



CLOTHING TEXTILES AND FASHION

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EDGE
Economic Development
& Growth in EThekweni



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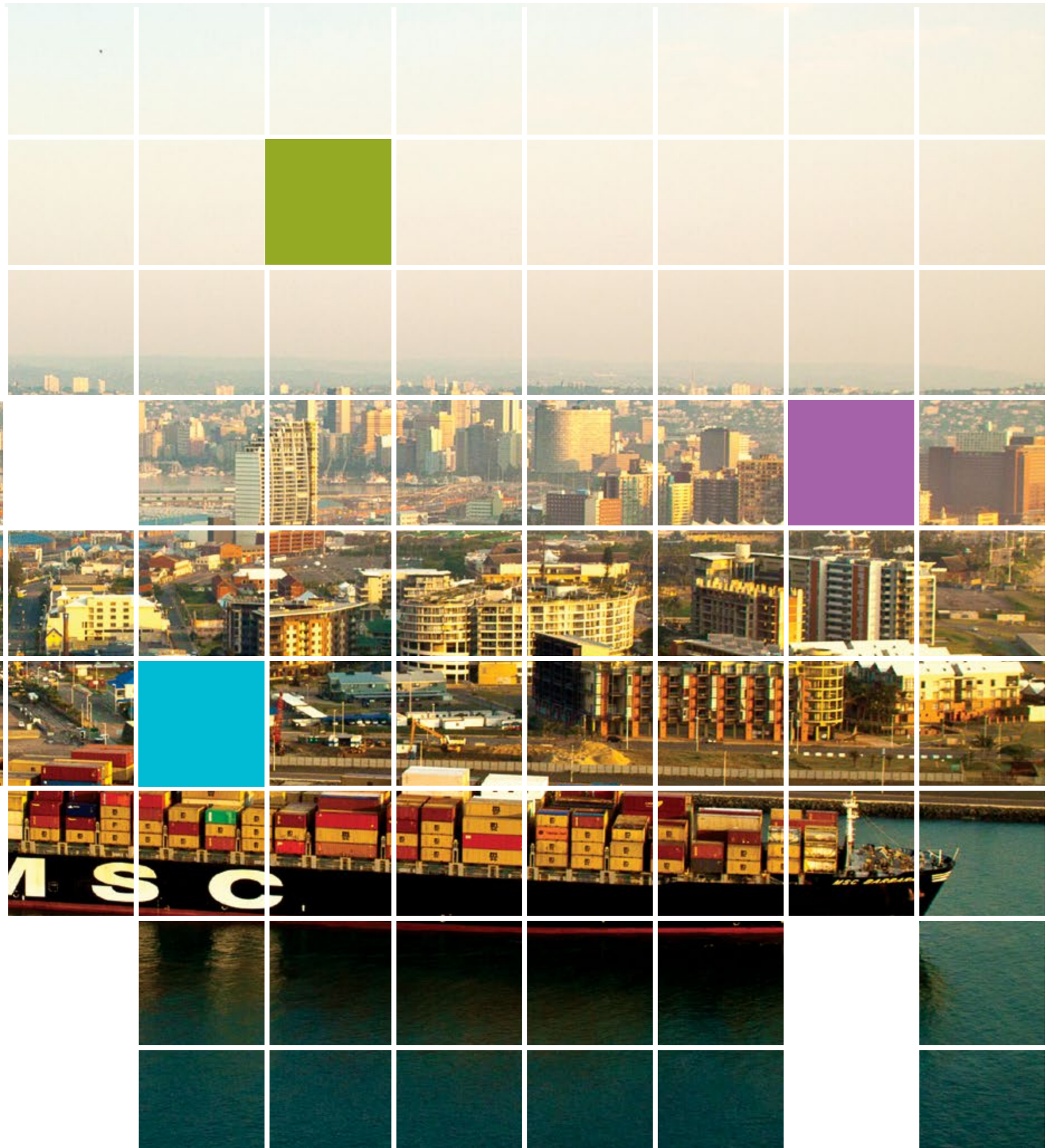
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Welcome to the EDGE

Welcome to the tenth 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. The theme of this edition centres on the Clothing & Textiles and Fashion sectors within eThekweni.



Foreword by Her Worship the Deputy Mayor, the Honourable Councillor Shabalala

The clothing and textile industry has special meaning to me as I cut my political teeth as a Trade Administrator in this industry. I am very passionate about the clothing and textile industry and during those days it was by far the largest employer within the manufacturing sector in Durban. At the dawn of democracy in 1994, this sector held much opportunity as it was an industry with low barriers to entry for workers and held the promise of formal employment to thousands of unskilled and semi-skilled people. For this reason the clothing and textile industry in that period was to Durban what the mining industry was to Johannesburg.

During the period of trade liberalisation the industry became exposed to global competition. Cheaper input costs into production, a favourable currency and productivity enabled the Chinese manufacturing sector, particularly the clothing and textile industry to expand dramatically and capture many overseas markets. While the local clothing and textile industry grew steadily until about 2000, it subsequently experienced a decline over many years. From 2000 to 2011 the industry shrank by about 17 000 formal jobs in Durban. This no doubt contributed to the levels of poverty and unemployment within the city as these were 17 000 families who suffered by either a complete or partial loss in earnings.

Many industrial areas where the clothing and textile industry was concentrated, suffered as a result of firms closing. Areas such as Hammarsdale came under pressure and experienced job loss, which exacerbated the already dire state of unemployment in the surrounding areas. I have requested officials from the City to give me a fuller assessment of the situation in these areas where the clothing and textile industry experienced job losses and they are busy investigating this.

The industry lost a large share of the domestic retail market and has never been able to regain its position. However, all is not doom and gloom as the levels of job loss and economic activity has stabilised over the last few years. According to the Department of Trade and Industry (DTI) the sector showed a growth in employment nationally, of 5% between 2012 and 2014. Minister Rob Davies recently indicated that through the Competitiveness Improvement Programme R645 million was contributed the sector.

The Municipality has also played an active role in

this sector through the formation of the Clothing and Textiles Cluster; the Fashion Council and the Fashion Fair. The aim is to re-capture the domestic market and focus on local designs and niche markets that can be grown.

We've also noted that sections of this industry have experienced a degree of informalisation. Small operations that found it hard to compete, resorted to becoming informal in order to survive. Some of these are operating successfully, while a few tend to exploit workers through working environments that are unhealthy or unsafe. While the City seeks to grow all facets of this industry with the aim of growing jobs, it cannot condone operations that subject employees to unhealthy environments.

The City seeks to join hands with its partners in development which includes the provincial and national government, industry and labour to rebuild this industry which once held so much opportunity, in the belief that working together we can do more!

Economic Overview The Global Economy

It was reported recently by the Deloitte Research Economists for quarter two, that during the past few years, there was a major global economic trend being that of a weakening in developed countries and a considerable strengthening in emerging markets, but that appears to be reversing. Growth is now picking up in the United States and Europe, while it has declined considerably in most of the major emerging markets. In addition, the inflationary environment in the two groups is very different. In the United States and Europe, inflation is so low that there are worries about deflation. In the emerging markets, however, inflation is high. The result is that central banks are maintaining tight monetary policies, thereby prolonging economic weakness and delaying recovery. The problem in emerging markets seems to stem from a reversal of capital flows. In recent years, due to very low interest rates in the United States, capital has flowed to emerging markets, putting upward pressure on local currencies.

Despite the slowdown in emerging markets, growth remains higher on average than in developed economies. That is because these countries continue to catch up to the most affluent countries. They can more easily boost productivity simply by shifting workers from farms to factories. Developed countries, on the other hand, are at the frontier of technology and business best practices. Their productivity growth must come mainly from innovation and implementation of new technologies and business practices. So, although the emerging countries are in a temporary slowdown, their longer-term prospects remain quite good.

According to other reports from the two previous quarters, the global growth projections for 2014 has been adjusted downward by 0.3% to 3.4% due to the poor performance in the first and second quarters, especially in the United States as well as from several emerging markets. However there is stronger growth expected in some advanced economies in 2015 and this forecast remains at 4%. In emerging markets and developing economies, growth has been projected to decrease to 4.6% in 2014, and then to 5.2% in 2015, according to the latest World Economic Outlook report July 2014.

It was reported in Ernst and Young's Africa Attractiveness Survey for 2014, that Africa has moved from third-last to become the second-most attractive investment destination in just 4 years.

The continent's share of global FDI reached a record high of 5.7%, with a focus on Sub-Saharan Africa, which now claims 83% of all FDI coming into the continent.

The National Economy

According to the World Economic Outlook report, growth in South Africa is expected to stay sluggish as a result of electricity constraints and labour conflicts. The country attracted the majority share of FDI with 24% of all projects in Africa during 2007 to 2013. Nigeria, Angola and Kenya were next best, attracting 9%, 8% and 7% respectively. According to the latest Global Insight release for 2013, the national GDP grew by 1.9% in constant 2005 prices, and is approximately R1.99 trillion at present. Unemployment is at 25% and total employment which includes informal employment in 2013 was approximately R13.9 million, reflecting an increase of 1.6% over 2012. Total imports increased to R924.1 billion (13.55) and total exports increased by 16% to R991 billion.

According to the latest GDP release from Statistics South Africa for the second quarter of 2014, the Gross Domestic Product (GDP) in South Africa expanded by 1% over the same quarter of the previous year. GDP Annual Growth Rate in South Africa averaged 3.15% from 1994 until 2014, reaching an all-time high of 7.1% in the fourth quarter of 2006 and a record low of -2.7% in the second quarter of 2009. CPI inflation fell to 6.3% year-on-year in July 2014. The main driver in the inflation outcome was cost increases in the housing and utility category following the seasonal electricity hike and rapidly rising water costs.

In the South African Reserve Bank's Annual Report, Governor Gill Marcus warned that emerging markets will be faced with a difficult year ahead due to global economic contractions. South Africa falls under emerging economies and has, due to domestic issues related to labour unrests, seen its growth slowdown to 0.6% in the first quarter of 2014. Marcus has stated that while the bank did not have the mandate or policy levers to address some of the issues, it will continue to play its part in supporting the economy.

The South African Reserve Bank has also raised interest rates by 25 basis points to 5.75% in July, after inflation breached the top end of the 3-6%

target range in April and accelerated to 6.6% in May. This may further exacerbate the already volatile situation with the manufacturing and mining unions who embarked on strikes to press for double-digit wage hikes.

The five-month platinum strike ended during June 2014 after the wage agreement was formally signed. This had a positive impact on the rand which improved at R10.985 to the dollar and also strengthened the share prices of all three mines (Amplats, Implats and Lonmin). Tourism – the total income for South African tourism accommodation increased by 12.9%, year on year in current prices in April 2014 according to Statistics South Africa. Manufacturing confidence has dropped sharply and is reflective of the difficult period the economy has been through in the first half of 2014, indicating also that real disposable income growth is unlikely to climb substantially in the remainder of this year.

Retailers' confidence has improved in anticipation of higher retail sales now that the prolonged strike in the platinum sector (and dampening impact on manufacturing activity) has ended. However, escalating prices of electricity, water, property rates and taxes and fuel costs will contribute to limiting consumer spending, as will the rapid rise in food prices and higher debt servicing costs. The roll-out of Special Economic Zones (SEZs) is imminent following Trade and Industry Minister Dr Rob Davies announcement that regulations will be passed to establish an SEZ board that will be responsible for setting up the SEZs. In addition to the establishment of an SEZ board, a one-stop shop for fast tracked support to investors would also be established.

National Government is planning to increase support to bolster the country's automotive and clothing and textile sectors over the next year according to the Trade and Industry Ministry. A range of support packages to the sectors yielded positive results which were set to boost government's industrialisation campaign. In the coming year, the department will also continue to roll out the CTCP (Clothing and Textile Competitiveness Programme) to reach more companies within the sector, and will announce in the near future details of a significant programme to increase value addition in the exotic leather and animal hide industries through the National Exotic Leather Cluster.

The Local Economy

The 2013/14 financial year was challenging for the eThekweni Municipality on many fronts: the lag effects from the recent global financial crisis five years ago is still being felt as the Eurozone

is its major trading partner as well as its main tourism source; the protracted strikes in the mining and metal industries impacted significantly on the manufacturing sector – the second largest in the country; unspectacular GDP and employment growth and delays by national government on major catalytic projects in the greater Durban area, the completion of which are key to achieving the socio-economic objectives of the Economic Development and Job Creation Strategy for the City.

However, despite the introduction of fiscal austerity measures, the City has remained resilient and still rates among the best-run and financially strongest local government in Africa. The City was given a credit rating of AA+ by international credit agencies. Of the five main economies, only Johannesburg (2.8%) had a higher GDP growth rate than eThekweni (2.6%) and which was also higher than the national rate of 1.9% during 2013.

The City also takes cognizance of the many global and regional issues affecting its citizens in real time – climate change, the euro financial crisis, political instability, labor unrest, youth unemployment and the constant fear of further oil price shocks. The Municipality, through its cutting edge research is always striving to identify and address some of these challenges at a local level through the establishment of many initiatives and/or focus areas such as the Energy Office, Innovation Precinct, and the Green Economy. The region was also identified as one of the 'Resilient cities' by the Rockefeller Foundation and it is looking forward to sharing innovative ideas on building sufficient capacity to absorb future shocks and stresses to our social, technical and economic systems from the impacts of climate- and population changes as well as energy scarcity. EThekweni's GDP was recorded as R217,7 billion in 2013 representing an increase of 2.6% over 2012. Total exports was R60,2 billion and imports R127,4 billion in 2013 showing increases of 15.3% and 17.2% respectively over the previous year.

Tourism - international visitors to the city comprised only 13% of tourists to Durban during 2013, they still account for more than half of the total spending in the city. About 2.6 million visited Durban in 2013 and the City is targeting 5-million by 2020. The city is still the largest domestic tourism destination in the country due largely to its event-led tourism to attract both business and leisure tourists. The successful hosting of the 3rd Top Gear Festival in 2014 has prompted the KZN Provincial Government to bid for the event for a further 3 years.

Key Indicators

	2012	2013	% Change
Economic			
Gross Domestic Product (GDP) Constant 2005 Prices	R212,1 bn	R217,6 bn	2.6%
GDP Average Annual Growth	3.5%	2.6%	-0.9%
Development			
Human Development Index	0.62	0.63	1.6%
Gini Coefficient	0.62	0.61	-1.6%
Number of people in poverty	1,250,897	1,360,595	8.8%
Urban Population Rate	84%	85.5%	1.5%
Demographics			
Population	3,481,204	3,514,060	0.9%
Number of households	1,004,677	989,936	-1.5%
Income and Expenditure			
Per Capita Income	R46,942	R51,138	8.9%
Annual Per household income (Current Prices)	R162,654	R181,530	11.6%
Annual Expenditure	R163,4 bn	R179,7 bn	10%
Annual Retail Trade sales	R60,2 bn	R65,0 bn	7.8%
Labour			
Unemployment Rate	Data omitted due to accuracy issues. This will be reported on in the next edition.		
Total number of people employed	1,230,425	1,243,820	1.1%
Tourism			
Tourism Spend	R13,0 bn	R12,3 bn	-5.7%
Number of Trips	2,654,559	2,564,428	-3.4%
International Trade			
Total Exports	R52,2 bn	R60,1 bn	15.2%
Total Imports	R108,7 bn	R127,4 bn	17.2%

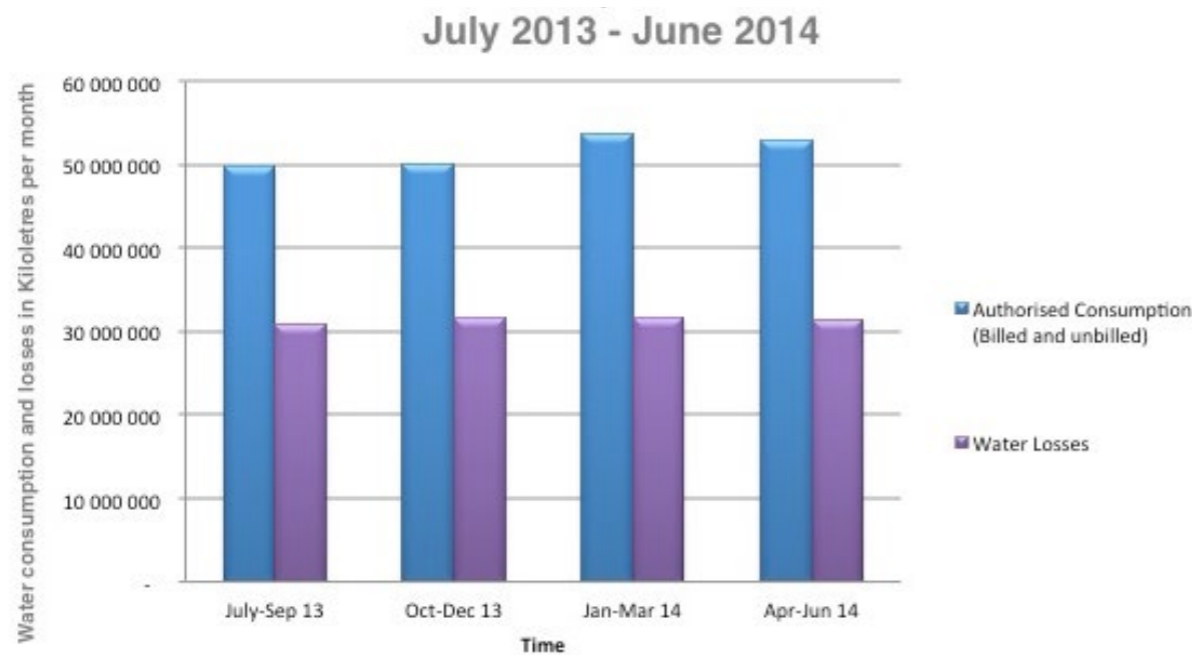
Electricity Connections - Business and General

	9/10	10/11	11/12	12/13	13/14
Number of customers	45,007	44,213	43,879	44,654	44,344
% Growth		-1.8%	-0.7%	1.7%	-0.7%
Usage (kWh)	2,66 bn	2,92 bn	2,72 bn	2,36 bn	2,26 bn
% Growth		10%	-7%	-13%	-4%

Source: eThekweni Electricity

The table above contains figures based on the eThekweni Municipality's financial year which commences on the 1st July and ends on the 30th June the following year. The table shows data on electricity connections and usage for the 'business and general' customers. One can see that the electricity connections have been relatively stable over the last few years, prior to 2013/14, but have dipped slightly during the 2013/14 financial year. Interestingly, usage in this category has reduced more significantly year-on-year since the 2010/11 financial year and growth has been negative. This could be due to a number of factors such as changes in business activity, a reduction in manufacturing output, energy efficient measures being placed in firms or possibly migration from one tariff structure to another.

Water Consumption and Losses



Source: eThekweni Water and Sanitation Unit

The figure above displays water consumption and losses for the last financial year commencing on the 1st July 2013 and ending on the 30th June 2014. Authorised consumption refers to the volume of authorised metered and/or unmetered water taken by registered customers, the water supplier and others who are implicitly or explicitly authorised to do so by the water supplier, for residential, commercial and industrial purposes.

One can see from the figure above that authorised consumption has been stable during the year, increasing slightly from January to March 2014 and dipping again in the last quarter of the year.

Water losses, which refers to the sum of physical leakage and commercial losses and are calculated from the difference between the total system input and the authorised consumption. The graph shows that water losses are quite significant and are at more or less the same level for the entire year.



Business Licensing

Business Licensing Applications Lodged

MONTH 2013-2014	Sale/Supply of Meals for fixed premises	Provision of health facility or entertainment	Hawkers license for a food site	Accommodation Establishment	TOTAL
JUL – SEP	313	10	43	5	371
OCT – DEC	365	19	23	12	419
JAN - MAR	214	20	14	8	256
APR – JUN	419	27	87	10	543
TOTAL	1311	76	167	35	1589

Business Licensing Issued

MONTH 2013-2014	Sale/Supply of Meals for fixed premises	Provision of health facility or entertainment	Hawkers license for a food site	Accommodation Establishment	TOTAL
JUL – SEP	416	17	18	17	468
OCT – DEC	322	25	16	9	372
JAN - MAR	188	40	5	6	239
APR – JUN	257	23	21	10	311
TOTAL	1183	105	60	42	1390

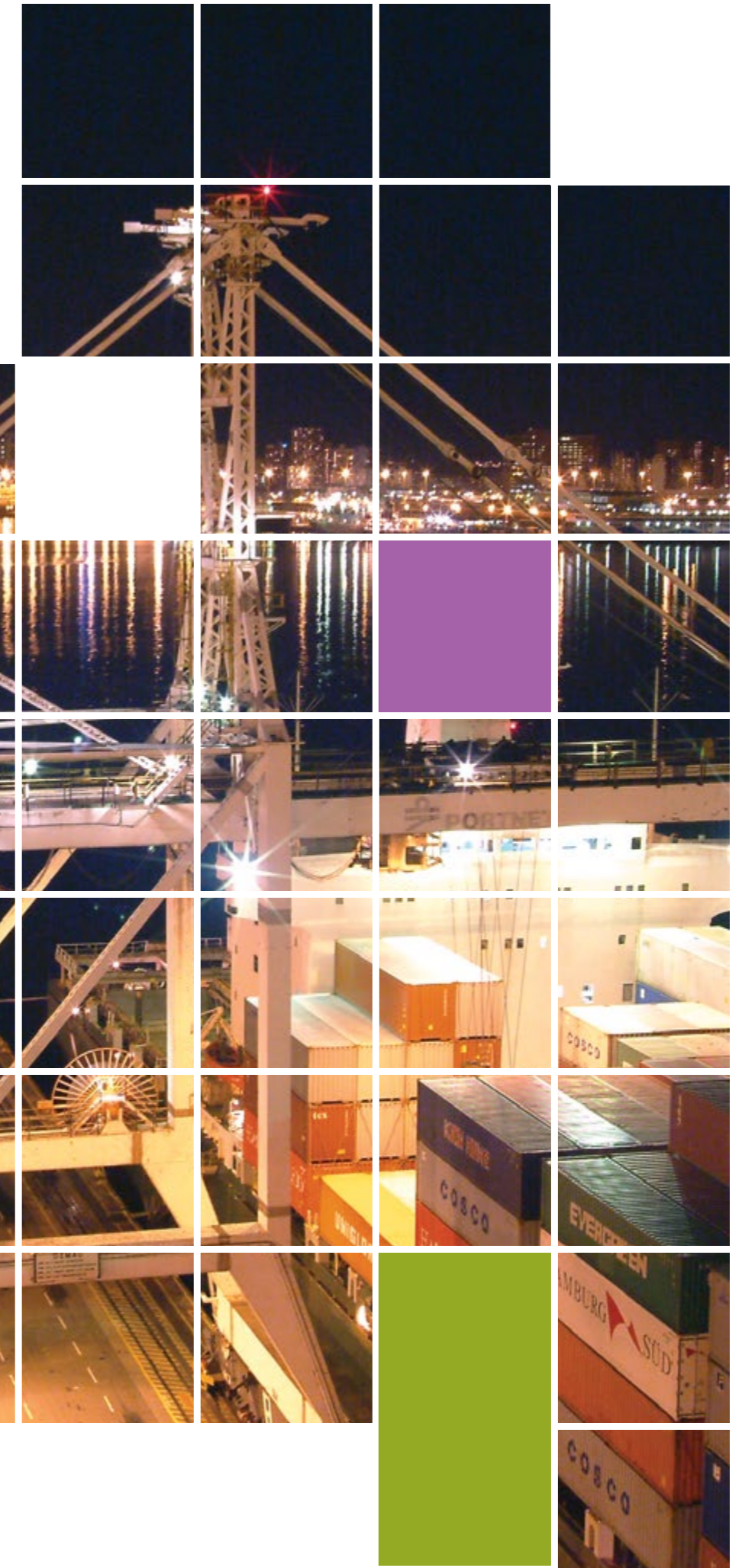
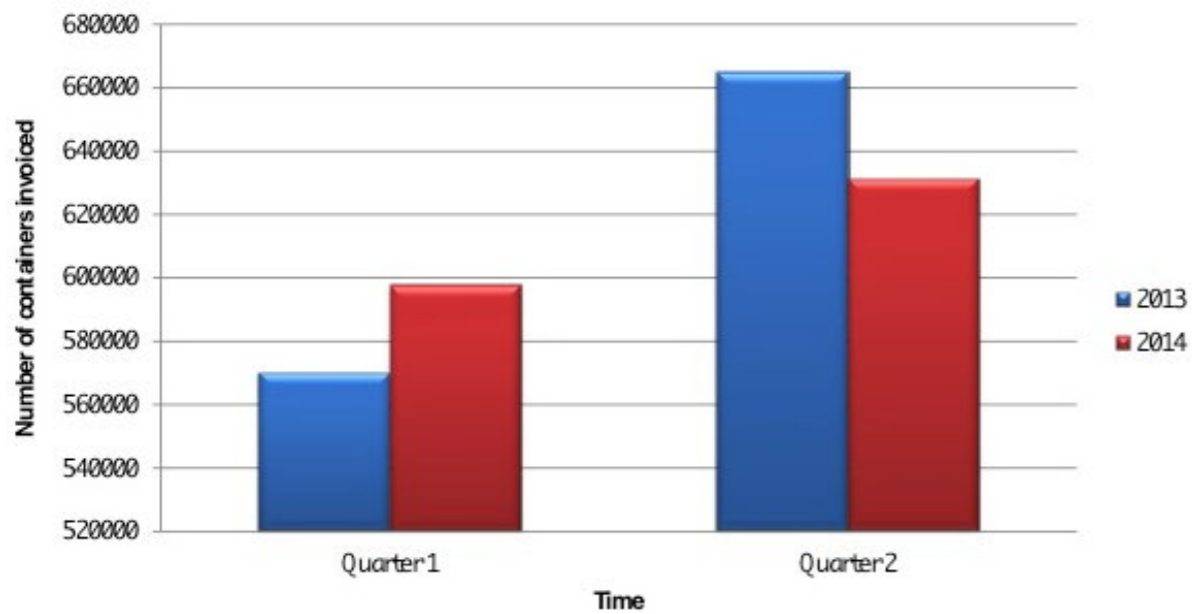
Source: eThekweni Municipality's Business Support, Markets and Tourism Unit

The tables above display the number of business license applications lodged and licenses issued during the municipal financial year. Most business lodged applications in the last quarter of the year, whilst more licenses issued were in the first quarter of the year. Most activity seems to be taking place in the 'sale/supply of meal for fixed premises' category.

Port of Durban

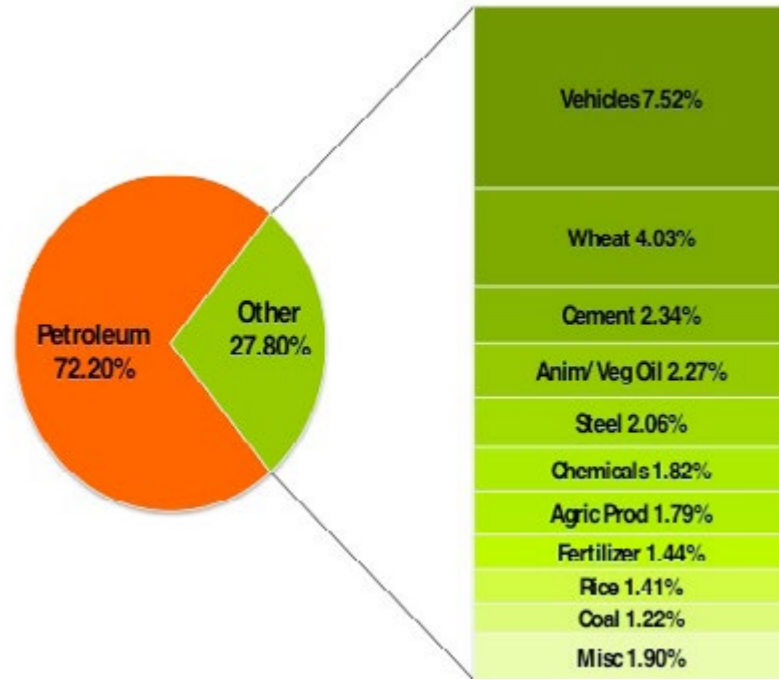
Number of Containers Invoiced

Quarter 1 to 2: 2013 vs 2014

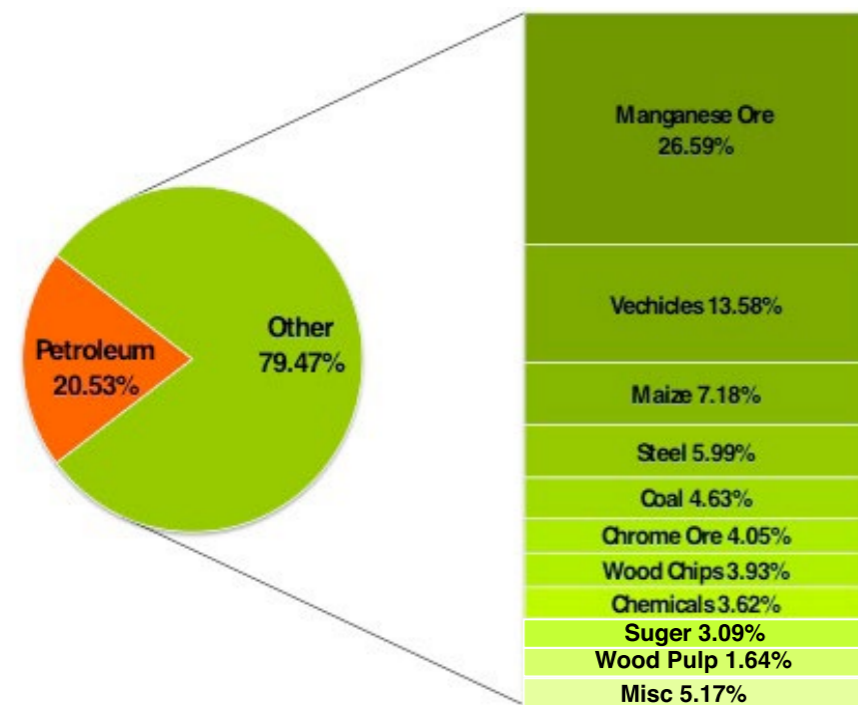


The number of containers invoiced for quarters one and two for calendar years 2013 and 2014 has increased. In quarter 1, the 2014 level was higher than that of 2013, whilst the opposite is the case for quarter two, where the 2014 level is lower. Port activity levels remain high, despite perceived high port related costs.

Cargo Imports 2014 (breakdown per commodity): January - July



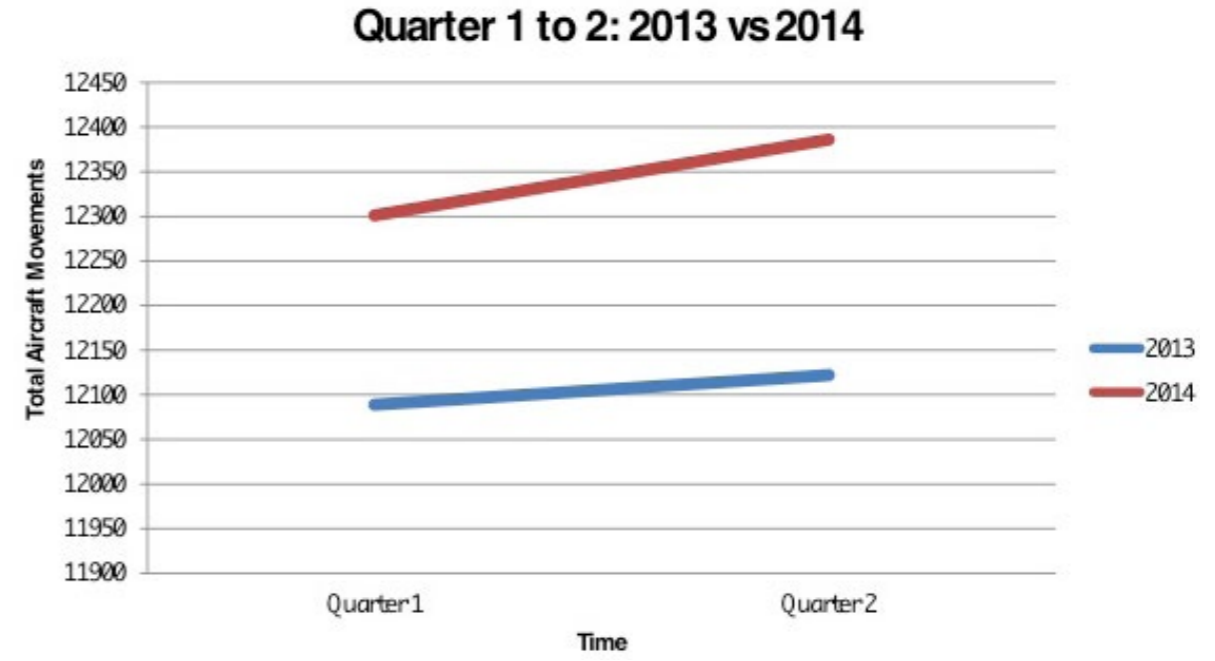
Cargo Exports 2014 (Breakdown per commodity): January - July



Source: Transnet National Port Authority

The two illustrations above show that petroleum remains the largest commodity imported, followed by vehicles, whilst manganese ore, followed by petroleum and then vehicles, are the largest commodities exported.

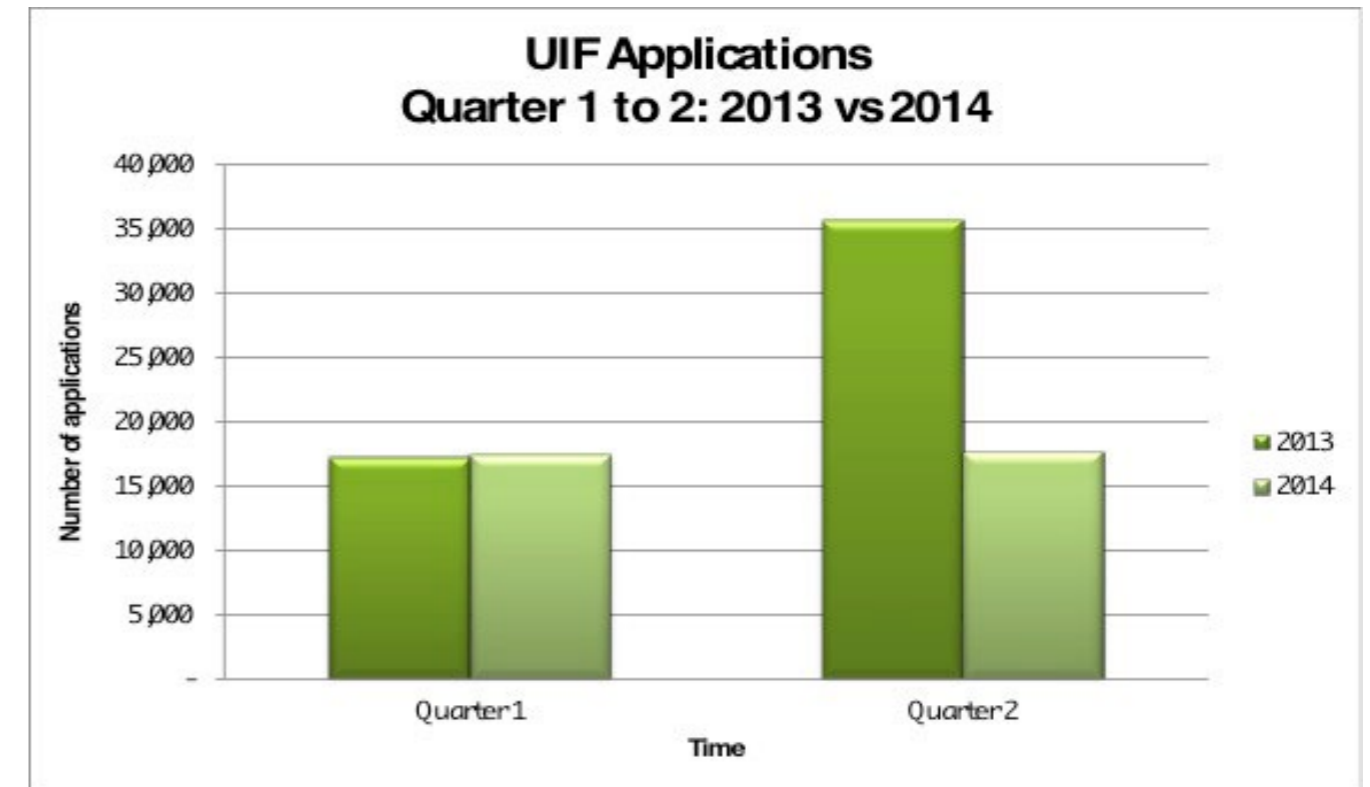
Aircraft Movements in eThekwi



Source: Airports Company South Africa

The graph shows that aircraft movements have increased since the first quarter of 2014 and is much higher than the 2013 levels.

EThekwi: Unemployment Insurance Fund



Source: Department of Labour

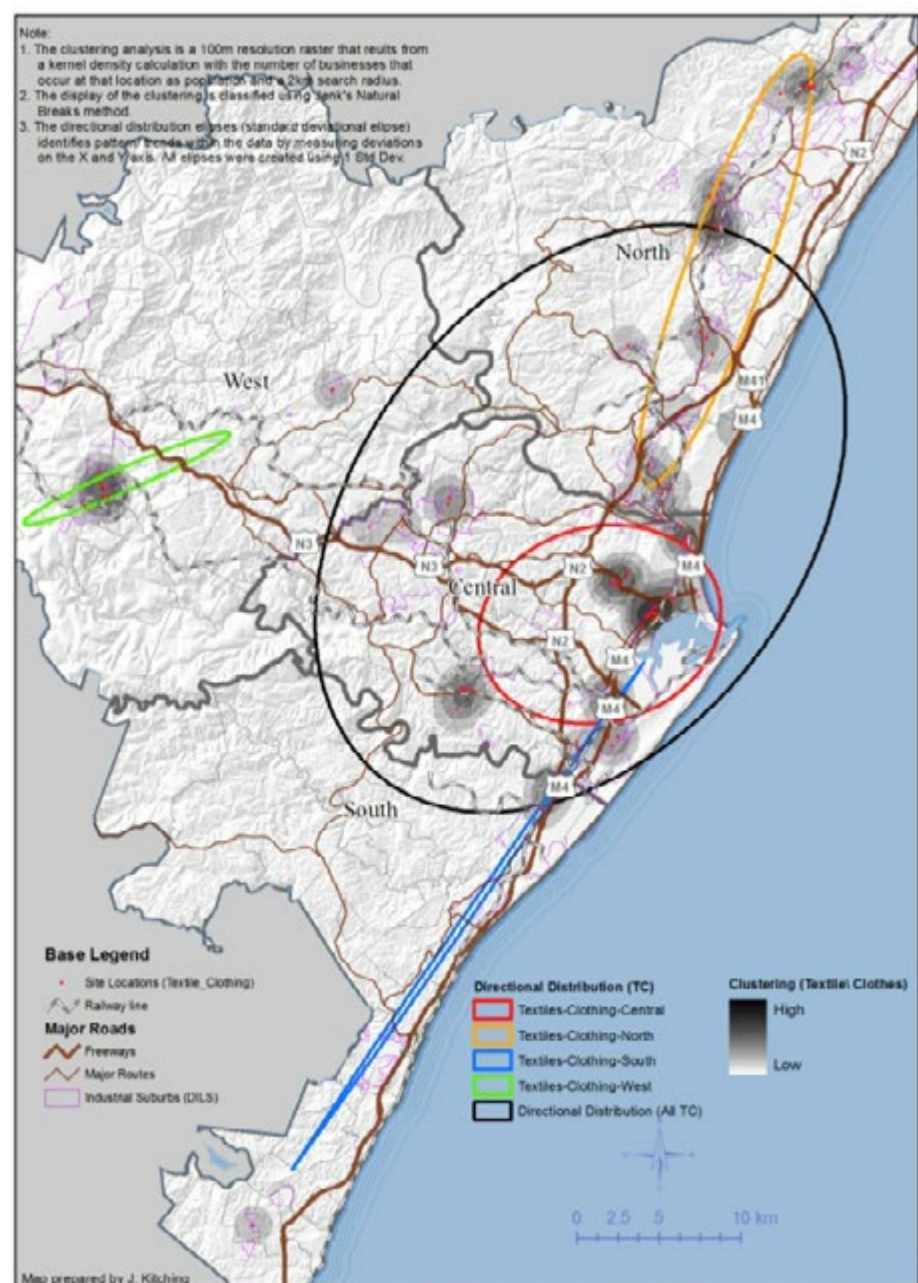
UIF claim applications have remained more or less the same for both quarters in 2014. In quarter one, both the 2013 and 2014 levels are similar, however, in quarter two, the 2014 level is significantly lower than the 2013 level.

Clothing and Textiles in eThekweni Policy Context

Industry Profile

The Clothing and Textiles sector is a key manufacturing sector within eThekweni. It is a labour intensive sector that has contributed to job creation within the region for many years, mostly employing low skilled female employees. The textiles industry is one of the oldest in the world and consists of a number of establishments involved in the spinning of natural and manmade fibres which are then converted into fabrics. The clothing industry offers more diverse products and consists of many product lines, driven by seasonality and trends (Deloitte, KZN Sector Assessment, 2011). This industry is very sensitive to the ever-changing and growing

demands of the customer. Within eThekweni, manufacturing firms within the clothing and textiles industry, employing more than 45 employees, are mainly clustered within the central region, followed by Hammarsdale in the west, the northern region and also in Mobeni/Jacobs in the south. However, there is also a large number of Cut, Make, Trim operations within the region, most of which are unregulated businesses.



Source: eThekweni Industrial Land GIS Database

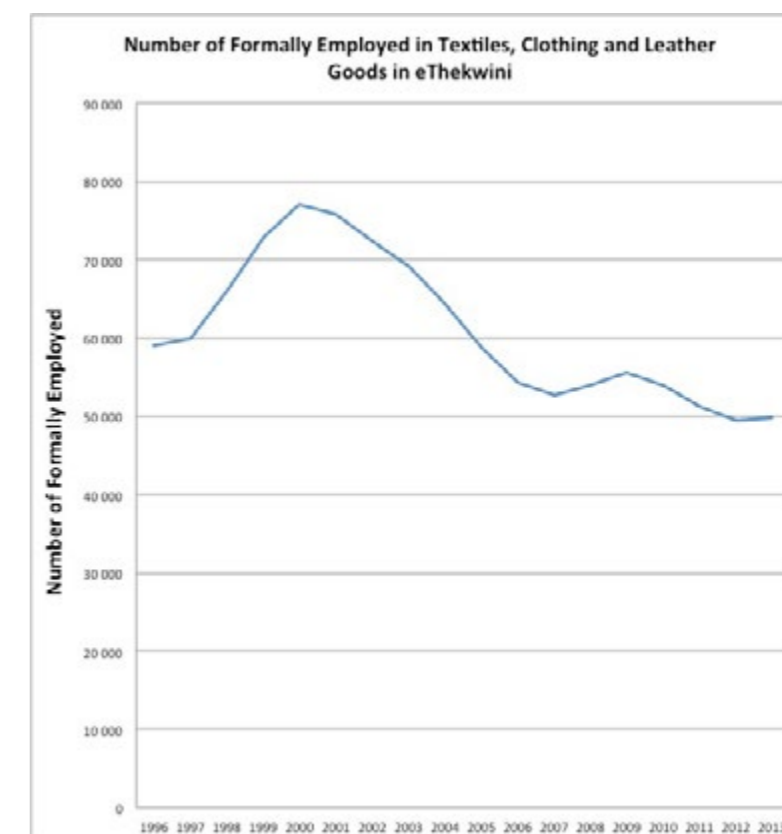
During the recession experienced in 2008/2009, the clothing and textiles sector was the hardest hit and faced many losses. There were numerous closures of manufacturing facilities in the sector during this time and in some instances, firms had converted their operations and moved away from manufacturing. However, some recovery in the sector has been achieved. One can see from the data in the table below that there has been positive growth, albeit small, in the sector since 2012. When looking at the annual expenditure and retail trade sales figures, this is reflective of the growing consumer market within the region which mirrors the trend in the African continent.

Clothing and Textiles Statistics for eThekweni

	2012	2013	% Change
Gross Value Added (Constant 2005 Prices)	3,6 bn	3,7 bn	1.9%
Average Annual Growth (Constant 2005 Prices)	1.0%	1.9%	0.9%
Annual Expenditure – Clothing and Footwear	7,3 bn	8,2 bn	12.5%
Annual Retail Trade Sales – Clothing, Textiles, Footwear	12,0 bn	12,9 bn	8%

Source: IHS Global Insight

Percentage of Formally Employed by Manufacturing Subsector in eThekweni, 2013



Source: IHS Global Insight:

It is well known that the manufacturing sector is one of eThekweni's largest employers. Of the formally employed within this sector, Textiles, Clothing and Leather Goods constitutes 27%. This is the single highest contribution within the 10 manufacturing subsectors despite heavy losses over the last 10 years. In this light, Clothing and Textiles remains an important labour intensive sector, critical for job support and job creation. Of the approximately 160 000 formal jobs in the Textiles, Clothing and Leather Goods sector nationally, almost 70 000 (43%) reside in the KwaZulu-Natal (KZN) region, while eThekweni makes up 72% of the KZN total. Essentially then, formal employment in Clothing and Textiles is a decidedly Durban story.

From a high of approximately 77 000 formally

employed people in the early 2000s, the Textiles, Clothing and Leather Goods sector within eThekweni has dipped to about 49 000 in recent years. This ultimately equates to job losses in the region of 28 000 over the last 14 years. This, however, does not include what research indicates as a substantial informal employment component within this sector. These losses are a story often told highlighting the impacts of globalisation and global competition on local industry. Over the last 5 years the sector seems to have stabilised at around 50 000 formally employed which is positive given the impacts of the 2008 recession on the South African economy generally. What this may mean is that those firms which remain may now be more robust to global shocks. Furthermore, with the possible trends towards 're-shoring', the increasing labour costs in China, and South Africa's local content policies,

this sector may even be positioned to create new jobs in the years to come. The industry continues to face immense pressure with regards to its competitiveness levels. This is in relation to; high levels of foreign competition, currency volatility, illegal imports or cheaper imports from the East, and compliance issues, amongst others. A requirement for the industry to remain competitive is to have quick response times. This enables the industry to compete with the likes of their Asian counterparts and will boost the local industry from a local procurement perspective, bearing in mind the local content/procurement requirements placed on the industry by the South African government. The country's sophisticated transport and communications infrastructure, coupled with the Quick Response Model initiated by industry clusters, such as the KwaZulu-Natal Clothing and Textiles Cluster, have seen major improvements in terms of quick response being made in eThekweni and KZN as a whole.

In South Africa, a number of support measures have been put in place to bolster growth in the sector, from a policy perspective, which is highlighted in the following section, through to the development of support mechanisms and tools for industry growth. In eThekweni, industry clusters play a large role in manufacturing sub-sectors and has supported the clothing and textiles industry for many years. The sections that follow give an overview of the Clothing and Textiles industry, looking firstly at the policy context, moving on to industry support programmes such as the clustering initiative in eThekweni, whilst also looking at the various programmes put in place to improve the competitiveness of the industry and how the industry has responded to this.

However, challenges still exist going forward, some of these are highlighted in the sections that follow. Government, together with industry needs to ensure that it plays an important role in boosting the competitiveness of the industry, either through support structures, incentives or allowing market forces to be the determinants of supply and demand.

Competitiveness, Clusters and Crocodiles: A (very) brief synopsis of Clothing and Textiles Policy

Economic policy can be quite difficult to 'pin down' in South Africa. There are the 'high level' national work in the National Development Plan and the New Growth Path as well as regional and sector specific work such as the KZN Provincial Growth and Development Strategy and the Industrial Policy Action Plan (IPAP) respectively. Within each of these it is quite clearly the IPAP which offers the

roadmap for sectors within manufacturing such as Clothing and Textiles.

The latest iteration of IPAP (2014/15 – 2016/17) celebrates the stabilising of the Clothing and Textiles sector while also outlining future enhancement and support. Some listed achievements from the 2013/14 year include:

- The key support programmes (Competitiveness Improvement Programme (CIP) and Production Incentive Programme (PIP) have seen the setting aside of R2.845 billion for the sector with 821 applications received to date.
- Despite competition, the local share of the South African clothing market remains between 25 – 30%.
- The Fast Track Cluster in KwaZulu-Natal (KZN) was 1 of 2 regional clusters set up under the National Leather and Footwear Cluster Initiative. According to the IPAP, "Fast-Track's production has grown from zero to 1,200 pairs of shoes per day (approximately 26,000 pairs per month) and has created 150 sustainable new jobs". The 2014/15 implementation is centred on:
 - On-going execution of the Competitiveness Programmes (CIP and PIP)
 - Campaigns against under-invoicing and illegal activities
 - Continued skills development programmes with partners (CSIR, SETA, China)
 - Continued Communal Hides Beneficiation in KZN and expansion to other Provinces
 - Implementation of Sizing Data in garment manufacturers from 3D body scanner technology
 - The inclusion of the ostrich industry in the National Exotic Leather Cluster which builds on work in the crocodile farming industry; and development of syllabi in the exotic leather field

At the local level, eThekweni adopted its own Economic Development and Job Creation Strategy in 2013 which aligns with all of the aforementioned policies including IPAP. Within this local strategy, the Clothing and Textiles subsector is categorised as an 'Employment intensive sector for protection and growth'. This essentially means that the focus for this sector is on enhancing competitiveness to support the large number of existing semi-skilled jobs. This support is proposed along entire value chains including increasing local production and content in the domestic market, as well as growing exports.

Clustering for Growth KwaZulu-Natal Clothing and Textile Cluster

The KwaZulu-Natal Clothing and Textile Cluster (KZNCTC) is a nonprofit, public-private

sector partnership designed to enhance the competitiveness of apparel, textile, footwear and affiliated manufacturers in KwaZulu-Natal. The cluster has firm-level members, ranging from machine suppliers to design/ logistic houses, Cut, Make and Trim (CMT) operations, clothing manufacturers, textile mills and retailers. The member firms employ approximately 11000 employees and the database extends to over 300 individuals representing a diversity of companies and other stakeholders in the value chain.

The structure of the cluster is such that it is governed by an executive committee comprising representation from local and provincial government, tertiary education institutions, clothing associations, other clusters or special purpose vehicles, manufacturers and retailers. The Cluster is funded through government grants, retailer donations and membership fees as well as manufacturer membership fees. The Cluster is a registered company with directors and is run as a "by industry for industry entity", focusing on competitiveness enhancement and job creation/retention. The cluster runs programme content through three core programmes, namely World Class Manufacturing, Value Chain Alignment and Capacity Building.

The Cluster approach is a viable and successful mechanism for sector development that has proven capable of delivering on the strategic vision of economic growth through targeted initiatives aimed at directing a higher growth trajectory for identified industrial sectors. This has been proven by the KZN CTC.

Quick Response Retailing in South Africa

Author: Shaun Gannon: B&M Analysts

Over the last five years, the KZNCTC, along with a number of other clothing and textile clusters, have proposed quick response retailing as a mechanism to boost the competitiveness of South African retailers using local manufacturing capacity and capabilities. Essentially, quick response in apparel retailing is all about matching supply with customer demand. Ideally quick response retailers are able to move from garment concept to the consumer in 8 weeks. This is only possible if retailers and their value chain partners:

- reserve some of their budget for in-season trading in response to actual customer demand patterns (this is referred to as the "open to buy" budget);
- decide on base fabrics and patterns before a season commences and then make final colour and styling decisions within season;
- collaborate with local designers and manufacturers

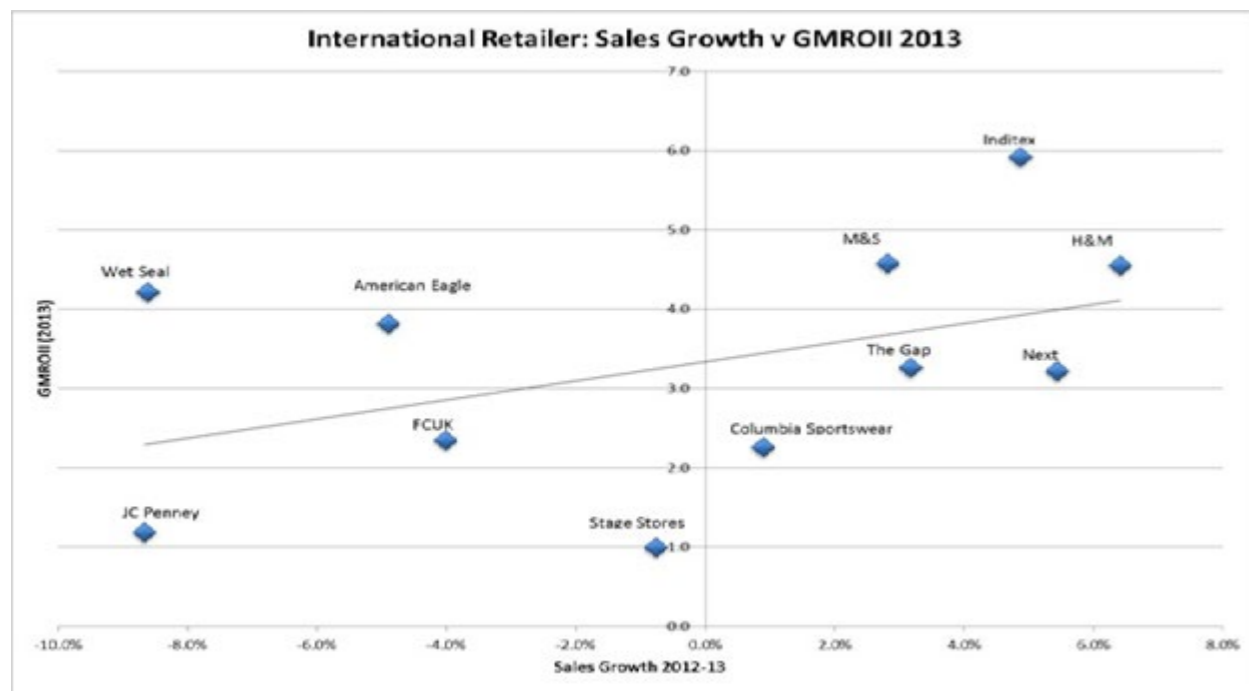
to respond to in-season sales information and to achieve super-fast lead times from concept to shop floor

- rigorously control and measure performance in terms of lead times, quality, reliability and final garment sales performance.

The financial ratio, Gross Margin Return on Inventory Investment (GMROI), is seen as the best mechanism to assess the quick response performance of retailers. The ratio compares the gross margin a retailer earns per rand it has invested in inventory – specifically during production, transport and storage. Whilst local manufacturers might be slightly more expensive than large off-shore suppliers, they can ultimately provide the flexibility that will enable the retailer to maximise their sales and gross profit generated over a season.

At the international level, it has been found that the adoption of quick response by retailers such as H&M and Inditex (parent company of Zara) was having a strong positive impact on sales growth (see graph below). Both these firms tend to have developed long term and strategic partnerships with their suppliers.





Source: B&M Analysts Analysis of Annual Financial Statements

In the face of rising international competition and increasingly discerning and price sensitive customers, a number of South African retailers have adopted quick response and greater value chain alignment as core strategies. The Foschini Group's (TFG) Fast Fashion cluster is a widely publicised initiative that has aimed to achieve 56 and 90 day lead times through greater alignment between retail, design and manufacturing. TFG has established an internal design centre and acquired a Cape Town based CMT, Prestige, to this end. Whilst the impact on quick response is yet to reflect in top line sales growth, TFG's average lead times from concept to distribution centre are thought to be approximately 30 days less than other leading retailers.

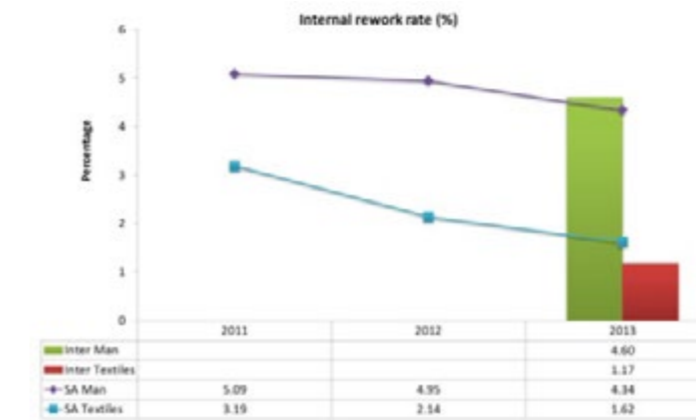
Performance Improvement in South African Clothing and Textile Firms

Author: Shaun Gannon: B&M Analysts

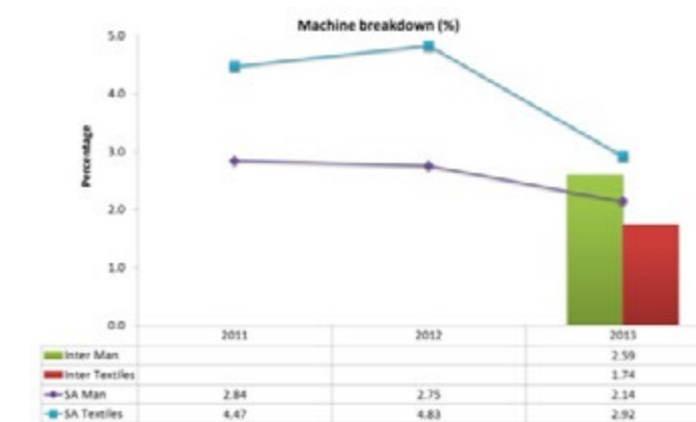
The growth in sales of KZN and CCTC member firms, over and above inflation (see graph below), is testament to the growth in demand for local manufacturing capabilities, but also the increasing competitiveness of these local firms.



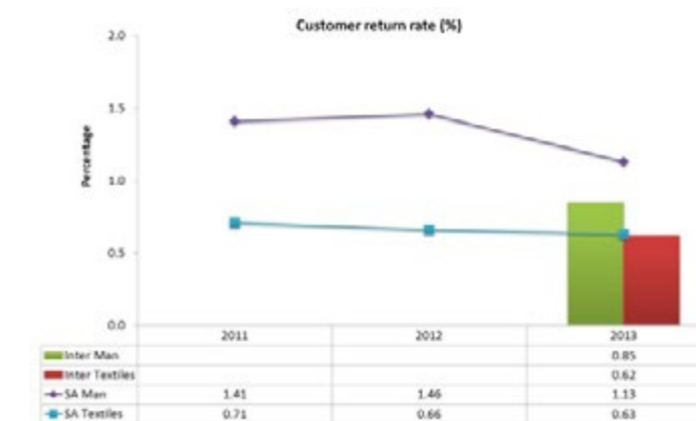
The table below illustrates, in brief, some of the impressive performance improvements made by South African clothing and textile cluster members between 2011 and 2013. All graphs are based on data sourced from B&M Analysts benchmarking database.



Cluster members in the Cape and KZN have been particularly proactive in implementing total quality management practices. As the graph below shows, internal rework rates for the South African clothing and textile firms are beginning to converge with international best practice firms.



Total preventative maintenance programmes, have also dramatically reduced machine downtimes. This ultimately improves on time and in full delivery to customers.



Improvements in quality management and reductions in downtime are having a positive effect on downstream customer return rates. South African clothing manufacturers still have some way to go before they match international counterparts, however.



Our biggest challenge remains the lack of reliable raw material supply. South African manufacturers are trying to innovatively deal with this deficiency, but must ultimately hold more raw material than international counterparts to maintain the reliability of supply to customers. This impacts negatively on overall flexibility.

The work of the KZN CTC and other clusters is having a profoundly positive impact in the industry at large but must now deal with some major structural deficiencies that undermine local competitiveness. In particular, the small scale and inflexibility of local textile manufactures, dyeing and finishing firms in South Africa is undermining the flexibility of the entire garment manufacturing pipeline.

Giving Local CMTs a Boost

Authors: Naadira Nadasen and Shaun Gannon: B&M Analysts

The launch of the KZN CTC Cut, Make and Trim (CMT) Boost Programme was launched in 2013 which incorporated 10 manufacturers. Through a combination of in-firm support, best practice visits and training and strategic meetings with potential customers, many firms went through a visible transformation. At the Boost year-end award ceremony two CMTs, ZA Gear and Vaspre Enterprises, were honoured for their specific success in moving into a higher value added and more profitable tier of the industry. Both firms were awarded a year's free membership of the KZN CTC. What follows is a case study of some of the specific improvements made at ZA Gear.

ZA Gear is a children's wear manufacturer located in the Durban metro area. The firm was inspired to implement a number of lean practices after a KZN CTC organised visit to Celrose clothing in Tongaat. The firm implemented a number of innovative ideas to improve overall flow, create a culture of continuous improvement and improve shop floor management.

Improvement of Overall Flow

The Day-to-Day System

ZA Gear created their own lean initiative, namely the Day-to-Day System to address high levels of work in progress (WIP). This system entailed only cutting enough fabric for one day's worth of production. Since the adoption of the Day-to-Day System, productivity, profits and staff morale have improved significantly. WIP flows steadily through the factory floor and garments are produced just in time (JIT). Knowing what is required and the quantity necessary for the day ahead has assisted in cost control within the firm.

Factory Layout and Overall Flow

Clear floor planning is central to ZA Gear's lean programme. Factory layout modifications have greatly contributed to the firms overall improvements. The cutting, preparation, assembly and finishing areas are now strategically placed close to each other to assist with the easy flow of garments down the line. Along with layout changes, a reduction in

bundle sizes from 50-100 to 25-30 has improved flow and reduced reworks because bundles can easily be handled.

Multiskilling of Staff

The multi-skilling of employees has developed a flexible workforce, which has provided ZA Gear with the ability to schedule and arrange workers to best suit the needs of orders that day or week. Consequently, this has maintained the flow of garments throughout the factory floor as workers are able to fill in for absent employees or work in any area of the firm that requires increased input at any time.

Creating a Culture of Continuous Improvement Mindset Change

Applying lean principles has fostered a positive work culture across the company and management have noticed that their staff have become more efficient in terms of output. Work is produced to target every day and there are no backlogs. Employee well-being has played a key role in establishing a competitive advantage over other CMT's.

Visualisation and Shopfloor Management

Visual Measurements

Since the commencement of the BOOST Programme, staff now measure their hourly output and overall line performance is displayed on a large board at the end of the production line.

Implementation of 5S

A 5S programme has been implemented throughout the factory. The 5S programme has led to noticeable neatening of the factory. 5S forms an integral part of lean manufacturing and refers to workplace organisation. It describes how to organise a work space for efficiency and effectiveness by identifying and storing the items used, maintaining the area and items, and sustaining the new order. All unnecessary personal belongings are stored in suitable holdings, old machinery has been tagged for removal, cut sheets have been sorted and neatly hung, and unused bales of fabrics have been removed. This has enabled the firm to ensure that 'there is a place for everything and that everything is in its place'.

ZA Gear is now in a mentoring relationship with a more established KZN CTC member and strives to build on the solid foundation during its initial participation in the Boost Programme.



Clothing and Textiles Industry: Constraints and Opportunities

From sunset to sunrise: eThekweni's clothing and textiles industry: Prof Justin Barnes.

The eThekweni clothing and textiles industry has come under massive pressure over the last decade, reducing its output levels and shedding employment in the face of surging imports. This led numerous commentators to write off the industry, and to argue for government to focus on other economic sectors for the creation of wealth and employment. In opposition to these views and in light of the large number of jobs tied to the local clothing and textiles industry in the mid-2000s, the eThekweni municipality maintained its support for the local industry through the activities of the KZN Clothing and Textiles Cluster, a public-private partnership involving over 40 leading clothing and textiles manufacturers in the province. Celebrating its 10th anniversary next year, the KZN CTC has worked tirelessly to advance the competitiveness of the industry. Focusing on the extension of advanced manufacturing practices within the industry, associated skills development interventions, and finally the introduction of new Quick Response supply chain capabilities that allow South African retailers to trade "in-season" with local manufacturers, KZN CTC members have shown there is huge potential for the industry, and that there is an opportunity for the industry to recover from the job losses of the last decade.

All of the major South African retailers are presently experimenting with the introduction of Quick Response supply chain models, and working with KZN CTC members to establish the means to operate according to international best practice standards in this regard. The results from these experiments have been extremely positive, with leading manufacturers, such as Celrose in Tongaat, demonstrating the employment benefits of establishing QR capabilities. Celrose has increased its labour force to 1,200 people (from a base of only 400 a few years ago), and could soon be employing as many people as it did at its peak in the late 1990s. The difference from the 1990s is that a firm like Celrose is now competing on the basis of being internationally competitive, rather than being closeted behind high tariff barriers. The leading clothing and textiles manufacturers in eThekweni are able to match their leading international counterparts in respect of their quality performance, delivery reliability, operational flexibility, and breadth of product capability. Most importantly, by being located in South Africa, they are able to provide the leading domestic retailers such as Mr Price, Edcon, Woolworths and TFG with a speed to market advantage that is being amplified

through the creation of Quick Response capabilities that take product design concepts and have them in stores for sale to customers in only 42 days, something that cheaper importers cannot come close to achieving.

South African retailers are consequently slowly shifting their purchases back to domestic suppliers; and with eThekweni's established clothing and textiles industry showing its world class capabilities, there is every reason to believe that the industry can grow substantially over the next decade, recovering the jobs lost, and providing exciting career opportunities for the youth of the city. KZN CTC research has revealed that on the back of domestic demand only, the regional industry should be able to sustain 60,000 formal sector jobs by 2022, with at least half of these jobs in eThekweni. Once the potential for future exports is factored into this employment equation, the industry's potential is huge.

The eThekweni Municipality's decision to support what some perceived to be a "sunset industry" has clearly been vindicated. In working closely with local clothing and textiles manufacturers it has not only shown its commitment to saving jobs in the local economy, it has also played a critical role in supporting the turnaround of a key component of the Municipality's manufacturing sector. The future for the industry looks far more like a sunrise than a sunset because of the joint public-private sector effort being made.

Fashion in eThekweni

The fashion sector is a sub-sector of the Clothing and Textiles industry and it forms an integral part of the value chain of the Clothing and Textiles industry. The history of the fashion sector in South Africa, spans across many years and contributes significantly to job creation and economic growth in the country. Within the African continent, South Africa's fashion sector has become the central focus. However, in recent times; the focus has shifted slightly to other African countries such as Nigeria.

Fashion in South Africa has historically been driven by international trends and international designs have inspired South African designers to produce items that are reflective of the trends experienced overseas. However, according to a recent study undertaken by Urban Econ Development Economists for eThekweni Municipality, local designers have begun creating/designing items that are uniquely South African. This is a very important step for designers in the industry and places the industry in a very good position. The South African



fashion industry hosts fashion weeks in Cape Town and Johannesburg, and a Fashion Fair in Durban. These activities have placed the industry on the global map and the global awareness of these shows ensures that South African designers receive recognition and support, both locally and abroad.

In eThekweni, the fashion industry has grown since its inception. Fashion is one of the priority sectors within the City and receives support from both government and the private sector. It has contributed to job creation, predominantly for Black and Coloured females, and many students are currently enrolled for fashion related studies or contemplate working in the industry. However, pressure on the industry remains a challenge, with imports from the East, and a weakening rand contributing to this (Urban Econ, 2014). The value of exports out of KZN and eThekweni are at a much lower level than the value of imports and the level is also declining slightly.

EThekweni is home to the lower wage, more labour intensive sector, whilst Cape Town houses the higher wage, less labour intensive market for the upper income segment (Urban Econ, 2014). EThekweni's competitive advantage is also challenged by neighbouring countries due to labour regulations and costs. Other challenges facing the industry include skills and technology shortages, and low levels of innovation.

The EThekweni Municipality has committed to supporting the fashion sector through the well-established KZN Fashion Council, an industry cluster aimed at boosting the competitiveness levels of the sector.

KZN Fashion Council

The KwaZulu-Natal Fashion Council (KZNFC) was established in 2009 as a not for profit company, in response to the need to support the fashion design sector, through a strategic partnership between the KwaZulu-Natal Department of Economic Development and Tourism (KZNDEDT) and the eThekweni Municipality's Economic Development and Investment Promotion Unit. The KZNFC is governed by a Board of Directors who provide strategic guidance.

The KZNFC invokes a comprehensive and sustainable multidisciplinary approach that supports the continuous creative and economic development of the fashion and design sector. Much of the work of the KZNFC is premised on ensuring that strategic partnerships, collaboration and linkages are established with local and international institutions, retailers, business leaders, manufacturers, (CMT's) and all tiers of government. Their services include:

- Market and design intelligence
- Networking opportunities
- Market access platforms
- Business and technical skills development
- Coaching and mentorship
- Facilitating partnerships and linkages with leading fashion institutions and cities

21 Steps to Fashion Programme

KZNFC in collaboration with Small Enterprise Development Agency (SEDA), Trade and Investment KwaZulu-Natal (TIKZN) and Project Gateway aims to develop and mentor designers to a level where they can manage sustainable businesses. Designers were given the opportunity to bridge the gap between their design skills and business knowledge.

The programme officially kicked off on 27th March 2014 and was conducted at Project Gateway (the Old Prison) in Pietermaritzburg, the perfect location to make us realise we should all be inspired despite the hurdles.

The 15 selected designers and 4 crafters undertook a rigorous six month programme where they were mentored by experts such as Gavin Reddy, David Mason, Craig Jacobs, Gonum Moodley, Juanita Seekola and Advocate Robin Sewlal.

The curriculum included:

- Technical Skills Training – inspiration, trends, textiles, mood-boards, pattern-making, etc
- Business Skills Training – brand management, costings
- Personal Development
- Mentorship – Design and create a collection

The designers will be given the opportunity to showcase their collections at a local show to be hosted in Pietermaritzburg.

Designers, who completed the programme in 2013, have been offered retail opportunities into retail stores such as Edgars and Khasav. The aim is to create opportunities for the designers from the 2014 programme to also gain access to retail markets locally, nationally and globally.

Proposed Durban Fashion Hub

A Durban Fashion Hub is currently being conceptualised in order to provide infrastructure that will support the growth of the fashion industry by assisting developing designers to enter the industry, either as entrepreneurs or as equipped professionals. The hub will cater for establishing



designers who have acquired some skill, or have training in the designing of fashion.

The Hub is expected to fulfill the following objectives:

- Create a platform to nurture interests of the Sector
- To enhance the competitiveness of the industry both locally and abroad;
- Creation of an enabling environment for small and Micro Enterprise (SME"s) in the fashion industry to grow through business technology incubation
- Develop business and production competencies through skills development and technology demonstration
- Provide employment opportunities for graduate youths
- The hub will bridge science, fashion, technology, manufacturing and sport
- To create linkages between
- Retailers, Manufacturers, Suppliers & Designers.

The Hub will function on several levels by catering for young designers from the Fashion Design value chain (including footwear, jewellery and accessory). Designers will be able to rent small work spaces at the Hub at nominal rates, making use of the shared services facility. Others can rent time or workspace on the CAD stations, design and cutting rooms. All designers can gain access to technical mentorship by pattern makers, seamstress', graders and quality controllers. The Hub will also facilitate access to merchandisers who can, at a discounted rate, promote and merchandise designer's garments to boutiques and retail outlets.

Way Forward

The Hub will provide master classes for designers on specific technical aspects of design and host seasonal fashion shows within the premises to invited buyers. There will also be a limited retail facility and designers will be able to operate their businesses from the facility. Business incubation will be a significant part of the programme to enable designers to understand business functioning. The Hub management will undertake programmes that will link the designers to the value chain, from Cut, Make and Trim companies to fashion photographers and stylists, buyers and retailers.

The Hub concept, proposed for the Greyville area is illustrated below.



For more information on this project, please contact Anasuyah Pather (Anasuyah.Pather@durban.gov.za or 031 311 4227).

Durban Fashion Fair

The Durban Fashion Fair is an initiative by the Business Support, Markets and Tourism Unit of the City. The third annual event took place at the Durban ICC from the 21st to 24th August 2014.

The DFF is one of the most successful fashion programmes in the country which integrates fashion development, together with exhibitions, 16 fashion shows and continues to capacitate, empower, and encourage the culture of entrepreneurship as well as facilitate access to markets and networking opportunities for established and local young designers. Since the inception of the DFF, the eThekweni Municipality has sent a group of designers on an internship programme to Milan – the fashion capital of the world - and has produced over 100 successful young designers who continue to make a mark in the fashion industry.

The DFF programme has a number of initiatives that focus on developing a sustainable fashion industry in the City. Sixteen (16) models that have been casted around the city walked the DFF runway for the first time as they represented new faces of the DFF 2014. This is one of the notable contributions that the Fair aims to promote in order to educate the community about fashion and its impact.

South Africa's established designers such as Terrence Bray, Thula Sindi, Colleen Eitsen, Kathrin Kidger, Karen Monk-Klijnstra, Pulse, Amos EDC, Brenda Quinn, Dax Martin and CSquared, shared the runway with international designers.

Driving Growth and Development in eThekweni

Investment Opportunities in eThekweni

Ushukela

The uShukela development is situated immediately adjacent to the massive Dube TradePort infrastructural project, a multi-faceted 'greenfield' business precinct surrounding Durban's King Shaka International Airport which forms the heart of an emerging aerotropolis, 30km north of the Durban City Centre. The rapidly developing Dube TradePort, with the international airport at its centre, provides KwaZulu-Natal with a new, world-class trade and logistics platform, creating a globally competitive business location which offers the business community speed, agility and connectivity. The neighbouring uShukela development adjoins the present Dube Trade Zone - an area designed to attract a range of airport-related enterprises, warehousing, logistics and distribution, light manufacturing and the like.

UShukela is 80 hectares in extent, 50 hectares of which is developable as a business, industrial and logistics platform. Whilst capitalising on significantly improved air connectivity, uShukela is strategically positioned between Africa's two major seaports, Durban and Richards Bay, serviced by world-class road and rail access.

Specialist's studies have already been completed for Ushukela and it is envisaged that development rights will be received by the end of 2014.

For more information, please contact Greg Veerasamy, Greg.veerasamy@tonga.com.

Durban Film Office

The 5th Annual Durban FilmMart 2014

The 5th Durban FilmMart (DFM) was hosted for the first time at a new venue, the Elangeni Hotel on the beachfront. It was held over four exciting days of networking, pitching, workshops and film! This year's event has been a resounding success with over 450 delegates in attendance from 32 countries, 24 workshop and panel discussion programmes presented by 32 industry experts and professionals, with over 900 official business meetings documented in the Finance Forum - excluding the frenzy of meetings that took place outside of the Finance Forum room. The Durban FilmMart closed activities with an awards dinner, where key local and international partners of the annual co-production market select a number of projects to receive development support in the form

of grants or invitations to attend partner markets. This year's closing night dinner presented 10 awards, guaranteeing those projects additional support and opportunities beyond Durban FilmMart through an evaluation panel made up of local and international film industry heavy weights which included Arte France, Docubox and Videovision.

Some Key Facts:

- More than 700 industry guests from around the world attended Durban International Film Festival/

Durban FilmMart 2014.

- More than 2800 film lovers attended the outdoor screenings on the Bay of Plenty Lawns;

- DIFF presented a programme of youth-orientated films for more than 4000 students from schools in the region

- More than 300 guests and 1500 room nights were booked at the newly renovated Tsogo Sun Elangeni and Maharani Complex

- DFM hosted over 900 business meetings between local filmmakers and producers, financiers and distributors from around the world

Established in 2009, the Durban FilmMart aims to create partnerships and further the development and production of African film content. This initiative is a joint venture between the Durban Film Office and the Durban International Film Festival, 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. In its 5th year, the Durban FilmMart continues to raise the visibility of African cinema, stimulate production, and facilitate project collaboration between African film-makers. Over the past five years, the Durban FilmMart has worked with a total of 74 projects in development from all over Africa, and together with partner markets, festivals and funding organizations, has provided many of these projects assistance in accessing the global markets through developing industry networks and enabling projects to experience opportunities at partner markets and festivals. Many of these projects have gone to screen at various international film festivals around the globe.

The annual four day programme consists of a number of strands including; the Finance Forum, African Pitch, Master classes, Transmedia Lab, and Africa in Focus. The 35th Durban International Film Festival, managed by the Centre for Creative Arts, University of KwaZulu-Natal, is the longest running and largest film festival in Africa, presenting over 250 film screenings over 10 days annually, across

9 Screening Venues and hosts over 700 Industry Guests and 5 000 Film Lovers with an estimated 30 000 cinema tickets sold.

Sector Programmes: Durban Green Corridor

Finfoot Loop

The Durban Green Corridor is an eThekweni Municipality initiative to create jobs and develop leisure and adventure tourism driven local economic activity through the uMngeni Valley. It has been awarded the KZN Top Business Award for 2014 in the category of 'Partnerships' which recognises projects that reflect the importance of effective inter-agency collaboration and partnerships.

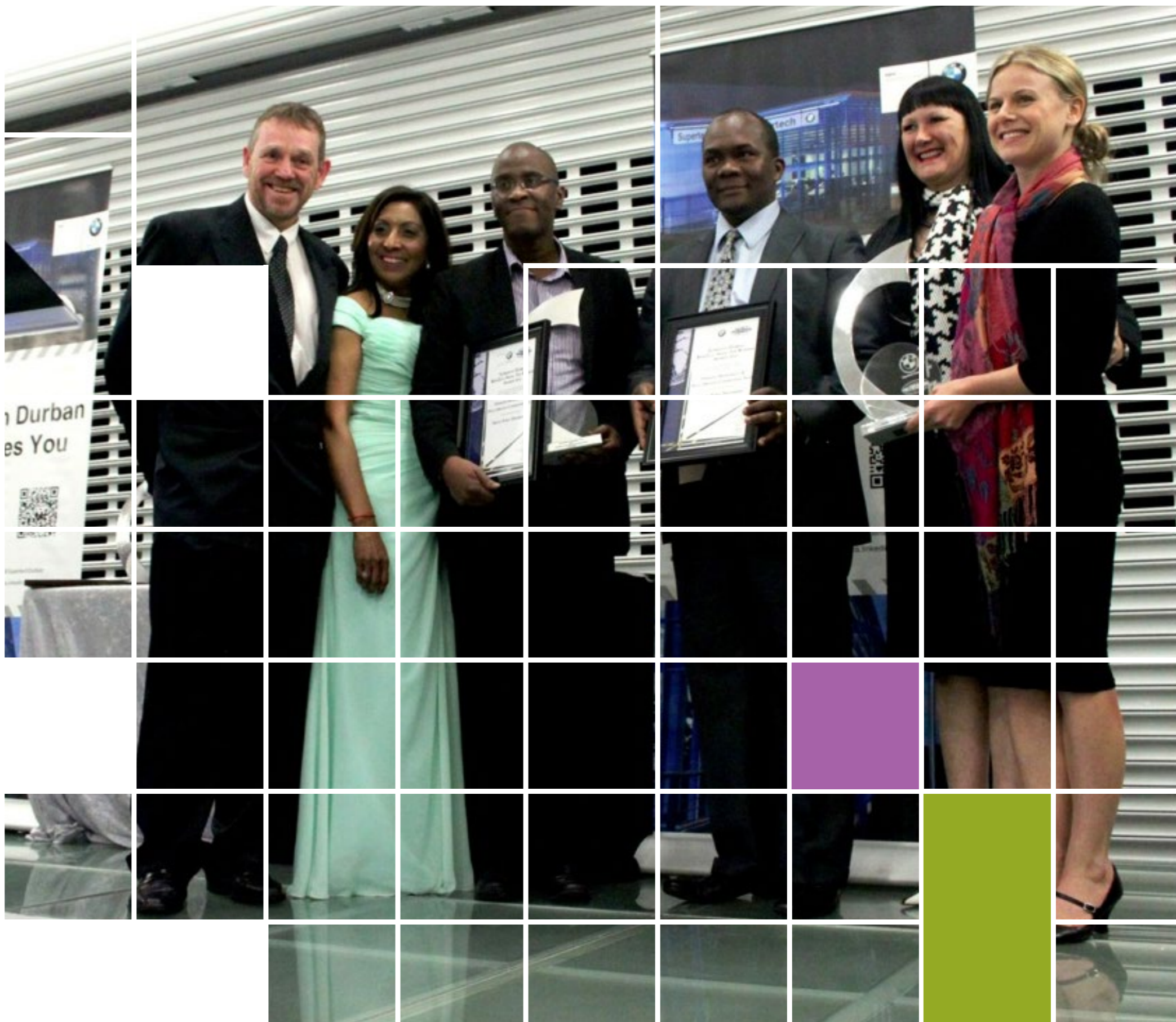
The Durban Green Corridor established a trail between Pietermaritzburg and the uMngeni Estuary with several visitor sites along the route, which offer a range of outdoor adventure activities. The uMngeni valley is teeming with birdlife so the Durban Green Corridor has set up the guided birding trail called the Finfoot Loop – named because the rarely spotted African Finfoot is to be seen just above the new bridge crossing the uMngeni River upstream from the N2 freeway.

In July 2014, twenty-one intrepid birders from BirdLife Port Natal gathered at the Green Hub, situated in the park on the southern bank of the uMngeni River mouth. The first part of their morning was spent birding the river mouth where numerous birds were seen including Cape Cormorants, Pink-backed Pelicans, Kittlitzs, White-fronted Plovers, Grey-headed Gulls and Swift Terns as well as many other water birds.

The birding route followed the river inland towards the Inanda Dam. The first stop was on the new M25 bridge spanning the gorge to create a short route between Pinetown and the N2 heading northwards. The group then drove down to the Green Corridor's KwaDabeka site where they saw a female Klaas's Cuckoo, and both Mountain and Pied Wagtails. Mocking Cliff Chats abounded in this particular spot and two Giant Kingfishers. Just before leaving, a Purple-banded Sunbird made an appearance.

Ultimately, the tour stopped at seven different locations along the river. The scenery was stunning even though it has been a very dry winter. Crossing over a mountainous area from one stopping point to another, the group was treated to an aerial display of a juvenile Martial Eagle and a Lanner Falcon. At the last bridge crossing below the Inanda Dam wall the African Finfoot was eventually spotted. The final venue was the lovely eNanda Adventures picnic site on the Inanda Dam where the birders were

greeted by the Durban Green Corridor staff. The birders then returned to the same bridge, where in all its splendour the African Finfoot calmly swam up to and onto a close-by rock for all to view.



Durban Tourism

Taking Durban to the World: National Geographic Documentary Launch

An event was held at the National Geographic Headquarters in Washington D.C. designed to promote the launch of the National Geographic 1 hour documentary 'World's Smart Cities: Durban and the partnership between National Geographic and Durban Tourism.

The objective of the event was to increase consumer and trade awareness of the documentary launch on National Geographic and of Durban itself as a key South African tourism destination. The content aims to encourage consumers to re-evaluate the South African city of Durban and see it as a 21st century relevant 'liveable' city.

The City also launched two 60 second vignettes in the National Geographic television series, 'Let the Buildings Speak.' The iconic Durban City Hall and the Durban International Convention Centre were showcased in these vignettes.

The US Premier of the documentary took place on the 16th July 2014. Over 200 guests attended the launch and the speakers included Keith Bellows, Editor-in-Chief of National Geographic's Traveller magazine; Nadine Heggie, International Brand Director; Councillor Logie Naidoo, Speaker at eThekweni Municipality; and Mr Siphon Cele, Deputy City Manager at eThekweni Municipality.

Student's Corner

The 'Student's Corner' is a new section within the EDGE, focussing on recent economic development related research conducted by students studying through tertiary institutions which may have important implications and impacts on decision making within the public and private spheres.

This also provides a platform for the student's to share their findings on important issues.

Here is an abstract of research completed by a student within the Economic Development and Investment Promotion Unit of eThekweni Municipality.

An Evaluation of the Town Centre Renewal Programme in eThekweni: A Case Study of uMhlanga Rocks

- Steve Angelos

One of the key programmes of eThekweni Municipality's Economic Development and Job Creation Strategy is 'promoting investment in priority nodes and corridors'. A key strategy listed under this programme is the targeted interventions

in town centre nodes, with a focus on urban renewal and management. Although the town centre renewal programme has been underway in the various secondary CBD areas, and a number of interventions have taken place, research has not been undertaken to establish what the impact of these interventions are, and if they are in fact having the intended influence on the local economy of the area. These factors presented an opportunity to step back and evaluate the programme, using the uMhlanga Rocks CBD as a case study, in terms of whether it is having the desired impact on the local economy as intended.

Both qualitative data, in the form of interviews, as well as quantitative data, in terms of building plan applications and property valuations, were collected to inform the research. The research showed that the urban renewal programme itself has grown as it has broadened from an initial narrow focus on infrastructure upgrades, to incorporating strategic planning, facilitation and partnerships through the different forums. The results also showed that the uMhlanga town centre area has experienced considerable growth over the period of the renewal programme. There has been substantial private sector investment into the area and market values of the properties in the study area overall have shown good growth. A key learning from the research was that, although there was positive feedback on the perceptions of the impact of the urban renewal programme on the area, there were many other factors, which also had a significant role to play in the outcomes of the town centre node. The urban renewal programme is therefore one important part of a much larger system that is the dynamics of an urban town centre.

For more information on this research, contact Steve Angelos (Steve.Angelos@durban.gov.za).

Planning Our City...

News: Development Planning, Environment and Management Unit

The Spatial Planning and Land Use Management Act (SPLUMA), No 16 of 2013, was approved by the President on the 2nd August 2013 and gazetted on the 5th August 2013. It is made up of seven chapters and three schedules. Whilst Chapters one to five and seven have already come into effect as of 1st July 2014, the implementation date of Chapter six is yet to be announced.

It must be noted that the country has been without National Planning Legislation for over two decades and therefore the promulgation of such legislation is welcomed. The purpose of the Act and the Preamble, now aligns and echoes the Constitution

and force Municipalities to be true in effecting the same. The objects of the Act are simple and easy to understand but the onus lies with Municipalities to translate these objectives into real deliverables. The Development Principles contained within section 7 are the most critical:

- Spatial Justice
- Spatial Sustainability
- Efficiency
- Good Administration
- Spatial Resilience

It is these principles that will shape and re-shape planning in the country. Planners will need to translate the Development Principles at the various levels of planning; be it a statutory application or the Spatial Development Framework. The implementation of SPLUMA is not only about planning; rather it serves to address issues that impact on planning such as infrastructure, agriculture and the environment.

While SPLUMA is acknowledged as being a National Framework Legislation, Provincial Government needs to produce a Provincial Act or a

set of Provincial Model Bylaws that are aligned with SPLUMA for use by the third sphere of Government. While some provinces have already completed their Provincial Legislation; others have opted to wait for the SPLUMA Regulations to be gazetted and while some Municipalities have completed their bylaws, others have reserved their rights to prepare such legislation. It must be noted that Municipalities, due to their Constitutional right and mandate, may give effect to a set of Planning Bylaws. The philosophy of SPLUMA is based on a single entry and exit point for applications. It creates tiers for approval of categories of applications ranging from matters delegated to staff through to matters placed before the Planning Tribunals and the Executive Committee of Councils. Municipalities throughout the Country are anxiously awaiting the new implementation date for the act and the Regulations. The key purpose of progressive national legislation is to create an enabling environment for developers, encourage development and attract investment in support of the National Development Plan.



Upcoming Events

AIVP Conference 2014

Durban will be hosting the 14th AIVP Conference of Ports and Cities from the 3rd to 8th November 2014. After being selected as one of the 3 finalists, Durban proceeded to the final selection stage against Genoa. Durban was selected by the AIVP Board of Directors, both for reasons of the strategic development of the Association's world network and for the quality of the partnership proposed, which perfectly met the Association's requirements.

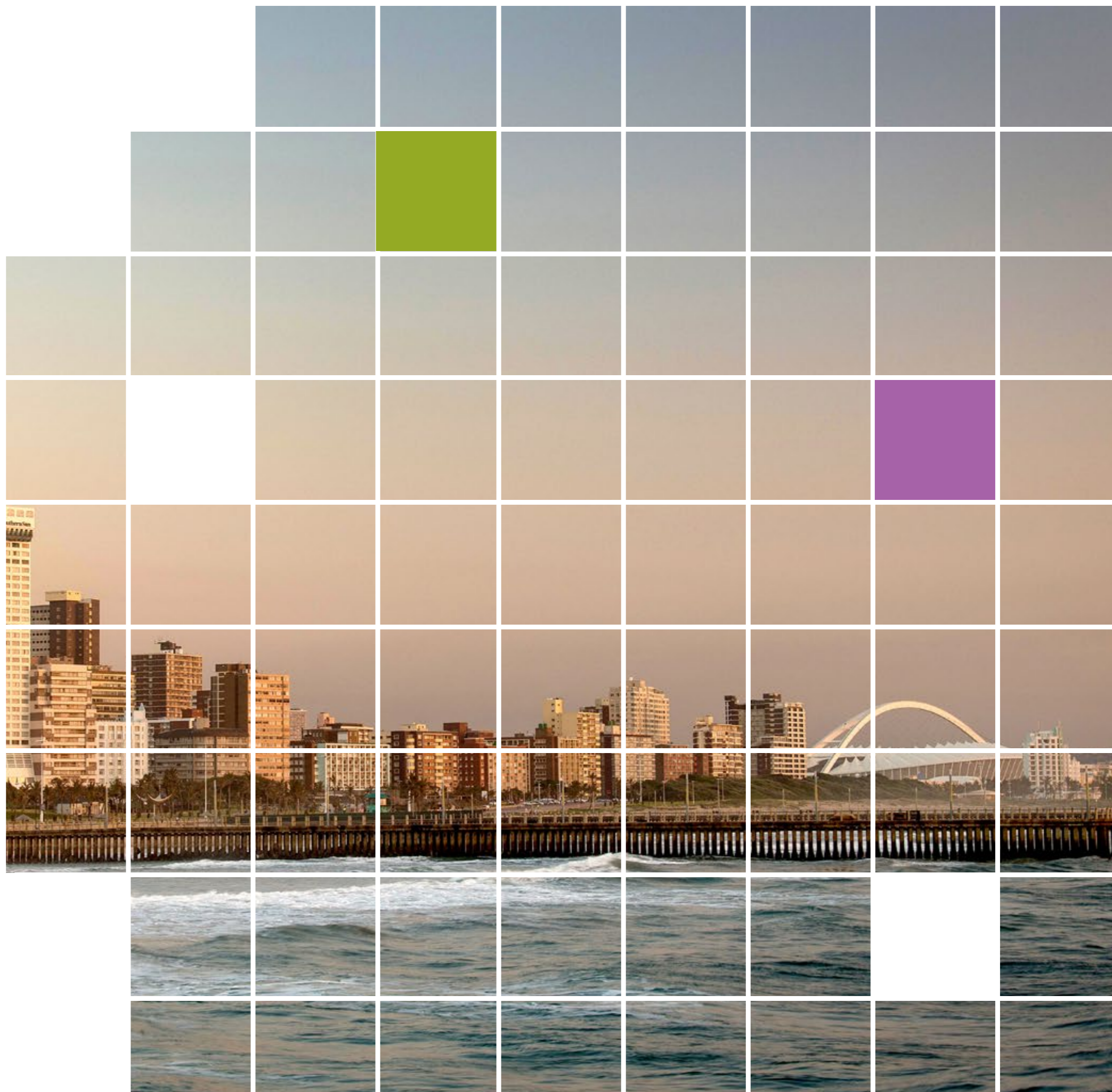
The Conference will be centred on the theme of building a 'Smart Port City'. The conference will host 400 local and international delegates. This will elevate the recognition of Durban, as a port city and grant Durban an international port status. Furthermore, this enables the eThekweni Municipality to influence the topics to be discussed at the conference to cover relevant topics relating to Durban port city developments in the context of the Indian Ocean and in developing the world. This is the first time that this conference will be held in South Africa and attended by world renowned experts in Ports and City Developments, sharing industry knowledge, best practice and port development.

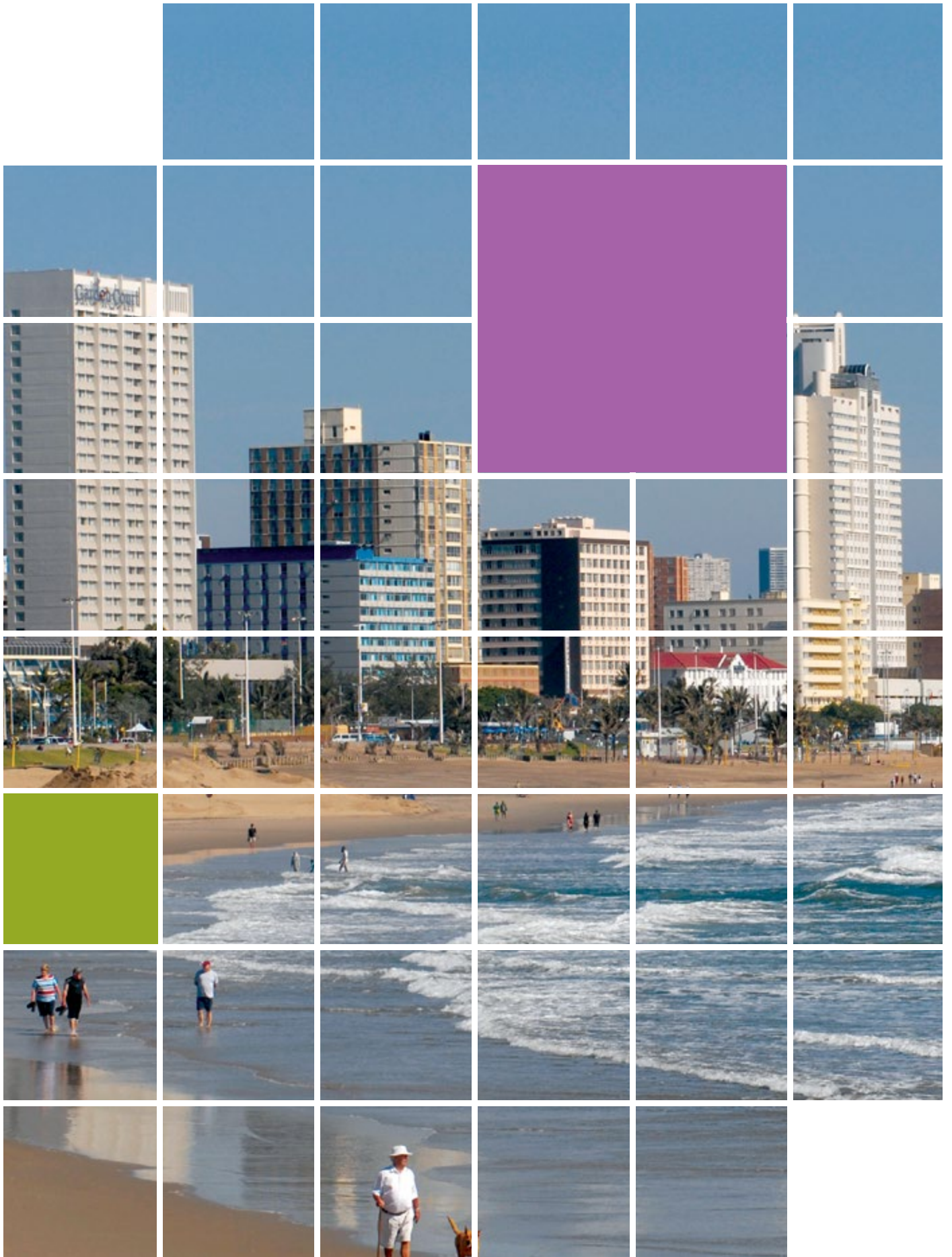
The ripple effect of the conference will result in a further boost in the hospitality and tourism industry as the international delegates will require accommodation, transportation, food, entertainment, tours which will be paid for by themselves. The main objective being to showcase Durban as a Port City and gain international recognition, a benefit to the City of Durban which cannot be quantified.

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 will focus on the Port and Logistics in eThekweni, especially in light of the upcoming AIVP Conference and Transport Month in October. 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.





EDGE
Economic Development
& Growth in EThekweni