



EDGE

Economic Development
& Growth in EThekwini

Issue 6 2013



Focus on SMMEs in eThekwini


Quarterly Data . Investment Promotion . Durban FilmMart 2013





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Designed and edited by the Communication Factory



1. Welcome to The EDGE

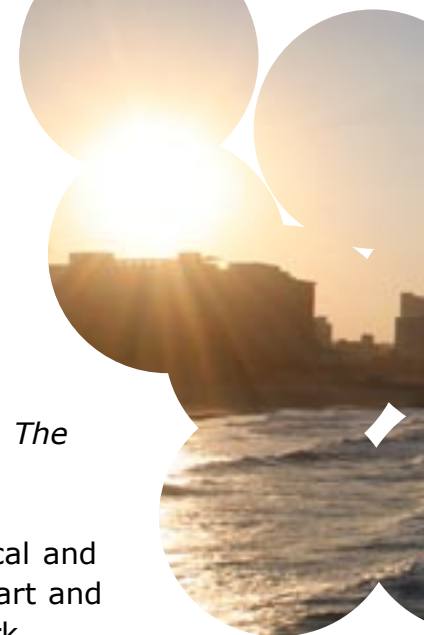
Welcome to the sixth edition of *The EDGE*, a quarterly economic bulletin that looks at the eThekweni economy, with a brief overview of the global and national context.

Published by the eThekweni Economic Development and Investment Promotion Unit, *The EDGE* aims to inform stakeholders of the latest developments and trends in eThekweni.

In this edition, we include an in-depth look at SMMEs and their importance to the local and national economy. We include a report back from this year's successful Durban FilmMart and investigate the Business Retention and Expansion Programme in Phoenix Industrial Park.

Additionally, we look at business support in Durban, including the municipality's Innovation Programme and its Enterprise Development Strategy.

We hope you enjoy the wealth of local economic information included in this edition of *The EDGE*.





2. Foreword by Her Worship the Deputy Mayor, eThekweni Municipality, the Honourable Councillor Shabalala

I take great pleasure in presenting the 6th edition of *The EDGE*, which has a special focus on small business in our city.

In July we celebrated the 95th birthday of the father of our nation, Nelson Rolihlahla Mandela, who, despite his current state of health, still unites all South Africans. Mandela negotiated a peaceful resolution when he assumed office in 1994, but while we may lay claim to many achievements as South Africans, we are still a nation divided by inequality, poverty and chronic joblessness.

In August we celebrate Women's Day which commemorates the national march of women on 9th August 1956 to the Union Buildings to petition against the Pass laws. This group stood and sang the protest song *Wathint'Abafazi Wathint'imbokodo*. (Now you have touched the women, you have struck a rock!). In the 57 years since, the phrase "you strike a woman, you strike a rock" has come to represent women's courage and strength in South Africa.

EThekweni's GDP grew by 3.4% between 2011 and 2012 and this positive growth once again reaffirms the City's resilience in overcoming the negative impacts of the global financial crisis still being felt in many regions. eThekweni surpassed the national growth rate of 2.5% as well as that of most major cities, namely Cape Town (3.1%) and Johannesburg (2.7%) with the exception of Tshwane (4.0%). EThekweni's GDP output in 2012 comprised 10.8% of national GDP (R1, 9 trillion) and 64.9% of KwaZulu-Natal's GDP (R323, 7 billion).

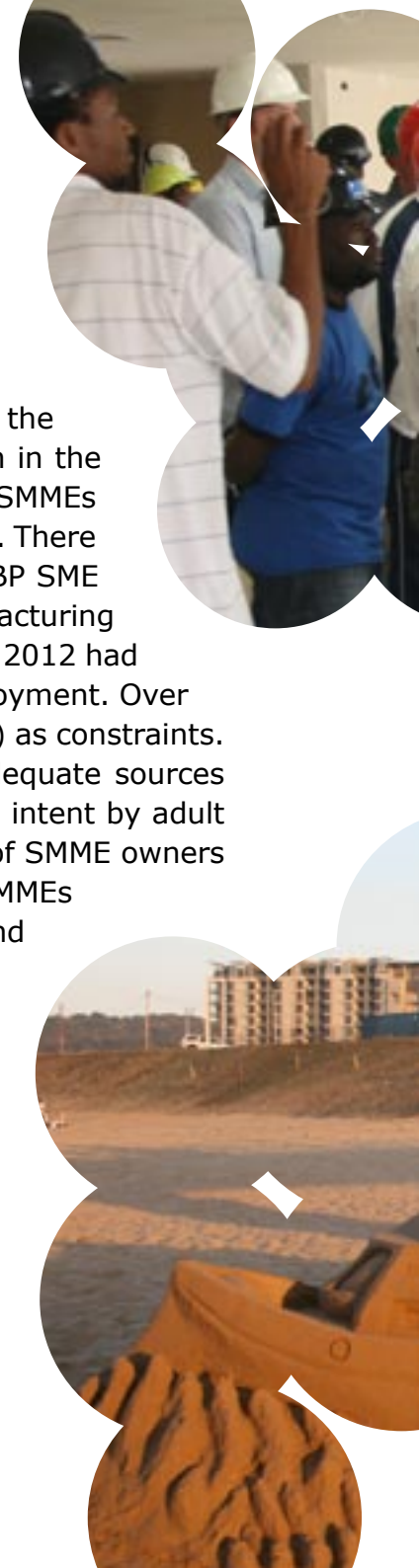
Unfortunately this positive growth has not translated sufficiently into helping eradicate poverty and creating much-needed jobs for our citizens. While the entire country continues to advance with respect to income per capita, a healthy financial system and stable inflation, an extremely high proportion of our people are out of work. One of the main culprits is the state of our education system, which is not producing the skills needed in the labour market, which also continues to feel the impact of the



recent recession. While our efforts have grown the local economy by just over 3%, we would need to see growth of at least 5-6% and have employment growth greater than 4% in order to make a significant contribution towards the goals of the National Development Plan.

Although Small Medium and Micro businesses have a critical role to play in addressing the challenges that our citizens are confronted with, levels of entrepreneurship and growth in the SMME sector remain low. South Africa has relatively low levels of entrepreneurship with SMMEs accounting for only 55% of employment, compared to 90% in China, India and Indonesia. There is also a high failure rate of SMMEs estimated at 70-80% in South Africa. The 2013 SBP SME Growth Index surveyed 500 established small and medium-sized businesses in the manufacturing and business services that employ 10 or more workers. Over 70% of firms reported that 2012 had been a difficult year, with a small average increase in turnover (9%) and declining employment. Over 25% of firms identified rising input costs (electricity prices, municipal rates and services) as constraints. Other challenges include poor work ethics, an increasing regulatory burden, and inadequate sources of finance and skills shortages. The study also highlighted low levels of entrepreneurial intent by adult South Africans and an ageing population of SMME owners (e.g. in manufacturing 43% of SMME owners are older than 50 years and have no succession plan). Policy initiatives to support SMMEs – such as credit guarantee schemes, entrepreneurship training, business incubation and technology assistance – have not yet had the desired effect.

The National Development Plan (NDP) identifies several ways to support SMMEs and new firm creation, including public and private procurement to stimulate demand, easing access to finance, regulatory simplification in areas such as business registration, tax and labour regulation as well as reforms to the skills training landscape. It is hoped that the NDP can help to increase these low levels of growth in the entrepreneurial and SMME sector.





The Trade and Industries Minister, Rob Davies, recently made a call to local government to ease the process of business registration on local procurement databases and we need to take heed of this advice.

Local businesses, small and large, are our partners in developing this great city of ours. From the informal trader on the street corner, to corner shops, B&Bs and medium-sized enterprises, right through to large global companies, you are the lifeblood of our city. A special word to the youth and to women in this woman's month, remember that an entrepreneur can come from any community and any industry. Become an entrepreneur and shape your own future!



3. Global, National and Local Overview

The Global Economy

According to the International Monetary Fund (IMF) and the Organization for Economic Co-Operation and Development (OECD) the world economy is slowly getting back on its feet, with growth projected at slightly above 3% for 2013 and 2014. This subdued growth has been ascribed to weak domestic demand and lowered growth in several key emerging market economies, combined with the protracted recession in the Euro region.

Global growth increased from an annualized rate of 2.5% in the second half of 2012 to 2.7% in the first quarter of 2013. This weak performance was due to three factors: firstly, poor growth in major emerging market economies owing to infrastructure bottlenecks, slower external demand growth, lower commodity prices, financial instability and weak policy support; secondly, the recession in the euro region is overstaying its welcome as low demand and depressed confidence continue to impinge on growth and necessitate fiscal austerities; and thirdly, the US economy expanded at a weaker pace than was expected.

According to the United Nations Conference on Trade and Development (UNCTAD), global foreign direct investment in 2013 will recover only slightly from last year's slump and is expected to remain close to the 2012 level at just over \$1.4 trillion, as suggested in *World Investment Report 2013*. According to the report, countries must take advantage of the global value chain of production to receive additional foreign investments.





The National Economy

The estimated GDP growth for 2013 has also been downgraded by the World Bank and IMF – to just over 2% in 2013 and 3.2% in 2014 – due to a combination of domestic and external risks. Some of the reasons include the delays in providing large-scale electricity generation, volatile labour relations and a deceleration in household spending. These, in turn, have led to a drop in business confidence which has impacted negatively on investment decisions.

The South African Reserve Bank (SARB) reported a growth rate of 0.9% in the first quarter of 2013, consistent with what is happening globally and in other emerging economies. Other local factors that have contributed to the lower than expected growth rates include lost production in the mining sector and capacity constraints in infrastructure.

Statistics South Africa has reported that unemployment was over 25% during the first quarter of 2013. While the economy should be absorbing new entrants into the job market, the present economic climate is unable to deliver on these expectations. It is reported that the number of unemployed among young people under the age of 25 is around 50%.

Business Confidence: According to the South African Chamber of Commerce and Industry, South African business confidence dropped to its lowest level since June 2003, falling to 90.2 points from 90.4 in May. This is probably due to the high number of protests regarding service delivery and on-going problems in the mining industry.

Competitiveness Ranking: According to the most recent World Economic Forum's global competitiveness ranking, South Africa ranks 52 out of 144 countries.

Youth Wage Subsidy: National Treasury has stated that the youth wage subsidy may go ahead. The Treasury has drafted amendments to the appropriate tax legislation which would grant subsidies of up to half of a worker's wage, to a maximum wage of R24 000 per annum. For wages ranging between



R24 000 and R60 000 a year, the subsidy would taper down as a percentage of that wage. The employee subsidy is tax deductible.

AGOA: The support of the African Growth and Opportunities Act (AGOA) from the US President, following his visit to Africa in July, presented a welcome boost for the local automotive sector. The local automotive sector currently accounts for 5.7% of eThekweni's GDP and 0.6% of National GDP. Plans to construct the automotive supply park will greatly increase local output.

Grant Incentives: The Department of Trade and Industry (DTI) has enhanced the grant incentives to small businesses to help them improve their competitiveness and grow employment. The department administers about 15 incentives aimed largely at improving industrialisation and broadening economic participation.

A further 4981 jobs are expected to be supported by cost-sharing grants approved for six projects under the Critical Infrastructure Programme, which has helped to leverage R9.8 billion in investments. Other grants approved in the last financial year are detailed in the table on the following page.





Grant	Amount	No. of Projects	Jobs/Jobs Supported
12i Tax Incentive	R3.3 billion	12	1,300
Manufacturing Investment Programme	R1.7 billion	539	40 000
Manufacturing Competitiveness and Enhancement Programme	R983 million	197	33 000
Film and TV Production	R386 million	70	
Tourism Support Programme	R283 million	121	
Automotive Investment Scheme	R281 million to OEMs R125.7 million to component manufacturers	25 component manufacturers	750
Incubation Support Programme	R169 million	14	
Business Process Services	R41 million	12	8 800
Capital Projects Feasibility Programme	R39.5 million	9	
Sector Specific Assistance Scheme	R31 million	424 small black-owned enterprises 25 export councils and associations	



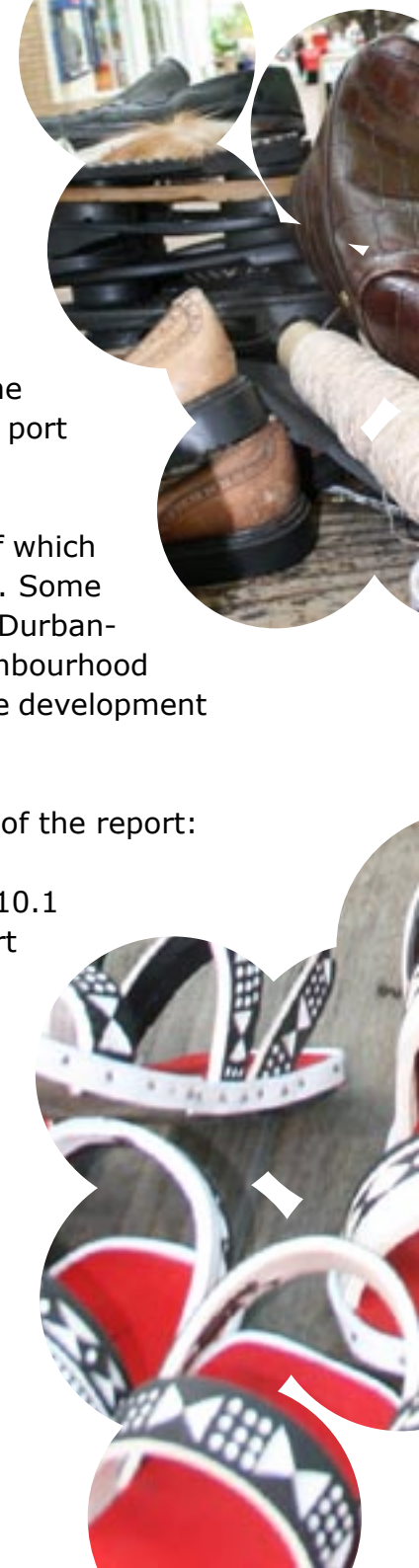
The Local Economy

From 1996 to 2012, the eThekweni region had an average annual growth rate of 3.8%. The economy is poised to sustain this positive growth in the years to come, following the announcement of several major developments, including the dig-out port, with the commencement of the pre-feasibility study in July 2013. When completed, the dig-out port will underpin Durban as the premier gateway into the Southern African region.

In the coming years the City has a number of other priorities that it will pursue, most of which align with national government's focus on infrastructure development and job creation. Some of the main initiatives include the Northern Urban Development Corridor (NUDC), the Durban-Gauteng Corridor as a logistics route with significant development opportunities, neighbourhood developments and town centre renewals, and the western aqueduct as a response to the development demands in the region.

Global Insight has recently released their 2012 data. Below are some of the highlights of the report:

- EThekweni's GDP grew by 3.4% between 2011 and 2012 (GDP was recorded at R210.1 billion in 2012, in constant, 2005 prices). Manufacturing, finance, trade and transport and community services were the major contributors to GDP.
- The growth in 2012 reaffirms the City's resilience in shrugging off the negative impacts of the global financial crisis still being felt in many regions. It also surpassed the national rate of 2.5% and most of the other major cities namely Cape Town (3.1%) and Johannesburg (2.7%), with the exception of Tshwane (4.0%).
- EThekweni's GDP in 2012 comprised 10.8% of national GDP and 64.9% of KwaZulu-Natal's GDP (R323.7 billion). Global Insight forecasts eThekweni's GDP to grow to R216.2 billion in 2013 (a growth rate of 2.9%).





■ Unemployment remains a major challenge since employment needs to grow by double the current rate of 2.01% in order to achieve its share of the national targets set by the New Growth Path and National Development Plan. The unemployment rate for eThekweni was 20.6% in 2012, up from 20.4% in 2011.

■ EThekweni's employment (formal and informal) was recorded at 1 116 434 in 2012 (an increase of 2.02% from 2011).

Durban Chamber of Commerce and Industry: Vision for Economic Development

The Durban Chamber of Commerce and Industry (DCCI) recently launched their *Vision for Economic Development* which spells out their vision for the eThekweni region.

The report may be accessed from the PSIR website at:
http://www.durban.gov.za/City_Services/Economic_Development/PSIR/





Key Indicators			
	2011	2012	% Change
Economic			
Gross domestic product (GDP) constant 2005 prices	R203,2 bn	R210,1 bn	3.4%
GDP average annual growth	4.2%	3.4%	-0.8%
Development			
Human development index	0.68	0.68	0%
Gini coefficient	0.63	0.63	0%
Number of people living on < \$2 per day	121,333	98,966	-18.4%
Percentage of people in poverty	32.7%	32.0%	-0.7%
Urbanisation rate	82,7%	82,8%	0.1%
Demographics			
Population	3,442,361	3,481,147	1.1%
Population growth (1996-2010/2011)	1,3%	1,3%	0%
Geographic area	2, 297km ²	2, 291km ²	-0.3%
Population density	1 522 persons/ km ²	1 519 persons/ km ²	-0.2%
Number of households	950,049	951,029	0.1%
Income and expenditure			
Per capita income	R48,054	R51,747	7.7%
Annual per household income (current prices)	R174,307	R189,413	8.7%
Annual disposable income (constant prices)	R104,389	R104,506	0.1%
Annual expenditure	R165,8 bn	R180,1 bn	8.6%
Annual retail trade sales	R54,8 bn	R59,6 bn	8.5%
Labour			
Unemployment rate	20,4%	20,6%	0.2%
Total number of people employed	1,094,342	1,116,434	2%
Tourism			
Tourism spend	R13.9 bn	R14,1 bn	1.4%
Number of trips	2,831,441	2,858,661	1%
International trade			
Total exports	R44,3 bn	R47,7 bn	7.7%
Total imports	R71,2 bn	R79,8 bn	12.1%
City budgeting			
Council operating budget: 2012/13	R26,5 bn	R28,4 bn	7.2%
Council capital budget: 2012/13	R5,3 bn	R5,4 bn	1.9%

Source: Global Insight/Economic Development & Investment Promotion Unit/Procurement & Infrastructure: Development Engineering, Census 2011: Statistics South Africa



Number of Building Plans Passed

Number of Building Plans Passed			
	Jan to June 2012	Jan to June 2013	% Change
Residential	411	514	25.1%
Non-residential	76	55	-27.6%

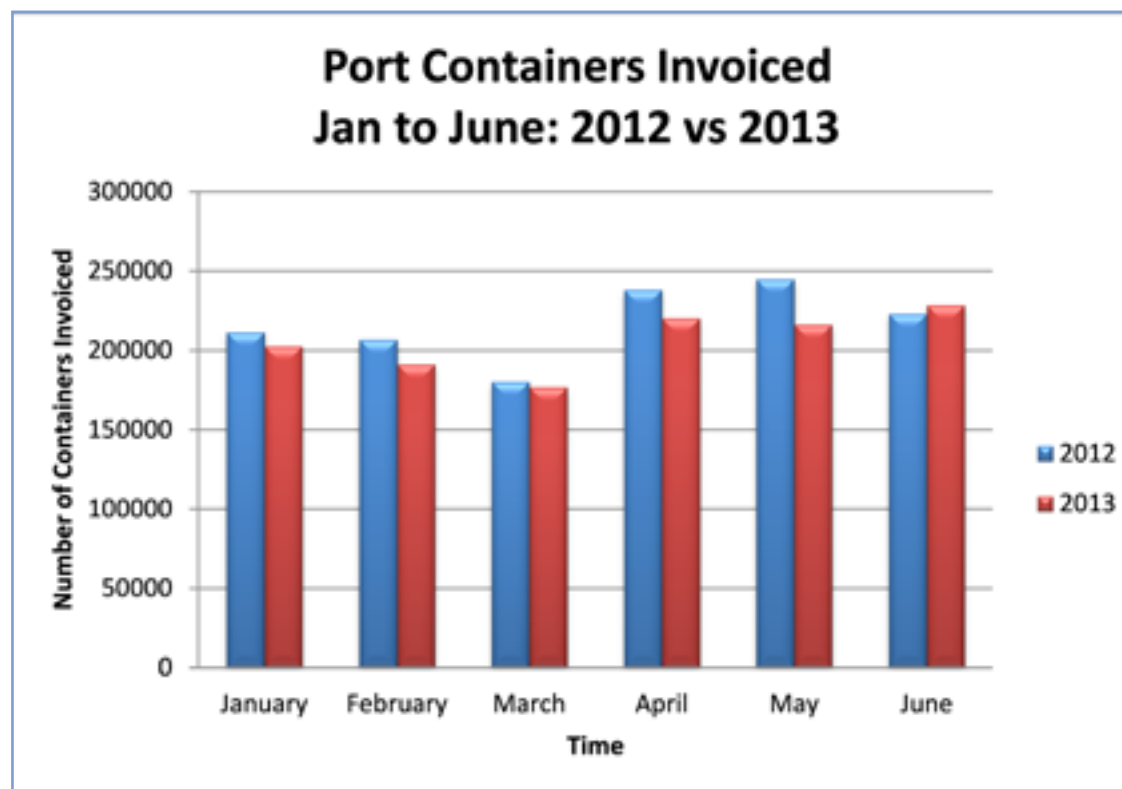
Source: EThekweni Municipality: Corporate Policy Unit

The number of building plans passed has increased significantly (25.1%) in the residential sector for the first two quarters of 2013 versus 2012, whilst the opposite has occurred for non-residential building plans (-27.6%). This increase in building plans passed for residential areas could be due to the favourable conditions of the property market and the relatively low interest rate. The decrease experienced in the non-residential market may be due to the decline in business confidence in the last year as well as uncertainty with regards to development charges during 2012 for non-residential areas.



Port of Durban

The number of containers invoiced in the Port of Durban for 2013 has displayed both a decreasing and then increasing trend, with figures reaching 228 446 in June 2013. This figure is slightly higher than the June 2012 figure of 222 890, reflecting a 2.5% increase. Overall, performance was better during the first half of 2012 than 2013.

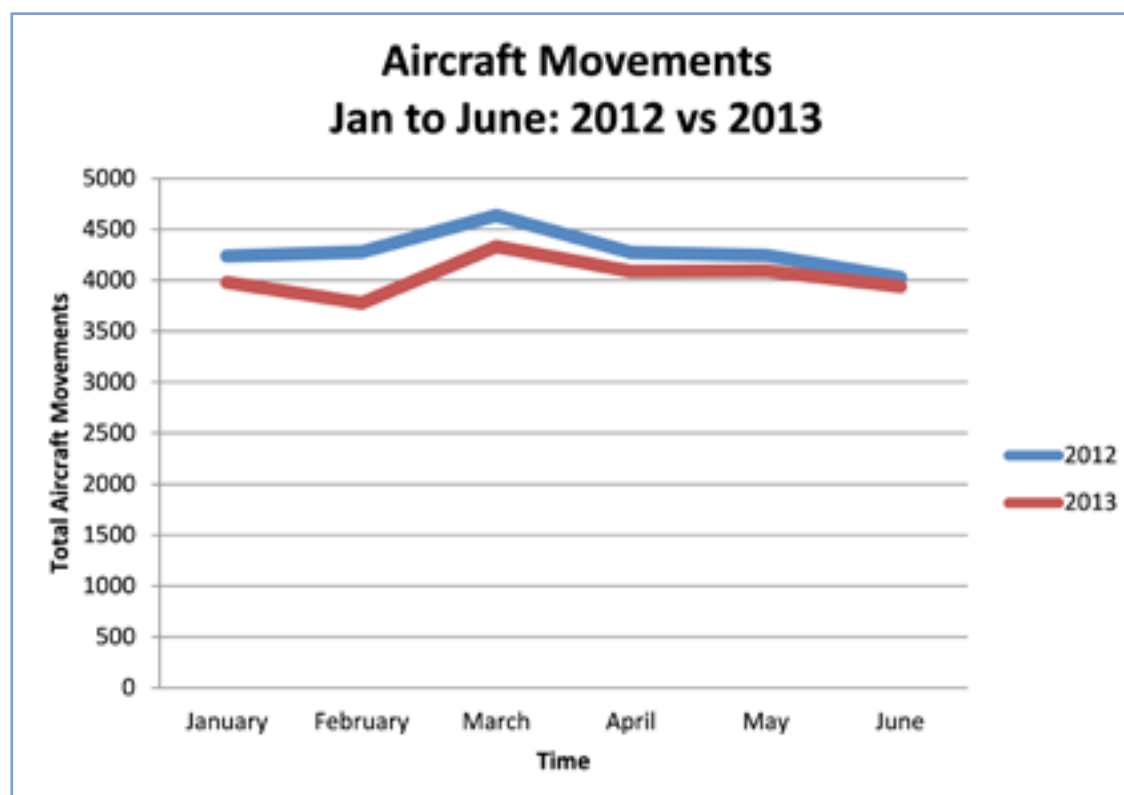


Source: Transnet National Port Authority



Aircraft Movements in eThekweni

Aircraft movements at the King Shaka International Airport followed a similar trend for the first six months of 2012 and 2013. The City's tourism profile remains almost the same as the previous year in that most visitors or tourists to Durban are local.



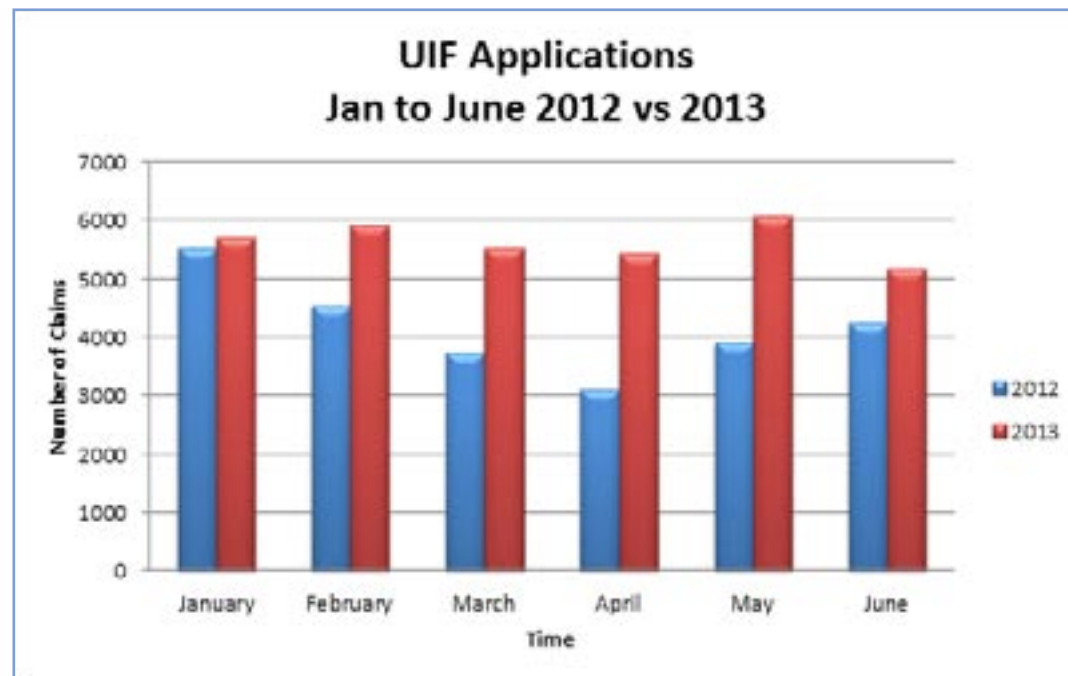
Source: Airports Company South Africa



Unemployment Insurance Fund

The number of UIF applications received in 2013 was far higher than in 2012, especially during March to May. This reflects a growing unemployment crisis in the City. It could be that those people who lost their jobs during 2012 are now applying for UIF, hence the rise in applications. However, it must be stated that these figures are indicative of trends and must be used with caution.

Please note that an error was found in the previous edition of The EDGE's figures for August and December 2012, which showed a marked increase in UIF applications for December 2012. The Department of Labour has issued a note highlighting the error and inaccuracy. We apologise for any inconvenience caused if you have made use of those figures.



Source: Department of Labour



4. Government News

Seeing Red? Recent Releases from the DTI

The Department of Trade and Industry (DTI) has released two interesting (and some might say contradictory) documents since the beginning of 2013. The most recent of these was the *SMME Guidelines for Reducing Municipal Red Tape* launched on the 3rd of July 2013. These guidelines, developed in partnership with the Department of Cooperative Governance and Traditional Affairs (COGTA) and supported by the South African Local Government Association (SALGA), act as a framework to assist government and municipalities in improving their service delivery and fostering small business development. They also provide guidance to municipalities on updating and aligning inefficient systems with modern communication technologies, improving regulation and supply chain management processes, as well as eliminating procedural burdens, duplications and excessive paperwork. The cost to South African SMMEs of paying for red tape is estimated to be R80 billion annually. The guidelines publication stems from a study conducted by the DTI across 12 municipalities which indicated the detrimental impact of red tape on small business growth in the country, making it extremely difficult for small business owners to create employment opportunities and reduce the poverty burden. This is a major concern since small businesses are key drivers of job creation in South Africa, as they are elsewhere. This document thus serves as a positive sign for business development.

The other document was the Business Licensing Bill, released in March 2013. Currently in its draft phase, the Bill has become a controversial public topic. It replaces the Business Act of 1991, and requires all businesses, regardless of size, to register and obtain their operating licenses from their respective municipalities. The purpose of the Bill is to address illegal and uncompetitive business behaviour, both of which negatively impact on small businesses particularly. However, the private sector has largely 'seen red' in response to the Bill, as it is believed that it will add to the already excessive red tape burden, especially for small businesses. At the release of the Municipal Guidelines document above, Minister Rob Davies reassured stakeholders that the Bill's intent is not to hinder business and that the DTI are currently relooking at the draft legislation, which includes continual engagement with key private sector stakeholders.



It is important to note that regulation is one of government's core functions. However, government increasingly needs to straddle the thin red line between the roles of regulator and enabler. In this light, we should expect a 'backwards-forwards' relationship with red tape, where the ultimate goal is to find a balance which stifles poor business practices (corruption, illegal practices, uncompetitive behaviour, waste) and promotes good business practices (entrepreneurship, growth and job creation, sustainability, development). This is no easy task, and a crucial prerequisite for achieving this equilibrium is real and meaningful interaction with the business community regarding matters which affect them.

To download the publication Guidelines for Reducing Municipal Red Tape, please visit the link: <http://www.thedti.gov.za/DownloadFileAction?id=777>

To view a copy of the Licensing Bill, please visit the link: http://www.thedti.gov.za/invite_comments/LicensingofBusinessesBill.pdf

Durban to Host 3rd BRICS Co-operative Summit

Following the success of the 5th BRICS Summit in March this year, Durban is due to host the 3rd BRICS Co-operative Summit in October. MEC for Economic Development and Tourism in KwaZulu-Natal, Michael Mabuyakhulu, announced that the event will focus on information sharing regarding the latest co-operative trade and economic policies, as well as facilitating collaboration in technology transfers and skills development amongst co-operatives in BRICS nations. It will also provide a platform for delegates to negotiate on the implementation structure for the Memorandum of Understanding signed in Beijing in 2011. As a precursor to this summit, KZN province will hold its own co-operative summit in honour of the significant role that local co-operatives have played in providing employment security for thousands of workers and providing sustainable livelihoods. Mabuyakhulu also noted that social enterprises such as co-operatives usually suffer the most during global economic meltdowns.





Update on the National Development Plan Vision for 2030

The National Development Plan (NDP) has been largely lauded for its vision for our country. The National Planning Commission (NPC) released the final version 'Our Future – Make it work' towards the end of last year, following which it was welcomed at Cabinet and discussed by all political parties. It is a plan which most stakeholders agree will take South Africa forward. With the visioning complete, now comes implementation. The NDP demands action from all sectors of society – public, private and civil society.

From a government point of view, the NDP has already taken 'centre stage'. It was the basis of the 2013/2014 national budget and has been incorporated into policies and strategies at all levels of government. The Commission will now play an advisory role and has partnered with the national Department of Performance Monitoring and Evaluation on the 2014-2019 Medium Term Strategic Framework. KZN has been very proactive with regards to the NDP, already having developed a Provincial Growth and Development Strategy and Plan which seeks to align with its national counterpart. It is hoped that this alignment will guide government actions at all levels and steer them towards the 2030 goals and targets.

For more information on the NDP, please see: <http://www.npconline.co.za>





5. Industry Highlights

Sector News

Desalination Plant for Durban

EThekweni Municipality may be set to build a large-scale sea water desalination plant. A feasibility study has been conducted by Umgeni Water. Although it is costly to build such a plant, this option needs to be explored due to the demand for water exceeding the supply within the Municipal area.

Toyota South Africa – Production of New Generation Corolla

Toyota South Africa Motors will be manufacturing the new generation Toyota Corolla in its Durban-based manufacturing plant. The plant, which currently produces the Toyota Hilux, the Fortuner and the current generation Corolla, has a maximum capacity of 220 000 units a year. These vehicles are produced for both the local and export markets.

Capacity Constraints at the Port of Durban

Demand is exceeding the current capacity at the Port of Durban, hence the need and added pressure for the additional port to be built. According to Transnet, the significant growth forecast for cargo volumes passing through the port and the need to accommodate larger ships are both likely to cause strain on port capacity over the next decade, even with the dig-out Port coming into operation. Transnet is looking at implementing other projects aimed at increasing port capacity.

Source: Engineering News



Industrial Clusters

KwaZulu-Natal Clothing and Textiles Cluster

The KZN Clothing and Textiles Cluster (KZNCTC) was jointly established by the eThekweni Municipality's Economic Development and Investment Promotion Unit and the KwaZulu-Natal Department of Economic Development and Tourism. The cluster is based on a paid membership system and drives Human Resource Development (HRD), World Class Manufacturing (WCM), Value Chain Alignment (VCA) and a Pilot CMT BOOST Programme.

The following activities have taken place within the cluster over the last two months:

- The KZNCTC ran a 3 Day Training Course on Quick Response (QR) and Fast Fashion (FF) held over 3 weeks in June. The course trained manufacturers in the principles of Quick Response which is proposed as the best system for getting products to retail in the shortest lead time. The training also focussed on learning a QR software programme that can assist manufacturers to determine what their input costs versus their GMROI (Gross Margin Return on Investment) is per style run and to ultimately make the case for switching to QR.
- The KZNCTC followed up this training with a peer review at Celrose, a manufacturer partially owned by Edcon, and is currently looking at a business model that will allow part ownership by workers. Manufacturers were given an in-depth look into the operations of Celrose and their IT systems that allow them to monitor their multiple product lines at any given moment. The lean manufacturing principles that have already been implemented through KZNCTC's World Class Manufacturing Programme have improved the working environment through a system of self-management by staff, staff development through training, the introduction of teams and team-leaders as well as production target incentives. The introduction of waste elimination and quality checks has improved efficiencies by up to 60% in some of their departments. Their next focus will be on integrating a green agenda into the factory.



■ The CMT BOOST Programme Innovation Circle 3 was held in July. The seminar took CMT businesses through costing exercises and business financial management. These two aspects of CMT are directly related to the sustainability of the business and is an identified gap in this supplier development programme. The businesses were then taken on a tour to Vesper, a CMT on the programme that has implemented the core principles of World Class Manufacturing. A surprising outcome of the programme is the positive impact that the application of lean principles has made in small and micro companies. The 10 companies on this programme supply to larger manufacturers and are not paid members of the cluster. This pilot programme looks at improving the compliance of CMTs to the key principles of the programme so that they can become sustainable and grow as employers and manufacturers.

The Durban Chemicals Cluster SME Incubation Programme

The Cluster has established an SME incubator programme which has been successful in securing enterprise development funding from Engen Petroleum and grant funding from the CHIETA (Chemical Industries Education and Training Authority). Extensive development support has been provided to two groups of five SMEs, with this support spanning diagnostics assessments, business plan training and preparation, and on-site implementation support.

EThekwini Maritime Cluster's Enterprise Development Programme

The eThekwini Maritime Cluster (EMC) runs an Enterprise Development Programme within the industry. The objective of this programme is to facilitate the development and support of the targeted emerging enterprises. The key deliverables from the programme are:

- Identification and marketing of SMMEs.
- Development and implementation of an enterprise development programme for the maritime sector.
- Facilitate focus on the transformation of the industry, including BEE requirements.





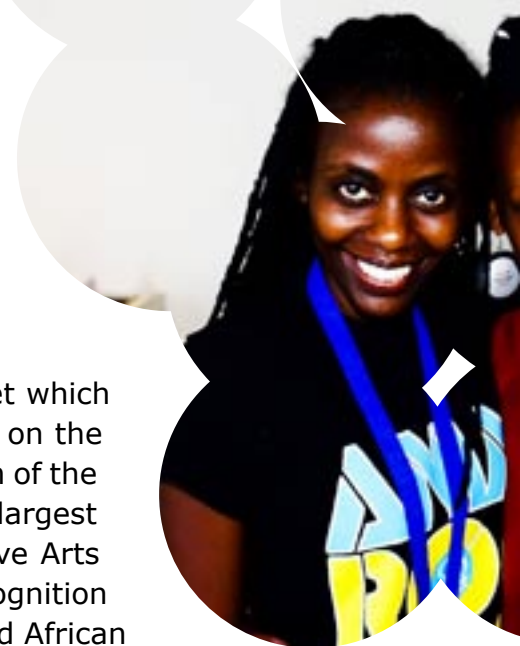
6. Durban Film Office

About the Durban FilmMart

The Durban FilmMart (DFM) is Africa's premier finance and co-production market which aims to create partnerships and further the development and production of film on the African continent. It's a co-production between the film industry development arm of the city of Durban and the Durban International Film Festival (DIFF), South Africa's largest and longest-running film festival and a flagship project of the Centre for Creative Arts (University of KwaZulu-Natal). This collaboration brings to Africa, growth, recognition and the opportunity to develop strategic relationships between film financiers and African filmmakers. The Durban FilmMart continues to raise the visibility of African cinema, stimulate production, and facilitate project collaboration between African filmmakers.

The Durban FilmMart programme is presented in three strands: Finance Forum, Master Classes and Africa in Focus. Delegates of the Durban FilmMart had full access to the leading experts in the Master Classes, who shared their expertise in the areas of finance, marketing, distribution, project packaging, co-production, new media, with access also granted to Talent Campus participants.

Delegates also attended Africa in Focus, where a range of seminars and panel discussions featuring local and international filmmakers and industry experts – with a special focus of African issues and initiatives – were discussed. Delegates seeking co-production partners interacted with industry professionals during several scheduled networking sessions. DFM 2013's official selected projects participated in one-on-one closed meetings within the Finance Forum.





Durban FilmMart Welcomes Produire au Sud as new partner

This year DFM welcomed Produire au Sud, the film development programme of the Festival des 3 Continents in Nantes, France as a new partner. The Festival des 3 Continents, is an annual film festival which has been held since 1979, and is focused on film that is created and originates from Asia, Africa and Latin America. Produire au Sud is a workshop programme within this festival, which focuses on the development of film co-productions, and aims to familiarise young producers who are based on these continents with a variety of important tools and international co-production techniques. The Produire au Sud workshop was created in 2000, in order to support the creation of a network of young producers from the three continents and lay the foundations for lasting cooperation between European film professionals and emerging professionals from the South.

"This is a significant partnership for both DFM and Produire au Sud as we both have a vision to stimulate the development of new work on the African continent, " said Guillaume Mainguet, Head of the Produire au Sud workshop.

The partnership was aptly formed during the France South Africa Season, which is supported by the National Arts Council in South Africa and the Institut Francais. Shortly before the DFM begun it was announced that *Hlola Hlola*, directed by Madoda Ncayiyana and produced by Julie Frederikse of Vuleka Productions in Durban, was selected for Produire au Sud Script Studio as part of the Season. *Hlola Hlola* was also part of the official selection of the 2010 Durban FilmMart. Madoda and Julie previously participated in the Produire au Sud workshop in 2004 with their film project *iZulu Lami* (My Secret Sky). Along with *Hlola Hlola*, two of this year's DFM projects, *The Bill* directed by Nosipho Dumisa, (co-produced by Travis Taute and Junaid Ahmed) (South Africa) and *Whiplash*, directed by Meg Rickards (and produced by Jacky Lourens) (South Africa) received awards from The Produire au Sud - Festival des 3 Continents, which will enable them to attend the Produire au Sud Script Studio in Nantes this November.



Durban FilmMart 2013 Awards

A further nine awards were handed at a closing gala dinner. The recipients were selected by the official partners and sponsors of the 4th Durban FilmMart. The recipients were as follows:

International Documentary Festival of Amsterdam (IDFA) gave an award for 'Most Promising Documentary Project' to *Blindness* (Kom Haal My) directed by Sarah Ping Nie Jones and produced by Jean Meeran (South Africa) to attend IDFA 2013 later this year.

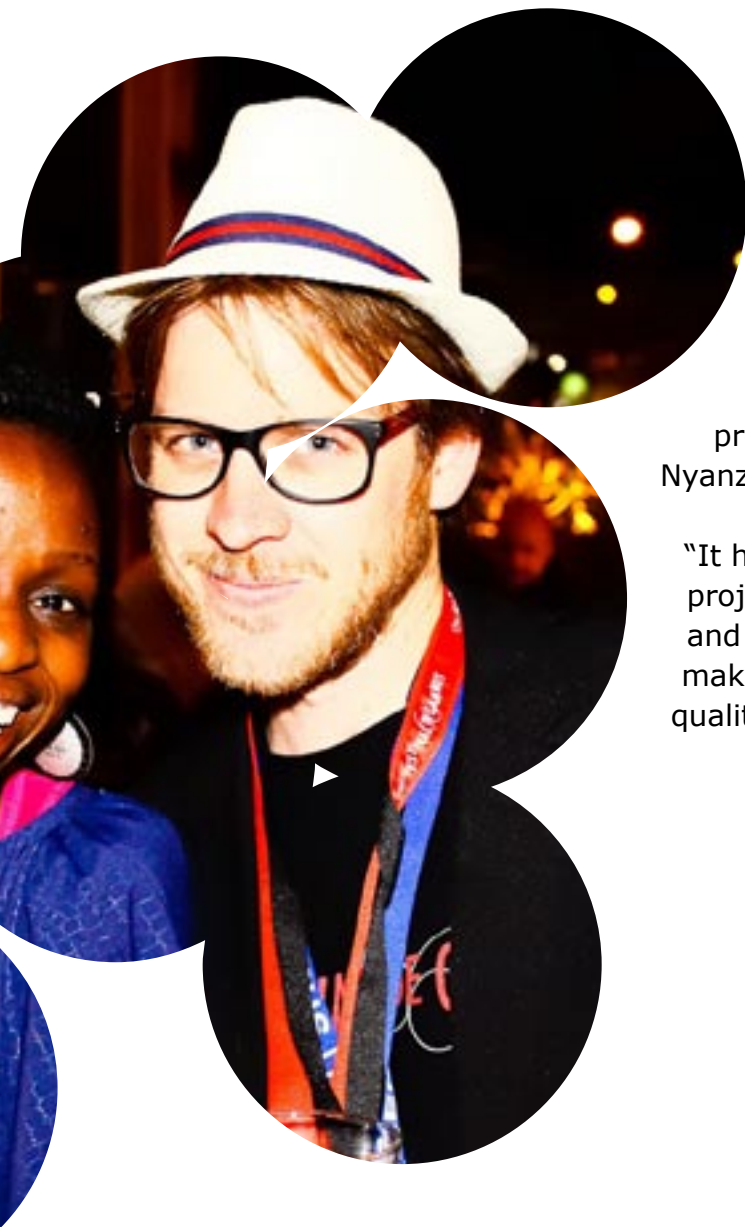
ARTE France's 'ARTE International Award' to the value of €6000, went to *Black Sunshine*, directed by Akosua Adoma Owusu and co-produced by Julio Chavezmontes and Angele Diabang (Ghana).

The Independent Filmmaker Project (IFP) award for a producer to attend 2013's 'No Borders International Co-Production Market' in New York, USA, went to *Solidarity*, directed by Rungano Nyoni and produced by Juliette Grandmont (Zambia).

Paris Cinema, 'Paris Project Award' to attend Paris Project at the Paris Cinema International Film Festival, went to *Blindness* (Kom Haal My), directed by Sarah Ping Nie Jones (and produced by Jean Meeran) (South Africa).

The Organisation Internationale de la Francophonie 'OIF Prize' of €5000 was awarded to *GITI – Paradise in Hell*, produced and directed by Yves Montand Niyongabo (Rwanda). Two development grants of €2,500 each from WorldView went to *Unearthed*, directed by Jolynn Minnaar and produced by Dylan Voogt (South Africa) and Talent Campus Durban/Doc Station project *Parole Camp* directed by Maanda Ntfandeni (South Africa).





The Your WorldView Online Short Film Challenge prize of £1000 pounds was awarded to Freetown Home from Sierra Leone.

Videovision Entertainment's award for 'Best South African Film Project' valued at R75 000 went to *Five Fingers for Marseilles*, directed and produced by Michael Matthews and written and co-produced by Sean Drummond (South Africa).

Additionally International Film Festival Rotterdam (IFFR) and Hubert Bals Fund awarded the **MEDIA Mundus 'Boost' Project** prize two months ago to a pre-selected African project, *Wasswa – Twins' Blessing*, directed by Donald Mugisha and produced by Robert Nyanzi (Uganda) to attend DFM 2013 and 'CineMart Rotterdam Lab 2014'.

"It has been a robust market this year, with over 200 meetings taking place with official DFM projects," says Toni Monty of the Durban Film Office. "We are really grateful to our partners and sponsors for the valuable contributions they have made to engaging with the film-makers. The DFM is an important market for the continent, and we are encouraged by the quality of projects pitched and the interest shown in the development of African content."

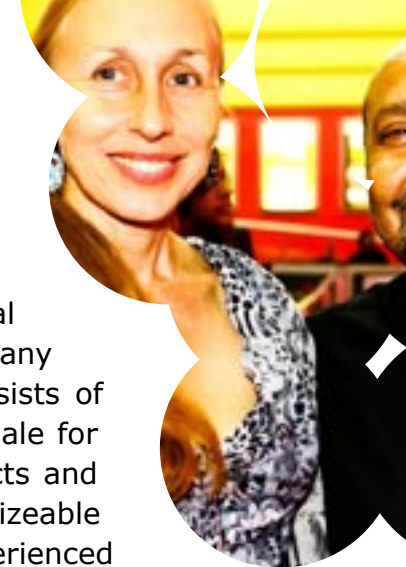


Awards Partners

International Documentary Film Festival Amsterdam (IDFA) is unique for its international film programme, the variety of genres, its politically committed program and the many European and world premieres featured each year. Aside from the festival, IDFA consists of three industry components: the IDFA FORUM for international co-financing, Docs for Sale for finished documentaries and the IDFA Bertha Fund which supports documentary projects and festivals in developing countries. The presence of decision makers, filmmakers and sizeable audiences, along with the discussions, debates, workshops, master classes and experienced staff, make IDFA the pre-eminent festival for creative documentaries.

ARTE, the European culture channel: ARTE's policy is to broadcast high-quality national and international co-productions in cinema, drama and documentaries as well as news and performing arts. Based on an agreement between France and Germany, the channel is financed through the television licence fee in both countries and is broadcast simultaneously in French and German all around Europe. Its exceptional creative output and its commitment to quality broadcasting are the foundation for ARTE's success and uniqueness.

Independent Filmmaker Project (IFP): After debuting with a programme in the 1979 New York Film Festival, the non-profit IFP has evolved into the America's oldest and largest organisation of independent filmmakers and also the premier advocate for them. The organisation has fostered early work by leading filmmakers including Charles Burnett, Edward Burns, Jim Jarmusch, Barbara Kopple, Michael Moore, Mira Nair and Kevin Smith. Through its workshops, seminars, conferences, mentorships, and Filmmaker Magazine, IFP schools its members in the art, technology, and business of independent filmmaking. IFP builds audiences by hosting screenings – often in collaboration with other cultural institutions – and also bestows the Gotham Awards™, the first honours of the film awards season. IFP fosters the development of 300 feature and documentary films each year.



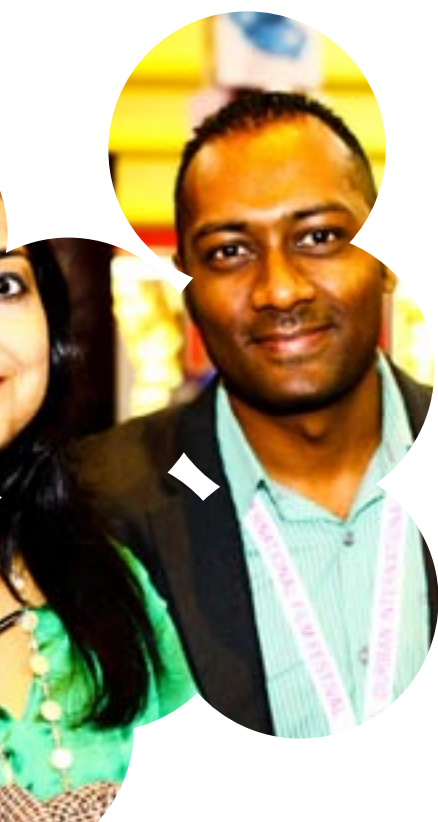


Organised within the framework of Paris Cinema International Film Festival, **Paris Project** is a development and financing platform for carefully selected worldwide feature projects destined for French and European co-production. During this intense three-day meeting and networking event, participating filmmakers, producers, sales agents and financiers benefit from one-on-one pre-scheduled meetings, while they also get the opportunity to attend seminars and workshops organized by European leading film industry professionals.

The International Organization of la Francophonie (IOF) brings together countries with French as a common language. It has 77 member states and governments (57 members and 20 observers) on all five continents, and accounts for a population of 890 million people. It represents a unique group of countries which, using a common language, develop political, economic and cultural cooperation activities between members. Promoting cultural diversity is one of the IOF's main areas of action. This priority is very visible in its activities targeting cinema and audiovisual production, which are key vectors of cultural expression, as well as being dynamic economic sectors.

WorldView is a Commonwealth Broadcasting Association (CBA) project that aims to improve public understanding and awareness of the wider world via mainstream broadcasting and digital media. WorldView supports filmmakers who aim to bring the richness and diversity of the wider world to UK and international audiences through great storytelling. Seed funding and support for producers enables them to research stories, identify characters and locations and shoot taster tapes. WorldView's sister project, Your WorldView, is a unique platform that enables emerging filmmakers to showcase their work to the CBA global broadcaster network.

Videovision Entertainment is a diversified company with operations that range from its core business of film and television production and distribution to media, live entertainment, film studios and real estate development. The company is acknowledged as the premier film production and distribution company in South Africa.





The International Film Festival Rotterdam launched CineMart, the International co-production market in 1983. Every year, this 'By Invitation' only market, invites a select number of directors/producers to present their film projects to co-producers, sales agents, distributors, TV stations and other potential financiers. CineMart offers emerging producers a five-day training workshop to build up their international network and experience at an international festival and market called the Rotterdam Lab. The Prins Claus Fund Film Grant and the ARTE France Cinéma Award are granted annually to filmmakers of the best CineMart Project from Africa, Asia, Latin America or the Caribbean, and to the producer of the best CineMart project respectively.

The Hubert Bals Fund (HBF) of the International Film Festival Rotterdam (IFFR) is designed to help remarkable or urgent feature films by filmmakers from Africa, Asia, Latin America, the Middle East and parts of Eastern Europe on their road to completion. Every year, IFFR screens the majority of completed films supported by the Fund. The Hubert Bals Fund Plus programme is a joint initiative of the HBF and the Netherlands Film Fund, designed to encourage artistic co-productions between Dutch producers and HBF-supported film projects. Annually, four HBF-supported film projects are granted support of €50 000 within the context of HBF Plus.

Boost! is a new initiative by IFFR's Hubert Bals Fund, CineMart and Binger Filmlab in collaboration with – among others – the Durban FilmMart. Supported by MEDIA Mundus, Boost! aims to provide a financial, creative and networking stimulus to high potential film projects by offering a tailor-made coaching trajectory and presentation at co-production markets.





7. Durban Tourism

Economic Impact Assessment of the BRICS Summit held in March 2013

BRICS is an acronym for the powerful grouping of the world's leading emerging economies namely Brazil, Russia, India, China and South Africa. The BRICS mechanism aims to achieve peace, security, development and co-operation. It also seeks to contribute significantly to the development of humanity and establish a more equitable and fair world. South Africa hosted the fifth BRICS Summit from the 26th to the 27th March 2013 at the Durban International Convention Centre (ICC). This completed the first cycle of BRICS summits. These summits are convened to seek common ground on areas of importance for these major economies.

Economic Impact for the City (utilising a “Money Generation Model” or SAM Input-Output Model)

Total Economic Impact for the Region	R 40 761, 002
Induced Permanent Employment	123 people
Average Tourist Spend per day	R 1 530
Average length of stay	3.8 days
Tourists visiting Durban specifically to attend event	98.6%

Tourist Origin of BRICs Visitors to BRICS

Elsewhere in KZN	0%
Elsewhere in RSA	37.7%
Elsewhere in Africa	10.4 %
Elsewhere in the World	51.9 %
Total	100%



8. Research Feature

Are Our SMMEs Innovative Enough to Compete in the Market?

Introduction

Worldwide, Small, Medium, and Micro Enterprises (SMMEs) are seen by policy makers and government officials as the ideal vehicles for economic growth and job creation (OECD, 2005). Land, capital and labour have been the most important factors of production in the economic system for the last two centuries. Education, knowledge and skills were treated as different variables that existed outside of the system itself (OECD, 2005). Research and development (R&D) has not traditionally been included in in most countries' GDP calculations, even though they constitute valuable intellectual property.

On the 31st July 2013, in its second quarter release of GDP estimates, the United States Bureau of Economic Analysis (BEA) included R&D in its calculation of GDP for the country. The results were fascinating in that the US economy suddenly looked bigger than it had previously. This shows the immense value of intellectual property to an economy, as intellectual property goes hand in hand with innovation, which is an important driver of economic growth. SMMEs and innovation are both seen as drivers of an economy, therefore innovative SMMEs can steer an economy towards a much higher level of competitiveness.

SMMEs in Durban

In eThekweni, SMME's include a very broad range of firms, from established traditional family businesses employing over a hundred people (medium-sized enterprises), down to the survivalist self-employed from the poorest layers of the population (informal micro-enterprises). These firms are not homogenous. They may operate in different sectors, as well as experience different challenges at different stages of their development.




SMMEs in eThekweni are embedded in both the formal and informal sectors of the economy. Currently, there are 11769 informal trading permit holders in the region, the majority (53%) of which are found in the Central Business District. Black, middle-aged women constitute the majority of informal traders who legally operate businesses within the informal economy.

Within the formal sector, industry clusters have started to play an important role in SMME development in eThekweni, in that many of them have set up SMME development or incubation programmes within their respective industries.

These programmes are designed to address key challenges that SMMEs face, and assist in developing their businesses to be competitive whilst also growing core skills. Large businesses within eThekweni have also seen the importance of SMMEs in the economy as drivers of economic growth. Some of these companies have set up programmes to assist small business and entrepreneurs.

One example is the South African Breweries KickStart programme which started off as a poverty alleviation programme in 1995 and has subsequently become a platform to stimulate sustainable enterprise development. Specifically, KickStart promotes business awareness through training, supplying grants as start-up capital and providing post-training mentorship and assistance during the set-up phase of the business.





The Durban Chamber of Commerce and Industry also plays an important role in supporting SMMEs in the city. There are currently 2600 SMMEs on their database that receive support, including the following services:

- Effective guidance to small businesses
 - Setting up
 - Legal matters
 - Tax registration and financial management support
- Business plan development support and mentorship
- Smme related enquiries
- Access to finance
- Presentations and workshops for SMMEs
- Networking opportunities
 - Facilitation of networking forums where business owners interact and get an opportunity to share ideas and create business contacts.
 - Facilitation of presentations by large businesses with the aim of sharing information on procurement and bee policies.

What is Innovation?

Innovation in eThekweni can be measured by looking at a number of indicators, such as the number of Science and Technology (S&T) Journal articles published, Research and Development (R&D) intensity and R&D capacity. In eThekweni, the number of S&T Journal articles published was impressive with 2916 articles published in 2011, constituting a third of the national publications in this category. R&D intensity though, measured by comparing expenditure on R&D to GDP, lags behind the national average. R&D capacity, on the other hand, fares well in relation to the South African average. Generally, innovation in eThekweni is not at optimal levels and SMMEs in eThekweni are not innovative enough. However, there are a number of institutions and organisations that are encouraging innovation at SMMEs. These include the University of KwaZulu-Natal, Technology Innovation Agency, Smart Xchange,



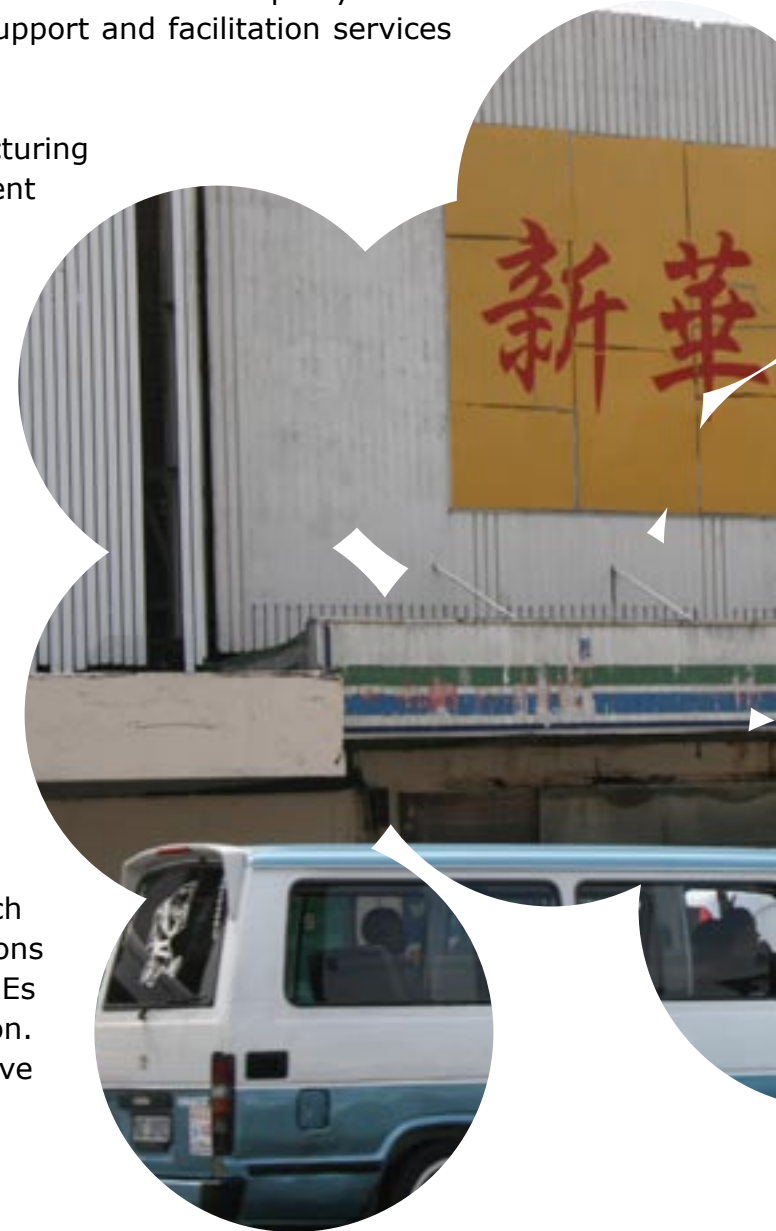
and the Durban University of Technology, through its Invotech Hub. The Municipality has also been encouraging innovation at an SMME level by providing support and facilitation services to SMMEs.

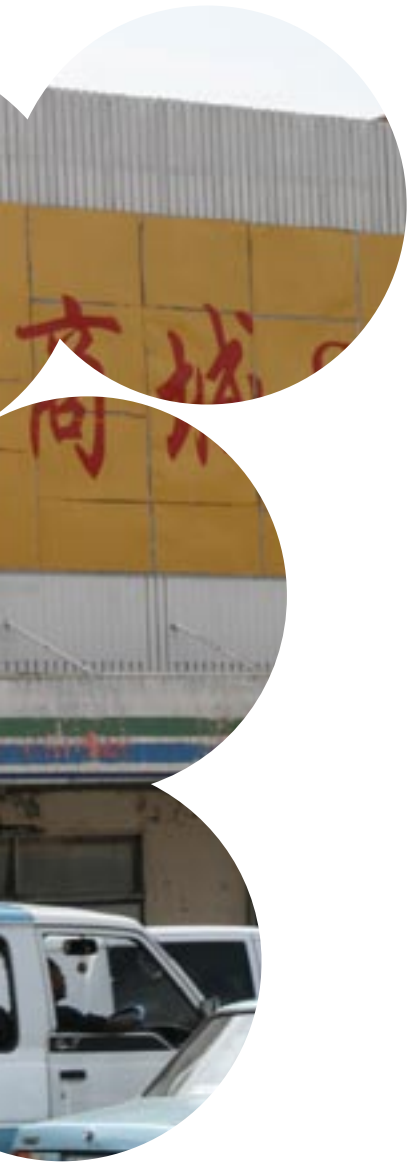
According to Bessant and Tidd (2007), innovation in the manufacturing sector is the design, technical, manufacturing, management and commercial activities involved in the marketing of a new (or improved) product. However, on the other hand, Kogut and Zander (1992) state that innovation is not only the conceptualisation of a new product or service but also taking that new product or service successfully to the market.

Schumpeter (1947) also defines innovation as the ability to create new value propositions through offering new products and services; adopting new operating practices: technological, organisational, or market-oriented; or creating new skills and competencies.

Challenges for SMMEs to be Innovative

SMMEs in eThekweni and nationally generally do not innovate. However, they often make changes to existing technologies.. The SMMEs that do undertake some sort of innovation usually absorb knowledge from larger firms that are conducting research and development, while some rely on tertiary education institutions for knowledge spillovers (Agarwal, 1989). Innovative SMMEs require a business environment that is conducive to expansion. This requires a number of mutually reinforcing and supportive





policies. Comprehensive fiscal and monetary policies, structural policies that affect the business environment, including tax, regulation and labour markets, and a simplified regulatory environment are key to promoting entrepreneurial activity and enhancing innovative practices.

SMMEs entry into global markets provides opportunities for them to network and learn from best practice examples. Global markets offer SMMEs an opportunity to advance their technological capabilities, search for larger and niche markets, and opportunities to lower costs, including those related to R&D.

The Organisation for Economic Co-operation and Development (OECD) (2010) mentions that start-up entrepreneurs lack skills in a number of relevant areas of small business management, such as business planning, but the major gap appears to be in the area of strategic skills associated with entrepreneurship. The skills associated with entrepreneurship are decision-making, risk-taking, information processing, opportunity recognition, resources organisation, market awareness and product management. This is reinforced by Zimmer (1990) who further argues that low levels of education, training and poor business skills are major contributing factors to the lack of capacity and business inefficiencies. OECD (2002) also stated that limited market power, lack of management skills, high ratios of intangible assets, the absence of adequate accounting track records and insufficient assets all tend to increase the risk profile of SMMEs.

Innovative entrepreneurs commonly suffer from a lack of access to financial services, particularly to seed finance and development capacity, which has worsened since the financial and economic crisis. McGrath (2001) also suggests that new inputs are very important for innovation in small entrepreneurs, and small and young entrepreneurs can differentiate themselves by introducing product, process, or market innovations. Innovativeness reflects a tendency to support new ideas, uniqueness, experimentation, and creative processes, thereby departing from established practices and technologies (Lumpkin and Dess, 1996).



Factors Promoting Innovation

There are several factors that influence innovation in entrepreneurs, namely firm characteristics, manager characteristics, size and age of the firms, technological factors, organizational factors and also environmental factors (Mbizi et al., 2013).

Firm characteristics: A study that was conducted by the World Bank (2003) shows that firm size has a strong positive effect on innovation while competition has a strong negative effect on innovation and organisation.

Manager's characteristics: According to Panizzolo (1998) managers play a huge role in deciding to adopt an innovation in a company. Success of the project depends on the manager's correct positioning of the R&D to satisfy a need or fill a niche.

Size and the age of the organisation: According to the OECD (2005) the smallest firms have the benefit of individualism and the larger firms have the benefit of more resources and systems, while the intermediate sized firms lacked the best of either world.

Technological factors: Technological capability is defined as the knowledge and skills required for firms to choose, install, operate, maintain, adapt, improve, develop technologies and grow (Albaladejo, 2006). Albaladejo (2006) further states that, the notion of innovation capability applies to process and product technology, as well as the way in which production is organised and managed.





Government's Role in Entrepreneurs' Innovation

According to OECD (2005) government needs to go beyond the provision of the framework conditions that influence the business environment in order to address policy and market failures that dampen entrepreneurial activity and limit the scope for innovative small firms to grow. Many of these programmes and policies are designed and implemented at the local level. To ensure that these programmes are cost effective and well-targeted, it is important that they are systematically reviewed, assessed and evaluated. These policies should be evaluated regularly to identify ways to improve the effectiveness, both in terms of impact and participation of target beneficiaries. OECD (2005) further mentions that the government should provide a favourable climate in which entrepreneurs can easily create firms, have incentive to innovate and grow, and can access the necessary resources at a reasonable cost. OECD (2005) also mentions that government should introduce an innovation strategy for entrepreneurs.

The South African government has come a long way in its support of SMMEs with the Department of Trade and Industry introducing a number of programmes designed to assist SMMEs, both in cash and in kind. However, as some may argue, the government has also been instrumental in creating more red tape for these businesses. Local government has tried to play a larger, more direct role in supporting small businesses. The eThekweni Municipality's Business Support, Tourism and Markets Unit is the unit within the City responsible for SMME development and support. They run a number of programmes, including: the Access to Finance Programme that aims to empower SMMEs financially and enable them to access finance from financial institutions; the Arts and Crafts Programme which provides entrepreneurs with technical skills that they can use to generate an income; the Support to Enterprise Programme which is aimed at facilitating skills development, mentorship, coaching and support for business enterprises; the Business Linkages Programme; and the Durban Business Fair, to name a few.





The Role of SMMEs in Innovation

In relation to the role of SMMEs in innovation, there has been much debate in the literature about the relative contribution of firms of different sizes. According to Graggs and Jones (1998), a number of empirical studies relating research and development to firm size show that large firms undertake considerably more R&D than small firms. Across all sectors larger firms undertook more innovation in terms of introducing technologically new or improved products or process. Other scholars have argued that SMMEs have the superior role in terms of innovation. In support of this, Pavitt et al. (1987), mention that entrepreneurs are more likely to introduce new innovations than larger enterprises because they have less commitment to existing practices and products than larger firms. Chrisman et al. (2010) also argue that since large firms typically innovate incrementally within existing technological routes, innovative entrepreneurs can be important in developing radical or new innovation through their contribution to maintaining technology diversity. Shane (2000) also mentions that entrepreneurs are more advantageous for innovation when compared to large firms in two perspectives. Firstly, those entrepreneurs are less bureaucratic than a more highly structured organisation. Secondly, it is easier to sustain a fever pitch of excitement in a small organisation, where the links between challenges, staff, and potential rewards are tight.

Furthermore, SMMEs have an advantage over large firms with regards to innovation in that they are not constrained by managerial inefficiencies and other bureaucratic challenges. Instead, SMMEs are able to transfer learning and knowledge much easier than larger firms; this learning can be both internal and external. Several studies have found that SMMEs belonging to innovative clusters are better positioned to undertake innovation than other firms. This is due to the sharing of common knowledge that takes place within these clusters. This encourages a smooth flow of information and a transformation of knowledge into innovative practices.



Conclusion

SMMEs in general do not innovate enough, but this is due to a number of factors. Both larger private sector firms as well as the public sector need to play a role in ensuring that SMMEs operate in an environment conducive to innovation at all levels, thereby leading to overall growth. As mentioned, a number of institutions and organisations within eThekweni have seen the importance of innovation to an economy and these institutions have set up programmes and support mechanisms to drive innovation at an SMME level.

These support programmes and institutions will assist an entrepreneur to realise his innovative potential and will prove to be effective given the correct mix of government policies and programmes, as well as private sector support.



9. Investment Promotion

Business Retention & Expansion Programme: Phoenix Industrial Park

Introduction

The Phoenix Industrial Park is the preferred location for many small and medium sized industrial businesses. On 23rd April 2013 the Mayor launched the Phoenix Business Retention & Expansion (BR&E) programme. This initiative is driven by a task team of local government, business and community leaders, with the full support of the eThekweni Municipality, the Phoenix Industrial Park Lot-Owners Association and the Durban Chamber of Commerce and Industry. BR&E programmes have been in existence in some parts of the world for many years and in South Africa since 2003. The basics are simple and involve a survey of the opinions of local business people by the local co-ordinator and trained volunteers. The survey is confidential and no financial or sensitive information is required. Critical issues and common concerns are identified by a local task team. Thereafter, the Action Teams will address the issues going forward.

Summary of the Findings

The summary of findings was presented to businesses at a meeting held on 7th August 2013. A total of 37 companies were interviewed from a cross-section of business, both in terms of number of employees and industry sectors. The total number of employees for these 37 companies is 4725, although one SMME preferred not to divulge employee numbers. The largest category of business type within the Phoenix Industrial Park is the Manufacturing sector at 52.8%, followed by Transport, Storage and Communications at 22.2%. Wholesale, Retail and Motor Trade comprises 11.1% while Finance, Insurance, Property and Business Services stand at 8.3%. Construction and Building comprises 2.8%.





Locally Owned Businesses Dominate

Nearly 87% of businesses within the park are locally owned. The customers, in terms of sales, are located equally between KwaZulu-Natal and various parts of South Africa at 35.1%, while Durban-based sales comprise 29.8%. Suppliers to Phoenix-based companies are located primarily outside of KwaZulu-Natal, with local suppliers only comprising 27%. Of the 37 companies interviewed, one company declined to provide employee figures. In total, 4012 employees were recorded and, of these, 3209 comprise men and 803 comprise women. Three companies did not provide a breakdown of employees between men and women. These three companies' employees totaled 713, bringing the total employee figures to 4725. Of the 37 companies interviewed, 51.4% indicated an increase in the number of people employed over the last two years and, encouragingly, over the next two years the majority of the companies indicate a potential increase of employee numbers by 58.3%.

Feedback Report

Future skills required for new employees

Leading this category is the need for technical skills at 37.5%, closely followed by engineering skills at 31.3%.

Business environment

In listing the main advantages of doing business in Phoenix Industrial Park the majority of companies voted for access to customers, followed by strength of local market which was on a par with access to suppliers, while the main disadvantages are the crime rate, followed by the image of the area and the congestion on the road networks. Just over 31% of companies felt that the lack of a reliable supply of electricity/water was a disadvantage, along with the relative cost of rates and services. Encouragingly, 75.8% of companies indicated an increase in sales over the past two years and a 74.3% potential sales increase over the next two years. Most significantly, 93.8% of companies interviewed have no wish



to move, sell or close their businesses in Phoenix, while 70.6% are considering expanding. The major constraints to expansion are lack of space, labour laws and legislation, too much competition, red tape, availability of finance and cost of commodity prices. Of the majority of businesses interviewed, 66.7% believe that improved staff skills would help improve overall performance.

Access to information

Access to information would be especially valuable to Phoenix businesses as 56% of companies are looking for tender opportunities and information on how to tender, while information on marketing and labour relations comes in at 48% and 40% respectively, and 36% of businesses wish to receive information on the skills development levy. Business management, access to finance and information pertaining to municipal bylaws are also needed by Phoenix businesses.

Key issues

When companies were asked to identify the single most important thing that would make Phoenix Industrial Park a better place to do business, the four main issues were:

1. Aesthetics
2. Crime
3. Roads network and congestion
4. Continuity and availability of electricity

In summary, 91.7% of companies interviewed found the questionnaire helpful in expressing their views about operating a business in Phoenix Industrial Park. Many long-standing companies in the Park were appreciative of this Business Retention & Expansion programme as a way of making their concerns heard.

Benefits to businesses in Phoenix Industrial Park



In running the Business Retention & Expansion programme, a number of benefits will assist businesses in Phoenix Industrial Park, namely:

1. The eThekweni Municipality is in the process of appointing a service provider to publish a Phoenix Business Directory, both in hard copy and digital form.
2. A website will be created for Phoenix Industrial Park Lot Owners Association (PIPLOA) listing all lot-owners and their contact details.
3. The database of eThekweni Municipality Line Managers responsible for Phoenix Industrial Park is made available.
4. Access to the eThekweni Municipality's fibre optic network, MetroConnect, through any one of the 22 service providers for up to 30% cheaper internet access. This service is fully fibre optic and not wireless.

Action teams

The eThekweni Municipality's Investment Promotion Department's Project Manager for Business Retention & Expansion, Mr Afika Ndimba, will be facilitating the action teams in conjunction with the original task team and any volunteers from within the Phoenix Industrial Park. A number of red flag items have already been conveyed to township manager, Mr Mike O'Donovan, and eThekweni Municipality heads of department and line managers, namely issues surrounding electricity, dust pollution, road congestion, road signs and enforcement of municipal by-laws.

For more information, please contact Afika Ndimba (Afika.Ndimba@durban.gov.za or 031 311 4794)



10. Business Support in Durban

Innovation Programme

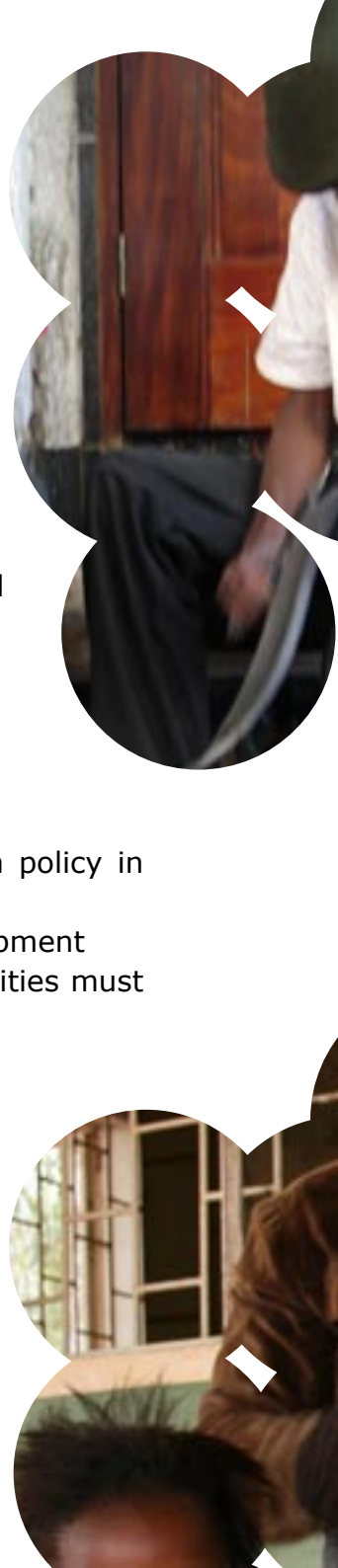
Entrepreneurship in South Africa is plagued by uniformity and monotony. In order to achieve higher levels of economic growth and job creation, as well as reduce poverty and unemployment, more innovation needs to be introduced in the way in which we conduct business.

Innovation is in vogue. Companies want it. Regions want it. Why? Successful companies and regions depend more on innovation than ever before. Despite its lustre, many public and private sector leaders cannot really define innovation and therefore, stumble when trying to encourage or harness it.

There are four challenges in trying to understand innovation in cities. These are:

- Understanding the integral link between private sector innovation and public innovation policy in economic development
- Understanding that innovation comes in many forms and phases of production and development
- Focusing on not just innovation in regions, but innovation by regions, i.e. states and localities must try new policy approaches
- Creating partnerships between regions, especially local regions and national government

The eThekweni Municipality, together with partners, Technology Innovative Agency (TIA), Nedbank, the University of KwaZulu-Natal and Durban University of Technology, will be launching an innovation programme. The purpose of the programme is to provide a platform for knowledge-sharing, capacity-building, networking and technology-based economic and social development. It aims to bring businesses in various sectors together





to encourage innovation in the ways in which they approach their businesses, and launch an innovation programme with key partners.

Mr Robert B Tucker, president and a founder of The Innovation Resource and a professor at the University of California, Los Angeles, is one of the world's most sought-after innovation speakers. He has agreed to partner with eThekweni Municipality on the Innovation Programme. He has successfully been able to expose entrepreneurs to leading best practices globally.

As we move into the future, we need to start thinking about how we are going to deal with the effects of climate change, poverty and peak oil. By encouraging innovation, creativity and learning among our practitioners, it is hoped that as a municipality we will be able to be resilient and adapt to these challenges, converting them into opportunities. Rapid change is always scary for incumbents. Innovation is hard for large companies and entrepreneurs alike because you need to be long-term oriented. And since the innovative projects are such a tiny part of a large company, there is a tendency to be dismissive of the innovations. "You need a culture that high-fives small and innovative ideas and senior executives who encourage ideas," says Tucker. In order to change the face of entrepreneurship in South Africa we need to embrace an innovative culture that will pave the way for economic growth and job creation. Innovation ensures a sustainable future for the generations that will follow.

Enterprise Development Strategy

An Enterprise Development Strategy is currently being finalised for the City. The purpose of the strategy is to identify and assess the current business support programmes run by the eThekweni Municipality that has enterprise development potential. The key project objectives of the strategy include:

- Identifying existing business support programmes within the Business Support Markets (BSM) and Durban Tourism Unit (DT), as well as within the Economic Development Unit (EDU) and Investment Promotion Unit (IPU) and throughout the eThekweni Municipal Area (EMA) that have potential to be Enterprise Development Programmes.

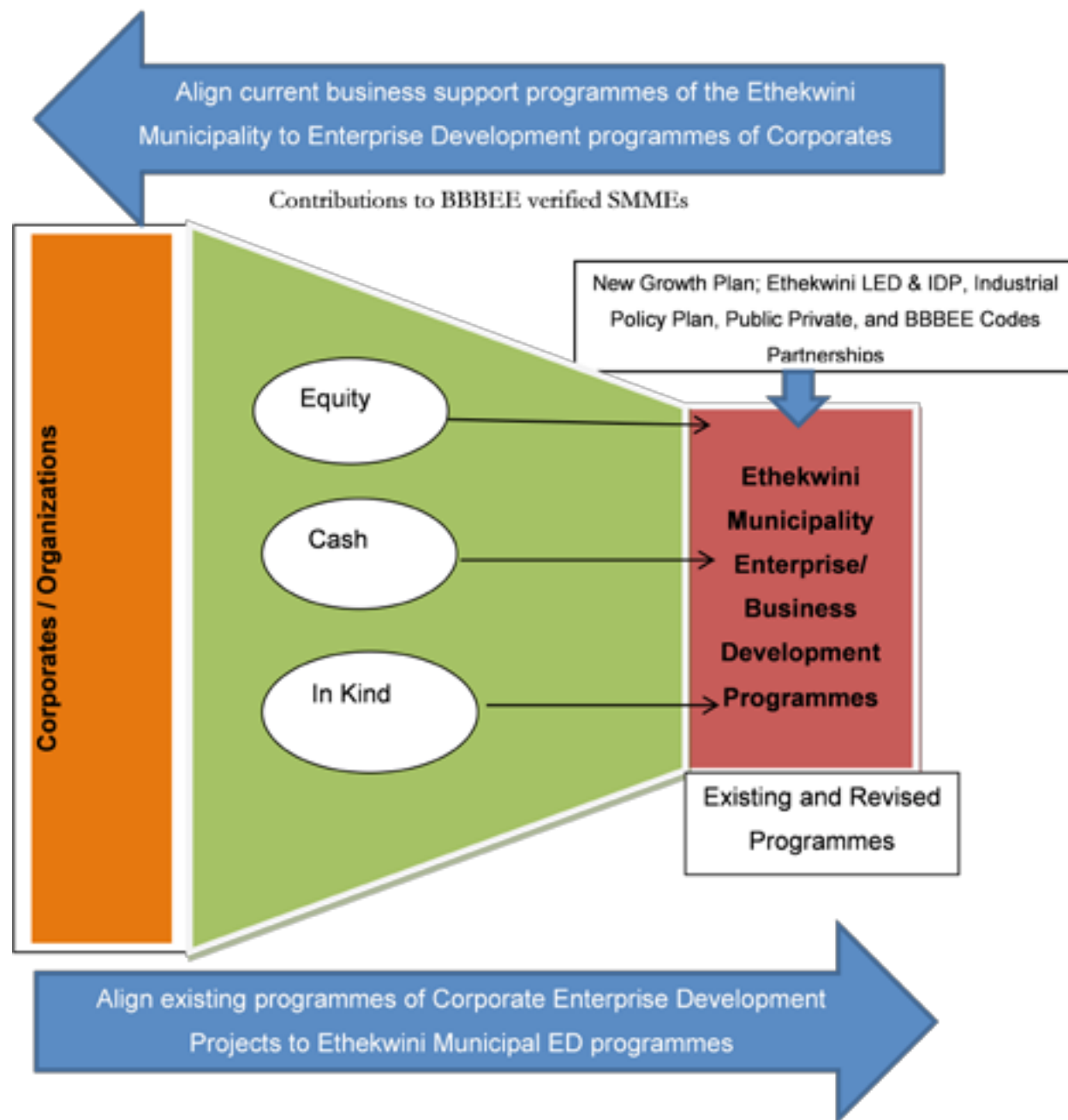




- Identifying beneficiaries of the existing business support programmes, and assessing their appropriateness in terms of enterprise development requirements of the B-BBEE codes, with specific focus on women and young people
- Creating a strategy that aligns existing municipal programmes to the enterprise development requirements of the B-BBEE Act (and hence the needs of corporates)
- Engaging with corporates and other organisations in order to identify and fulfill their Enterprise Development requirements and specific areas of interest
- Creating an implementable plan that would facilitate corporates (and other organisations) to invest in the identified programmes

The high-level enterprise development model on which the strategy will be based is detailed on the opposite page. The model shows that targeted corporates are expected to contribute to enterprise development by aligning their needs to the appropriate Enterprise Development Programme of eThekweni Municipality – in return for enterprise development points. The contributing corporate would benefit through the receipt of Enterprise Development points in terms of the Corporate's B-BBEE scorecard. Existing corporate Enterprise Development Programmes can also be linked to eThekweni's Enterprise Development Programmes and the related qualifying SMMs, which would benefit from business development support (through cash receipt as a donation, soft loan or equity, or in kind through mentoring, training and business linkage assistance).

For more information on the Enterprise Development Strategy, please contact Dr Anneline Chetty (Anneline.Chetty@durban.gov.za).





Informal Sector Support

The Informal Trade and Retail Markets department of the Business Support, Tourism and Markets Unit has been instrumental in providing assistance and support to informal traders in the sector. Some of the support measures that have been undertaken include:

- Training of a total of 5000 informal traders on Customer Care, Exhibition & Display, Leadership Skills, Basic Business Management and Financial Management
- Facilitation of training courses on garment design and computer literacy for machinist informal traders
- Conducting of five workshops on Litter and Waste Minimization. This was done with Durban Solid Waste and the Department of Health
- Two pilot projects on street flea-markets were established
- Convening of four quarterly eThekwin Municipality Informal Economy Forum workshops for the review of informal trade by-laws

Feedback from Recent Events

Innovation Summit 2013

The Business Support, Tourism and Markets Unit recently held an Innovation Summit on the 11th July 2013. This summit targeted entrepreneurs with the aim of encouraging them to become more innovative in their businesses. The keynote speaker at the summit was Mr Robert Tucker, world renowned innovation speaker who is also the founder of The Innovation Resource and a professor at the University of California. Tucker inspired and motivated attendees and shared with them the idea that innovation consists of "coming up with ideas and bringing them to life."





Other speakers who contributed to the success of the seminar include Professor Shahida Cassim from the University of KwaZulu-Natal, who presented on the relationship between innovation, entrepreneurship and economic growth; Professor Colin Thakur from the Durban University of Technology (DUT), who provided the attendees with information on social innovation and the role of Invotech – the innovation hub at DUT; Nedbank presented on a new application called the Pocket POS which is being introduced with the aim of simplifying the payment process at SMMEs; Vishen Pillay at Adams and Adams, a property law firm, conducted an interesting presentation on property/product protection for businesses; and lastly, the Technology Innovation Agency informed attendees of their services and support to businesses and entrepreneurs.



11. Upcoming Events

EDGE Seminar for SMMEs

The next EDGE Seminar takes place on 29th August 2013 and will focus on SMMEs in eThekweni. The seminar will include the following guest speakers: Cindy Norcott of Pro Appointments, Terence Corrigan of SBP, and Nokwazi Vilakazi of SAB Miller.

Durban Business Fair 2013

The 15th annual Durban Business fair takes place from the 20th to 22nd September 2013 at the Durban Exhibition Centre. The Fair will be hosting the 19th WASME International Conference on Small and Medium Enterprises as part of celebrating 15 years for the Durban Business Fair. The conference will be taking place under the theme 'Beyond the downturn: Revitalising the global economy through small and medium enterprises.' The Fair promises to provide a platform for engagement between stakeholders and business. The Durban Business fair, formerly known as the SMME Fair, was launched in 1998. It is aimed at mainly showcasing the high quality goods and services produced by SMMEs operating within eThekweni and beyond, to facilitate communication and business links between small and big business, and to build a common understanding on issues affecting businesses under one roof.

EDGE Breakfast Seminar: Making Industrial Policy Relevant at a Local Level

An EDGE Breakfast Seminar focusing on 'Making Industrial Policy Relevant at a Local Level' will take place in September 2013. This event falls under the Collaborative Research Study of Manufacturing Sector Firms in the Greater Durban Manufacturing Area. This study is being undertaken in collaboration with the University of KwaZulu-Natal, the National Economic Development Department, and the KwaZulu-Natal Department of Economic Development and Tourism. The study will generate information to guide government in its services to manufacturers. The manufacturing industry remains a major employer



in the region and is the largest contributor to GDP in eThekweni. In order for the Municipality and its partners to be responsive to the issues facing this sector of the economy, it is essential that decision makers in the public and private sector have access to credible information.

The survey will be administered by a team of researchers at the University of KwaZulu-Natal during the last quarter of 2013 and firms are urged to participate in this process. If you have any queries, please contact Aurelia Albert (Aurelia.Albert@durban.gov.za or 031 3114015).





12. Looking Ahead to the Next Edition

The EDGE looks at topical and current issues that affect decision-makers in eThekweni. The theme of our next edition is centred on tourism in eThekweni. The latest available data on key economic indicators will also be provided.

The EDGE is produced by the eThekweni Economic Development and Investment Promotion Unit's Policy, Strategy, Information and Research (PSIR) Department. For feedback or queries, email Aurelia Albert on Aurelia.Albert@durban.gov.za or phone 031 311 4015.



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