defined areas/node and high quality design
- Elements of good design include high quality utility infrastructure and public facilities, highly pedestrianised and compact developments, mix of land use and activities, better public transport and a design that supports local services and fosters a strong sense of community and public safety.
- Measures to increase competitiveness through urban design include:
  - Provision of high quality education and training institutions
  - Build heritage and re-use of old buildings
  - Pedestrian routes
  - Well located and quality public spaces
Ensuring access, permeability, continuity and enclosure, legibility and clarity of structures

Vitality and Viability of Town Centres

The concepts of vitality and viability provides some insights into measuring the success of Town centres:
- Vitality is a measure of how busy a centre is at different times and in different parts.
- Viability measures a centre’s capacity to attract on-going investment for maintenance, improvement and development.

Other measures could also be used to assess the vitality and viability, such as a SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis. Key indicators identified include the following:
- Customer views
- Perceptions of safety and occurrence of crime
- Environmental quality of the centre
- Different weightings might be attached to different indicators, depending on local circumstances.
- Further issue: whether comparisons amongst town centres are needed to really assess vitality and viability.
- Of importance, the methodology for town centre health checks is not robust and should be treated with some caution.
- These concerns are as relevant to town centres for townships as in established areas

4.1.4 Land requirement

The Tongaat redevelopment is divided into four precincts namely the CBD, Maidstone, business node and small nodes in housing areas. The future population projections show that Tongaat will have a total population of 270 000 people by 2025 which is broken down per sub precinct. The total land area required for the development of these precincts is detailed in Table 4.1 below. The CBD requires about 10 hectares of land followed by a number of small nodes accounting for 3 hectares collectively and 2 hectares in Maidstone. The business node is a specialised node and requires about 20 hectares.

Table 4.1 Land area required for the development

<table>
<thead>
<tr>
<th>Nodes</th>
<th>Node Status</th>
<th>Characteristics</th>
<th>Market Segment % Allocation</th>
<th>Population 2025</th>
<th>Land Area (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Northern Precinct Maidstone</td>
<td>Community centre</td>
<td>Located on a major arterial Road Serves 8 200-17 800 Households Large supermarket</td>
<td>16</td>
<td>43 200</td>
<td>13.2</td>
</tr>
</tbody>
</table>

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21“Achieving Sustainable livelihoods in townships through economic and spatial investment”, 2007
<table>
<thead>
<tr>
<th>Nodes</th>
<th>Node Status</th>
<th>Characteristics</th>
<th>Market Segment % Allocation</th>
<th>Population 2025</th>
<th>Land Area (Ha)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>and smalls specialised stores</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>CBD</td>
<td>Small regional</td>
<td>Serves a specific sub region of an area. Serves 17 800-35 700 households. Large supermarket and 1 or 2 large anchor clothing stores and services</td>
<td>65</td>
<td>175 500</td>
<td>53.6</td>
</tr>
<tr>
<td>Southern Precinct</td>
<td>Specialised</td>
<td>Commercial offices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>0.4 m² per capita</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Population is not a factor as this is a business node which depends on a number of businesses located</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Neighbourhood</td>
<td>Located on major collector road. Serves 2 400 –5 700 households</td>
<td>19</td>
<td>500</td>
<td>16.0</td>
</tr>
<tr>
<td></td>
<td>centre</td>
<td>Supermarket and some small specialised shops</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td>100</td>
<td>271 200</td>
<td>102.9</td>
</tr>
</tbody>
</table>
4.2. INFRASTRUCTURE DEVELOPMENT

4.2.1 Aims and Objectives of the Project

The project aimed at improving the development of infrastructure in Tongaat, which in turn will achieve the following goals:

- Infrastructure development allows Tongaat to get access to the DTP, thereby allowing it to achieve its short and medium-term spin-off benefits.
- Infrastructure development improves the transport network capacity in Tongaat by improving the traffic conditions in the short to medium-term.
- Infrastructure development provides an excellent regional metropolitan connectivity and relieves traffic pressure in the town centre.
- Infrastructure development significantly accommodates future development and improved accessibility to the development corridor including the promotion of the development of new offices in Tongaat, development of industrial parks, development of low cost housing, and promotion of strong linkages to the railway station.

4.2.2 Description of the Components of the Project

The project is made of four subsequent components:

Activity One: to prioritise the construction of the Eastern bypass road in Tongaat CBD.

Main Road, R102 and Noordesberg Road are the main transport routes serving the Tongaat CBD precinct. These routes also serve to connect other areas outside of Tongaat and are used by high volumes of heavy load transportation including trucks and buses that pass through the town centre, causing accidents and other transport problems in Tongaat.

As both the KZN Road Department and the eThekwini Transport Authority have accepted the project, the action therefore is to prioritise its construction in order to improve the transport network capacity in the area.

Activity Two: To upgrade the R 102 in Tongaat.

The DTP site is approximately 3 000 hectares and will be an integral part of a Southern African logistics network with an industrial development zone. The project will capitalise on the existing transportation links to seaports and the inland port at City Deep in Gauteng. DTP and subsequent commercial developments will create demand for construction materials and labour (some of which will be sourced from Tongaat). However, it is observed that the carrying capacity of the R102, which passes through Tongaat, cannot cope with the traffic that will result from a
development magnitude of the DTP. Therefore, there is an urgent need to upgrade it by increasing its capacity from two to four or six lanes.

**Activity Three: To prioritise the link road between the R 102 and DTP**

As shown in the preceding activity, the DTP has a number of developmental elements including the KSIA, trade zone, agri-zone that will generate a large number of job opportunities. However, it is observed that the DTP site has only one access route from the N2. This deprives Tongaat of direct access, consequently depriving it of access to the DTP’s short and medium-term benefits.

The project is to prioritise the opening of a direct link road from the DTP site to the R 102.

**Activity Four: To investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2**

The R614 is the road that comes from PMB to Tongaat through Wartburg. Given the magnitude of the DTP, housing and other current and future developments in the greater Tongaat, the KZN Department of Transport has categorised the R614 among the regional road of importance and it will be upgraded from PMB to its linkages with the R102 and then to N2. Therefore there is a need to for a study to investigate all transport and non-transport opportunities and the benefits of this road especially around the greater Tongaat area.

**4.2.3 Methodology and Sustainability**

**Description of Activities**

**Activity One: Construction of the Eastern bypass road in Tongaat CBD.**

The project consists of constructing a road that stretches from the north area of Tongaat to the south at the east side of the R102.

The civil engineers appointed to construct the project will provide details on the length, width and the quantity/quality of materials to be used during the construction further.

The eThekwini municipality will carry out the sustainability of the Activity One related to the construction of the Eastern bypass road in Tongaat CBD because this is at present a municipal road.

The civil engineers appointed to construct the road will provide details on the required funding for the construction of the Eastern bypass road in Tongaat CBD.
Activity Two: Upgrading of the R 102 in Tongaat

The project therefore consists of upgrading the road around Tongaat by widening it to accommodate heavy traffic. It should be noted that the R102 road goes from eThekwini to Richards Bay. The project concerns its Tongaat part only.

Details on the length, width and the quantity/quality of materials to be used during the upgrading of the road will be provided further by the civil engineers appointed to construct the project.

The sustainability of the second activity related to the upgrading of the R 102 in Tongaat will be assured by the KZN Department of Transport as this is a regional road.

Details on the required funding to upgrade the R102 in Tongaat will be provided later by the civil engineers appointed to upgrade the road.

Activity Three: To open the link road between the R 102 and DTP

The DTP development is just 6km south of Tongaat and its overall impact on employment creation is anticipated to be approximately 156,747 new sustainable jobs by 2025 but there is not a direct link road from the DTP site to Tongaat. The project is therefore to open a direct link road from the DTP site to the R102 which passes through Tongaat.

The civil engineers appointed to construct the project will provide details on the length, width and the quantity/quality of materials to be used during the construction of the road further.

The eThekwini municipality will do the sustainability of the third activity related to the opening of the link road between from the DTP site to the R 102 because this is a municipal road

The civil engineers appointed to construct the project will provide details on the required funding for the opening of the link road from the DTP site to the R102

Activity Four: To investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2

The study to investigate all transport and non-transport opportunities and benefits of the linkages between the R614 provincial corridor road and the R102/N2 is an evaluative and assessment based research project that will be carried out in Tongaat.

The fourth activity related to the research study to investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2 is short-term activity; therefore does not pose the problem of sustainability.
The funding required to investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2 is estimated at R 300 000.

**Project Implementing Partners**

The project’s major partners include the following:

- The KZN Department of Transport,
- The KZN Department of Economic development,
- The eThekwini Transport Authority,
- The Planning Framework Branch,
- The eThekwini Economic Development Unit,
- South African Road Agencies (SANRA)

It should be noted that during the course of project, new partners might be able to join the current team.

**Project Multiplier Effects**

Some of the multiplier effects of the infrastructure development include the following

- The link road from DTP to the R102 will allow greater Tongaat to achieve all its short and medium-term economic priorities.
- The proposed Eastern bypass as indicated above is considered the most feasible option for improving network capacity in this area. Its proposed localised options will ease traffic conditions in the short to medium-term. The bypass will also cater for the Dube Trade Port and potential surrounding industrial developments.
- The upgrading and widening of the R102 will accommodate future development and improved accessibility to the development corridor including the promotion of the development of new offices in Tongaat, development of industrial parks, development of low cost housing, and promotion of strong linkages to the railway station. Further, it will relieve traffic pressure from the town centre, and will lead to the opening of the link road to DTP.
- General growth of Tongaat including industrial, tourism, retail and commerce, agriculture, ICT and social developments.
Figure 4.1 Infrastructure development: Proposed Routes

4.3 TONGAAT MANUFACTURING CLUSTER DEVELOPMENT

4.3.1 Preamble

Tongaat’s manufacturing sector is severely hampered by the general economic downturn, the collapse of the South African textile industry and constrained by poor infrastructure, lack of available industrial land and location of the existing toll plaza. However, several opportunities for manufacturing in Tongaat do exist, among these:

- There is demand for warehousing and logistics infrastructure in Tongaat,
- DTP and subsequent commercial developments will create demand for construction materials
- DTP offers export opportunities for higher value, just-in-time manufactured clothing products to the more sophisticated markets in Europe and the USA
- Development of service industries to both DTP and future industrialisation of Compensation Flats in KwaDukuza
- Furniture, electronics and food manufacturing continue to perform well

Opportunities for manufacturing expansion in Compensation and Canelands are both on the planning agendas of eThekwini and iLembe. However, this does not remove the need for the Tongaat Manufacturing Complex to become more efficient in order to compete effectively with other manufacturing hubs around the province.

Optimal Solution

In order to strengthen the Tongaat Manufacturing Sector, focus needs to be placed on the following:

- Leading (healthy) industries,
- Generating synergies with other local and provincial initiatives and
- Clustering manufacturing activities to better address existing land and infrastructure constraints.

4.3.2 Manufacturing Sector Focus Areas

At each level of government there is a slightly different focus on the manufacturing sector. At a national level, the DTI is focussed on advanced manufacturing (medium and high tech products that are focussed on value-adding and enhanced supply chain management. The Department of Economic Development (DED) is focussed on research, investment promotion and initiative development around core manufacturing sectors that include the creative industries as well as primary beneficiation (agri-business and wood products) with growing attention placed on high technology in ICT. eThekwini’s manufacturing complex is highly articulated, and core sub-sectors like automotives, chemicals, furniture and material recovery are all currently undergoing clustering initiatives to strengthen and enhance the sub-sectors. Tongaat’s leading sectors include food production and furniture and there is wide scope for agri-business (especially with the close location of DTP to Tongaat), high-end textiles (detailed leather work, embellished
garments) and for inputs to the construction sector – as the north of eThekwini is a rapidly developing area with high input demands.

Table 4.2 Manufacturing Support Mechanisms

<table>
<thead>
<tr>
<th>Core Manufacturing Sector Focus Areas</th>
<th>The dti</th>
<th>PROVINVIAL DED</th>
<th>eThekwini (EDU)</th>
<th>Tongaat</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Clothing and Textiles</td>
<td>• Arts and Crafts</td>
<td>• Automotive</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Agriculture and Agri-Processing</td>
<td>• Creative Industries</td>
<td>• Agro-processing</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Metals and Minerals</td>
<td>• Clothing and Textiles</td>
<td>• Arts and craft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Tourism</td>
<td>• Information and Communications Technology</td>
<td>• Chemicals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Automotive and Transport</td>
<td>• Wood and Wood Products</td>
<td>• Clothing and textiles</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Crafts</td>
<td>• Agri-business</td>
<td>• Furniture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Chemicals and Bio-technology</td>
<td></td>
<td>• Materials recovery</td>
<td></td>
<td></td>
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<tr>
<td>• Knowledge Intensive Industries</td>
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</tbody>
</table>

As Table 4.2 above indicates, each of the governmental bodies focusses slightly differently on manufacturing support mechanisms, from national to a highly localised level, there are some clear synergies.

Interestingly, eThekwini’s Economic Development Unit’s core industrial development programme is aimed at ‘world-class’ and specialised economic services to industrial communities/agencies to raise the standards of the local industry. Three core areas have already been identified:

- **Improving business confidence: (Thrust 1) Industry excellence strategy**

  The EDU will provide specialised services to businesses for enterprise planning, implementing and evaluating cost reduction and cost containment programmes. A quantitative measure is the reduction of the ‘cost of doing business in the EMA’, which qualitatively becomes a favourable indicator for further investment. Cost-reduction strategies assist firms to maximise efficiency whilst not compromising their growth potential. In order to become more competitive firms need to identify their core competencies where efficiency can be improved, rationalise and consolidate non-core functions, and reinvest the savings in critical business assets.

- **Creating a competitive entrepreneurial culture: (Thrust 2) Industry competitiveness strategy**

  The EDU will improve the competitive culture and environment for export production and promotion, as well as expose local firms to the latest and most advanced production and marketing techniques. This also entails directing businesses to the services of Durban Trade Point, and providing expert services around trade and supplier development. Exporting is an
efficient means of introducing new technologies to a firm and a local economy because export markets are channels for learning and technological advancement.

- Developing a dynamic start-up market for new and emerging: (Thrust 3) Industry innovation

The EDU will provide specialised tools to entrepreneurs that bring about dynamic innovation and technological diffusion into the economy. The focus is to broaden the local knowledge base and to allow entrepreneurs to discover the world in its imposing diversity. Technological and educational advances have the potential to contribute to a better understanding and appreciation of various global cultures, and become a source of creativity.


4.3.3 Tongaat Context

In order to strengthen the manufacturing sector of Tongaat a manufacturing cluster should be designed as indicated below. The cluster should be focussed on the same three key areas as identified by eThekwini: industry excellence, industry innovation and industry competitiveness. The major objectives of the cluster are described in the matrix below:

Table 4.3 Major Objectives of the Cluster

<table>
<thead>
<tr>
<th>Desired Outputs</th>
<th>Improve business confidence</th>
<th>Dynamic start-up market</th>
<th>Competitive entrepreneurial culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focus Area</td>
<td>Industry excellence</td>
<td>Industry innovation</td>
<td>Industrial competitiveness</td>
</tr>
<tr>
<td>Services</td>
<td>Advanced Lean Production</td>
<td>Value chain alignment</td>
<td>Labour productivity improvement</td>
</tr>
<tr>
<td></td>
<td>Applied industrial research</td>
<td>Materials and Product</td>
<td>Technological advancement</td>
</tr>
<tr>
<td></td>
<td>Competition platforms and marketing</td>
<td>Best practice knowledge and generation</td>
<td>Competitive benchmarking</td>
</tr>
</tbody>
</table>

These are discussed in greater detail in the following section where the key objectives and recommended steps of action to develop a cluster organisation for the Tongaat Manufacturing Sector is described.

4.3.4 The Manufacturing Cluster Business Plan

The manufacturing sector in Tongaat faces several very real constraints, including lack of land for expansion, poor infrastructure and lack of focus on critical sub-sectors. The development of a manufacturing cluster for Tongaat, specifically designed to assist existing businesses and
emerging businesses in key sub-sectors grow and exploit the unique location and advantages of Tongaat and encourage enhanced competitive behaviour.

The cluster should focus upon the five identified manufacturing sub-sectors:

- Food Production
- Agri-business
- High-end textiles
- Furniture
- Construction in-puts

The key objectives of the manufacturing cluster are set out below, and will form part of the scope of work for the business plan:

4.4 Key Objectives of the Manufacturing Cluster

<table>
<thead>
<tr>
<th>Key objectives</th>
<th>Advanced Lean production</th>
<th>Value chain alignment</th>
<th>Labour productivity improvement</th>
<th>Applied industrial research</th>
<th>Materials and Product development</th>
<th>Technological advancement</th>
<th>Competition platforms and marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Improving customer responsiveness</td>
<td>Extending business strategy to core suppliers and contractors</td>
<td>Improving the quantity and quality output per time spent or per employee</td>
<td>Providing strategic industrial and product research to innovate on existing processes</td>
<td>Providing knowledge on innovation and technology improvements for products and processes</td>
<td>Research and development in technology improvements in the sector and production processes</td>
<td>Identifying markets for products and showcasing</td>
</tr>
<tr>
<td></td>
<td>Improving product quality assurance</td>
<td>Aligning information and material flow processes to achieve business goals</td>
<td>Improving the education and training of the workforce</td>
<td>Process technology research</td>
<td>Providing materials testing and innovation services</td>
<td>Stimulating and encouraging the utilisation of technology in critical processes for competition and market survival</td>
<td>Identifying main customers and or anchor firms that provide market guidance to the firm</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Integrating supply chains</td>
<td>Improving the technology assimilation capabilities of labour</td>
<td>Industry growth and development research</td>
<td>Designing and developing new and existing products and processes</td>
<td>Identification and acquisition of critical technology platforms for industrial and product development</td>
<td>Procuring the key customers</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Marketing strategies and plans</td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>Providing marketing information and intelligence</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Identifying markets to supply and compete with other local and international players</td>
</tr>
</tbody>
</table>

22 Source: eThekwini Economic Development Unit, 2008
**Key objectives**

| Best practice knowledge generation and sharing | Providing a mechanism for knowledge sharing and best practice information  
Providing a mechanism for electronic commerce and business to business transactions across the digital economy |
|-----------------------------------------------|---------------------------------------------------------------------|
| Competitive benchmarking                      | Providing strategic learning through comparative measurements, strategies, techniques, policies, across industry, products and processes  
Providing information on the highest standards of product development and marketing in specific sectors and product categories  
Analysis of competitors strengths and weaknesses |
| Physical infrastructure environment           | Identifying the optimal location and physical requirements for business and industrial growth  
Provision of specialised industrial infrastructure for economic growth  
Planning future development and investment nodes for growth in the sector |

**Scope of Work**

This project will focus on developing four *'pilot'* industrial development programmes that will be co-ordinated by the Manufacturing Cluster, until a more sophisticated programme is developed aligned with the objectives above:

<table>
<thead>
<tr>
<th>Sub-sectors</th>
<th>Key Programmes</th>
<th>Beneficiaries</th>
</tr>
</thead>
</table>
| Food Production  | Enterprise advancement  
⇒ Marketing and information services  
Enterprise growth  
⇒ Infrastructure planning and research services  
Enterprise excellence  
⇒ World class logistics benchmarking and Lean tools  
Enterprise creation  
⇒ Business planning and transformation services  
Enterprise improvement  
⇒ Labour productivity and skills development | • Small and medium scale manufacturers  
• Tongaat businesses agents  
• Tongaat suppliers  
• Tongaat labour  
• Tongaat artisans |
| Agribusiness     |                                                                                |                                                                              |
| High-End Textiles|                                                                                |                                                                              |
| Furniture        |                                                                                |                                                                              |
| Construction Inputs |                                                                    |                                                                              |
| Arts and Crafts  |                                                                                |                                                                              |

- *Food Production Sector Development Programme:* This programme aims to raise the operational performance of the food production industry.
Agri-business Sector Development Programme: This programme aims to create a world class service aligned with the just-in-time supply of locally grown produce.

High-end Textiles Sector Development Programme: This programme aims to develop a logistics chain to access international markets for high-end textiles.

Furniture Sector Development Programme: This programme aims to link the existing eThekwini Furniture Cluster and create appropriate synergies.

Construction Inputs Manufacturing Sector Development Programme: This programme aims to develop the construction inputs of the manufacturing industry within Tongaat to position the area as a "builder supplier hub" for the north of KZN.

ICT Sector Development Programme: This programme aims to develop the ICT Sector manufacturing industry within Tongaat to position the area as a "ICT supplier hub" for the north of KZN.

Arts and Crafts Development Programme: This programme aims to develop the local craft manufacturing sector into a viable and important player within local manufacturing.

Land Costs

At present, there is little land available for purchase or rental in the greater Tongaat area. This remains a severe constraint on the development of manufacturing in the area. In the Table below are examples of land costs for northern eThekwini, these costs are indicative of the costs likely to be faced by the sector.

<table>
<thead>
<tr>
<th>Type of Land</th>
<th>Rent of land</th>
<th>Rent of built capacity</th>
<th>Purchase of land</th>
<th>Selling of built capacity</th>
<th>Development costs pm²</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industrial</td>
<td>R2.87</td>
<td>R50</td>
<td>R 1 000</td>
<td>R 6 000</td>
<td>R 5 500</td>
</tr>
<tr>
<td>Warehouse</td>
<td></td>
<td>R 40</td>
<td>R 1 000</td>
<td>R 4 600</td>
<td>R 3 100</td>
</tr>
<tr>
<td>Commercial - Office</td>
<td></td>
<td>R 130</td>
<td>R 1 000</td>
<td>R 12 000</td>
<td>R 7 250</td>
</tr>
</tbody>
</table>

The annual average number of hectares of land needed in the eThekwini municipality for the manufacturing and warehouse is 108 ha per annum. This will be 2 160 ha by 2030 (twenty years later). The northern area including the greater Tongaat represents almost 30% of the eThekwini municipality. Therefore, by 2030 manufacturing and warehousing in the greater Tongaat will require 700 ha.
Recommended Methodology and Sustainability of Cluster

Recommended methodology for undertaking the clustering process:

1. Case study analysis of similar initiatives globally with a view to clarifying the role of the programme
2. Inception report and presentation on the scope of activities, key milestones and deliverables
3. Industry engagement strategy including a list of key meetings to mobilise and lead firms to the programmes. The consultant is required to develop a 'best practice' concept document on the key objectives for the SPV, also aligned with the intentions to improve efficiency, productivity and efficacy of each logistics chain.
4. In this preliminary business planning phase, a number of workshops will be held to identify the service offerings required for industrial development programme. A final business plan will be developed which will include the administration function of the SPV.
   - to identify areas for interventions at each stage of the value-chain
   - to identify and package projects for value-chain improvement
   - to determine the key performance indicators for each project
   - to determine the key milestones and critical success factors for each project
   - to determine the participation period of firms for each project
   - to determine the costs of each participation project
   - to identify suitable national and/or international service providers that can implement the productivity assessments and interventions
5. Business plan formulation: 3-year Business plan for the cluster, targeting different firms across five key sub-sectors identified (food, high-end textiles, construction inputs, furniture, agri-business).
   - Organisation structures for overall executive committee that can oversee all sub-sector programmes.
   - Operating costs for the administration function of the Cluster
   - Operational plan and service offerings/cluster sub-programme (and project) costs
   - A plan to integrate common offerings to avoid duplication and ensure holistic knowledge sharing
6. Secured commitment of businesses for each programme.
7. Launch of the SPV and industry development programme

Project Budget

The estimated budget for the project is R3.2m and the timeframes of the project is estimated to be 12 months.
### Table 4.6 Key Implementation Activities

<table>
<thead>
<tr>
<th>Activities</th>
<th>Description</th>
<th>Responsibility</th>
<th>Budget</th>
</tr>
</thead>
</table>
| 1. Establish Task Team      | Establish task team of all key stakeholders to plan for the development of each following cluster:  
- Food Production  
- Agri-business  
- High-end textiles  
- Furniture  
- Construction in-put  
- ICT  
- Arts and Crafts | eThekwini, DED, Tongaat Civic Association, Tongaat Chamber of Commerce and other stakeholders to be identified                                                                                                 | Nil     |
| 2. Identify needs for programme development | The task team need to examine what is required to develop the key programmes for manufacturing support in the key sub-sectors. |
| 3. Develop business plans for the project | A business plan should be developed for the cluster, to include actions required for the programme development and implementation. The business plan must include a full operational plan and financial analysis to facilitate funding for project. |
| 4. Implementation of Business Plan | Activity to be determined by business plan – including sourcing of funding, establishment of legal entity and development of programmes. |

### Who Should Develop This Business Plan?

_Either a local official who has clustering experience or a consultant who has:_

- Proven track record (timely, effective and efficient delivery);
- Sufficient sectoral knowledge and expertise
- Knowledge and understanding of the broad development issues particularly in relation to the local maritime logistics sector.
- Ability to network with senior stakeholders within the Tongaat Manufacturing Sector
- Detailed understanding of and ability to maximise marketing opportunities
- Experience in and sufficient understanding of and experience in commercial and mercantile law to ensure all reasonably foreseeable legal pitfalls are identified and addressed.
- Programme / project management skills with particular emphasis on time and financial management for the execution of this project.
- Report writing and presentation skills.
- Technical ability to interpret the requirements
- A sound approach and methodology towards delivering on this assignment;
- Availability, accessibility and dedication of expertise.
Integration into Existing Regional Industrial Strategy

It is crucial that in order for Tongaat’s manufacturing sector to flourish, projects and programmes developed for the cluster must be aligned with the provincial industrial strategy. As is indicated below, clustering is a core feature of the RIDS Strategy.

The focussed interventions of the Regional Industrial Development Strategy (RIDS):
- Development of special economic zones (SEZs)
- Industrial Parks
- Logistics Parks
- Industrial Estates
- Innovation Hubs
- Regional Growth Coalitions
- Industrial Clustering and Support to Firms
4.4 TONGAAT CULTURE AND HERITAGE ROUTE

4.4.1 Project Description

The Tongaat area has a rich cultural and historical heritage. A summary of the cultural and historical resources are as follows:

- Tongaat was initially developed to house the labourers of the local sugar industry in 1945
- The sugar industry in the area is the primary reason for the large numbers of indentured labourers who came to the province from India
- Old labourers' barracks are still in existence
- The Maidstone Sugar Mill is one of the country’s first sugar mills, completed in 1850
- Some original sugar-crushing methods are still employed
- The area continues to be home to a rich Indian Culture
- Juggernathi Puri Temple which is a national monument and tourist attraction was built in 1920
- Sri Siva Soobramaniar Temple (Brake Village) hosts one of South Africa’s biggest Kavadi Festivals every year
- A number of other Hindu temples can be found in the town and its immediate surrounds
- Hambanathi Township Tours

Small tourism products in a relatively undeveloped tourism sector often have limited chance of success. However, linking of such tourism products through a route, offers to tourists a more comprehensive tourism attraction based on a specific theme. As such, a cluster of tourism products, linked through a route are more likely to be sustainable.

The clustering of tourism products is an important factor in spatial development planning. By clustering attractions, planners or developers can capitalise on the existing resource base, existing product strength or inherent product development opportunities linked to market potential to strengthen or create clusters of tourism activity. The clustering of tourism resources is sometimes referred to as the development of 'honey pots' (Law, 1993) or tourism precincts in which tourism is a very important component. Amenities and facilities in clusters should offer a sufficient variety and uniqueness to attract visitors and expenditure.

This business plan therefore proposes the development of a Culture and Heritage Route in Tongaat to link the key culture and heritage attractions or “honey pots” within Tongaat.

4.4.2 Aims and Objectives

The aim of the project is to develop the various culture and heritage products in Tongaat, through the development of a route linking these attractions, thereby stimulating the local tourism sector and contributing to diversification and growth of the local economy.

The specific objectives of the project are therefore:

- Development of local cultural and heritage tourism products
- Development of infrastructure (roads, signage, parking) etc to link tourism products
Linkages with other routes and trails in the greater eThekwini
- Increased number of tourists visiting Tongaat
- Development of secondary tourism attractions to meet this growing tourism demand
- Increased employment in the tourism sector
- Positive multiplier effect on the local economy.

### 4.4.3 Project Stakeholders

The key stakeholders for this project are expected to be;

- eThekwini Municipality
- Local product owners
- Durban Africa, TKZN, Department of Economic Development (implementation agents)
- AMAFA (Management of specific heritage products, input into development of products)
- TKZN (Co-ordination and marketing of Trail)
- DACT
- Local businesses
- Religious leaders (custodians of temples and products on the trail)
- Tour operators
- Taxi Drivers, cultural groups, local shebeens (potential products to include in route)
- Tourists with an interest in cultural and heritage products in the province

### 4.4.4 Project Conceptualisation

#### Concept Development

The Tongaat area has a rich cultural and historical heritage, with particular reference to the Indian community who made their home in this area. This community has its roots in the indentured labourers who were brought to the area during the 1860’s by the local sugar barons. Their work on the sugar plantations contributed towards the development of this agricultural sector, which continues to this day to be a key local economic driver. These labourers were mostly housed in the barracks of the sugar estates, some of which were adjacent to the Maidestone Sugar Mill (established in 1850), which is still operational in the area. In fact, Tongaat town was initially established in 1945 to house the labourers of the local sugar industry. Following the completion of their indenture terms, the labourers began to spread into other sectors of the local economy, especially in the local area.

A number of events are currently being planned for 2010 which is the 150th anniversary of the arrival of the first indentured labourers in the Durban area.

These South African Indians brought with them their culture and religion which continues to this day to play an important part in the cultural diversity of the city. Both Hindi and Tamil temples and traditions continue in the area. The Juggernathi Puri Temple, which is a national monument and tourist attraction, was built in 1920 and the Sri Siva Soobramaniar Temple at Brake Village hosts the biggest Kavadi Festivals in Africa.
The area and the local Indian population also made an important contribution to the political growth in South Africa. The contributions of Mahatma Gandhi are well publicised in eThekwini, but the contribution of other intellectuals and political activists are less publicised. The South Africans of Indian origin embraced non-racialism early on in the country’s history, and the Indian Congress played an important part in the development of the Freedom Charter. A local resident, Gopal Herbers, in fact, was Congress Chair in Kliptown during the development of the Charter. This contribution is being recognised through the proposed name change of Tongaat Main Street to Gopal Herbers Street.

This project therefore seeks to develop a tourism route to develop, promote, and celebrate the religion and culture, history and political contribution of the South Africans of Indian heritage who resided in the greater Tongaat area.

**Route Attractions**

The following diagram puts forward the proposed route of the Tongaat Culture and Heritage Route with the key attractions.

Figure 4.2 Proposed Tourism Route

Stop 1: Gardens at entrance to Brake Village
The gardens at the entrance to Brake Village are very beautiful and will serve to be a good start to the route. Sufficient parking here will enable persons to leave their cars here should they be going on the route with a tour group.

Stop 2: Sri Siva Soobramaniar Temple
This temple is a place of worship for the Tamil residents of the area. Its tranquil surrounds and beautiful architecture can be visited by tourists where they can be introduced to the Tamil religion, rituals and symbols. During Kavadi, special arrangements will need to be made to house tourists as this temple is host to the biggest Kavadi festival in Africa.

Stop 3: Tongaat Culture and Heritage Museum
It is suggested that a Culture and Heritage Museum be established which showcases the culture, religion, history and political contribution of the local South Africans of Indian heritage. As explained above, there is currently no such facility in the greater eThekwini area. It is proposed that this museum should be housed at the original mill, but agreements will have to be entered into with the current owners about this. Should this building not be available in which to develop the museum, it is suggested that another mill, less than 400 metres from Brake Village be used for this purpose.

Stop 4: Maidstone Sugar Mill
The Maidstone Sugar Mill was completed in 1850, and is currently a tourism attraction in the area and is visited by tourists where they can see some of the traditional sugar crushing methods still being used.

Stop 5: Juggernathi Puri Temple
This temple is a national monument, and was built in 1920. It can be used to showcase to tourists and other visitors the Hindi Culture

In order to increase the viability of this route, it is suggested that the Tongaat Culture and Heritage Route be linked with other routes as detailed below:

- **Hambanathi Township Tours:**
  These tours are currently being conducted in Hambanathi. It is suggested that the Tongaat Culture and Heritage Route be linked with this routes, to increase the viability of both the Heritage Route and the Township Tours:

- **Inanda Heritage Route:**
  This route is an important culture and heritage route in the city, and is relatively close to the Tongaat area. The Ghandi attractions on this route make the linkage around Indian Culture and Heritage a close one. Furthermore, the Inanda route will offer tourists a wider historical and cultural experience than if they were to remain only on the Tongaat one.
King Shaka and Zulu Route:
These routes continue to the north of Tongaat, with the Zulu Route extending all the way to the northern borders of the province. As the name suggests, the primary focus is on Zulu culture and History, and the linking of these two routes will therefore provide to the tourists with a greater awareness of the cultural and historical diversity of the province.

Operation of Tongaat Culture and Heritage Route

It is envisaged that the route will begin at a central location, which is recommended to be at the Brake Village entrance. Here tourists will be given a map and brochure outlining the various sites on the primary route and the linkages with other routes should they want to embark on this. A visitor centre will need to be established to facilitate this.

Tourists will be encouraged to drive themselves along the route, choosing the attractions that they would like to see. These tourists will be required to pay a package entrance fee for all attractions on the route. It is recommended that this entrance fee would be R50.

On the other hand, tourists can go with a tour bus, which will be operated by a private company. It is suggested that concessions be given to local tour guides who meet the minimum requirements for conducting such a tour, (insurance, registration, tour guide training, knowledge of the products etc.) to be determined during the establishment of the project. These private sector tour guides will charge the tourists market related prices for conducting the tours. Of that charge, R50 per person will be used to purchase tickets for all products and attractions on the route. It is suggested that the “tour bus” should give tourists a “township” experience and should possibly be a township taxi, with a knowledgeable, trained and registered tour guide.

Tourists who only wish to visit individual sites should be able to do so without purchasing a package ticket. They will, however, be required to pay a recommended entrance fee of R20 to visit each site. This will be monitored by the individual site caretakers.

It is recommended that the co-ordination of the route is done by a route company that should be set up for this purpose. This company should be based at the start of the route at Brake Village.

It is suggested that the office for this route company also be used for the display and sale of local arts and crafts

Marketing of the Route

It is recommended that the marketing of the route be undertaken by the Route Company, through Durban Africa, TKZN and linkages with other routes and product owners in the city and its surrounds.
Roles and Responsibilities

Tongaat Route Company:

The envisaged roles of the Tongaat Route Company in the development and operation of the route are as follows;

- Co-ordinate with local governments in the upgrade of current products on the route and the development of the museum
- Co-ordinate with local governments and other stakeholders in the identification of potential cultural and historical sites and activities to include on the route
- In conjunction with local municipalities, develop needs assessment for inclusion of other products and activities for Route including:
  - Infrastructure needs
  - Capital development needs
  - Training and capacity building needs
  - Marketing and signage needs
  - Operational needs
- In conjunction with local government, stakeholders and potential product owners, develop a plan for the development of the route
- Co-ordinate the implementation of the route upgrade
- Marketing of the route in conjunction with local municipalities
- Disseminate funding for the route (marketing, management, signage, infrastructure, maintenance, training and capacity building etc)

Local Government Roles and Responsibilities

eThekwini Local government will be responsible for the following;

- Sourcing funding for the establishment of the museum
- Identification of local products to be included in the route
- Management of local products that do not fall under private sector hands
- Road infrastructure to facilitate route development
- Signage development for the route and the stops of the route
- Marketing of the route

Private Sector / Religious Groups Roles and Responsibilities

It is envisaged that some of the rib products and activities will be owned by the private sector or religious groups. It is envisaged that they will have specific roles related to the route as follows;

- Ensure that tourism products are of a standard required by tourists when visiting products of this nature
Maintain tourism products

Financial Operations

It is envisaged that the financial management of the route should be done by a company specifically set up for this purpose, the Tongaat Route Company. In particular, an account should be set up to collect monies generated by the route, and these monies need to be allocated to the managers and owners of the individual products for the management and upkeep of these products. Furthermore, these monies need to be used for the marketing, signage, etc associated with the route.

4.4.5 Project Assessment

Demand Assessment

In terms of the demand for such a route and the various stops on the route, SA Tourism estimates that 25% of foreign tourists engage in cultural tourism activities while visiting the country. For domestic tourists, it is not possible to quantify the demand for cultural and heritage products, however, by targeting the route to school groups and other special interest groups, as well as general holiday makers, this demand can be created. The status quo analysis that makes up part of this project, estimates tourism numbers in eThekwini to be the following; (based on SAT figures);

- Foreign visitors (2005): 1 000 000
- Domestic visitors (2006) 2 000 000

(Note that these figures are expected to increase with the development of the new airport)

Assuming that 25% of foreign visitors engage in cultural and historical tourism activities when in the country, that means a potential demand of 250 000 per annum for cultural products for foreign visitors to eThekwini each year. While this number might be reduced by the number of competing cultural and heritage attractions in the province as discussed below, the proximity of the route to the new airport can potentially result in a significant proportion of these visitors embarking on the Tongaat Culture and Heritage Route as part of their cultural experience when in the province. In terms of domestic demand, this is difficult to quantify as many of the domestic tourists coming to eThekwini do so for the purpose of VFR or to spend time on the beach. A low case scenario of only 5% of domestic visitors using the Tongaat Culture and Heritage Route will bring annual visitor numbers of approximately 100 000. This can be significantly increased if the route were to be targeted towards the education sector, with learners visiting the route’s attractions as part of their curriculum.
Competitor Assessment

There are a number of popular Cultural and Historical Routes within the province that could compete with the attractiveness of the Tongaat Culture and Heritage Route. It must also be considered that the country as a whole offers a number of historical or cultural tours, and if a tourist has already completed such a tour, they might be less likely to embark on another when in the province. It must also be remembered that many tourists who come to KZN have already been to another province, so there is a strong likelihood that they have already done such a cultural and or historical tour. However, once King Shaka International Airport has opened, direct flights will be possible to KZN, and projections show that increasing numbers of tourists will come to KZN directly. This will mean that they will have yet to visit any cultural or heritage product in South Africa, increasing the likelihood of their going on this route.

Key competitors within KZN are as follows:

**Inanda Heritage Route:** In close proximity to Durban, the route takes tourists to key sites related largely to struggle history, Mahatma Ghandi, and the Shembe Church. This route is also expected to benefit from KSIA. This route is in the process of being upgraded and a business plan has been developed to this effect. (Cost R250-R577 pp – half day tour). This route is not necessarily a competitor to the Route as it is envisaged that the Tongaat Route can form a component of the wider Inanda Heritage route.

**Battlefield Route:** This route is more historical in its focus, and is, as its name suggests, it focusses on the Anglo-Boer, Anglo-Zulu, and Zulu-Zulu wars that took place in mostly the northern parts of the province. (Cost R1100-1370 pp, full day tour, leaving from Durban)

**Durban Township Tours:** There are a number of operators in Durban who offer township tours. These usually include a number of attractions from other routes, such as a visit to Mahatma Ghandi House, or shopping at the Victoria Street Junction. These routes primarily take tourists to township areas where the tourists can see the way of life of township dwellers, and often end with a visit to a craft seller and a shebeen. (Cost R250 pp, half day tour)

**Zulu Cultural and Heritage Route:** The development of this route is one of the key strategic product development interventions of TKZN in the province. This route is largely co-ordinated by TKZN, and covers numerous districts within the province. This route is not necessarily a competitor to the Tongaat Route as it is envisaged that the Tongaat Route can form a component of the wider Zulu Heritage route. (Price dependent on length of route).

While there are currently a number of routes and tours operating in the province, with increased first time visitors expected with the development of KSIA, it is not envisaged that these competitors will significantly reduce expected demand for the Tongaat Culture and Heritage Route, due to the current gap in the market for a Indian Heritage attraction in the city and
province. However, it is important that the route is of very high standard, and offers a diverse experience to the tourists rather than merely a route to look at monuments.

**Financial Assessment**

The financial feasibility of the project is difficult to quantify due to the fact that the specific products and the infrastructure and other needs of including these projects on the route have yet to be quantified. Therefore, the capital and operational costs can only be quantified once the activities and other product needs have been identified.

**Impact Assessment**

The expected impacts of the anchor project are as follows:

- Increased tourist numbers in Tongaat and its surrounds to visit the route
- Increased tourism spend in Tongaat
- Opportunity for other tourism products to be developed to make use of these increased demands
- Inclusion of areas that were previously not included into the local tourism market
- Increased profile of tourism in Tongaat due to the unique route of a high quality
- Job creation through the tourism sector
- Diversification of the local tourism sector to include previously disadvantaged individuals
- New product development in Tongaat
- Greater linkages of Tongaat to the rest of province through linkages with other routes

**4.4.6 Project Implementation**

**General Approach to Implementation**

It is suggested that a tour company be established to co-ordinate the development and operation of the route. This company should be non profit driven and the board of directors should be made up of key interested and affected Tongaat residents. An employee must be appointed to run this company, the route and to facilitate and manage the products along the route.

eThekwini must play an important role in the sourcing of funding for the development of the project, in infrastructure provision to enable the route’s development and operation, and in the marketing of the route.

It is important that the various religious and civil associations in Tongaat become involved in this project from inception to implementation. This is particularly important due the concentration of the project on the religions and cultural, historical and political heritage of the area. Furthermore, most of the products suggested for the route are temples.
In order to achieve input from all key stakeholders, it is suggested that a task team be established, for the development of the plan for the development of the Tongaat Culture and Heritage Route.

**Activities, Responsibilities and Budgets**

The key activities relating to the initiative and a basic description of each activity is provided below.

Table 4.7 Key Implementation Activities

<table>
<thead>
<tr>
<th>Activities</th>
<th>Description</th>
<th>Responsibility</th>
<th>Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish Task Team</td>
<td>Establish task team of all key stakeholders to plan for the development of the route</td>
<td>eThekwini, DED, Tongaat Civic Association, Religious groups, TKZN</td>
<td>Nil</td>
</tr>
<tr>
<td>2. Identify needs for product development</td>
<td>The task team need to examine what is required to develop the products on the route so that they will be attractive to tourists. (needs analysis to include training, infrastructure, signage, interpretation etc)</td>
<td>Task team co-ordinated by eThekwini</td>
<td>Nil</td>
</tr>
<tr>
<td>3. Develop business plan for the project</td>
<td>A business plan should be developed for the route, to include actions required for the product upgrade and development, as well as infrastructure, training, signage, interpretation etc. Needs to include full feasibility assessment, and financial analysis to facilitate funding for project.</td>
<td>Task team co-ordinated by eThekwini</td>
<td>R10 000 if outsourced</td>
</tr>
</tbody>
</table>
4.5 DEVELOPMENT OF THE INFORMAL ECONOMY AND SMMES ECONOMY

4.5.1 Aims and Objectives of the Project

The purpose of the project is to develop a coherent and integrated informal economy and SMME developmental solution-driven framework to guide local government in the management and support of the workers in the informal economy in Tongaat. This solution-driven framework will be achieved through:

- The support of the growth and development of the informal economy to the benefit of the overall local and provincial economies
- The reduction of the vulnerability and risks of informal economy workers and enterprises
- The increase in the capacity of SEDA's current services and to market its existing facility to cater for greater Tongaat
- The provision and running of an Incubator for SMMEs and informal traders.
- The designing of sites to be allocated to informal traders.

4.5.3 Description of Activities

Activity 1: SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat

In 2004, the National SMMEs Amendment Act 29 of 2004 amended the National Small Business Act of 1996, to repeal all provisions pertaining to Ntsika Enterprise Promotion Agency; and provided for the establishment of the Small Enterprise Development Agency (SEDA). The Act makes provision for the incorporation of the Ntsika Enterprise Promotion Agency, the National Manufacturing Advisory Centre and any other designated institutions into SEDA as well as to provide for the necessary transitional arrangements to this effect. Thus SEDA resulted from the merger of Ntsika and the National Manufacturing Advisory Centre, and its main purpose was to facilitate small enterprises’ access to various support services including the procurement and tender opportunities in the public and private sector.

But it was discovered that the current Tongaat SEDA branch has one personnel. This reduces the capacity of SEDA to deal with the many challenges that SMMEs and informal traders face in the area. Further, the majority of informal traders and SMMEs find it difficult to locate the current SEDA office as the office is located at the bottom of the town centre.

Therefore, there is an urgent need to increase the capacity of the current SEDA-Tongaat by capacitating and training the current staff as well as by marketing its existing facility to be easily located by SMMEs and informal traders. This is a short-term and limited activity and does not have a problem of sustainability.
The estimated budget for SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat is R 1 200 000 (Staff training R 700 000, marketing R 500 000)

**Activity 2: Provision and running of an Incubator for SMMEs and informal traders in Tongaat.**

Despite the presence of SEDA branch in Tongaat, SMMEs and informal traders still face many challenges which are not yet adequately addressed. Among those challenges are:

- Access to advisory services (especially informal economic entrepreneurs).
- Access to finance
- Lack of skills and poor education in:
  - Business management skills
  - Bookkeeping skills commonly known as financial management skills
  - Basic business skills
- High level of competition with many people applying for tenders to make money quickly, while still battling for skills development
- Some co-operatives and businesses are not productive; hence do not fit into the market.

Given that the informal economy supports the livelihoods of thousands of mostly poor, vulnerable and marginalised people in Tongaat, there is a need to pay a special attention to this sector in order to address the aforementioned challenges faced by informal traders in this area. Therefore, SEDA through the provision of an Incubator will need to address information dissemination, mentorship, training and technical support to emerging and existing entrepreneurs and co-operatives in the greater Tongaat.

The eThekwini Municipality and the SEDA Tongaat will be responsible for the sustainability of the SMMEs/informal economy incubator.

The estimated budget for the provision and running of an Incubator for SMMEs and informal traders in Tongaat is: construction costs: R 10 000 000 and R 2 000 000/year for the running.

**Activity 3: Design site to be allocated to informal traders in Tongaat.**

The characteristics of the informal economy have ensured that it will never disappear, but instead continues to grow in size and importance. Some informal economy opportunities in Tongaat include the following:

- It is planned that the south and north areas of the Greater Tongaat will experience major construction of low cost houses with the construction of the DTP. This will put pressure on the current formal businesses in the Tongaat’s CBD and will open a way to the informal trade.
The current unemployed people in PINK and those migrants who come seeking work and do not find formal employment at the DTP, will all be absorbed into the informal economy.

Apart from the street traders, the informal economy encompasses casual labourers and other registered but socially unprotected businesses. Therefore, with the construction of the DTP that involves the construction of an industrial zone, an increase in the opportunities and income will accrue to those participants in the informal sector and the second economy.

A problem facing local government in Tongaat is that informal economy activities are spread throughout the area, with many such activities taking place in rural areas where monitoring is difficult. In addition, by its very nature, the informal economy is hard to manage and, more importantly, to support in its development.

Therefore, taking into account the current challenges and future opportunities of this sector, a carrying capacity based research study needs to be undertaken in Tongaat to evaluate the area’s capacity to handle the informal sector. Research will determine where the site will be designed and how it will be allocated to informal traders for their daily trading. As a short-term activity, this action does not pose the problem of sustainability.

The estimated budget to design site to be allocated to informal traders in Tongaat is R 400 000

**Project Implementing Partners**

The projects major partners include the following:

- The KZN Department of Economic Development
- The eThekwini Economic Development Unit
- The eThekwini Business Support Unit
- The Tongaat SEDA branch

It should be noted that during the course of project, new partners might be able to join the current team.

**Project Multiplier Effects**

The multiplier effects of the Development of the Informal Economy and SMMEs project include the following:

1. Skills development
2. Business sustainability
3. Increasing in business networking
4. Diminution of the poverty gap
5. Step from informal into the formal economy
4.6 MAKING LAND AVAILABLE FOR DEVELOPMENTS

4.6.1 Problem Statement

Tongaat Hulett group owns much of the private land. The DTP, urbanisation trends and other factors exact pressure for development within the urban centre of Tongaat. Various support resources are available for urban development in the areas of economic development, e.g. manufacturing, housing, retail etc. Initial interviews carried out at the commencement of the study indicated that critical land for development purpose is not easily available. This view was also confirmed by the stakeholders’ meetings who indicated that significant land is under ownership of Tongaat Hulett.

In addition to this, the Tongaat community has expressed great dissatisfaction with the limited economic and developmental opportunities afforded them, a view they further clarified at a highest KZN provincial government imbizo held in the area in May 2008. Clearly if the community of Tongaat is to access such opportunities, land ranks high in the range of activities that need to be put in place. Preliminary discussions held with the biggest landowner, Tongaat Group, suggest that they are open to discussions with the Tongaat community around the successful development of the area.

This process therefore seeks to grab that discussion opportunity and where possibly either buy or enter into land availability agreements for development proposals to be clarified as the process unfolds. Whilst the bulk of preparatory activities for this task will be carried out by the municipality, they may also engage service providers to fast track the process. Cost estimates provided later in this document are meant to plan for such activities.

4.6.2 Aims and objectives of the project.

- **Relevance**: Land is undoubtedly one of the critical components of development and as part of the build up towards the implementation of various proposals identified in the LED framework, it is critical to specify where development should take place. This clearly assumes that the current landowners are receptive to the proposals being put forward, otherwise there is no implementation.

- **Critical stakeholders** that should be involved in unlocking strategic land parcels include the following:
  - The municipality should play the role of facilitator by way of locating different land parcels that fall within the ambit of LED proposals and other framework plans currently being considered for the Tongaat area.
  - Tongaat Hulett Group is clearly the key land owner in the area and they should work in conjunction with the municipality to arrive at a common vision for the land release for the LED initiative.
The Dube Trade Port development company as well as other significant landowners should play a role in the discussions around the suitable and for development.

The Department of Land Affairs should be engaged as a major financier for land purchases on certain packaged proposals that fall within their mandate.

The Tongaat ward committee or any dedicated structure that will be formed to drive the LED initiative in Tongaat will be critical to represent the interest of beneficiaries from this project who ultimately will be the residents and business owners of Tongaat town and the surrounding areas.

The overall objective of this project is ensuring land availability for development of Tongaat Town and the surroundings.

The specific objectives are as follows:
- Entering into partnership agreements around various land parcels.
- Database of land parcels made available for commercial, industrial, housing and other current and future developments.
- Land availability agreements with various land owners for proposals applicable to such parcels of land.

Description of the components and approach to the project:

This project is typically an internally driven process from the municipality's land section. However, in the event that there is no capacity to drive this process, it could also be outsourced to a specific project champion who should operate within a clear brief. The starting basis for this exercise is the cadastral information from both the LED framework plan as well as the North Spatial Framework. Such reference frameworks already make specific proposals on where developments should occur.

With the cadastral overlay identifying land parcels and land descriptions, it should be fairly easy to determine from the deeds information, the various owners that need to be engaged, however it is also given that key land owners like the Tongaat Hulet Group will be essential from the onset.

The idea is that options of land availability be explored which clearly will be determined by the nature of development that will be considered in each case. In housing developments for example depending on the type of housing development suggested for the site (upmarket / low income/ etc) landowners could sell outright or could participate in the development in line with the terms that will be mutually beneficial and mutually agreed.
4.6.3 Methodology and Sustainability:

The following activities are necessary to realise the objectives of the process.

1. Mapping of land in relation to spatial and LED frameworks and specific development options.
2. Identification of relevant land owners using database from the deeds office,
3. Negotiation with current owners around options for finance and private public partnership
4. Land transactions that will entail valuation / sales or partnership or land availability agreement.

As already indicated, the municipality should be the main champion of this exercise.

**Multiplier effects** include private-public partnerships, specific project implementation and presumably economic spin offs from business that will be unlocked as a result of released land.

4.6.4 Budget and Implementation Plan

Table 4.8 Cost estimate on the route of outsourced functions

<table>
<thead>
<tr>
<th>Activity</th>
<th>Time-Programme</th>
<th>Possible Cost</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Mapping of land</td>
<td>11 days</td>
<td>R250 000</td>
<td>Municipality /outsourced</td>
</tr>
<tr>
<td>2. Identification of relevant land owners</td>
<td>15 days</td>
<td>R50 000</td>
<td>Municipality /outsourced</td>
</tr>
<tr>
<td>3. Negotiation with current owners around options for finance and private public partnership</td>
<td>190 days</td>
<td>R250 000</td>
<td>Valuer</td>
</tr>
<tr>
<td>4. Valuation</td>
<td>390 days</td>
<td>R500 000</td>
<td>Valuer</td>
</tr>
<tr>
<td>5. Sales, partnership, or land availability agreement</td>
<td></td>
<td>R200 000</td>
<td>Conveyancer</td>
</tr>
<tr>
<td>6. Conveyancing</td>
<td></td>
<td>R250 000</td>
<td>Conveyancer</td>
</tr>
</tbody>
</table>
4.7 FORMULATION OF AN INSTITUTIONAL STRUCTURE

4.7.1 Introduction

To attain the maximum economic benefits from the opportunities presented in the Local Economic Development Strategy, improved communication and regular contact between key stakeholders must be maintained. This will enable all stakeholders to develop their understanding of the dynamics in the local economy and what is required to maintain competitiveness and social cohesion. Thus, the core objective is to mobilise the necessary human resources to achieve economic development within the GTA.

4.7.2 Problem Statement

Presently, there is a lack of a formal structured institutional mechanism around which all the key stakeholders in the GTA can plan. This has led to the emergence of the following issues:

- The GTA finds itself under pressure to develop due to the DTP and other commercial and tourism development initiatives
- The relative under-development of the area and its potential to address poverty in the northern areas
- The opportunities for development that will materialise due to the development corridor and planned housing and industrial developments
- A shortage of co-ordinated development plans and co-ordinated development actions will result in the loss of opportunities presented in the GTA

Given the above issues, there is an immediate need to establish an institutional mechanism through which co-ordinated planning and implementation of projects can take place. Currently, meetings between some of the institutions are occurring on a regular basis. For example, the eThekwini Planning and Development unit have scheduled meetings with Tongaat Hulett. Ad hoc meetings also occur between eThekwini City Engineers and the Dube Trade Port. However, these meetings would only be centred around issues prioritised by the participating stakeholder, rather than strategic issues, with no direct input from other affected parties.

4.7.3 Stakeholders

There are a variety of key stakeholders involved in the economic development of the GTA. Table 4.19 indicates the key stakeholders and their roles in terms of their role in the GTA.
Table 4.9 Roles of the Various Stakeholders

<table>
<thead>
<tr>
<th>Key Stakeholders</th>
<th>Function</th>
<th>Assessment of their integration into a co-ordinated Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>eThekwini Economic Development</td>
<td>The Unit seeks to provide integrated business support services to existing and potential businesses in the eThekwini Municipality Area to enable them to undertake income-generating activities resulting in economic growth and job creation.</td>
<td>Business Support Unit has an area manager in Tongaat providing support and coordinating business related activities.</td>
</tr>
<tr>
<td>eThekwini Transport Authority</td>
<td>Provide reliable, effective, efficient and fully integrated transport operations and infrastructure in the Greater Tongaat Area, which would best meet the needs of freight and passenger customers at improving levels of service and cost in a fashion which supports government strategies for economic and social development.</td>
<td>Building of the Eastern bypass road in Tongaat CBD and the provision of ancillary transport services.</td>
</tr>
<tr>
<td>eThekwini Engineering Department</td>
<td>The purpose of the Engineering Unit is to ensure effective and efficient infrastructural services to residents, businesses and the city</td>
<td>Provision of bulk infrastructure in the GTA such as Roads and Water.</td>
</tr>
<tr>
<td>eThekwini Development Planning and Management Unit</td>
<td>This department is charged with the medium to short-term strategic planning</td>
<td>Assessing the upgrading of the town in response to the increase in housing and other developments.</td>
</tr>
<tr>
<td>KZN Department of Economic Development</td>
<td>The Department has a strategic mandate to help promote economic development and growth in the province.</td>
<td>Involvement extends to a number of projects relating to the economic upliftment of GTA.</td>
</tr>
<tr>
<td>KZN Department of Local Government and Traditional Affairs</td>
<td>The Department is also mandated to foster good governance and promote sustainable development in the province through traditional and local government structures.</td>
<td>Strengthen municipal service delivery in the GTA.</td>
</tr>
<tr>
<td>KZN Department of Transport</td>
<td>The Department is mandated to provide safe transport infrastructure throughout the province.</td>
<td>To upgrade the R 102 in Tongaat. To open the link road between the R 102 and DTP and to investigate the transport and other opportunities offered by the</td>
</tr>
</tbody>
</table>
### Key Stakeholders

<table>
<thead>
<tr>
<th>Stakeholders</th>
<th>Function</th>
<th>Assessment of their integration into a co-ordinated Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dube Trade Port</td>
<td>A national project aimed at stimulating economic development in the country.</td>
<td>The presence of the DTP provides an opportunity for the local economy to rejuvenate a number of its sectors, allowing for a competitive advantage</td>
</tr>
<tr>
<td>Tongaat Hulett</td>
<td>Dominant industry in Tongaat owned by the private sector.</td>
<td>The company owns vast portions of land in the GTA and also has plans for developments in the GTA.</td>
</tr>
<tr>
<td>Community Representative / Ward Counsellors and Civic Association</td>
<td>Represent the people of the town or their constituents.</td>
<td>Ensure that the developments planned for the GTA have the interests of the people in mind as opposed to the interests of a few.</td>
</tr>
<tr>
<td>KwaDakuza Local Municipality and iLembe District Municipality</td>
<td>A centrally located coastal local municipality abutting onto eThekwini in the South.</td>
<td>Facilitate the development of the low cost housing project, industrial and commercial developments located on the boundary of Tongaat and KwaDakuza.</td>
</tr>
<tr>
<td>Tongaat Chamber of Commerce</td>
<td>The Chamber performs &quot;Voice of Business&quot; function by monitoring business legislation, channelling input from the private sector to Government, and by lobbying Government at all levels on issues of concern.</td>
<td>It plays a meaningful role as the business voice representing its members on issues that affect the sustainable operation of business and the economic growth thereof.</td>
</tr>
</tbody>
</table>

These institutions have no formal mechanisms where information can be exchanged with all the stakeholder bodies. Thus management of the various sectors’ performance is unorganised and fragmented, negatively affecting the holistic development of the area. Crucial information regarding bulk infrastructural developments directly impact on all parties concerned, are not communicated. For example, the DTP contend that eThekwini does not communicate with them in terms of development applications and infrastructure upgrade. Tongaat Hulett stated that they require a formal plan for the area, in order to react to opportunities in the Greater Tongaat Area. However, none exists and eThekwini contend that they are not receiving any input from DTP who are making decisions without any consultation with them.
4.7.4 Alternative Options to Addressing the Problem

There are two main options to address the problem of co-ordination and the integration of institutions and to ensure that priority decisions are made unanimously.

**Option 1** – Only the key stakeholders come together to plan and co-ordinate priorities and formulate interventions.

**Option 2** – Includes a broader spectrum of stakeholders coming together to focus primarily on policy issues that also encapsulate the Northern Areas rather than just the GTA.

**Option 1: A Key Stakeholder Co-ordinating Committee**

This committee should comprise all the representatives from the major organisations who should meet on a regular basis to plan the development of the GTA. Initially, meetings would have to occur more frequently, however this can be reduced to once every two months. This committee would ensure that parties communicate by exchanging crucial information that would further enable the effective co-ordination of plans for the development of the GTA. The co-ordinating committee should comprise the following stakeholders:

- eThekwini Municipality
  - Economic Development Unit (Chair)
  - Planning Unit
  - Department of Transport
  - Engineering Services
- KwaZulu-Natal Department of Economic Development
- Department of Transport
- Department of Local Government and Traditional Affairs
- KwaDukuza Local Municipality
- Dube Trade Port
- Tongaat Hulett
- Tongaat Community Organisation
- Ward Counsellors

The composition of the co-ordinating committee will enhance the co-ordination mechanisms between the different government bodies and the GTA’s social and economic actors for the compatibility and integration of the policies implemented and the actions carried out.

**Option 2: Greater Tongaat LED Forum**

A Forum should comprise of a broader organisational structure than the co-ordinating committee. The involvement of members would be centred around broader socio-economic issues relevant to the Northern Areas. Consequently, the forum should be a long-term structure since it brings
together a broader span of stakeholders involved in the development of the Northern Areas as opposed to only the GTA. Therefore, it is crucial that institutions be inclusive and represent the full range of stakeholders. The members of this committee would include members of the coordinating committee as well the following stakeholders:

- eThekwini Economic Development Unit
- eThekwini Engineering Department
- eThekwini Transport Authority
- eThekwini Planning and Development
- eThekwini Housing
- Durban Investment Agency
- Community representative bodies
- Tongaat SEDA
- Ward Committees
- KZN Department of Economic Development (Chair)
- KZN Department of Transport
- Trade and Investment KwaZulu-Natal
- Tourism KwaZulu-Natal
- Dube Trade Port
- Tongaat Hulett
- Tongaat Chamber of Business
- Durban Africa

### 4.7.5 Assessment

Table 4.10 assesses the proposed options in terms of their advantages and disadvantages:

Table 4.10 Advantages and Disadvantages of the Options

<table>
<thead>
<tr>
<th>Options</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| **Option 1:** Key Stakeholder Co-Ordinating Committee | - Smaller and more focused group so less likely to be sidetracked  
- Stakeholders have the opportunity to directly and more accurately determine the plans of the other stakeholders  
- Focus on tactical strategies | - Absence of one key stakeholder will inhibit the functioning of the committee.  
- May adversely impact on the development of other areas if not fully represented |
| **Option 2:** Greater Tongaat Led Forum | - A more widespread representation of interest  
- Intended to address long-term issues in the Northern areas | - More time consuming  
- New members would need to be brought up to date on progress of the committee |

### 4.7.6 Recommendations

Given the complementary nature of the two options, a phased approach should be adopted where the co-ordinating committee, for which there is a critical need, is initially implemented followed by the Forum. The latter would be a long-term initiative that should be addressed by the Local Economic Development Strategy. However in order to facilitate effective and efficient structural and non structural development in GTA, the co-ordinating committee must be given preference immediately, to put in place an organisational structure and procedures to articulate
co-ordination mechanisms between the different stakeholders as well as to promote the social participation in the GTA decision making. To adopt both options would result in them undermining each other and thus forestalling the true integration of the economic development initiatives in the GTA.

The primary responsibilities of the members of the co-ordinating committee are described in Table 4.11. This centres around information exchange, the prioritisation of development initiatives and an attempt to collectively determine the most effective way in which to stimulate the local economy of the GTA. The GTA needs to be in a position to strategically take advantage of initiatives that have the ability to stimulate the local economy.

Table 4.11 Responsibilities of the Members of the Co-ordinating Committee

<table>
<thead>
<tr>
<th>STAKEHOLDERS</th>
<th>KEY RESPONSIBILITIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>eThekwini Economic Development Unit</td>
<td>Provide information on present and planned business initiatives in the GTA and provide integrated business support.</td>
</tr>
<tr>
<td>eThekwini Transport Authority</td>
<td>Provide information on the status of the road infrastructure in the area and the progress on the development of the Eastern Bypass.</td>
</tr>
<tr>
<td>eThekwini Engineering Department</td>
<td>Provide technical information on the status of developments in the area pertaining to bulk infrastructure.</td>
</tr>
<tr>
<td>eThekwini Development Planning and Management: Development Planning</td>
<td>Provide information and gather input from members regarding the medium to short-term strategic planning of the GTA.</td>
</tr>
<tr>
<td>KZN Department of Economic Development</td>
<td>Inform members on the status of developments within the province which have the capacity to impact both positively and negatively on the GTA.</td>
</tr>
<tr>
<td>KZN Department of Local Government and Traditional Affairs</td>
<td>Inform members on the status of programmes and policies initiated by the Department and how they would impact on the GTA.</td>
</tr>
<tr>
<td>KZN Department of Transport</td>
<td>Inform members on the status of the regional road infrastructure in the area, specifically the upgrade of the R102, opening of the link road between Tongaat and other developments that have the potential to impact on the GTA</td>
</tr>
<tr>
<td>Dube Trade Port</td>
<td>Provide an indication on what the DTP requires in terms of specific services, so that potential opportunities can be identified and capitalised on for the benefit of the GTA.</td>
</tr>
<tr>
<td>Tongaat Hulett</td>
<td>Provide information on the projects that are planned for and which have an impact on the GTA. Help resolve the issues on the use of land in the area.</td>
</tr>
<tr>
<td>Community Representative /Ward Counsellors</td>
<td>Inform members of the needs and concerns of the town.</td>
</tr>
</tbody>
</table>
Characteristics and Functions of the Co-ordinating Committee

The co-ordinating committee will have the following characteristics:

- It will comprise key stakeholders that have a direct and immediate interest in the development of the area.
- The co-ordinating committee would not be a permanent structure but will continue to function until the need for such a committee no longer exists, which is envisaged to be in 2 years time.
- It will not have any personnel of its own nor will it require funding for its existence.
- It will be a co-ordinating committee, functioning on a strategic and tactical planning level that is meant to determine priorities for infrastructural development in the GTA.
- Members should initially meet once every two months thereafter quarterly meetings can be scheduled.

The co-ordinating committee will have the following functions:

- The committee should have session were the present and future development plans for the GTA in terms of land use, facilities and infrastructure are put forth and debated.
- On a strategic level, the co-ordinating committee should decide on the general direction of economic development in the GTA, such as whether to change the road infrastructure. On a tactical level, decisions such as how to use the existing resources in the most advantageous way are made.
- Developments should be prioritised in terms of urgency and importance to the area, thus serving as a filter for the projects in the GTA.
- Applies its collective expertise on development priorities and related practices.
- Mandate to provide those who seek assistance from the co-ordinating committee with a range of responses.
- Gather sufficient information to fully understand the nature of the issues in the GTA.
- Identify options for resolving the issue.
- Discuss the options with affected institutions in order to assist with resolution.

4.7.9 Actions

The first meeting of the co-ordinating committee should be initiated by the KZN Department of Economic Development immediately, by contacting the relevant members, stressing the information sharing and prioritisation of tasks of the co-ordinating committee. Table 4.12 describes the steps that should be followed.
Table 4.12 Action Steps to be followed by the Committee

<table>
<thead>
<tr>
<th>Steps</th>
<th>Action</th>
</tr>
</thead>
<tbody>
<tr>
<td>Step One</td>
<td>Planning of the Agenda: Department of Economic Development to inform</td>
</tr>
<tr>
<td></td>
<td>members of the meeting of stakeholders stating the objectives and the</td>
</tr>
<tr>
<td></td>
<td>procedures to be followed. Brief presentations by the stakeholders of</td>
</tr>
<tr>
<td></td>
<td>present and potential plans for the GTA.</td>
</tr>
<tr>
<td>Step Two</td>
<td>All the key stakeholders to present their plans, priority issues and</td>
</tr>
<tr>
<td></td>
<td>concerns. Agree on what issues should be prioritised. Assign</td>
</tr>
<tr>
<td></td>
<td>representative in terms of researching issues deemed to be a priority.</td>
</tr>
<tr>
<td>Step Three</td>
<td>Address the priorities after having come to agreement on what they are.</td>
</tr>
<tr>
<td>Step Four</td>
<td>Assigning responsibilities - who should address the specific issues</td>
</tr>
<tr>
<td>Step Five</td>
<td>Report back on progress. Future meetings also should centre around</td>
</tr>
<tr>
<td></td>
<td>providing updates on progress that has been made by the stakeholders</td>
</tr>
<tr>
<td></td>
<td>concerned.</td>
</tr>
</tbody>
</table>

4.7.10 Conclusion

A co-ordinated effort must be made to ensure that developments in the GTA are complementary, rather than fragmented. Potential opportunities must be identified and capitalised upon in order to stimulate the local economy. A co-ordinated formally structured committee, that comprises the relevant stakeholders will allow for the exchange of information and for the joint determination of priority issues.
### OTHER COMPLEMENTARY PROJECTS

<table>
<thead>
<tr>
<th>No</th>
<th>Projects</th>
</tr>
</thead>
</table>
| 1  | Title: Upgrading the internal roads and parking as well as the maintenance, cleanliness and beautification of the town.  
  o Responsible: eThekwini Municipality, KZN Department of Transport  
  o Budget: R 7 000 000  
  o Timeframe: 12 Months |
| 2  | Title: To study the possible re-location of the N2 Toll Plaza.  
  o Responsible: South African National Roads Agency (SANRA)  
  o Budget: R 300 000  
  o Timeframe: 6 Months |
| 3  | Title: To revise the city’s land plan and approach.  
  o Responsible: eThekwini Municipality  
  o Budget: R 0  
  o Timeframe: 6 Months |
| 4  | Title: To conduct a feasibility study to develop a clothing and textile park with a fashion incubator focussing on high value clothing in Tongaat.  
  o Responsible: eThekwini Municipality  
  o Budget: R 300 000  
  o Timeframe: 6 Months |
| 5  | Title: To organise active investment promotion to attract investors to Tongaat focussing on electronics, time-sensitive agro-processing and avionics industries.  
  o Responsible: eThekwini Municipality, KZN Trade and Investment can still assist  
  o Budget: R 200 000  
  o Timeframe: One Week |
| 6  | Title: To provide entrepreneurial development training for youth and recently unemployed  
  o Responsible: eThekwini Municipality  
  o Budget: R 600 000  
  o Timeframe: 6 Months |
| 7  | Title: To improve the safety on the current means of transport including trains and minibuses  
  o Responsible: eThekwini Municipality  
  o Budget: To be determined  
  o Timeframe: Permanent |
| 8  | Title: To establish an agricultural training programme in Tongaat  
  o Responsible: eThekwini Municipality  
  o Budget: To be determined  
  o Timeframe: Permanent |
| 9  | Title: To provide a recreational tourism infrastructure (braai areas, picnic areas, public toilets, security lighting, fencing)  
  o Responsible: eThekwini Municipality, Tourism KZN can still assist  
  o Budget: still to be determined  
  o Timeframe: 12 Months |
| 10 | Title: Upgrading of beach infrastructure.  
  o Responsible: eThekwini Municipality  
  o Budget: R 5 000 000  
  o Timeframe: 6 Months |
| 11 | Title: Develop data base of tourism products in Tongaat area.  
  o Responsible: eThekwini Municipality  
  o Budget: R 20 000  
  o Timeframe: 3 Months |
| 12 | Title: Conduct Tourism Awareness Programme in Tongaat.  
  o Responsible: eThekwini Municipality |
<table>
<thead>
<tr>
<th>No</th>
<th>Projects</th>
</tr>
</thead>
</table>
| 13 | Title: Provide entrepreneurial support for SMMEs who wish to develop tourism enterprises.  
   o Responsible: eThekwini Municipality  
   o Budget: R 0  
   There will not be funding required for the entrepreneurship support as this forms part of the internal SEDA’s function  
   o Timeframe: Permanent |
| 14 | Title: Development of a hotel on Watson Highway, close to Tongaat CBD, away from flight contours  
   o Responsible: Private sector  
   o Budget: still to be determined  
   o Timeframe: still to be determined |
| 15 | Title: Development of a business, conference meeting venue and hotel between Tongaat and Verulam on R102  
   o Responsible: Private sector  
   o Budget: still to be determined  
   o Timeframe: still to be determined |
| 16 | Title: To develop Hambanathi Township tours to include micro enterprises such as shebeens, art and craft outlets, walking tours, eateries  
   o Responsible: eThekwini Municipality  
   o Budget: R 40 000  
   o Timeframe: 6 Months |
| 17 | Title: To provide skills development and capacity building for small businesses  
   o Responsible: eThekwini Municipality  
   o Budget: R 0  
   There will not be funding required for skills development and capacity building as this forms part of the internal SEDA’s function  
   o Timeframe: Permanent |
| 18 | Title: To establish a community policing forum and business against crime  
   o Responsible: eThekwini Municipality  
   o Budget: R 0  
   no fund required for this forum  
   o Timeframe: Permanent |
| 19 | Title: To develop a digital hub through KZN DED Digital Hub Goal  
   o Responsible: eThekwini Municipality  
   o Budget: Still to be determined  
   o Timeframe: Permanent |
| 20 | Title: To use the current park as a flea market venue for traders  
   o Responsible: eThekwini Municipality  
   o Budget: R 10 000 after each flea market for the cleanliness of the park.  
   o Timeframe: Permanent |
| 21 | Title: To create partnerships between small and big businesses.  
   o Responsible: eThekwini Municipality, private sector  
   o Budget: R 0, SEDA can still organise this partnership in conjunction with the Tongaat’s chamber of commerce.  
   o Timeframe: Permanent |
| 22 | Title: To persuade new constructors of malls and shop to consider the existence of the informal traders, and therefore to plan during the construction for a specific place to accommodate them.  
   o Responsible: eThekwini Municipality, private sector  
   o Budget: R 0, SEDA can still organise this partnership in conjunction with the Tongaat’s chamber of commerce.  
   o Timeframe: Permanent |
<p>| 23 | Title: To reinforce the application of the BEE policy in Tongaat to assist BEE businesses and historically disadvantaged individuals with the needed support. |</p>
<table>
<thead>
<tr>
<th>No</th>
<th>Projects</th>
</tr>
</thead>
</table>
|    | o Responsible: eThekwini Municipality  
|    | o Budget: R 0 There will not be funding to reinforce the BEE policy as this forms part of the internal municipal function  
|    | o Timeframe: Permanent |
| 24 | Title: To increase the number of training centres in Tongaat targeting the BEE and PDI  
|    | o Responsible: eThekwini Municipality and private sector  
|    | o Budget: To be determined  
|    | o Timeframe: Permanent |
| 25 | Title: To organise an awareness campaign on the impact of HIV/AIDS.  
|    | o Responsible: eThekwini Municipality  
|    | o Budget: R 40 000  
|    | o Timeframe: 2 Months |
| 26 | Title: To engage local businesses to develop applicable HIV/AIDS workplace strategies / plans  
|    | o Responsible: eThekwini Municipality and private sector  
|    | o Budget: R 0  
|    | o Timeframe: 1 Month |
| 27 | Title: To organise an awareness campaign to motivate private and public sectors to give preferential treatment to women and youth  
|    | o Responsible: eThekwini Municipality  
|    | o Budget: R 20 000  
|    | o Timeframe: 2 Months |
| 28 | Title: To develop a retail and commerce policy  
|    | o Responsible: eThekwini Municipality  
|    | o Budget: R 200 000  
|    | o Timeframe: 6 Months |
| 29 | Title: To provide and prepare an updated detailed precinct plan to guide development of the greater Tongaat  
|    | o Responsible: eThekwini Municipality  
|    | o Budget: R 500 000  
|    | o Timeframe: 12 Months |
CONCLUSION

This section followed the strategy formulation and unpacked the key anchor activities considered to have specific initiatives to give effect to the economic development of Tongaat. The key actions unpacked include the following:

1. Upgrading of the commercial function and facilities of Tongaat including the renewal of the Town Centre in response to the other developments especially the DTP and housing projects. This implies the formulation of the detailed precinct plan of the CBD to guide development of this area.

2. Infrastructure Development
   2.1 Build the Eastern bypass road in Tongaat CBD.
   2.2 Upgrade the R 102 in Tongaat.
   2.3 Open the link road between the R 102 and DTP
   2.4 Investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2

3. Implementing a cluster focussed manufacturing strategy in Tongaat.

4. Development of a Cultural Heritage Tourism Route (temples, mill house, old sugar barracks, museum documenting Hindi Religion at Brake Village, museum documenting indentured labour and arrival of Indians in Durban at Old Mill).

5. Development of the Informal Economy and SMMEs economy.
   5.1 SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat
   5.2 Provision and running of an Incubator for SMMEs and informal traders.
   5.3 Design site to be allocated to informal traders.


7. Establishing of Liaisons (forum) between key stakeholders.

8. Other identified projects
SECTION 5. GENERAL CONCLUSION

This Local Economic Development (LED) Strategy has been commissioned by the eThekwini Municipality and the KwaZulu-Natal Department of Economic Development. The local economy in the greater Tongaat has been fragmented lacking a strategic framework to guide strategic economic development interventions. In order to address this, the study therefore:

- Created a vision and strategy
- Assessed the existing economic situation
- Examined and defined the strategic role of the Tongaat area
- Provided a set of plans for the Tongaat
- Identified strategic and detailed responses necessary to turn around the decline in businesses in Tongaat
- Identified potential areas for industrial development
- Undertook an implementation framework giving due consideration to institutional mechanisms to drive growth in the area

As part of the methodology, the project engaged with key local stakeholders from the private, non-governmental and public sectors in the development of the LED Strategy.

Information for the formulation of this LED was accessed from various sources. Key amongst these was detailed desktop study, IDPs, interviews, surveys, meetings, workshops, stakeholders’ consultation and analysis.

The vision and goals were developed as follows:

**Vision stated:**

"By 2010 and beyond the Greater Tongaat will be a preferred investment destination with superior and continuing quality service delivery; thereby providing sustainable employments and addressing social ills for the majority of people"

Goals included:

- The first goal was to establish the economic foundations of the greater Tongaat.
- The second goal was to initiate economic growth of Tongaat.
- The third goal was to initiate a developmental environment.
- The fourth goal was to maximise efforts in order to establish institutional structures for implementation

Strategies derived from the preceding goals included the following:

- Enhancing sector competitiveness
o Further development of emerging and niche sectors
o Business retention and investment promotion
o Innovatively package industrial sites for development
o Develop priority investment nodes and corridors
o Regional strategy and development
o Sector skills alignment
o Enhance labour productivity, literacy and numeracy skills
o Knowledge economy
o Implement key logistics and economic infrastructure
o Bulk infrastructure to match economic growth
o Direct the infrastructure required for economic growth
o Provide strategic enterprise development support to emerging and informal enterprises
o Centres of excellence
o Cyber City

A number of projects were suggested but after their assessment and prioritisation, the following key anchor actions were defined:

1. Upgrading of the commercial function and facilities of Tongaat including the renewal of the Town Centre in response to the other developments especially the DTP and housing projects. This implies the formulation of the detailed precinct plan of the CBD to guide development of this area.

2. Infrastructure Development
   2.1 Build the Eastern bypass road in Tongaat CBD.
   2.2 Upgrade the R 102 in Tongaat.
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   2.4 Investigate the transport and other opportunities offered by the linkages between the R614 provincial corridor and the R102/N2

3. Implement a cluster focussed manufacturing strategy in Tongaat.

4. Development of a Cultural Heritage Tourism Route (temples, mill house, old sugar barracks, museum documenting Hindi Religion at Brake Village, museum documenting indentured labour and arrival of Indians in Durban at Old Mill).

5. Development of the Informal Economy and SMMEs economy.
   5.1 SEDA to increase the capacity of its current services and to market its existing facility to cater for greater Tongaat
   5.2 Provision and running of Incubator for SMMEs and informal traders.
   5.3 Design the sites to be allocated to informal traders.


7. Establish of Liaisons (forums) between key stakeholders

8. Other identified projects.
To achieve the successful and sustainable implementation of the anchor activities, a multi party stakeholders’ forum was recommended to be established.

The preliminary estimated budget for the greater Tongaat development is as follows:

<table>
<thead>
<tr>
<th>ACTIVITIES</th>
<th>BUDGET</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of the industry cluster in food production, agribusiness, high-end textiles, furniture, construction input, ICT and arts and crafts</td>
<td>R 3.2 m</td>
</tr>
<tr>
<td>Upgrade the commercial function and facilities of Tongaat including the renewal of the town centre</td>
<td>R 3.0 m</td>
</tr>
<tr>
<td>Tongaat culture and heritage route (museum, tour guide training, tourism signage, tourism marketing and the establishment of legal entity for route and products)</td>
<td>R 1.2 m</td>
</tr>
<tr>
<td>Infrastructure Development (Eastern bypass, DTP link road, R102 upgrading, R 614 opportunities)</td>
<td>To be determined</td>
</tr>
<tr>
<td>Land identification, mapping and negotiations</td>
<td>R 1.5 m</td>
</tr>
<tr>
<td>Informal economy (incubator, training and capacity building)</td>
<td>R 13.6 m</td>
</tr>
<tr>
<td>Institutional structure (Stakeholders co-ordinating committee and forum)</td>
<td>R 0</td>
</tr>
<tr>
<td>Other complementary projects</td>
<td>R 15.5 m</td>
</tr>
</tbody>
</table>
ANNEXURE 1 COMMON LED TERMS

Additionality: The principle that funding from a particular source is additional to that provided by national and local authorities. The additionality principle requires that funds awarded for a project should not be used merely to substitute or replace existing funds, but for additional projects and activities.

Black Economic Empowerment (BEE) is not simply a moral initiative to redress the wrongs of the past, it is a pragmatic growth strategy that aims to realise the country’s full economic potential. BEE does not aim to take wealth from white people and give it to blacks. It is simply a growth strategy, targeting the South African economy’s weakest point: inequality.

Brownfields: This is a general term used for sites that have been developed in the past that may or may not be contaminated. Sustainable economic development strategies encourage the beneficial reuse of these sites, even though this may be more expensive than building or developing (new, to date undeveloped) Greenfield sites.

Business Incubators: A business incubator is an economic development tool primarily designed to help create and grow new business in a community, within a specific building or location. Business incubators help emerging businesses by providing various support services such as assistance with: developing business and marketing plans, building management skills, obtaining capital and access to more specialised services. They also provide flexible space to rent, shared equipment and administrative services in a managed workspace.

Business Retention Strategies (BRS): BRS are systematic efforts designed to keep local companies content at their present locations within the city area. Strategies include helping companies cope with changing economic conditions, addressing new markets and even assisting with internal company problems. Business Start-up Support: Business support includes the full range of services available to people starting in business for the first time. Initiatives include: training, business advisory support, business networking and mentoring and financial assistance (grants, loans, interest rate subsidies are traditional methods; a more innovative approach to financial support is to try and attract as much private sector investment as possible, rather than public sector).

Clusters: An industry cluster is a grouping of related industries and institutions in an area or region. The industries are inter-linked and connected in many different ways. Some industries in the cluster will be suppliers to others; some will be buyers from others; some will share labour or resources. The important thing about a cluster is that the industries within the cluster are economically linked, they both collaborate and compete and are, to some degree, dependent upon each other; and ideally, they take advantage of synergies.

23 The LED common terms are sourced from the World Bank LED Glossary
24 The BEE strategy is sourced from the "Light At The End of a Long Tunnel" of the University of Cape Town Graduate School of Business 2003
Comparative advantage: A nation has a comparative advantage in production of a good or service if it can produce it at a lower cost, or opportunity cost, than other nations. The theory of comparative advantage holds that nations should produce and export those goods and services in which they hold a comparative advantage and import those items that other nations can produce at lower cost.

Competitive Advantage is gained by exploiting the unique blend of activities, assets, attributes, market conditions, and relationships that differentiates an organisation from its competitors. These may include: access to natural resources, specific location, or skilled workforce.

Entrepreneurial Training: Programmes that provide guidance and instruction on business basics (such as accounting and marketing) so that businesses improve their chances of success.

Export Development Services: Export assistance programmes can help businesses to diversify their customer base, expand operations and become more profitable. Export services include: assessing the company’s capacity for exporting; market research; information services (on exporting, trade regulations, transportation, etc.); international lead generation and trade shows/exhibitions or promotional marketing trips.

Foreign Direct Investment (FDI): FDI is investment that is attracted from abroad. It can mean either Greenfield investment (i.e. investment in building new facilities on hitherto undeveloped sites) or portfolio investment (i.e. buying into an established business). Inward investment can take similar forms (either Greenfield or portfolio). However it could include investment from within the country as well as from abroad.

Forward Strategy: Is an arrangement to continue the life of projects after initial project funding stops and is sometimes described as an exit or succession strategy. This should be established at the outset of all projects that are likely to need ongoing capital or revenue resources after the initial period of establishing the project.

Greenfields: Refers to factories and offices being built on land that has hitherto not been developed. Greenfield investments also imply that facilities are designed and built for investors, rather than the investor buying a facility already built.

Gross domestic product (GDP) of a country is defined as the total market value of all final goods and services produced within a country in a given period of time (usually a calendar year). It is also considered the sum of value added at every stage of production (the intermediate stages) of all final goods and services produced within a country in a given period of time.

Growth Node: A physical location where industry and/or commercial development is deliberately directed; done either to reduce growth pressures elsewhere in the city or to redistribute growth within a city.
**Hard Infrastructure**: Hard infrastructure includes all the tangible physical assets that contribute to the economy of a city. For example, transport infrastructure (roads, railways, ports, and airports), industrial and commercial buildings, water, waste disposal, energy, telecommunications etc. See also soft infrastructure below.

**High Road Techniques**: High road techniques stress the need to make more efficient use of resources and invest in processes, technological innovation and employee skills. It views labour as an important commodity and skill enhancement as a crucial, targeted investment. It entails the mobilisation and upgrading of local resources and the maximisation of local strengths and advantages to balance relatively higher wage rates.

**Indicators**: Proxy measures to provide operational definitions to the multidimensional components of LED. Indicators are expected to serve the function of defining policy problems and informing policy formulation. They should provide a basis for policy discussion and planning.

**Indigenous Businesses**: Local businesses, usually those that have developed in the community. Increasingly, the term refers to all businesses in an area whether they are ‘locally grown’ or not.

**Informal Sector**: Not within any formal or legal sector and therefore not raised and not provided with services. Not able to use assets as collateral for new productive investment.

**Labour Market Information**: The body of data available on a particular labour market, including employment and unemployment statistics, occupational statistics, and average hours and earnings data.

**Local Economic Forum**: A co-ordinating mechanism set up to achieve the streamlining and improvement of local economic service delivery.

**Low Road Techniques**: Low road techniques promote an area economic position through the lowering of production costs, especially wage rates. This is not a sustainable approach.

**Mobile Manufacturing (or service sector) Investment**: Where manufacturing (or service) companies have a wide choice of location choices. Consequently they are in very strong negotiating positions when it comes to choosing where to locate their businesses.

**One-stop Business Service Centres**: Facilities where business persons can go to obtain advice and support to help them establish and expand their business. Sometimes these centres also issue licenses and permits needed by businesses to start-up, operate or expand. These centres improve the local business environment by reducing the number of separate agencies and offices a business may need to approach for advice or to apply for various licences and permits. They save public and private time and improve efficiency as a result.
Poverty Alleviation: poverty alleviation includes all plans and strategies that fight poverty. Poverty in more than the denial of opportunities and choices of most basic needs to human development to allow people to lead a long, healthy, creative life and to enjoy a decent standard of living, freedom, dignity, self-esteem and respect from others.

SMMEs: This is the acronym for ‘small and medium-sized enterprises’. There is no definitive delineation between a small and medium-sized business. As a general reference, small is often from 5 to 20 employees, medium from 20 up to 200. Businesses with fewer than 5 employees are usually called micro-enterprises. This is a guide only.

Soft Infrastructure: Soft infrastructure relates to the less tangible aspects of LED such as education and training provision, quality of life infrastructure such as park, leisure and library services, housing, business support, business networking and financing services etc.

Stakeholders: Individuals and groups who have an interest in the issues at hand. They normally represent their own interests as stakeholders.

Supply Chains: The products and processes that are essential to the production of a good or service. For example, to produce frozen fish, the supply chain inputs will extend from fish catching, handling, processing, and freezing to packaging, storing and distribution. These are all elements of a supply chain. Integrated LED strategies will try and capture as much as possible of the higher value end of the value chain in their area. In this case fish processing, packaging, storing and distribution will be adding value and therefore be seen at the higher end of the value chain. An industry cluster is a grouping of related industries and institutions in an area or region. The industries are inter-linked and connected in many different ways. Some industries in the cluster will be suppliers to others; some will be buyers from others; some will share labour or resources. The important thing about a cluster is that the industries within the cluster are economically linked, they both collaborate and compete and are, to some degree, dependent upon each other; and ideally, they take advantage of synergies.
## ANNEXURE 2 STAKEHOLDERS LIST

<table>
<thead>
<tr>
<th>No</th>
<th>Name</th>
<th>Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Radhakrishna L. Padayachie</td>
<td>Deputy Minister Ministry of Communications, Tel 012 4679420, Fax 012 4278534, Email: <a href="mailto:rp@doc.gov.za">rp@doc.gov.za</a></td>
</tr>
<tr>
<td>2</td>
<td>Shunnon Tuliram</td>
<td>eThekwini Economic Development Unit</td>
</tr>
<tr>
<td>3</td>
<td>Steve Angelos</td>
<td>eThekwini Economic Development Unit (EDU)</td>
</tr>
<tr>
<td>4</td>
<td>Ajiv Maharaj</td>
<td>eThekwini Economic Development Unit (EDU)</td>
</tr>
<tr>
<td>5</td>
<td>Petronella Thandroyen</td>
<td>eThekwini Planning and Development Department (031 3117905) <a href="mailto:thandroyen@durban.gov.za">thandroyen@durban.gov.za</a></td>
</tr>
<tr>
<td>6</td>
<td>Toni Redman</td>
<td>eThekwini Policy and Research Unit</td>
</tr>
<tr>
<td>7</td>
<td>Grishka Naidoo</td>
<td>eThekwini Transport Authority Department (031 3117403)</td>
</tr>
<tr>
<td>8</td>
<td>Themba Masimula</td>
<td>eThekwini Development Planning</td>
</tr>
<tr>
<td>9</td>
<td>Trivi Aryunan</td>
<td>eThekwini Economic Development Unit</td>
</tr>
<tr>
<td>10</td>
<td>Thulani Mzama</td>
<td>eThekwini Business Support</td>
</tr>
<tr>
<td>11</td>
<td>Justice Dlamini</td>
<td>eThekwini Business Support</td>
</tr>
<tr>
<td>12</td>
<td>Sunita Ramouth</td>
<td>KZN Department of Transport 033 3558953</td>
</tr>
<tr>
<td>13</td>
<td>Rob Lindsay</td>
<td>KZN Department of Transport 033 3424082</td>
</tr>
<tr>
<td>14</td>
<td>Ken Brettzke</td>
<td>eThekwini Engineers</td>
</tr>
<tr>
<td>15</td>
<td>Steward Wilson</td>
<td>SANRA 033 3928104</td>
</tr>
<tr>
<td>16</td>
<td>Zamo Ngobese</td>
<td>Housing Planner 031 3113133</td>
</tr>
<tr>
<td>17</td>
<td>Nompilo Cebekhulu</td>
<td>Housing Planner 031 3113133</td>
</tr>
<tr>
<td>18</td>
<td>Pat Dorkin</td>
<td>Strategic Planner KZN DOT</td>
</tr>
<tr>
<td>19</td>
<td>Manoj Rampersad</td>
<td>eThekwini Development Planning</td>
</tr>
<tr>
<td>20</td>
<td>Busi Mlotshwa</td>
<td>Northern Area Manager for Trade and Informal Economy 031 3114594/ 0833090238, 0836268876, <a href="mailto:mlotshwabs@durban.gov.za">mlotshwabs@durban.gov.za</a></td>
</tr>
<tr>
<td>21</td>
<td>Mkhize Andrias</td>
<td>Tongaat Informal Economy Manager 031 1940</td>
</tr>
<tr>
<td>22</td>
<td>Helene Epstein</td>
<td>eThekwini Development Planning (<a href="mailto:EpsteinH@durban.gov.za">EpsteinH@durban.gov.za</a>)</td>
</tr>
<tr>
<td>23</td>
<td>Michael Mphungula</td>
<td>eThekwini Business Support</td>
</tr>
<tr>
<td>24</td>
<td>Marcelle Abrahams</td>
<td>Deputy Manager: Project Finance, LED, KZN Department of Economic Development (DED)</td>
</tr>
<tr>
<td>25</td>
<td>Ayanda Goba</td>
<td>KZN DED <a href="mailto:gobaa@kznded.gov.za">gobaa@kznded.gov.za</a></td>
</tr>
<tr>
<td>26</td>
<td>Bongani Mkhize</td>
<td>KZN DED <a href="mailto:mkhizebo@kznded.gov.za">mkhizebo@kznded.gov.za</a></td>
</tr>
<tr>
<td>27</td>
<td>Mike Newton</td>
<td>LED iLembe District</td>
</tr>
<tr>
<td>28</td>
<td>Collette Bundy</td>
<td>KwaDukuza Local Municipality</td>
</tr>
<tr>
<td>29</td>
<td>Mlibo Bantwini</td>
<td>Dube Trade Port, <a href="mailto:mlibo@dubetradeport.co.za">mlibo@dubetradeport.co.za</a></td>
</tr>
<tr>
<td>30</td>
<td>Jane Pillay</td>
<td>Durban Chamber of Commerce (031 335 1039, <a href="mailto:pillayi@durbanchamber.co.za">pillayi@durbanchamber.co.za</a>)</td>
</tr>
<tr>
<td>No</td>
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<td>Organisation</td>
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<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>31</td>
<td>Miss Mapumolu</td>
<td>Tongaat Hulett Sugar (Maidstone) 032 4395511</td>
</tr>
<tr>
<td>32</td>
<td>Mthethwa Sifiso</td>
<td>Chairperson Youth Forum (0723792823)</td>
</tr>
<tr>
<td>33</td>
<td>Miss Nompumelelo Mabaso</td>
<td>Ward 62 Hambanathi/Fairbreeze, Tongaat Beach, Mangwa (0733802249, Fax:032 944 1154)</td>
</tr>
<tr>
<td>34</td>
<td>Professor Michael Abraham</td>
<td>Ward 61 Cottonlands/Tongaat CBD, Wastonia (072 6294384, Fax:032 944 4333)</td>
</tr>
<tr>
<td>35</td>
<td>Mr Mxolisi Kennett-Ndizimbonvu</td>
<td>Ward 58 Mt. Edgecombe, Umdloti Beach, La Mercy, Veru (0828446079)</td>
</tr>
<tr>
<td>36</td>
<td>Siva Naidoo</td>
<td>Civic Association, (0795238910, <a href="mailto:siva@inzala.co.za">siva@inzala.co.za</a>)</td>
</tr>
<tr>
<td>37</td>
<td>Logan Naidoo</td>
<td>Tongaat Chamber of Commerce and Industry (0829286376, <a href="mailto:logan@clearlife.co.za">logan@clearlife.co.za</a>)</td>
</tr>
<tr>
<td>38</td>
<td>Stefans Coney</td>
<td>Marky Rooftiles (General Manager)</td>
</tr>
<tr>
<td>39</td>
<td>Jasmine Docktrat</td>
<td>Davinscot (HR Manager)</td>
</tr>
<tr>
<td>40</td>
<td>Denny Juganath</td>
<td>Protea Leather (Factory Manager)</td>
</tr>
<tr>
<td>41</td>
<td>Anand Jagarnath</td>
<td>Business Partners – Tongaat Industrial Park (Administrator)</td>
</tr>
<tr>
<td>42</td>
<td>Ned Naidoo</td>
<td>Triwaste (Sales Manager)</td>
</tr>
<tr>
<td>43</td>
<td>Lab Supervisor</td>
<td>Sediba Labritories (Tongaat)</td>
</tr>
<tr>
<td>44</td>
<td>General Manager</td>
<td>Superhaze Trading</td>
</tr>
<tr>
<td>45</td>
<td>Jon Rheeder</td>
<td>Tongaat Industrial Park (Owner)</td>
</tr>
<tr>
<td>46</td>
<td>Ian Hunter</td>
<td>Tongaat Hulett Development</td>
</tr>
<tr>
<td>47</td>
<td>Gumede Bongani</td>
<td>Tongaat Hulett Development</td>
</tr>
<tr>
<td>48</td>
<td>Cyril Gwala</td>
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ANNEXURE 3 POLICY FRAMEWORK

It is imperative for all planning and implementation, that cognisance is taken of the implications of national and provincial legislation and policy. As such, the actions of local planning should then be in harmony with the stipulations of the relevant legislation. However, due to the fact that there is no single Act or policy directed at the implementation of LED, practitioners and municipalities must align their strategies and plans with a number of guiding documents. Some of the more significant documents/policies/legislation and their implications for LED and the Tongaat area are highlighted below.

3.1 NATIONAL LEGISLATIVE FRAMEWORK

3.1.1 Constitution of the Republic of South Africa (ACT 108 OF 1996)

Description

The overarching piece of legislation guiding the functions of local municipalities (LMs) is the Constitution. Section 152 of the Constitution outlines the objectives of local government. These objectives are:

- To provide democratic and accountable government for local communities;
- To ensure the provision of services to communities in a sustainable manner;
- To promote social and economic development;
- To promote a safe and healthy environment; and
- To encourage the involvement of communities and community organisations in the matters of local government.

Relevance to LED

Local authorities have a legal mandate to promote social and economic upliftment within their areas of jurisdiction. These objectives form part of an integral set of principles from which LED strategies are formulated and implemented.

Furthermore, a municipality is required in terms of Section 153 of the Constitution, to structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community and to promote the social and economic development of the community.

Relevance to Tongaat

The main importance of the Constitution relating to Tongaat is:

- The constitution highlights the importance for drawing up an LED strategy;
Gives specific importance to the need for Local Municipalities to focus on the economic development of their areas.


Description

The White Paper on Local Government established the basis for a new developmental local government system that is committed to working with communities to create sustainable human settlements that provide for a decent quality of life and inter alia, meet the economic needs of communities.

Furthermore, the White Paper redefined the objectives of local government to focus on development, including its social and economic spheres. The White Paper was consolidated and systematised within the Municipal Structures and Municipal Systems Act that laid the foundation for the local government system implementation in 2000.

Relevance to LED

According of the White Paper on Local Government, local authorities have the following responsibilities in terms of their obligation to economic development:

- Provide marketing and investment support in order to attract potential support to their locality;
- Small business support services should be provided to assist small entrepreneurs;
- To support the Local Business Support Centres Programme launched by the Department of Trade and Industry. The purpose of these centres is to assist local entrepreneurs with issues concerning skills, premises, information, networking, marketing and credit; and
- To provide targeted assistance (such as market research and technology provision) to a particular sector in the local economy that has the potential to expand.

Relevance to Tongaat

The main importance of this legislation to the Tongaat area is:

- Guiding the Municipality in terms of the types of LED activities that can be engaged in and encouraged;
- Acknowledging the soft support and services that the Municipality can use to assist local communities with marketing and training etc.
3.1.3 Municipal Systems Act (No 32 of 2000)

Description

The Municipal Systems Act lists the duties of a municipal council, within its financial and administrative capacity, as follows in Section 4(2):

- Exercise the Municipality’s executive and legislative authority and use the resources of the Municipality in the best interests of the local community;
- Provide, without favour or prejudice, democratic and accountable government;
- Encourage the involvement of the local community;
- Strive to ensure that municipal services are provided to the local community in a financially and environmentally sustainable manner;
- Consult the local community about:
  - The level, quality, range and impact of municipal services provided by the Municipality, either directly or through another service provider; and
  - The available options for service delivery.
- Give members of the local community equitable access to the municipal services to which they are entitled;
- Promote and undertake development in the Municipality;
- Promote gender equity in the exercise of the Municipality’s executive and legislative authority;
- Promote a safe and healthy environment in the Municipality; and
- Contribute, together with other organs of state, to the progressive realisation of the fundamental rights contained in Sections 24, 25, 26, 27 and 29 of the Constitution.

Relevance to LED

Local Economic Development is one of the most important strategic tools through which local municipalities adhere to their duties, as prescribed by the Municipal Structures Act.

Section 25 (1) of the Act states that each municipal council must, within a prescribed period after the start of its elected term, adopt a single, inclusive and strategic plan for the development of the municipality which:

- Links, integrates and co-ordinates plans and takes into account proposals for the development of the Municipality;
- Aligns the resources and capacity of the Municipality with the implementation of the plan; and
- Forms the policy framework and general basis on which annual budgets must be based.

Specific reference to LED is made in the following section of this Act: Section 26(c) of the Municipal Systems Act further specifies that the Integrated Development Plan of a Local Municipality must contain its Local Economic Development aims. This awards the municipal LED Strategy legal status as part of the Integrated Development Planning (IDP) process.
Relevance to Tongaat

The main relevance for Tongaat is:

- The Act outlines the key elements that should be contained in an LED Plan/Strategy.
- The Act also indicates how the LED Plan fits into the IDP process.

3.1.4 National Strategy for the Development and Promotion of Small Business in South Africa

Description

The National strategy for the development of SMMEs includes four major Acts:
- White Paper on the Development and Promotion of SMMEs
- National SMMEs Act 102 of 1996
- National SMMEs Amendment Bill, 2003; and
- National SMMEs Amendment act 29 of 2004

The main objective of the SMMEs national strategy is to regulate, stimulate and promote small business activities in South Africa. Throughout the world it has been found that SMMEs are playing a critical role in absorbing labour, penetrating new markets and generally expanding economies in creative and innovative ways. Small, medium and micro-enterprises (SMMEs) represent an important vehicle to address the challenges of job creation, economic growth and equity in South African society. The stimulation of SMMEs must be seen as part of an integrated strategy to take South African economy onto a higher road - one were the economy is diversified, productivity is enhanced, investment is stimulated and entrepreneurship flourishes.

Key objectives of the National Small-Business strategy are to:

- Create an enabling environment for small enterprises;
- Facilitate greater education of income, wealth and earning opportunities;
- Address the legacy of apartheid-based disempowerment of black business;
- Support the advancement of women in all business sectors;
- Create long-term jobs;
- Stimulate sector-focused economic growth;
- Strengthen cohesion between small enterprises;
- Level the playing fields between bigger and small business as well as between rural and urban businesses; and
- Prepare small businesses to meet the challenges of an internationally competitive economy.

Relevance to LED

Such a national framework will need to be complemented with programmes developed and implemented at regional and local level. Policies need to be in tune with national and regional as
well as sectoral developments, taking into account differences between sectors like manufacturing, tourism or construction, as well as differences between categories of SMMEs; namely:

- Medium enterprises;
- Small enterprises;
- Very small enterprises; and
- Micro enterprises

**Relevance to Tongaat.**

The relevance of the White Paper to the Tongaat includes:

- It provides the emphasis on the development of entrepreneurs as opposed to simply creating jobs;
- It also acknowledges that entrepreneurs can be of varying size and sectors, and it encourages their development of any size.
- This White Paper emphasises the importance of entrepreneurship to vulnerable groups and previously disadvantaged communities.

### 3.1.5 NATIONAL FRAMEWORK FOR LED IN SA: DRAFT DOCUMENT

The national framework for LED in SA aims to support the development of sustainable local economies through integrated government action. This government action is developmental and stimulates the heart of the economy, which consists of a collection of enterprises including cooperatives that operate in local municipal spaces. There are nine guiding principles identified for the framework supported by seven main objectives and eight main outcomes for the next five years.

The framework promotes a strategic approach to the development of local economies and a shift away from narrow municipal interests focussed only on government inputs into ad-hoc projects. The application of the National Spatial Development Perspective (NSDP), industrial Policy, ASGI-SA and the Provincial Growth and Development Strategies (PGDSs) through joint action with municipalities institutionalised in IGR forums is the driving force for local hence national economic growth and development.

There are two major policy thrusts identified. These are public sector leadership and governance and sustainable community investment programmes. Four key strategies emerge from this policy thrust with accompanying main actions, implementation and funding approach. These are:

- Improve market and public confidence in municipalities through an alignment of national, provincial and local programmes.
- Identify and exploit competitive advantage of the 52 municipal regions.
Intensify enterprise support.
Introduce sustainable developmental community investment programming.

These strategies provide a basis for stimulating additional investment in local economies as a basis for sustainable growth.

Relevance to LED

This framework is a response to the micro economic challenges faced throughout the country. It seeks to mobilise local people and local resources within the framework of the PGDS and NSDP to become competitive in both the domestic and international markets. This framework builds a shared understanding of LED in the country and puts into context the role of local economies in the national economy. It emphasises the importance of fighting poverty on the ground at local level. The ultimate aim is that by 2014 poverty and unemployment can be halved and by 2030 South Africa can have a single integrated economy and be amongst the leading economies in the world. It acknowledges that this can only happen through realising the vision of “robust and inclusive” local economies where people are seen and involved as one of the most important resources for economic development, where local leadership and assets are harnessed and where local economies are networked into inter-governmental partnerships and national and international resources, opportunities and programmes.

Relevance to Tongaat

The relevance of this paper to the Tongaat is:

- This is the first consolidated piece of legislation directing LED in the country.
- It provides local authorities with direct actions for LED within the frameworks of the NSDP and PGDS.
- It offers the Municipality new ways of approaching LED as opposed to the ad hoc narrow focus previously adopted in LED plans.

3.1.6 Accelerated and Shared Growth Initiative for South Africa (ASGISA)

ASGISA marks a departure from GEAR and the prior RDP focus by placing emphasis on both growth and redistribution. An important point to note is that accelerating growth and the rate of productive investment goes hand in hand with:

- Promoting opportunities and improving the livelihoods of marginalised communities;
- Maintaining and improving social security, community services and human development;
- Improving state capacity in service delivery and crime prevention; and
- International partnerships for growth and development.
In attempting to bridge the growth/redistribution divide, it emphasises the phasing of interventions e.g. job creation can be promoted in the short-term through the expanded public works programme, but investments in economic infrastructure and an effective competition policy are needed for sustained economic growth. Within the social sector, housing infrastructure can be accelerated, but it must be better aligned to spatial plans, job creation and community services.

**Increased Investment**

The one emphasis of ASGISA is increased investment from a current level of 16% to 25% by 2014. This is to be promoted in the private sector through maintaining and improving the environment of investment growth (through moderate inflation, effective capital markets, revitalisation of training institutions, technology incentives etc.). Public sector investment will focus on public transport systems, ports and rail infrastructure and will involve private sector capacity through public private sector partnerships. Priority will also be given to health, education, road, housing, water and electricity infrastructure and services. Critical success factors for such investment include improved alignment of local regional and national investment plans and the streamlining of procedures for the registration of businesses and the approval of plan is streamlined.

**Facilitating Economic Activity within the Second Economy**

There is a clear emphasis on increasing mobility between the formal and informal economy through measures such as skilling people in the informal sector, extending job creation and public services through the expanded public works programme, boosting micro-enterprise and providing more effective support programmes for land reform recipients and agriculturalists.

**Social Services Income Support and Human Development**

There is recognition that dependence on social security will not be diminished in the short-term, prioritising the need to improve delivery in these areas through improving the social grant system (in part through establishing a single Social Security Agency), the reorientation and overhaul of welfare services (and partnerships with NGOs), the modernisation of tertiary health services and the renewal of the primary school nutrition programme. In the long-term, compulsory contributory social insurance is seen as contributing to current dependence on social services.

**Improving State Capacity**

The above measures clearly depend on improved state capacity, which is envisaged through:

- A support programme to improve municipal financial and economic planning;
- Measures to enable easier movement of civil servants between the three spheres of government;
- Improve e-government capabilities and step up multi-purpose community centres (MPCC) and the use of community development workers;
o Extend monitoring and evaluation systems across government;
o Reinforce Batho Pele principles; and
o Improving remuneration of police and educators

Relevance to LED

This national initiative is rooted in local level implementation. This shared growth strategy has been designed to help eradicate inequality and poverty, which are the desired outcomes of the LED Strategy process. The emphasis on the infrastructure and skills development also speaks to the LED framework, and the development of LED Strategies needs to be considered within the ASGISA initiative framework.

Relevance to Tongaat

The main importance of ASGISA to Tongaat is:
o Its direction to a local authority on how to bridge the divide between the growth/redistribution.
o It focuses the attention of the municipality on investing in hard infrastructure such as roads, rail etc and soft infrastructure such as skills and human resources.
o It encourages the formation of SMMEs and the provision of necessary services to the SMMEs at all levels.
o It emphasises the importance for the local authority to have an adequate level of capacity to provide the necessary services to the community it serves.

3.1.7 Broad-Based Black Economic Empowerment Act (No. 53 of 2003)

The objective of Broad-Based Black Economic Empowerment (BEE) Act is to substantially increase the number of Black people who have ownership and control of new and existing enterprises and the number of black people in executive and senior management positions of enterprises.

In this Act “Black people” refers to Africans, Coloureds and Indians. “Broad-based black economic empowerment” means the economic empowerment of all Black people including women, workers, youth, people with disabilities and people living in rural areas through diverse but integrated socio-economic strategies that include, but are not limited to:
o Increasing the number of black people that manage, own and control enterprises and productive assets;
o Facilitating ownership and management of enterprises and productive assets by communities, workers, cooperatives and other collective enterprises;
o Human resource and skills development;
o Achieving equitable representation in all occupational categories and levels in the workforce:
o Preferential procurement; and
Investment in enterprises that are owned or managed by Black people:

Relevance to LED

The successful implementation of BEE will be evaluated against the following policy objectives:

- Promoting economic transformation in order to enable meaningful participation of Black people in the economy;
- Achieving a substantial change in the racial composition of ownership and management structures and in the skilled occupations of existing and new enterprises;
- Increasing the extent to which communities, workers, cooperatives and other collective enterprises own and manage existing and new enterprises and increasing their access to economic activities, infrastructure and skills training;
- Increasing the extent to which Black women own and manage existing and new enterprises, and increasing their access to economic activities, infrastructure and skills training;
- Promoting investment programmes that lead to broad-based and meaningful participation in the economy by Black people in order to achieve sustainable development and general prosperity;
- Empowering rural and local communities by enabling access to economic activities, land, infrastructure, ownership and skills; and
- Promoting access to finance for Black Economic Empowerment.

Relevance to Tongaat

The main importance of BEE to Tongaat is to responsibly give economic opportunities to Black and historically disadvantaged individuals within the Municipality in order to decrease the current high level of inequality created by the former governments.

3.1.8 Local Government: Municipal Finance Management Act (No 56 of 2003)

The object of this Act is to secure sound and sustainable management of the fiscal and financial affairs of municipalities and municipal entities by establishing norms and standards and other requirements for:

- Ensuring transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities;
- The management of their revenues, expenditures, assets and liabilities and the handling of their financial dealings;
- Budgetary and financial planning processes and the co-ordination of those processes with the processes of organs of state in other spheres of government;
- Borrowing;
- The handling of financial problems in municipalities;
- Supply chain management: and
o Other financial matters.

Relevance to LED

The institutions to which the Municipal Finance Management Act applies, as stipulated in Section 3 of the Act, is all municipalities, all municipal entities and national and provincial organs of state to the extent of their financial dealings with municipalities. It is therefore necessary that local municipalities adhere to financial procedures presented in the Act when engaging in financial matters relevant to any LED activities.

The Act makes reference to municipal bank accounts, cash, investment and asset management, municipal budgets and debt management. Furthermore the Act stipulates the financial responsibilities of the mayor and municipal councillors. All sections of this Act should be adhered to when implementing LED and therefore the Act should be consulted.

Relevance to Tongaat

The main importance of the Municipal Finance Management Act is to ensure that transparency, accountability and appropriate lines of responsibility in the fiscal and financial affairs of municipalities and municipal entities are respected by all municipal officials.

3.2 LOCAL LEGISLATIVE FRAMEWORK

3.2.1 eThekwini Long-term Development Framework (LTDF)

The eThekwini Long-term Development Framework (LTDF) is a critical milestone strategy in the process of the transformation of the entire municipality. The LTDF expresses the thinking of the eThekwini’s leadership, maps out where the leadership wants the Municipality to be in twenty years time, and outlines how it will get there. The LTDF encompasses the strategies to solve both short and long-term challenges of the area. These includes

- Economic Growth and Job creation,
- Meeting basic needs,
- Alleviating poverty,
- Developing people,
- Managing the AIDS pandemic, and
- Ensuring a safe and secure environment

Relevance to Tongaat

The eThekwini Long-term Development Framework (LTDF) is of relevance to Tongaat since it plans for both short and long-term development that benefit Tongaat.
3.2.2 eThekwini Integrated Development Plan (IDP)

IDP is a process by which municipalities prepare 5-year strategic plans that are reviewed annually in consultation with communities and stakeholders. These plans adopt an implementation approach and seek to promote integration by balancing social, economic and ecological pillars of sustainability without compromising the institutional capacity required in the implementation, and by co-ordinating actions across sectors and spheres of government.

The eThekwini IDP has to plan in this strategic way for its entire district, encompassing the local municipalities within its area of jurisdiction. In addition, there has to be an alignment of the IDPs of the local municipalities to that of the eThekwini IDP. The eThekwini IDP also allocates resources for the implementation of specific projects identified within each local municipal area.

Relevance to Tongaat

The eThekwini IDP is of relevance to Tongaat due to the fact that the eThekwini IDP plans development and specific projects for the benefit of the Tongaat. Tongaat also has to ensure that its planning processes take place in line with the spatial development framework of the eThekwini Municipality.

3.2.3 eThekwini Local Economic Development Strategy (LED)

The eThekwini LED Strategy is a framework with aims to integrate and co-ordinate activities and decisions made by development agencies within the municipality. The LED Strategy also provide a matrix to assist with the prioritisation and selection of projects within the various sectors thereby enabling strategic and focussed decision making. An understanding of LED is generally followed by the following two approaches:

The “economic need” approach, which is essentially poverty alleviation driven and tends to focus on micro enterprise development, coupled with self-employment. On the other hand, the “opportunity driven” approach tends to look at a wider range of LED strategies which, in addition to micro-enterprise development and investment attraction, would also include actions to retain and grow existing business, develop tourism etc.

Relevance to Tongaat

The eThekwini LED Strategy is of relevance to Tongaat due to the fact that the strategy plans development and specific projects for the benefit of the Tongaat. Tongaat also has to ensure that its planning processes take place in line with the spatial development framework of the eThekwini Municipality as per IDP processes.
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