

ILEMBE DISTRICT SPATIAL ECONOMIC DEVELOPMENT STRATEGY

FINAL STRATEGY REPORT

8 MARCH 2012

CONTENTS

1. Introduction & Objectives of the Strategy
2. Methodology
 - 2.1 Using “economic drivers” as key reference points
 - 2.2 Scenario planning methodology
 - 2.3 The Strategy as part of a Process
3. Status Quo of the Spatial Economy
4. Ilembe Spatial Development Vision and Thrusts
5. Discussion of Scenarios : Spatial Implications per sector :
 - 5.1 Agriculture
 - 5.2 Manufacturing
 - 5.3 Information & Communication Technologies
 - 5.4 Tourism
 - 5.5 City Building
6. Strategies and Interventions
7. Conclusion

1. INTRODUCTION AND OBJECTIVES OF THE STRATEGY

The Ilembe District has as a visionary approach to development in all its aspects:

Vision 2027
To be a World Class African Destination,
with excellent services and quality of life for its
people

To this end the Municipality has commissioned and completed a range of studies and frameworks aimed at providing a base of information from which coherent and detailed planning may proceed. The aim of the current project, the District Spatial Economic Development Strategy, is to bring together information from the range of sources and sectors, analyse the economic base on which development depends and make recommendations as to the development trajectory most appropriate for the range of stakeholders and environments (human, social, natural and economic environments) with which Ilembe is blessed.

Ilembe's location on KZN's leading primary corridor for economic growth and development, the Ethekwini-Umhlathuze Corridor, presents particular advantages for the District. With the development of the Dube Tradeport aerotropolis on its' southern border, the advantages of its' already prime location are exponentially increased. Sustained investor interest are an indicator of the economic value and attractiveness of the Districts' location and potential.

The most prominent growth has been concentrated along the coastal areas of the District. The studies initiated by Ilembe District seek the vantage points whereby stakeholders can leverage the opportunities presented by the urban coastal areas, but further seek to stimulate growth and development opportunities in the rural hinterland, while responding to the challenges of the dispersed rural settlement patterns, the backlogs in infrastructure (water, electricity, roads, telecommunications, etc.), and the issues related to land tenure. The aim is towards the promotion of spatially balanced economic growth.

The district and local municipalities, who are charged with planning and budgeting for infrastructure, need a long-term strategy to guide future planning and infrastructure prioritization, so that economic growth, sustainable job creation and spatial equity is achieved. This strategy must of necessity make sustainable "economic growth" its primary focus, as without such growth and the jobs that growth delivers, the infrastructure investment of Government will not be sustainable, and levels of poverty and inequality will increase.

Principles which should underpin the Ilembe DSEDS

- Investment focus should be on areas of high need and potential;
- Development is to be channelled into activity corridors and nodes;
- The Strategy should support the need for social development of poor areas;
- The Strategy should emphasize the need to invest the District's strengths in order to address poverty and create employment.

This strategy, once formulated and adopted by the relevant leadership of the District stakeholders, will lead to the formulation of the Ilembe Regional Spatial Development Plan (RSDP). This Plan forms part of a package of plans that range from municipal wide strategic level plans to detailed local level plans and land use schemes at Local Municipal Level. The RSDP is intended to provide a clear direction for detailed integrated development plans and infrastructure delivery plans, and will guide the management of development and economic growth in the region.

A major part of the methodology that has been followed to determine this has been the “scenario approach”, where key people and leaders of a range of key stakeholders in Ilembe are asked to develop a joint vision of what they both hope and expect the spatial economy of the area to look like in 2030, and then to collectively identify the hurdles to getting to that vision, and what strategies would need to be followed to get there. The methodology of course does also draw on expert opinion in developing the scenarios and strategies, but the heart of it is what leaders of stakeholders believe should be the path to be chosen.

This document therefore presents a summary of what the scenarios suggest – both the “High Road” and the “Low Road” – what will Ilembe look like in 2030 if either of these roads are followed?The document then goes on to look at the types of strategies that would need to be pursued in order to achieve the “High Road” scenario – and ask leadership of the district to consider these and add to them.

This document must therefore be understood as an input into a collective process towards developing both strategy and master-plans which will guide the decision-making and actions of Government, Business and Civil Society in the years ahead.

National Government has this year formulated a *National Development Plan*, and the KwaZulu-Natal Government has formulated a *Provincial Growth and Development Plan (PGDP)*, both speaking to the 2030 vision for the country and the Province. Similarly the District of Ilembe needs to have a long-term strategy and plan for achieving its vision for growth and development by the year 2030.

The development of this strategy is critical to the more detailed planning that must happen as part of the 5-yearly formulation of Integrated Development Plans (IDPs) of the District and

Local Municipalities, which are assessed on an annual basis. The economic growth strategy which is presented here is a foundation on which to build more detailed spatial and sectoral plans of the District. The strategy is not a plan. It does not address very detailed land-use management plans. It does not address every specific human settlement area in the District, nor speak to every node which may either have or need economic stimulation or support. The strategy does not set out in detail what infrastructural projects need to be implemented in each part of the region. It does not described detailed investment plans at project or opportunity level that will need to be pursued. And of course it therefore does not address questions of how to resource the recommendations in the strategy. These more detailed issues and plans must still be addressed through the sectoral planning and processes of the municipalities in the course of developing and refining the suite of plans that go with the IDPs.

This strategy does however point to economic growth and job creation as the basis for and guide for the more detailed planning to follow. In particular the strategy looks to set out a forward-looking economic spatial framework which will guide the refinement of the District's Spatial Development Framework (SDF). The strategy will form the central reference point for the more detailed *Regional Development Plan* which is to be formulated during the course of 2012, and which will give more specific recommendations regarding issues of :

- Land-use management
- Specific corridors and nodes to be prioritised for development
- Human settlement management plans
- Infrastructure development plans
- Institutional framework and capacity needed to implement plans
- Projected financial resource requirements needed for implementation.

Consequently this strategy needs to be seen as the appropriate “starting point” for planning for the District and its family and local municipalities and stakeholders to achieve the 2030 vision. The recommendations presented through this strategy will need to be assessed and carried forward to all of the detailed planning processes of the District which are to follow.

2. METHODOLOGY

2.1 Scenario Planning Methodology

Scenario planning is a method for learning about the future by *understanding the nature and impact of the most uncertain and important driving forces affecting our world*. It is a group process which encourages knowledge exchange and development of mutual deeper understanding of central issues important to the future of your business. The goal is to craft a number of diverging stories by extrapolating uncertain and heavily influencing driving forces. The stories together with the work getting there has the dual purpose of increasing the knowledge of the operating environment and widen both the receiver's and participant's perception of possible future events.

The method is most widely used as a strategic management tool, but this and similar methods have been used for enabling other types of group discussion about a common future.

Scenario planning derives from the observation that, given the impossibility of knowing precisely how the future will play out, a good decision or strategy to adopt is one that plays out well across several possible futures. To find that "robust" strategy, scenarios are created in plural, such that each scenario diverges markedly from the others. These sets of scenarios are, essentially, specially constructed stories about the future, each one modeling a distinct, plausible world in which we might someday have to live and work.

Yet, the purpose of scenario planning is not to pinpoint future events but to highlight large-scale forces that push the future in different directions. It's about making these forces visible, so that if they do happen, the planner will at least recognize them. It's about helping make better decisions today.

Scenario planning begins by identifying the focal issue or decision that needs to be made. In our case, the question facing Government, Business and Civil Society leaders in the Ilembe area is *"What needs to be done in order to achieve equitable and sustainable job creating economic growth in our area over the next 20 years?"*. There are an infinite number of stories that we could tell about the future; our purpose is to tell those that matter, that lead to better decisions. So we begin the process by agreeing on the issue that we want to address.

Since scenarios are a way of understanding the dynamics shaping the future, we next attempt to identify the primary "driving forces" at work in the present. These fall roughly into four categories:

- Social dynamics - quantitative, demographic and political issues
- Economic issues - macroeconomic trends and forces shaping the economy as a whole
- Political issues – the tension between the "haves" and the "have-nots"

- Technological issues – how new innovations as well as threats (carbon footprint issues) will change our choices

The point of listing the driving forces is to look past the everyday crises that often drive our short-term planning and activity and to examine the long-term forces that will shape the future.

Once these forces are enumerated, we can see that some forces can be called "predetermined" - that they are completely outside our control and will play out in any story we tell about the future.

After we identify the predetermined elements from the list of driving forces, we should be left with a number of uncertainties. We then sort these to make sure they are critical uncertainties. A critical uncertainty is an uncertainty that is key to our focal issue. Our goals are twofold - we want to better understand all the uncertain forces and their relationships with each other. But at the same time, we want the few that we believe are both most important to the focal issue and most impossible to predict to float up to the surface.

From there we are able to flesh out the scenarios – describing through the group process, what the possible directions the driving forces may take and the likely implications of each direction. This allows us to set out the features of each scenario. We then, through an interactive process, estimate the probability of each of the scenarios becoming reality.

In our process, we decided to limit our scenarios to three :

- A High Road Scenario
- A Low Road Scenario
- A Middle Road Scenario.

We further decided during the process to give specific focus to the High Road Scenario as this scenario was ranked with a reasonably high probability for the District's future. Hence we have focused on fleshing out that one specific scenario, and to address strategies to help get us closer to that desired future.

2.2 Using “economic drivers” as key reference points

Most modern master-planning is based on the concept of determining and understanding what the key “economic drivers” of a region are.

This determining of economic drivers has been based on a thorough analysis of the existing economic make-up of Ilembe, in terms of both existing economic activity and the economic potential, and an analysis of existing and projected future trends in economic development of Ilembe's context – the Province of KwaZulu-Natal, South Africa, southern Africa and the world. The term “economic drivers” does not merely refer to the standard economic sectors as commonly understood, but also to the clustering of a range of sectors, sub-sectors or value-chain.

In the analysis to date, **five** key **economic drivers** have been identified:

1. Agriculture
2. Manufacturing
3. Information Technology
4. Tourism
5. City Building

The status quo analysis presented in this report, describes the nature and trends in each of these sectors, and lays the basis for us to assess how the most critical driving forces of our provincial, national and global economy will influence the development of the future scenarios for the Ilembe region.

2.3 The Strategy as part of a process

The process that was undertaken was highly interactive and drew on a wide range of key stakeholder and interest groups in Ilembe.

The main work of identifying the specific driving forces and uncertainties, and the task of formulating the possible scenarios was done by the key stakeholder reference group for the project, which was constituted by representatives from :

- Ilembe District Municipality
- Enterprise Ilembe (the District's economic development agency)
- The four local municipalities of Mandeni, Maphumulo, Ndwedwe and Kwadukuza
- Ethekwini Metro
- Uthungulu District Municipality
- The Provincial Government departments of :
 - Transport
 - Economic Development & Tourism
 - Cooperative Governance and Traditional Affairs
- The KZN Provincial Planning Commission.

The process involved two separate intensive planning workshops of these representatives. The first workshop identified the key driving forces relating to the future economic growth path of the region, as well as the uncertainties that are likely to affect that future. The second workshop then focused on the formulation of the likely scenarios and the strategies that would need to be employed to achieve the "High Road" scenario.

Once developed, these scenarios were then workshoped with :

- The political leadership of the District and Local municipalities, and
- The private sector leadership in the District (invited through the Ilembe Chamber of Commerce, Industry and Tourism).

In these workshops the proposed scenarios were tested with these leadership groups and the probabilities of the low road and high road were assessed. These leaders also then contributed to the set of ideas around the types of strategies that would be required to move towards the

achievement of the High Road scenario. These have all been consolidated into the recommendations presented in this report.

The details of the process that has been undertaken will not be explained further here, as the focus of the document is to present the outcomes of the process, namely, the strategies that the stakeholders of Ilembe will need to adopt and implement in order to achieve the high levels of economic growth, sustainable employment (which incorporates the concept of “decent work”), sustainable environmental balance, and greater equity (reversing the economic apartheid evident in the economy and in some of the spatial resource patterns evident in the District).

Hence the next section of this report moves straight into the description of the two scenarios which the stakeholder reference group considered most appropriate for this exercise, namely the “low road scenario”, and the “high road” scenario.

The report then focuses on the “high road” scenario, as all stakeholders concurred that this scenario had the highest probability of becoming reality given the anticipated impact of what will happen with the driving forces of the economy in the District.

3. STATUS QUO OF THE SPATIAL ECONOMY OF ILEMBE

This status quo analysis of the iLembe District economy forms part of the planning stages of the *iLembe District Spatial Economic Development Strategy*. The document provides key economic indicators such as production, employment and household expenditure, as well as giving an assessment of the major economic sectors within iLembe, in the hope that an overall understanding of the key issues in the economy can be gained.

This profile first discusses the spatial framework within which the economy functions and then leads into an analysis of production in the economy including framing iLembe within the province and breaking production down into sectors, industries and local municipalities. The report then discusses employment by industry and local municipality, as well as skill levels within iLembe before moving on to an overview of household income and expenditure. The key sectors are then discussed, including agriculture; manufacturing; tourism and ICT. A list of key economic projects in the pipeline is given and the report concludes with a summary and a table of key demographics.

The outline of the status quo section of the report is, therefore, as follows:

3.1 Overview

3.2 Spatial Environment

3.3 Economic Production and Investment

3.4 Employment and Skills

3.5 Household Income and Expenditure

3.6 Key Economic Sectors

- a. Agriculture
- b. Manufacturing
- c. Tourism
- d. ICT

3.7 Economic Projects in the Pipeline

3.8 Summary of Key Points

3.1 OVERVIEW

The iLembe District Municipality is situated on the east coast of South Africa, in the KwaZulu-Natal Province. iLembe is one of the 11 district municipalities of the KwaZulu-Natal province and is also the smallest District Municipality in the province, with a total population of approximately 563 000¹. The District Municipality covers approximately 3260 square kilometres and is divided into four local municipalities. The four municipalities are:

- Ndwedwe Local Municipality
- Mandeni Local Municipality
- KwaDukuza Local Municipality
- Maphumulo Local Municipality



iLembe is located between two of Africa's busiest ports, Durban and Richards Bay, and is therefore well positioned not only to local, but also international markets. Despite its strategic location, iLembe faces numerous economic challenges such as the high levels of poverty in the rural inland areas, which contrasts with rapid development along its coastal regions.

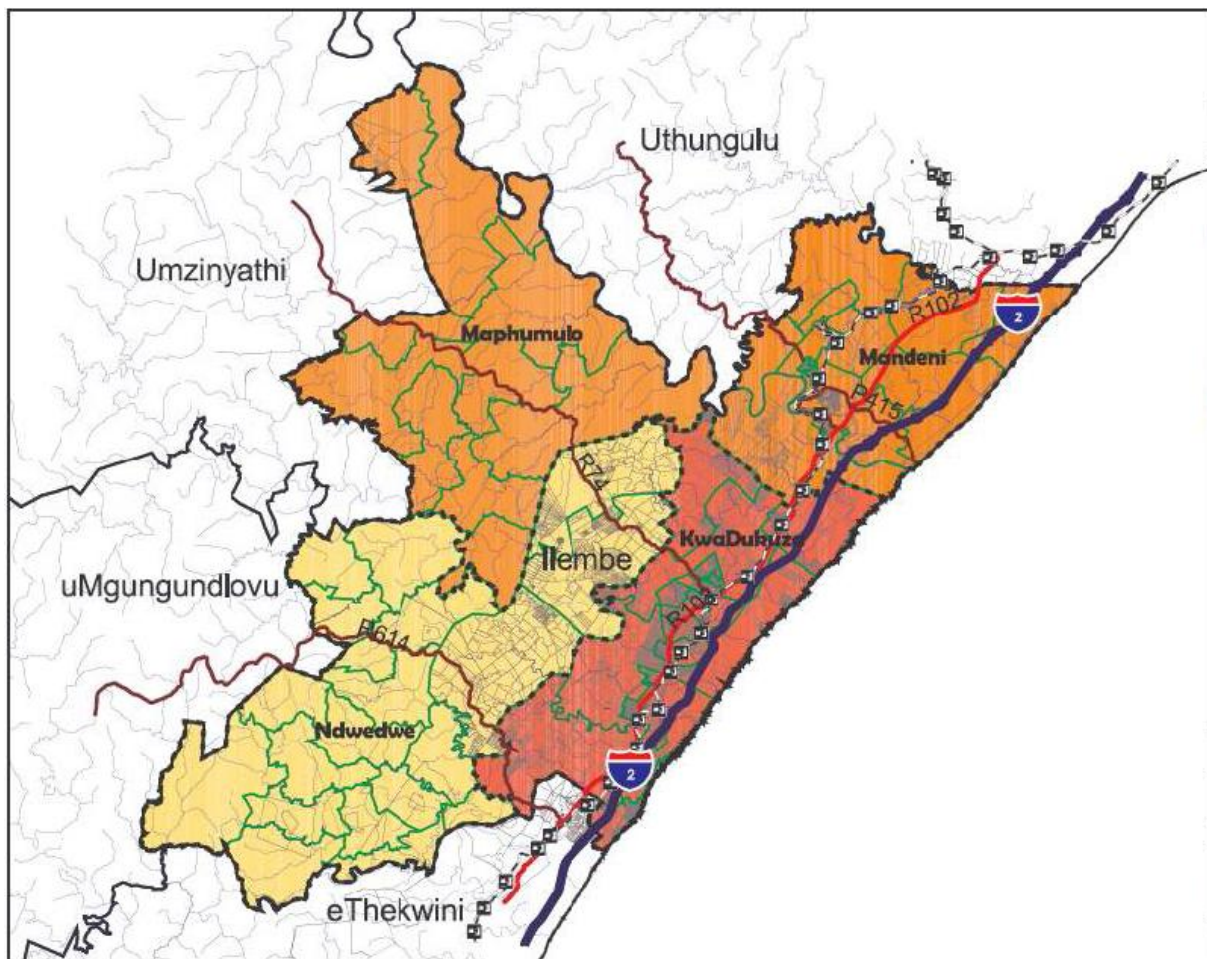
The main economic activities in the area include manufacturing, retail, trade and accommodation, and finance and business services. Agriculture accounts for a large amount of the land use and is predominantly sugar-cane related. GGP is growing on average annually at 3.1% while total

employment has been decreasing on average annually by 1.8% which can be explained by the fact that the major economic industries of manufacturing and agriculture are declining nationally. Tourism, commercial and property development is booming in the coastal and inland corridor regions. Development has been aided by the new King Shaka International Airport and Dube Trade Port.

¹ This figure is from Quantec regional data and differs to that in the IDP of iLembe. The IDP shows total population to be much higher at 805,239 people.

3.2 SPATIAL ENVIRONMENT

iLembe is situated on the Durban-Richards Bay corridor which is economically significant due to the fact that Durban and Richards Bay are home to the two busiest ports in South Africa. This corridor has been identified as a priority development corridor in KZN. Mandeni lies midway between the two ports (100km from each) and Ballito is just 45km from Durban. Due to this, KwaDukuza and Mandeni benefit from an excellent transport network made up of the N2, R102 and the railway line which runs between the two ports. Recently, the repositioning of the International Airport and Dube Tradeport just south of the iLembe border has added to the advantage of lying on this corridor. A new rapid rail has been proposed to carry people from the Airport north to KwaDukuza town, with stops along the way. Furthermore, an airfield has been proposed for Darnall. iLembe, therefore, can be accessed by national road, rail, sea and air which is very strategically advantageous.



Economic development has followed a distinct pattern. Residential estate and tourism development has occurred mainly along the coastal corridor; industrial, commercial and residential development has occurred along the inland corridor; and the rural hinterland of Maphumulo and Ndwedwe LMs is very underdeveloped. The rural hinterland is made up of Ingonyama Trust lands and therefore has a history of neglect. The R614 road, which runs through Ndwedwe provides a link to Wartburg, and the R74 which runs through Maphumulo provides a link to Kranskop. Currently the P711 is the connection to Maphumulo – which is under construction at this point. The urban nodes in iLembe

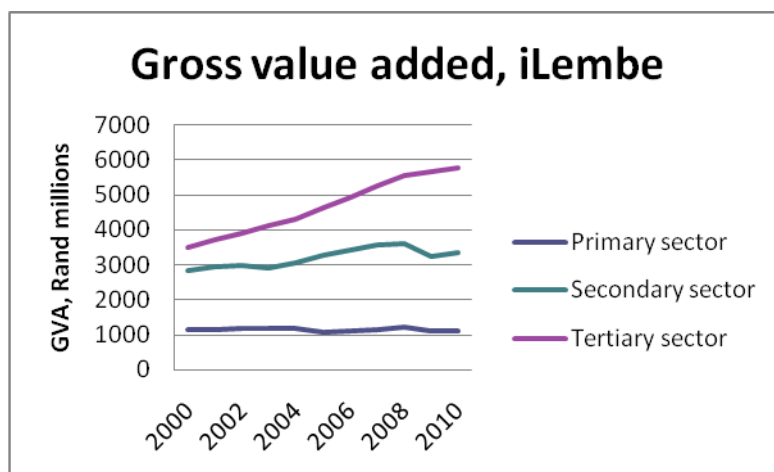
are: Greater Ballito, KwaDukuza Town, Mandeni with Isithebe, Nkwazi, Ndwedwe and Maphumulo. The rural hinterland consists of scattered rural settlements and subsistence farming only. Due to the urban-upgrade of Ndwedwe town and Maphumulo, services are becoming available in these towns but people in the hinterland still have to travel far to access services. Infrastructure in the hinterland is very poor. High levels of poverty and unemployment exist in these areas and migration into KwaDukuza, Durban and Pietermaritzburg results.

The table below shows the number of households in Greater Ballito and Greater KwaDukuza Town in 2010. This gives an understanding of the concentration of settlement in these two areas, and emphasises the significance of KwaDukuza town as an urban node.

Main Place	Number of Households
Greater Ballito ²	7 546
Greater KwaDukuza Town ³	25 229

3.3 ECONOMIC PRODUCTION AND INVESTMENT

In 2010 iLembe's GVA (an indicator of gross geographic produce) was R14451.36million. This



accounts for 3.8% of KZN's GGP (while iLembe is home to 6% of KZN's population). Over the last ten years GVA has been growing at an average annual rate of 3.1% which is average for the province (KZN has been growing at 3.7%). As the graph shows, the tertiary sector is responsible for most of iLembe's production and has been growing at a rate of 5.1%, the secondary has been growing

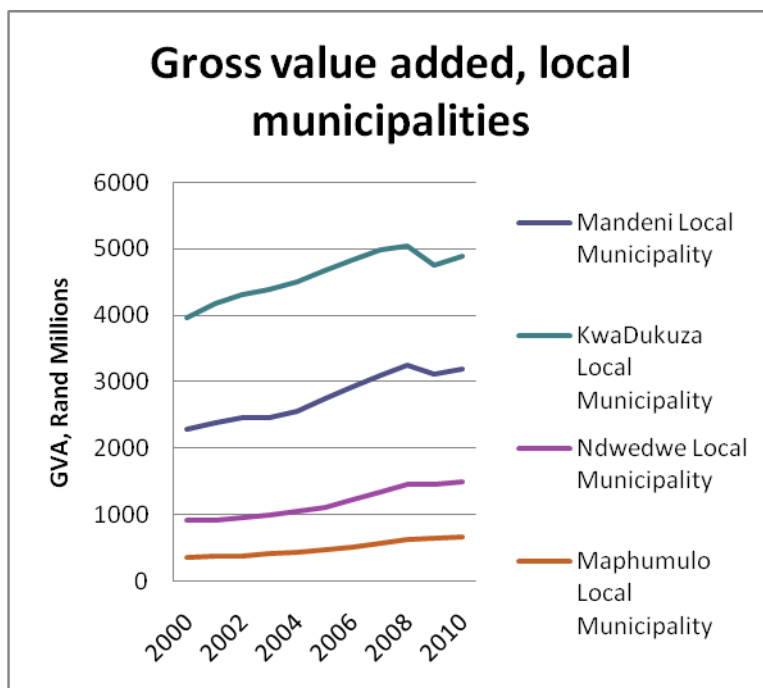
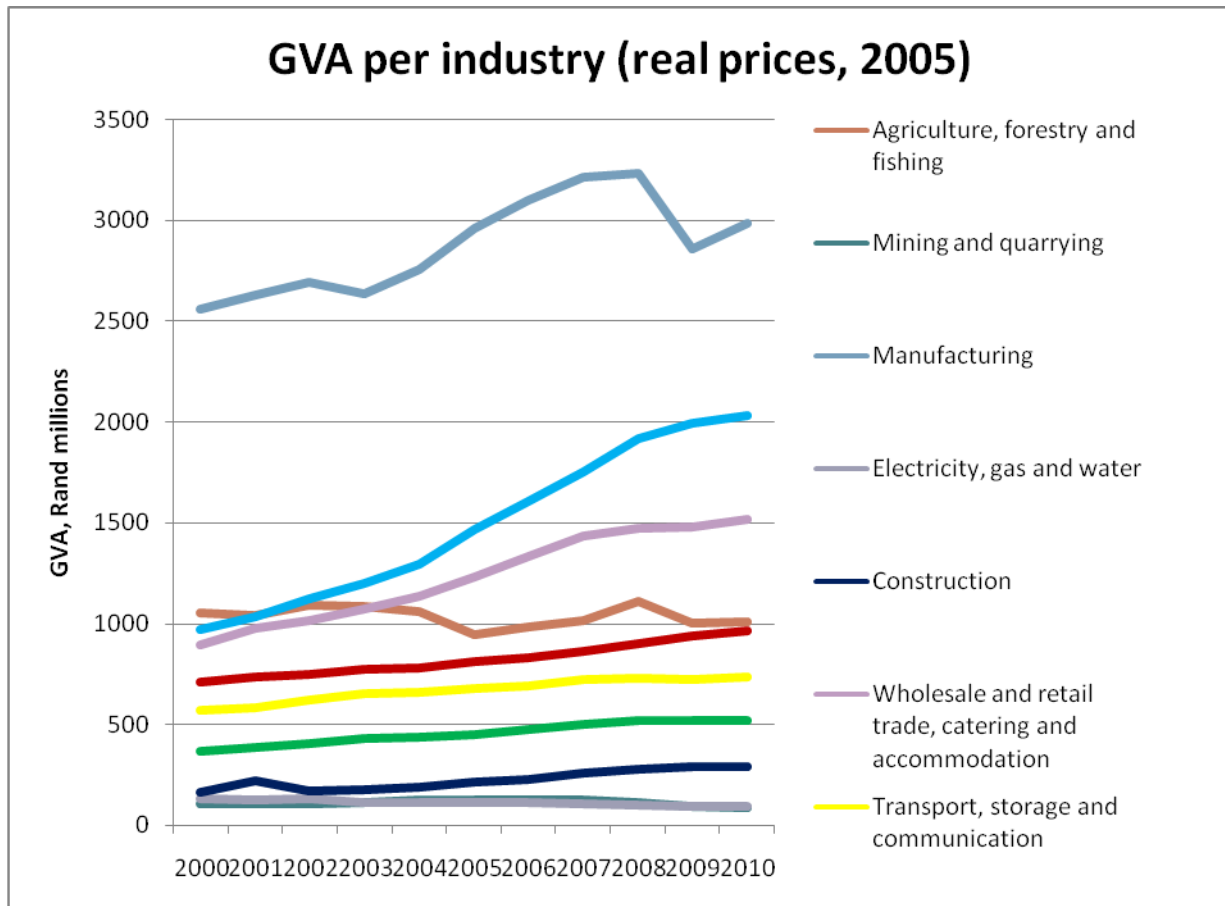
at 1.7% annually and the primary sector has been declining at 0.6% annually⁴. These growth rates are also average for the province where the tertiary sector has experienced relatively high growth and the primary sector has experienced negative growth. The industry that contributes the most to GVA in iLembe is the manufacturing industry. This is due to the presence of large paper and sugar processing plants as well as the quantity and success of the industrial parks in the area. The area attracts industry due to its close proximity to the ports of Durban and Richards Bay, as well as the N2 road network. Commerce such as retail and finance contribute the second largest amount to GVA,

² Greater Ballito includes Ballito Bay, Compensation Beach, Deepdale, Deepdene, Tugela, Willard's Beach, Blythedale Beach, Darnall, Salt Rock, Shaka's Rock, Shakaskraal, Tinley Manor beach, Zinkwazi Beach

³ GreaterKwaDukuza town includes Blowhard Estate, Chris Hani, Etete, Glen Hills, Ntabanengi, Shakaville, UCC informal, Groutville amongst other smaller areas

⁴ The primary sector includes mining and agriculture; the secondary sector includes manufacturing and industry; and the tertiary sector includes all services such as finance, trade, transport and government services.

and agriculture contributes the fourth highest amount to GVA (largely due to sugar cane farming). The graph below shows growth rates over the last 10 years for these and other industries in iLembe.



Two interesting trends are clear in this graph. Firstly, manufacturing experienced a large decline in production in the year 2008, but has achieved a positive growth rate since last year (2010). However, it still has not returned to the levels of production that were reached in 2007. This reflects the vulnerability of the manufacturing sector to global economic trends. The global economic downturn experienced in 2008 hit the manufacturing industry across the country worse than other sectors and continues to pose a threat to the industry. This threat is compounded by the

second noticeable trend which is that, while most other industries have been experiencing a positive growth rate, the agricultural sector has been declining at 0.46% on average annually. It should be noted that while these two industries have both experienced declines in production over the last ten years, they are still leading industries. That is to say that they are experiencing higher production and employment rates in comparison to these industries across South Africa.

The adjacent graph describes the spatial representation of the economy of iLembe. Majority of production is produced in KwaDukuza Local Municipality. KwaDukuza is the site of majority of the light industrial parks and has the highest population. Mandeni has the second highest production and is the site of the productive Isitebhe Industrial Estate. Mandeni is ideally situated to benefit from both the Richards Bay and Durban ports as it is half way between them. It is interesting to note that both KwaDukuza and Mandeni's GVAs dropped in 2008 in line with the drop in manufacturing that was indicated on the previous graph. This shows their reliance on the manufacturing sector for production. KwaDukuza and Mandeni sit on the coastal strip and lie on the development corridor on the N2 between the two ports. Due to the higher GVAs and rates of development, the employment rates and salaries are higher in these two LMs, therefore, the standard of living for most people in these municipalities is generally higher than that of Maphumulo and Ndwedwe, although, both LMs are not without their poor communities.

The poorest municipalities are Ndwedwe and Maphumulo. These form the rural or 'hinterland' segment of iLembe. Production and development in these LMs is much lower than the coastal LMs (as is indicated in the graph above). These LMs are also part of the Ingonyama Trust Lands and therefore have a history of economic neglect. Provision of electricity and other services is much lower here than in the coastal areas (over 50% of people here use candles as their main source of light), unemployment is very high and the standard of living in general is low. Ndwedwe has the second highest population in iLembe of 144,568 people and Maphumulo has the lowest population in iLembe of 114,143. The result of this obvious spatial economic divide is that migration and commuting into the richer municipalities, especially KwaDukuza, is frequent. Over the previous 10 years, Ndwedwe and Maphumulo have experienced a decline in population of just less than 1% a year while KwaDukuza has experienced a growth in population of 1% reflecting the economic pull of the coastal municipalities.

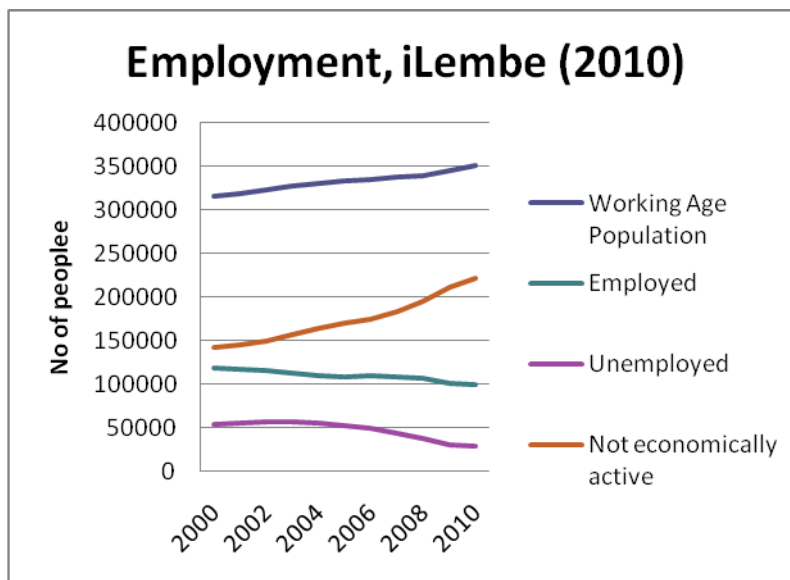
The table below shows that investment is mainly being directed into machinery and other equipment which is normal for an economy with a large agricultural and/or manufacturing sector. Investment into this category is decreasing, however, along with the agricultural and manufacturing industries and is being replaced by investment into building and construction works which, again, is not surprising when one considers the urban development occurring along the inland and coastal corridors as well as in the town of Ndwedwe.

Domestic Fixed Investment (%), 2010	KZN	iLembe	iLembe growth rate
Buildings and construction works	37.36%	32.57%	8.09%
Machinery and other equipment	40.79%	49.22%	-2.59%

Transport equipment	20.13%	16.64%	5.63%
Transfer costs	1.72%	1.58%	-5.27%

Domestic fixed investment in iLembe has been predominately channelled into the manufacturing, transport, storage and communications, as well as finance, insurance, real estate and business services sectors. However, within the local municipalities the situation varies according to the comparative advantages of that municipality. Seventeen per cent (17%) of investment within Mandeni was in the finance sector, 41% into manufacturing, while investment into transport and storage contributed just over 12%. Within KwaDukuza 11% of investment was into agriculture, 30% into manufacturing, 16% into transport and storage and 14% into finance.

3.4 EMPLOYMENT & SKILLS



The accompanying graph provides a snapshot of the iLembe employment situation. The majority of the working age population is not economically active (63%). While the number of people within the working age (16-65yrs old) is increasing by 1.1% on average annually, the labour force (employed plus unemployed) is decreasing by 3%. This suggests an increase in the number discouraged workers. The number of people

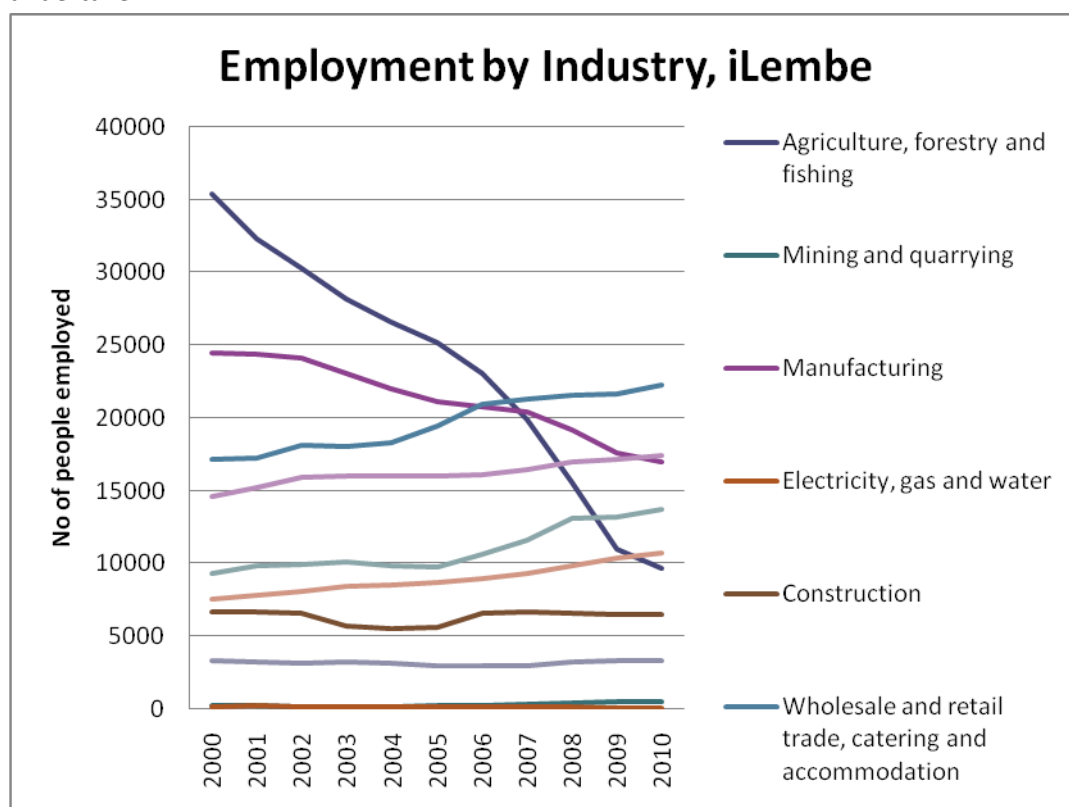
employed has been declining on average annually by 1.8% which is different to KZN which has been experiencing an increase of 0.9%.

The official unemployment rate in iLembe is 22.4%. This is average for the province and South Africa. KwaDukuza has the lowest unemployment rate of 16% and Ndwedwe has the highest employment rate of 30%. This is in line with the spatial economic spread of iLembe. The expanded employment rate includes all those that are not currently seeking work for any reason. They could be discouraged or choosing to stay at home. The expanded rate of unemployment is higher in iLembe than in KZN largely due to very high unemployment figures for Ndwedwe and Maphumulo (over 80%). This confirms the data in the graph above which indicated the high proportion of people who are not economically active. This is largely due to the lack of employment opportunities outside of urban nodes (predominantly on the Ingonyama Trust Lands).

	KwaZu lu- Natal	iLembe District Municipality	Mandeni Local Municipality	KwaDukuza Local Municipality	Ndwedwe Local Municipality	Maphumulo Local Municipality

Unemployment Rate (Official)	22.3%	22.4%	27.5%	16.1%	30.3%	21.5%
Unemployment Rate (Expanded)	67.6%	71.5%	67.6%	59.2%	80.6%	87.9%

The graph below shows employment by industry in iLembe. Employment trends are similar to GGP/production trends with employment loss being experienced in the agricultural sector (12%) and the manufacturing sector (3.6%). The highest growth in employment has been in the business services sector and the government sector; and the highest employment is in the trade, catering and accommodation industry. A shift-share employment analysis shows that manufacturing and agricultural losses in employment were completely due to external factors and that without poor conditions in South Africa and in these two industries, iLembe would have experienced an increase in employment. It is a potential problem that iLembe's two previously largest employers are the two industries that have been experiencing a decline nationally. This is the reason for iLembe's decline in employment being higher than that of KZN. Measures to balance the decline of these two industries need to be undertaken.



The majority of people in Maphumulo are employed in the government services sector whereas the majority of Ndwedwe's people are employed in agriculture and trade. Ndwedwe will, therefore, be negatively affected by the national decline in employment in the agricultural sector. The majority of people in Mandeni are employed in the manufacturing and trade industries, while KwaDukuza experiences a healthy diversification of employment across all industries.

Eleven per cent (11%) of the formally employed in iLembe are highly skilled, with 13% of those formally employed in Mandeni being highly-skilled. Mandeni is also the only local municipality with more skilled than unskilled people employed. This is predominately due to the industrial

development within the Isithebe Industrial Estate which attracts a greater number of higher-skilled workers to the area. Just over 40% of the formally employed district population are skilled persons, with this contribution being a little less in KwaDukuza and Ndwedwe due to more semi-skilled and unskilled employees. Just less than 50% of those employed in iLembe are semi or unskilled workers. These percentages are standard for the province.

Percentage of people age 25+ with the following level of schooling	iLembe	KZN
No Schooling	22%	18%
Grade 12	12%	19%
Tertiary	5%	7%

As the table shows, 22% of all people in iLembe above the age of 25 years have no schooling. This is 3% higher than the rest of KZN. Only 12% have matric and 5% have some form of tertiary education. These percentages are both lower than the average for KZN.

Skills shortages are weakness in the district. Industrial and commercial development depends on the ability of these developments to attract highly skilled labour to the area in order to compete with eThekweni and Pietermaritzburg which both have a high concentration of skilled workers. Fortunately, the north coast provides a good quality of life and this is often cited as the reason for setting up business and choosing to work in the area. This is particularly true of the greater Ballito area. The ability to attract highly skilled workers to this area due to the quality of life provides an opportunity for skills rich development although it should be noted that these skills would have to be imported as they do not exist in iLembe naturally.

3.5 HOUSEHOLD EXPENDITURE

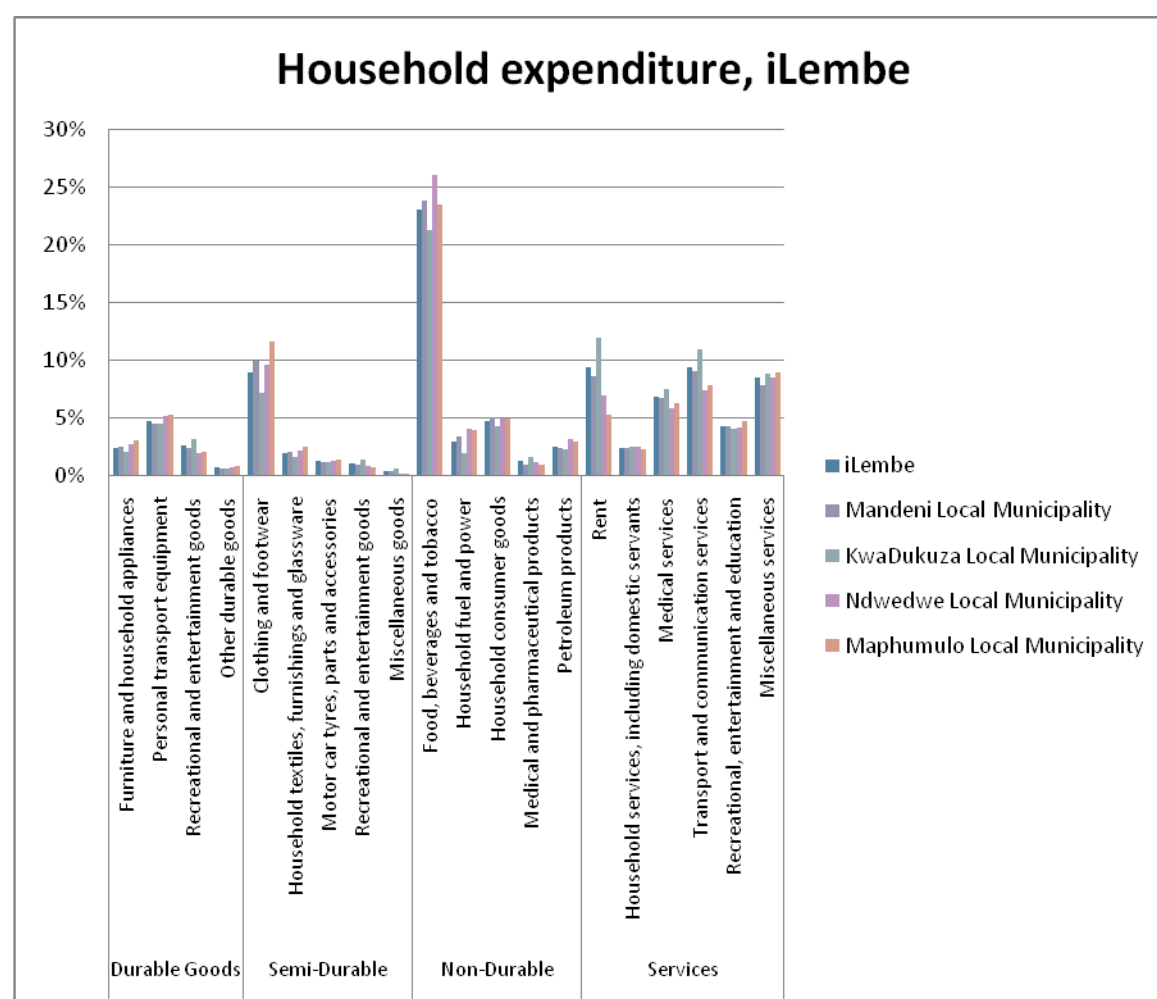
Household income and expenditure for iLembe (Rand Millions)	
Total Household Income	11,600
Remuneration	7,861
Unearned Income	3,739.8
Total Household Expenditure	10,720

Average annual income per household for iLembe is R112,034 (R9,336 per month) which is lower than the province which has an average annual income of R156,251 per year (R13,020 per month). Total household income for 2010 in iLembe was estimated at R11,600 million, of which 92% was used as

household expenditure. Of total income, remuneration accounted for 68% and whole unearned income accounted for 32% of total income which suggests that a third of households in the district are surviving on government grants and remittance. Mandeni and KwaDukuza accounted for 72% of total household income in the district which again shows the spatial economic dynamics of the district. Total expenditure in KwaDukuza exceeds total income, indicating that people are spending on credit. Maphumulo has the highest proportion of unearned income (41% of total household income) which indicates that a relatively large portion of households received grants in Maphumulo.

The table below gives a breakdown of expenditure in the district. The highest expenditure categories are non-durable goods (mostly food), and services (transport, rent and schooling etc). Maphumulo and Ndwedwe (the poorer households) are the only local municipalities who spend more on non-durable goods than services. This is because most services are free and they do not require transport often as a large amount of people do not have jobs. Households in iLembe spend 24% of their income on non-durable food products, 20% on rent and transport, and 8% on clothing

and footwear. Households in iLembe spend the least on semi-durable goods relating to houses, vehicles and entertainment, as well as medical and pharmaceutical products.



3.6 ANALYSIS OF THE ECONOMIC SECTORS

Each of the economic sectors – Agriculture, Manufacturing, Tourism and ICT – have unique market trends and needs. However, they share a concentration in either KwaDukuza and/or Mandeni Districts. The low road scenario describes a situation where a lack of connectivity between coastal economic development and the hinterland leads to deepened poverty and service protests in these areas and ultimately to political and leadership instability. Each of the sectors provides opportunities to grow east-west linkages. The agricultural sector provides opportunities through reinventing the way agriculture is carried out in the province and moving toward intensifying and diversifying agricultural products. Manufacturing opportunities exist along P-roads to accommodate demand for land, and through value adding based on the reconstructed agricultural industry. Tourism creates east-west linkages through route development, tour guiding and adventure tourism. Through the broadband project, ICT hubs can now be built in rural areas to provide information and training, perhaps the most important means of connectivity.

Many of these linkages require coastal economic development, however. Coastal tourism is necessary to attract more tourists to the area who will take up day trips or overnight trips into the hinterland. Growth in industry is required to maintain current demand trends so that inland areas will be utilised. Information and training gained from ICT hubs will not be helpful if growth in ICT businesses and clustering is stagnant and therefore no opportunities for SMMEs are created. It is therefore important that current market trends are supported so that development in coastal areas of KwaDukuza and Mandeni continues. Through striking a balance in market regulations, providing strategic infrastructure, and strong leadership, these markets will be better armed to protect themselves against national and global threats.

a) Agriculture

iLembe's agricultural sector currently revolves around the production of sugar cane which takes place on the flatter eastern land. Supporting agricultural activities include forestry, fruit and vegetable farming, tunnel farming and fresh cut flowers. Over the last 10 years employment in agriculture has reduced dramatically. Gross value has also reduced although it remains the 4th largest contributor to GGP. This is in line with the state of the industry nationally due to new labour laws, crime, emigration, and input costs, amongst other reasons.

As mentioned previously, agriculture is a leading industry in iLembe as it has experienced less of a decline than other areas of South Africa. However, recent information suggests a decline in the sugar cane industry which is a major threat to this. The table below from the South African Sugar Association shows that the most recent season has experienced the lowest production of crushed sugar cane and saleable sugar in 13 years. Remarkably, the amount of sugar exported has reduced by 70%+ over this time in order to cater for the growing local consumption market. More worrying is the fact that input costs have increased over this time which means that profit for sugar cane growers and sugar manufacturers has reduced dramatically. Producers in other areas of Southern Africa and the world receive a far higher return on investment than in South Africa due to political, labour and climatic conditions. Countries closer to the equator are simply better suited to sugar production.

TOTAL CANE/SUGAR PRODUCTION: 1997/1998 TO 2010/2011				
Season	Cane crushed	Saleable sugar produced		
		National Market	International Market	Total
1997/1998	22 154 775	1 310 352	1 093 278	2 403 630
1998/1999	22 930 324	1 285 001	1 353 155	2 638 156
1999/2000	21 223 098	1 194 763	1 329 897	2 524 660
2000/2001	23 876 162	1 231 442	1 490 120	2 721 562
2001/2002	21 156 537	1 239 651	1 163 592	2 403 243
2002/2003	23 012 554	1 278 720	1 475 899	2 754 619
2003/2004	20 418 933	1 356 400	1 055 631	2 412 031
2004/2005	19 094 760	1 210 416	1 016 453	2 226 869
2005/2006	21 052 266	1 261 808	1 238 696	2 500 504
2006/2007	20 278 603	1 340 524	886 329	2 226 853
2007/2008	19 723 916	1 399 657	873 842	2 273 499
2008/2009	19 255 404	1 438 587	821 657	2 260 244
2009/2010	18 655 089	1 412 273	766 177	2 178 450
2010/2011	16 015 649	1 583 457	325 779	1 909 236

While the current rate of sugar production and profitability is detracting from the viability of the mills in iLembe and the province, mill operators are looking to alternative uses for the cane in order to increase the viability of the mills. These include animal feed, electricity production and ethanol production. TongaatHulett has two mills operating within iLembe – Darnall and Amatikulu. A large proportion of the land in iLembe under sugarcane supplies these mills and those nearby. TongaatHulett is already undertaking co-

generation using bagasse (sugarcane by-product) to cogenerate electricity and steam. They are now driving an initiative to increase renewable, zero carbon energy electricity cogeneration three to five times more at their mills. Renewable electricity produced will be used by the mills in the production of sugar, as well as for export under a renewable cogeneration procurement program. In the medium to long term, mills will also look to producing ethanol which is produced from export sugar. Not only is this environmentally friendly, but it ensures the continued viability of sugarcane growing and expansion in iLembe, thereby securing current jobs and businesses, and providing opportunity for further agricultural job creation. The renewable energy initiatives will require sugarcane supply to double and will bring meaningful benefits to existing growers as well as the development in new areas in sugarcane in the rural areas of iLembe.

The shrinkage of the sugar cane industry also makes diversification of agricultural products more important. iLembe must move away from its reliance on the sugar cane industry and reconstruct the agricultural sector. Intensive products such as fruit, vegetables and flowers as mentioned above are being encouraged and supported by organisations such as Enterprise iLembe⁵. Other potential crops include grapes, pineapples and palms. The palm nuts can be used in the processing of bio-diesel. The high value fishery sector has potential for the establishment of fish farms. Hydroponic greenhouses are being erected with co-operative management for vegetable growth, following the example of greenhouses that are already functioning as part of the Dube Trade Port. This sort of intensive agriculture is being promoted across the province but particularly in iLembe due to its proximity to the new Dube Trade Port. The trade port caters specifically for time sensitive export items. The existence of this facility provides an excellent opportunity for intensive perishable crop production. A constant challenge for all agricultural production in iLembe is the management of water supply. Majority of the north coast area is rain fed and therefore few dams and irrigation facilities exist.

Further agricultural opportunities exist on the Ingonyama Trust land which is uncultivated and largely unproductive at present. This land is not suitable for extensive agriculture due to poor soil and topography but agricultural projects such as the intensive farming initiatives and hydroponics already mentioned, as well as community gardens or potentially piggeries and poultry farms, can be encouraged in these areas. Strategic infrastructure is vital in these cases. Rural areas require irrigation infrastructure as well as ease of access to the strategically important Dube Tradeport and economic centres such as KwaDukuza and Durban. Special emphasis should be placed on value adding. Once fresh produce is produced, there will be opportunities for manufacturers. Entrepreneurial training, access to market information and regulation that makes it easier to enter the industry will be essential if these opportunities are going to be taken up.

Rural horse trotting is also something to be investigated as it is currently being promoted across the country and in KZN. A racetrack specifically for horse trotting and the promotion of rural horse racing has been proposed for the Ballito area.

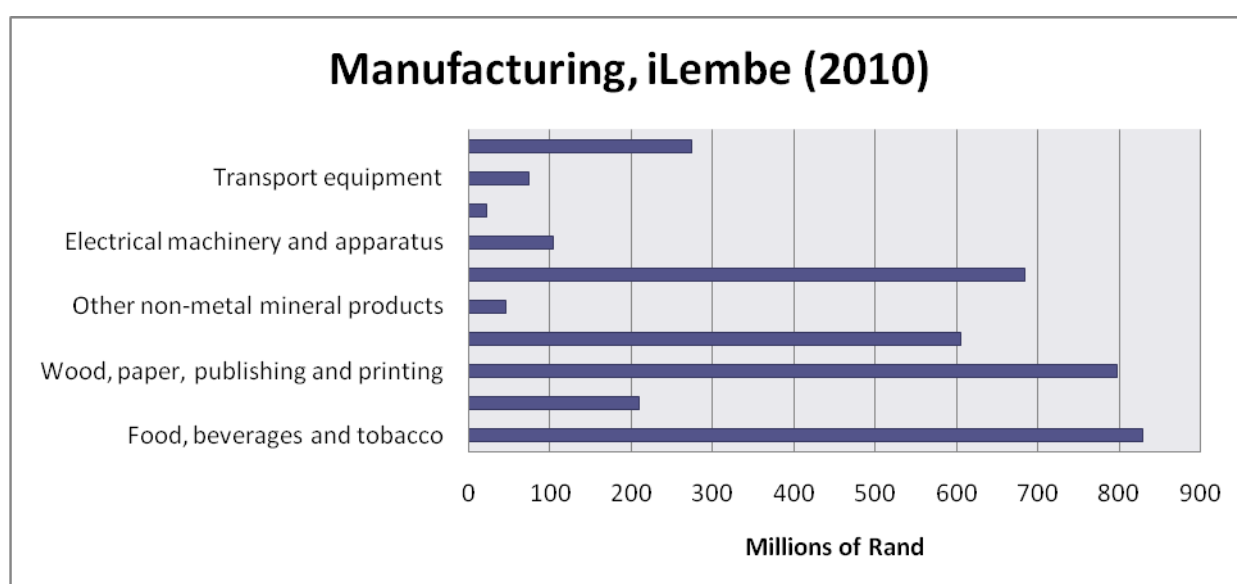
⁵Enterprise iLembe is the economic development agency for the iLembe District Municipality responsible for Trade & Investment Promotions and Local Economic Development in the region. The vision of EI is to make the iLembe District an investment destination of choice.

Through re-inventing the agricultural industry iLembe will benefit from continued growth in production and employment. Through investing in inventive ways to utilise rural assets such as land and labour, iLembe will be able to spread the benefits of this growth spatially, and add to it. Through guided, strategic market interventions that are not based on push-factors but rather planned in due course, SMMEs will be empowered to take up opportunities created through value-adding.

b) Manufacturing

Manufacturing is the highest contributing industry to the GGP of iLembe and the third highest employer, although employment in this sector has been decreasing over the last 10 years. The district is ideally placed on the Durban-Richards Bay corridor to benefit from manufacturing. Like agriculture, this sector is a leading industry (doing better than the rest of the country with regard to employment) but is also under threat due to national and international market conditions.

The table below shows the contribution to GGP of each category of goods that are manufactured in iLembe. The highest value category within manufacturing is 'food, beverages and tobacco', followed by 'wood and paper'; 'metals and machinery'; and 'petroleum products, chemicals, rubber and plastics'. This is not surprising given the volume of sugar and paper products produced in the area. Maphumulo and Ndwedwe are only responsible for 12% of this manufacturing whereas KwaDukuza produces 48% and Mandeni 40% of all manufacturing in the district. 70% of all textiles are manufactured in Mandeni while 67% of food products are manufactured in KwaDukuza. Other products are evenly split between the two.



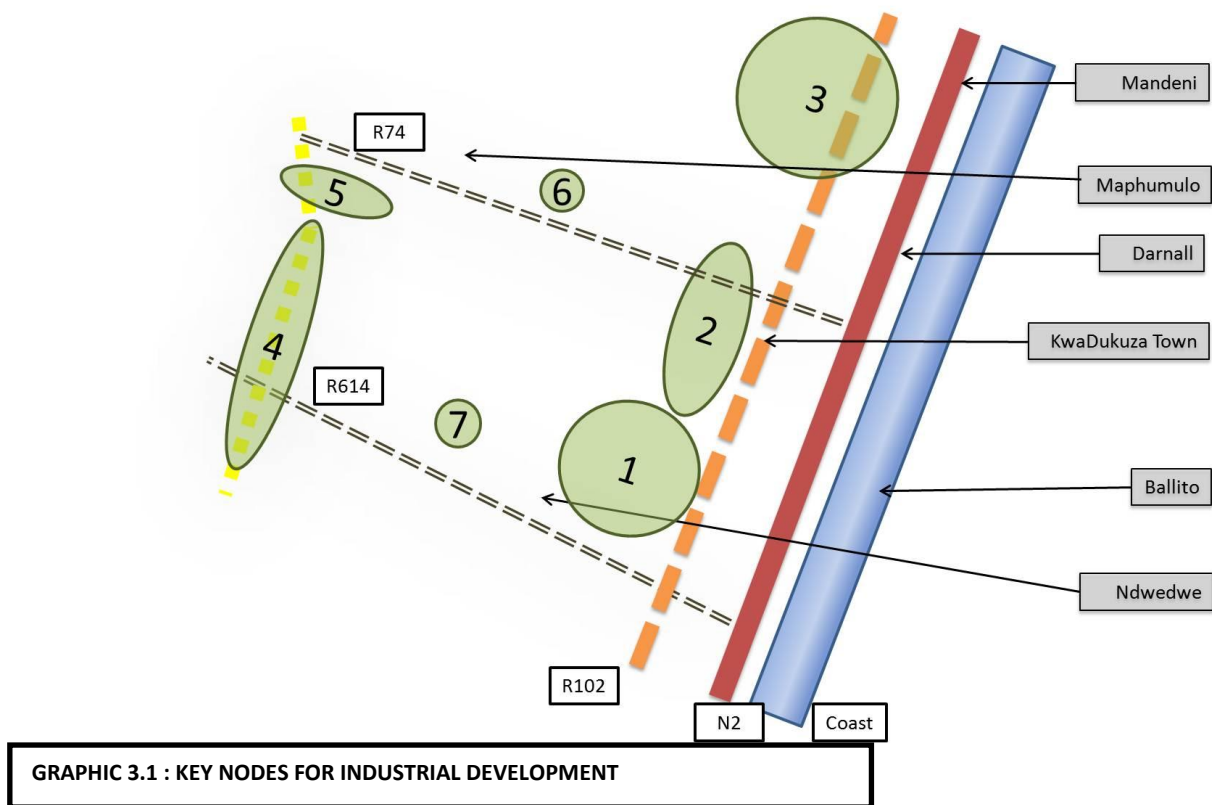
Source: Quantec Standardised Regional Data, 2010

The strategic importance of creating industrial clusters has been emphasised across South Africa, therefore, specific areas have been identified for industry placement in iLembe. The compensation/ Ballito area north of the new King Shaka International Airport has been identified as a likely economic opportunity zone, especially for light industry, due to its proximity to the Dube Tradeport

and Durban. KwaDukuza town surrounds has been identified as a site for medium sized industry. Mandeni has been proposed as a development area for heavy industry. It is also the site of the Isithebe Industrial Estate, which continues to be an effective manufacturing hub, offering cost-effective production space to prospective investors. The Sappi Paper Mill is the largest single manufacturer in Mandeni.

All three sites are within KwaDukuza and Mandeni and, in the short term, it will remain a challenge to spread manufacturing into rural areas given the clustering, infrastructural requirements, and proximity to the ports. However, in 2030, based on current demand projections, the District will experience a shortage in the supply of land for industrial development, forcing outlying areas to become industrial sites in order to keep up with demand for land. At this time, further strategic choices will need to be made to provide access to land for industrial development. Constraints to development such as inadequate infrastructure (bulk services, especially electricity, and transport networks) need to be overcome in order to facilitate development within the District.

The following figure describes areas of strategic importance and future growth, and provides a summary of what has been discussed.



Node 1: small to medium; high value and time-sensitive goods mainly for export markets, such as electronics, agri-products and horticultural products, benefits from proximity to Dube Tradeport, Durban and KSIA;

Node 2: medium to large; wood and paper products; food and beverage products; textiles and clothing products; furniture and bed products; transport equipment, benefits from KwaDukuza being the most important economic node – good infrastructure and logistics;

Node 3: large; wood and paper products; food and beverage products; textiles and clothing products; furniture and bed products; transport equipment, benefits from surrounding large factories and proximity to Richards Bay Port;

Node 4 and 5: small; small scale production of food and beverage products, clothing products, wood and furniture products are likely to occur within these nodes, outlying areas on steep land with little market demand, developmental interventions required;

Node 6 and 7: developments with specialised requirements either small or large in size, land within these nodes may serve as reserve land supply to meet demand that cannot be met within nodes 1 – 3, will benefit from close proximity to P roads which are earmarked as developmental corridors.

Diversification is not limited to the agricultural sector, innovative projects catering to future growth markets are necessary to expand the manufacturing industry which is vulnerable to global market conditions, and national policy. A Bio Diesel Refinery is currently being established in Mandeni which aims to deliver vehicle grade diesel from used oil (initially) and ultimately from Moringa seed. Capacity building of emerging farmers will be undertaken for the establishment of district wide Moringa nurseries and plantations to provide feedstock to the biodiesel plant. The project is a contribution to the development of the renewable energy technology industry as it will be SA's first registered and fully compliant Biodiesel Project, setting the bench mark for SA's emerging biofuels sector. The project will benefit communities across iLembe through job creation at the plant and nurseries and skills development. Projects such as this which rely on input products from within iLembe, but produce products for sale outside of the province or even the country are essential for expansion.

c) Tourism

The tourism sector is consistently growing and offers cultural, heritage, beach and nature based tourism. iLembe provides links to many other tourism areas in KZN such as the midlands, elephant coast and Zululand. Tourism in the area now has the advantage of King Shaka International Airport with thousands of tourists arriving on the North Coast every day. iLembe benefits from a beautiful coast line, warm ocean and sub-tropical climate. Promotion of the Dolphin Coast as a tourist destination has been successful, especially amongst domestic tourists. Young up and coming domestic tourists prefer the high end tourist options offered by the dolphin coast. These include Zimbali Lodge and Salt Rock Hotel. Coastal residential estates and resort developments are still being sold and built despite the slow-down in property development during the 2008 global economic downturn.

Developments are still limited to KwaDukuza but are slowly moving northwards with planned developments such as the Blythdale Coastal Resort and Nonoti Mass Beach Resort leading the way. A multibillion-rand health and wellness centre/step-down facility is due to start development north

of the Tugela River in Mandeni Local Municipality in February 2012. The centre will include medical facilities in a resort setting, including a hotel and villas. As well as a hotel, there will also be a residential complex, schools, restaurants, shopping complexes and a wedding chapel. Approximately 500 jobs are expected to be created in the construction phase and 1 000 permanent jobs thereafter.

Coastal tourism is evolving to meet specific markets. 3 star developments are being integrated with 5 star options. Developments such as the Simbithi Eco-Estate and Nonoti Mass Beach Resort both emphasise the importance of creating developments that aren't in contrast to the environment and maintain a feeling of privacy. The Tugela Mouth development will compete globally with medical tourism destinations. Sporting tourism is also promoted in iLembe – the Mr. Price Pro Surfing Competition has found its home in Ballito, and, more importantly, iLembe houses several world class golf courses including the Umhlali Golf Resort, Fairmont Zimbali Resort, and the Prince's Grant Golf Estate. These developments all appeal to and draw in different market segments; thereby they don't all compete and saturate the market.

The booming coastal tourism industry stands in contrast to tourism in the rural hinterland. It is important that east-west linkages are created in order to attract tourists from the coast to the inland areas. iLembe offers heritage sites such as the burial place of King Shaka, the Ultimatum Tree and the battle between Princes Cetshwayo and Mbuyazi which is located on the banks of the Tugela River and forms part of the King Shaka Heritage Route. This route needs to be expanded inland in order to create opportunities for SMMEs with regard to accommodation, arts and crafts retail and food outlets. Development of the King Shaka route should link in with other cultural routes such as the Bambata Heritage Route in Ndwedwe. Other tourist attractions that need to be marketed along these routes include the Shembe pilgrimage, Impi meeting sites, Kwaloshe Forrest and KwaShuShu hot springs.

Opportunities exist for off-road adventure tourism such as 4x4, motorbike, and hiking trails. Tours of traditional farming practices and lifestyles could also be given. Tour guides need to be trained up to take guests on walking trails, rural tours, and to each of the attractions mentioned above. Tourism Information Centres should be strategically placed at the entrance to Ndwedwe and Maphumulo with map stations scattered throughout the municipalities. Tourists who come to the beach, should be made aware of these alternative day trip options. Infrastructure conducive to the development of tourism in the rural hinterland is essential. A north – south inland corridor needs to be built to connect off-road adventure tourism options in the North with similar attractions in the South.

Tourism is undoubtedly strongest along the coast where market forces are working to the benefit of the district. Development is slowly moving northwards along the coastal spine, with eco-friendly, sporting, medical, 3-star, and 5-star clusters being built to complement each other. Entrepreneurial training and access to information should be boosted so that SMMEs can form to meet the specific needs of these clusters. Public intervention is required to attract tourists into the hinterland. This can be done through route development. The King Shaka Heritage Route should connect up with other attractions further inland. Adventure tourism routes should be created with trained tour guides. Information centres should be linked so that tourists are properly informed at all times. A north-south inland road will aid connectivity.

d) Information and Communication Technology

The SEACOM submarine telecoms cable systems connecting South Africa to the rest of Africa has two landing points – Mtunzini in iLembe, and the Western Cape. This technology gives iLembe access to high speed internet and makes distribution viable. Already ICT businesses are locating themselves in the Ballito area. This cabling allows for Ballito and the North Coast to become an information technology hub. Other high end techno businesses will tend to cluster in this area. Ballito and surrounds, if planned for, has the potential to become a research and development hub, with emphasis on ICT. The proximity of Ballito to KSIA is especially important in this trend as business men can now move efficiently between the North Coast and other major centres, particularly JHB. The implementation of the Gautrain means that business men from the North Coast can arrive in Sandton City within an hour and a half. Already, the services sector, in particular the business support services, is the fastest growing and highest contributor to GGP. Ballito needs to market itself as the ICT and/or R&D destination of choice in order to take advantage of its growing services sector, and manufacturing resources.

The telecoms cable system is not only important for ICT business in the big coastal towns, but it holds great potential for the rural areas too. Enterprise iLembe have launched a broadband project which uses access to the undersea fibre optic cabling to provide fast internet to inland areas within Maphumulo and Ndwedwe. This creates the opportunity to build ICT hubs in rural areas, which gives students access to the internet, provides IT training opportunities and is a useful job search tool. The ICT hub will provide access to information which is invaluable to these communities that are currently very disconnected. The district is also using broadband in schools to broadcast lessons in classrooms by connecting a computer to a projector. Providing this link to rural communities could serve to avoid the low road scenario where a lack of connectivity leads to rural areas becoming poorer, regardless of development in the major coastal nodes.

Through strategic marketing and clustering, the North Coast has the potential to become an ICT mecca. Emphasis should be placed on attracting research and development, and high end technology businesses to business parks which will be the first choice to businesses due to their strategic clustering, proximity to KSIA, high speed fibre optic cabling, and access to a coastal lifestyle. Further public intervention is required to take advantage of broadband in the hinterland. ICT hubs will provide valuable information to rural communities, as long as it is made accessible to the masses through training initiatives. East-west connectivity will aid development of the high road scenario.

3.7 ECONOMIC PROJECTS IN THE PIPELINE

There are currently numerous projects at the initial stages of planning and implementation in iLembe. The following list includes some of the economic projects that are currently being considered:

a) Transport Infrastructure:

- Rapid Rail between King Shaka International Airport and KwaDukuza Town.

- Airfield in Darnall
- b) Urban Development:
- National Treasury funded urban regeneration of Ndwedwe town including a civic centre, sports facilities and other infrastructural upgrades (sewerage system, water, electricity, and streetlights)
 - Greenlands Development (extension of Greater Ballito business node), including an ICC, and a racetrack intended for the development of rural horse racing.
- c) Agriculture:
- Intensive agriculture such as fruit, vegetable and cut flower production.
 - iLembe Agri-processing Hubs (Hydroponic greenhouses mainly for vegetable growth)
 - Fish farming
 - iLembe Agricultural Farms project (converting subsistence farms into 6 commercial farms)
 - Vineyards with the intention of producing wine, brandy, juice and grapes
- d) Tourism:
- King Shaka Heritage Route
 - KwaLoshe Forrest
 - KwaShuShu Hot Spring
 - Establishment of beach facilities at Tugela Mouth
 - King Shaka Statue and cultural museum
 - Blythdale Coastal Resort
 - Nonoti Mass Beach Resort
 - Health and Wellness Medical Centre, Tugela River Mouth
- e) Other:
- Commercialisation of lime mining in Ndwedwe
 - Bio-diesel Processing Facility and Moringa Tree Planting Project
 - Promotion of rural horse racing/ trotting
 - Broadband projects based on SEACOM submarine telecoms

3.8 SUMMARY OF KEY POINTS OF THE STATUS QUO ANALYSIS

- iLembe is situated on the Durban-Richards Bay corridor which is economically significant.
- Economic development has followed a distinct pattern. Residential and tourism development has occurred mainly along the coastal corridor; industrial, commercial and residential development has occurred along the inland corridor; and the rural hinterland of Maphumulo and Ndwedwe LMs is very underdeveloped.
- Over the last ten years GVA has been growing at an average annual rate of 3.1% which is average for the province.
- The number of people employed has been declining on average annually by 1.8% which is different to KZN which has been experiencing an increase of 0.9%. The official unemployment rate in iLembe is 22.4%. This is average for the province and South Africa.
- Total household income for 2010 in iLembe was estimated at R11,600 million, of which 92% was used as household expenditure. Of total income, remuneration accounted for 68% and whole unearned income accounted for 32% of total income which suggests that a third of households in the district are surviving on government grants and remittance.
- iLembe's agricultural sector revolves around the production of sugar cane which takes place on the flatter eastern land. Supporting agricultural activities include forestry, fruit and vegetable farming, tunnel farming and fresh cut flowers. Over the last 10 years employment in agriculture has reduced by 12% on average per year and production has decreased by 0.5% annually.
- The industry that contributes the most to GVA in iLembe is the manufacturing industry. The highest value category within manufacturing is food, followed by wood and paper. This is not surprising given the large sugar and paper mills in the area. KwaDukuza produces 48% and Mandeni 40% of all manufacturing in the district.
- The majority of the services/commerce activity is located in the greater Ballito and KwaDukuza town areas. The services sector contributes the most to GGP and is steadily growing. The finance and business services sector contributes the second highest to GGP and the retail and trade sector employs the most people in iLembe.
- The tourism sector is consistently growing and offers cultural, heritage, beach and nature based tourism. Resort development is prominent along the coastal spine.

- Seacom's telecommunications cabling provides high speed internet to the business community as well as the rural areas, creating opportunities for ICT.

4. DESCRIPTION OF THE ILEMBE SPATIAL DEVELOPMENT VISION AND THRUSTS

4.1 The Spatial Vision

As the central future concept for development within the municipality, this vision needs to be translated spatially in order to ensure the development of land as well as the future management of all resources all work towards the achievement of this vision and does not contradict it.



In translating the development vision of the municipality, the core elements of the vision is firstly identified and then expressed in terms of Spatial concepts, responsibilities or challenges. The entire Spatial Development Framework which then follows should ideally be structured and linked to these core spatial challenges based on an interpretation of the overall development vision as illustrated below.

The resulting spatial challenges can be described as follow:

- Spatial Sustainability:** Implies a sense of balance, between the key activities found on land. A continued balance between economic development, social development and environmental development should be sought in all development actions. Practically this will imply that cognisance should be taken of the impact of any development in any one sector on the other two sectors to ensure continued development. If Ilembe is to become attractive a World Class Investment Areas, the principle of sustainability is vital to create and secure investment environment as well as ensuring long term benefits to local residents from such investments.
- Spatial Efficiency:** Refers to the most economical and viable means of achieving spatial development within the limitations of available resources. Efficient and strategic spatial planning should ensure the co-ordination and the resolution of conflicts between competing activities, while strengthening market access and unlocking development opportunities crucial for economic growth.

- c) **Spatial Equity:** Refers to the fair distribution and access to land and resources. It also recognises that the playing field is not always level in the competition between various land users. In order to ensure fair and equitable spatial development, it may be necessary to take special measures to remedy the disadvantages and promote equity of space in line with the principles of the Development Facilitation Act. The main responsibility of spatial equity is to ensure that all land users have the opportunity to use suited and available land to address their basic needs and requirements for prosperity.

These challenges are crosscutting in nature and needs to be addressed within all the development sectors identified, within all of the development priorities as well as within all geographical areas of the municipality; urban as well as rural settings. Thus these three spatial challenges will form the basis of the entire Spatial Development Framework in order to achieve the municipal development vision.

4.2 iLembe's Development Thrusts

The IDP challenge and key issues that need to be addressed in the iLembe context revolve around the fact that the communities residing in the rural areas are more severely affected by aspects such as poverty and service backlogs than the urban community. Community upliftment and economic empowerment should involve integrated projects of social infrastructure development, environmental management and local economic development. Empowerment programmes should essentially be focused on the rural areas. The general improvement and growth of the economy of iLembe should focus on economic development, job creation, attraction of investment and maintenance of development standards within the urban areas. The spin-offs would ensure the future sustainability of this area and enable the iLembe community to improve their quality of life.

4.3 Strategic Thrust: Accelerating Growth and Development Strategies

- Promote investment within defined nodes.
- Promote investment that contributes to regeneration and renewal.
- Promote investment in industrial hubs and introduce incentives.
- Establish a Shared Services Centre as a seat of capacity building and fast-tracking of delivery.
- Promote investment along existing and new corridors.
- Optimising on the opportunities presented by the Umhlathuze-iLembe-eThekweni Corridor to act as catalyst to accelerate and share growth and development in the district.
- Re-enforcing and strengthening the Stanger hub as main driver of economic growth and development in the District.
- Specific and focused packages and interventions to stimulate the competitive advantage of the dominant agricultural, tourism and manufacturing sectors in the District.

4.4 Strategic Thrust: Sharing Growth and Development Strategies

- Eradicate the backlog in the provision of basic services such as water, sanitation, electricity and housing, especially in the rural areas and in the informal settlements.
- Eradicating poverty and addressing specific areas in reducing the number of people below MLL.
- The HIV/AIDS pandemic and its impact on regional demographics.
- Provide sufficient, affordable, reliable infrastructure services.
- Encourage rural settlement along road networks and existing Infrastructure
- Undertake skills development and maintain an updates skills database within the District, incorporating EPWP and AsgiSA principles.
- Establish and promote PPPs.
- Establish cooperatives to maximise economic opportunities in the agricultural sector.
- Regularly maintain and upgrade existing infrastructure.
- Promote cultural and community based tourism.
- Promote integrated tourism development.

4.5 Strategic Thrusts: Environmental Sustainability Strategies

- Preserve and protect the natural environment through the application of appropriate conservation management.
- The protection of natural water resources.
- The maintenance and preservation of a pristine environment.

The Ilembe District Municipality has achieved some critical developmental and local economic milestones that are related to the strategies and policies put in place. Although much progress has been made in terms of local economic development within the District and the Local Municipalities, impact on job creation and poverty relief is still limited. Continued infrastructural and institutional support with regard to achieving sustainable settlement and development are required at the district and local municipal level, particularly in respect of addressing continued and looming backlogs.

4.6 Spatial Interventionist Responses

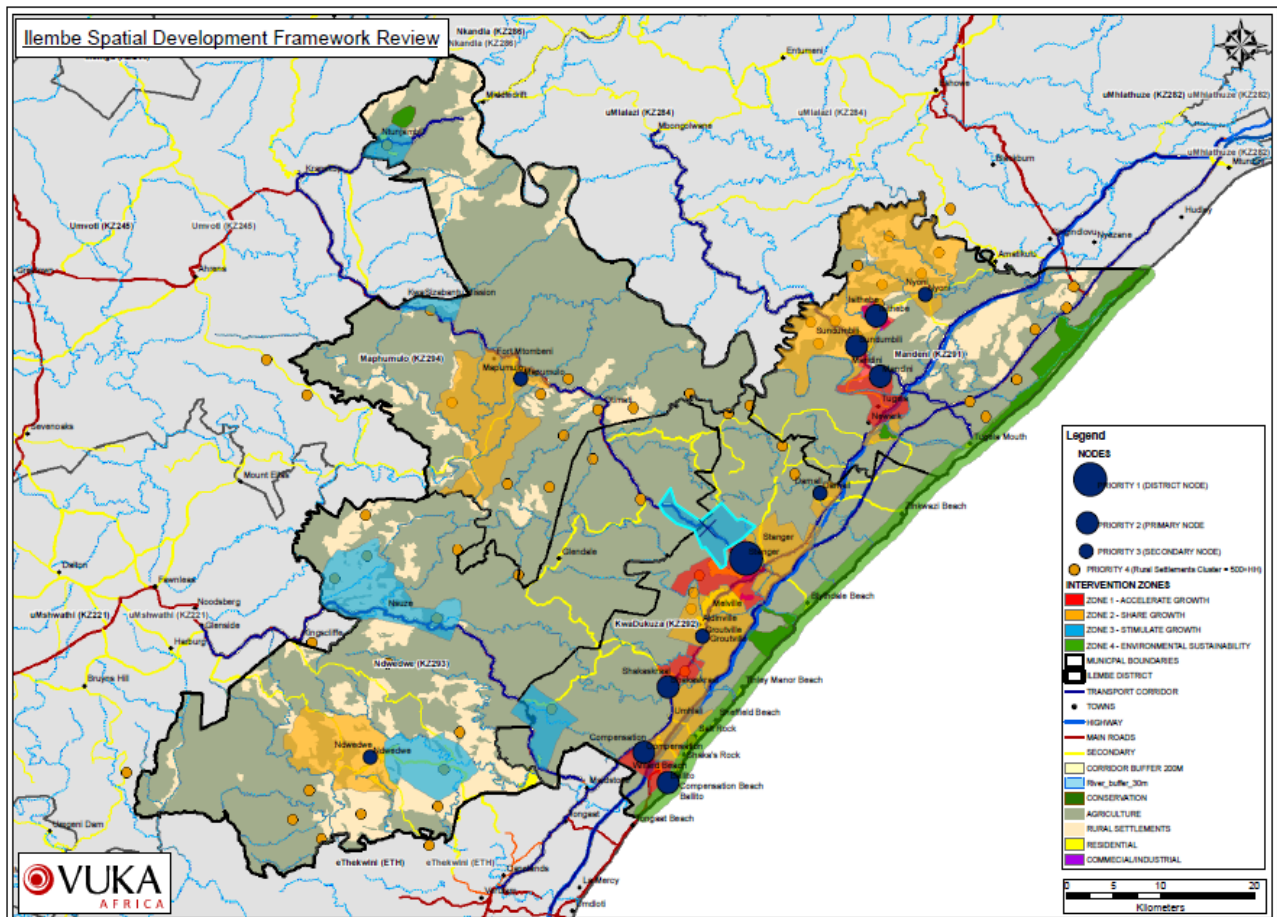
In order to refine and spatially identify specific interventionist responses extensive use was made of overlaying various GIS layers and queries of information reflected in the status quo and analysis stage. In determining the Intervention Zones the following data sets of information were used.

- Areas of economic significance in terms of the hierarchy of nodes
- Minimum level of living combined with accessibility to areas of Economic Significance
- Rural nodes and former Exclusion Areas located within areas of Economic Significance
- Rural nodes and former Exclusion Areas located outside areas of Economic Significance
- GIS layers indicating environmentally sensitive areas and possible conflict zones with regard to future and proposed development.

The outcome of this exercise resulted in key localities for responses outlining appropriate interventions, according to the following “zones”:

- **Intervention Zone One : Kwadukuza Town :** Main Economic Growth Areas for prioritised development spending

- **Intervention Zone Two:** *Mandeni/Sundumbili/Groutville/Shakaskraal* : Social Inclusion Areas representing areas for investment in people rather than in places
- **Intervention Zone Three:** *Ndwedwe/Maphumulo/Nyoni* : Stimulating and kick starting New Potential Growth Nodes
- **Intervention Zone Four:** Environmentally Sensitive Zones



Map 4.1 : iLembe Spatial Development Framework Review

4.7 Movement, Investment and Development Structure

The major structuring element for determining for the existing and future concentration of development, activity and investment in the iLembe District consists of an access and movement hierarchy that has been established through the major internal and external national and provincial linkages, including the N2 and the R102.

- Primary Development and Investment Corridors:** Consisting of the existing series of east-west provincial roads linking the N2 in the east and the western parts of the District, as well as the R102 west of the N2. The majority of the roads suggested for the establishment of primary corridors are in place.

- b) **Secondary Development and Investment Corridors:** The major components of the secondary corridors consist of the north-south linkages inland from the R102 and a hinterland north-south linkage connecting Ndwedwe and Maphumulo Villages. The construction of this north-south link road between Main Road 20 (Stanger-Kranskop) in the north and P25 (Tonga to Wartburg) in the south was identified as an area of intervention in the Presidential Imbizo and has accordingly been included in the District Projects list. These corridors represent an intermediate structuring element, providing location for development and activities primarily at the local level, but at a higher level than strictly community-orientated activities. Again the proposed corridors are substantially located on an existing road network. However, additional inter-linkages between the individual Local Municipalities would be beneficial for the establishment of greater accessibility in and to the western part of the District. Much of this area is considered underdeveloped and improved accessibility, the establishment of additional interceptor points, together with programmes for improved physical and social services and local economic development, is expected to improve development conditions.
- c) **Tertiary Access Corridors:** These are not indicated in the District SDF. They are however expected to be identified in the Local SDFs as they are intended to represent the focus for local area development. The interceptor points of the tertiary corridors as well as the tertiary with the secondary corridors will be ideal places for secondary, tertiary and local development nodes.

4.8 Development and Activity Nodes

Again, the establishment of a hierarchy of nodes is suggested depending on their function, location and existing development in accordance with the following:

- a) **District Node:** This node is expected to accommodate the central administrative and service functions serving the entire District. Stanger fulfils this function, accommodating one of the largest urban concentrations within the District. It provides location for much of the economic and industrial development of the area forming the most important centre of the District.
- b) **Primary Nodes:** These nodes function as the main centre within each of the Local Municipalities, providing the central administrative and service functions for the local area. The towns/villages of Mandeni, Maphumulo and Ndwedwe are the primary nodes together with Ballito/Zimbali, located in the KwaDukuza Municipality, which represents a special case in terms of significant residential, tourism and economic development without accommodating administrative functions. All nodes consist of existing developments located mostly at the interceptor points of primary and secondary development corridors. Because of their central function within the relevant Local Municipality, these primary nodes are expected to attract a series of other developments, including urban residential development, commercial and economic development, etc.

4.9 Natural Structuring Systems

The District SDF highlights the importance of the coast in terms of a unique maritime environment and its resulting high level of environmental sensitivity. This includes the specific environments of the series of river mouths, estuaries and lagoons, each of which should be addressed individually in terms of their environmental uniqueness and opportunities for integration into recreational and tourism activities, as well as the potentially surrounding built environment. The Local SDFs and potential specific beachfront development frameworks should identify the unique opportunities, constraints and threats relating to the environmental issues versus development pressures on the coast.

The second important component of the natural structuring system consists of the numerous major east-west running river valleys. These represent major topographic barriers and breaks in any development. Many of these valleys contain significant areas of indigenous vegetation and should be utilised, together with relevant tributaries, as a natural green network structuring the landscape. The width of this system depends on local topographic and environmental. Together with local communities and relevant stakeholders appropriate management and maintenance systems should be established and rehabilitation programmes considered.

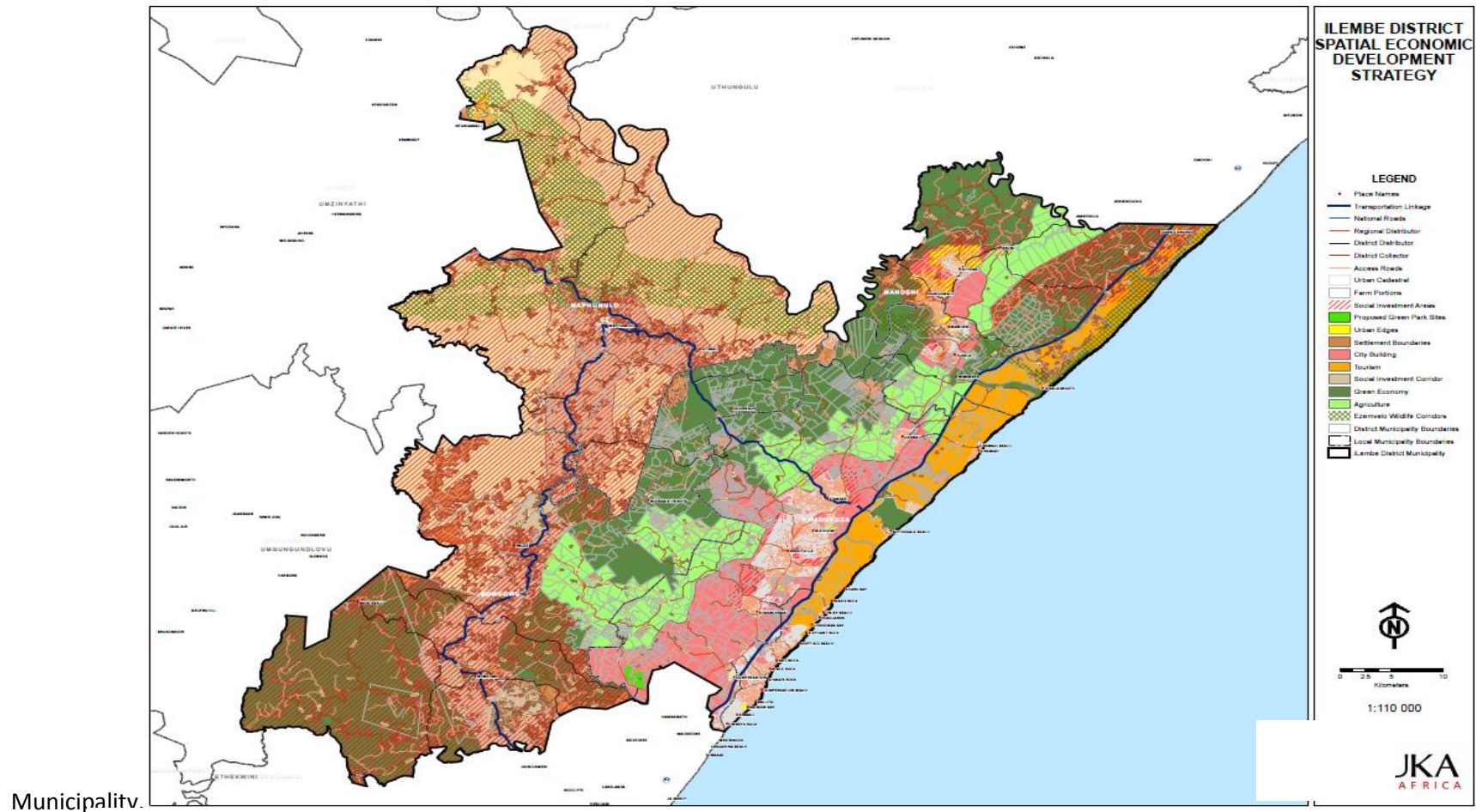
This approach would also include the appropriately protection, management and rehabilitation of the natural environment within existing mountain and hill ranges as well as other unique natural habitats that have been identified. Where possible the variety of components should be integrated and linked into an overall natural system. Particular attention is required regarding the appropriate protection, management and rehabilitation of natural areas, river valleys, areas of natural beauty, etc. in the western parts of the District. These elements will contribute to establishing recreational and tourism opportunities that link into the more traditional beach-orientated activities.

The above provides a brief strategic spatial overview of various landscapes within the district and should be read in conjunction with the various sectoral situational analysis reports being prepared in parallel to the spatial analysis as a complete overview of the iLembe district serves a framework for further forward planning. The bio-physical environment needs to guide not only the locality, but also the intensity and growth rate of economic investment within the district. The principle of Environmental Planning, as proposed within the Provincial Growth and Development Strategy is greatly applicable to iLembe district and the current spatial structure and future economic investments will need to consider the environmental integrity of the district and its core investment zones.

5. DISCUSSION OF SCENARIOS – SPATIAL IMPLICATIONS PER SECTOR

Drawing from the High Road Scenario, the technical team developed a spatial mapping of the range of “corridors” across Ilembe region in line with the economic drivers identified in the scenario planning process.

The map below provides a composite overview of the various corridors and as collective the “Corridor of Opportunities” with the District

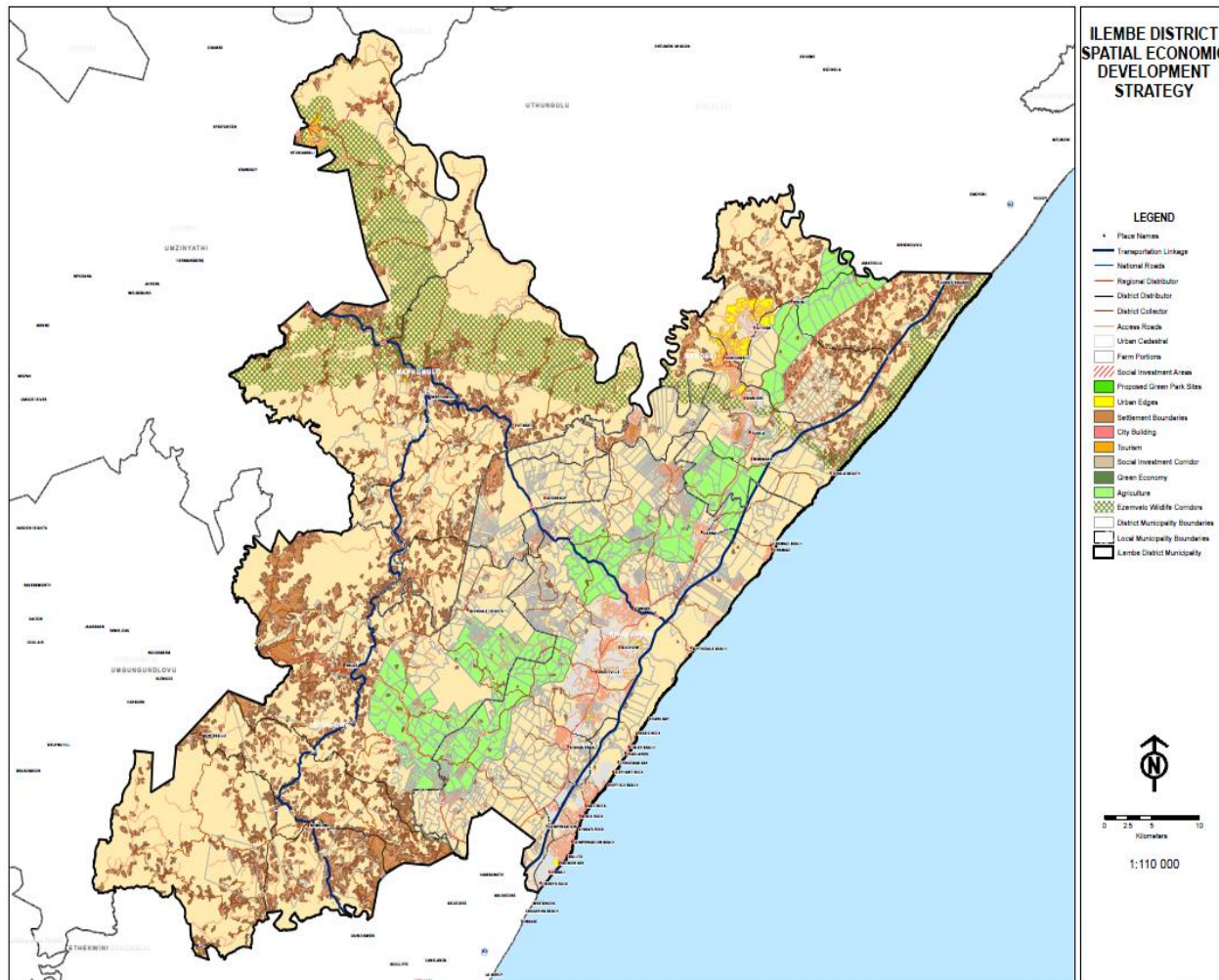


MAP 5.1 : COMPOSITE MAP OF “CORRIDORS OF OPPORTUNITY”

5.1. AGRICULTURE

PRIMARY CORRIDOR: MAPHUMULO – NDWEDWE NORTH SOUTH CORRIDOR (THE HINTERLAND)

SECONDARY CORRIDORS: EAST WEST LINKAGES AT KWADUKUZA AND DUBE TRADE PORT



MAP 5.2 :AGRICULTURAL OPPORTUNITY CORRIDOR

The Agriculture Corridor and associated transport corridors need to co-exist from a logistic point of view i.e. export market capabilities. The favourable climate, tracts of land available, high potential agricultural land and many more contributing factors has placed iLembe ideally in the Provincial Agric-Corridor with access to its ports and the Dube Trade Port, becoming a major player within the province and the country.

The intention of this corridor is to stimulate investment-led agricultural growth and development, reduce food insecurity, facilitate internal and external trade, enhance competitiveness of the agricultural sector as the main economic driver of the province and region, and promote regional integration and wealth creation. It is in this context that this corridor is referred to as the reconstruction of the agricultural sector.

In addition, this corridor is aimed to invest in communication routes with existing infrastructure in order to aid in achieving economies of scale, developing clusters and strengthening input output markets.

This proposed agric-corridor will effectively:-

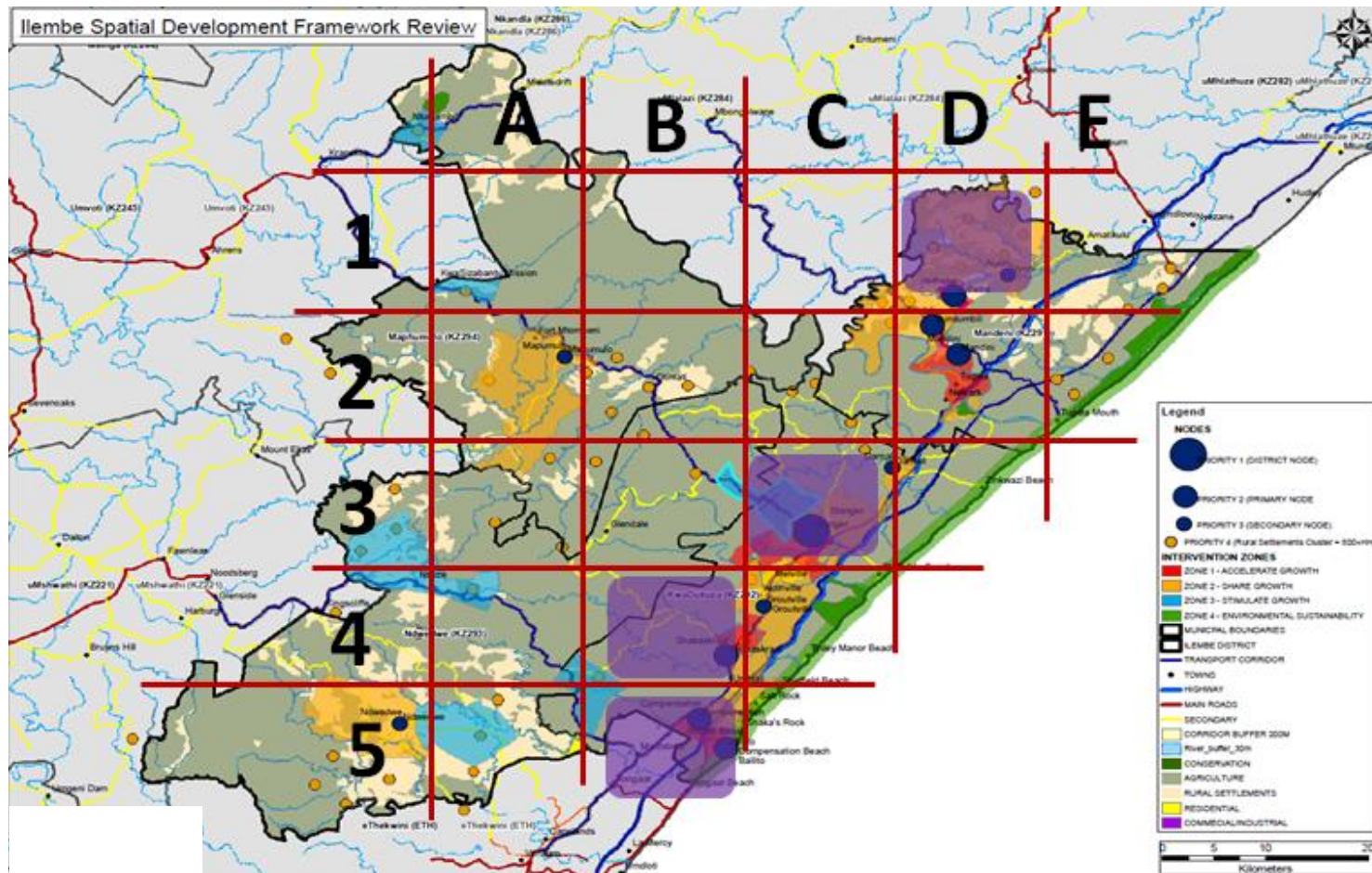
- Contribute to improved food security and economic growth in the iLembe and greater region;
- Harness efficiencies along specific agricultural value chains / promote regional integration of agricultural markets; and
- Identify possible agricultural development opportunities that may form part of an agricultural investment pipeline which could in the long term complement specific infrastructure projects.

In the high road the agricultural focus shifts from extensive sugar-cane farming along the coastal belt to intensive, high profit irrigated farming in the hinterland. The agricultural industry will be re-invented. It will produce a diverse range of products, using a variety of modern and sustainable methods, in a new and reconstructed space. Big, global players will invest in long term contracts with local producers of fresh products tailored for export through the Dube Trade Port.

5.2. MANUFACTURING

PRIMARY CORRIDOR: INLAND CORRIDOR FROM BALLITO/COMPENSATION THROUGH KWADUKUZA TO MANDENI AND ISITHEBE.

SECONDARY CORRIDORS: EAST WEST LINKAGES ALONG R614 AND R74 TO CATER FOR OVERFLOW



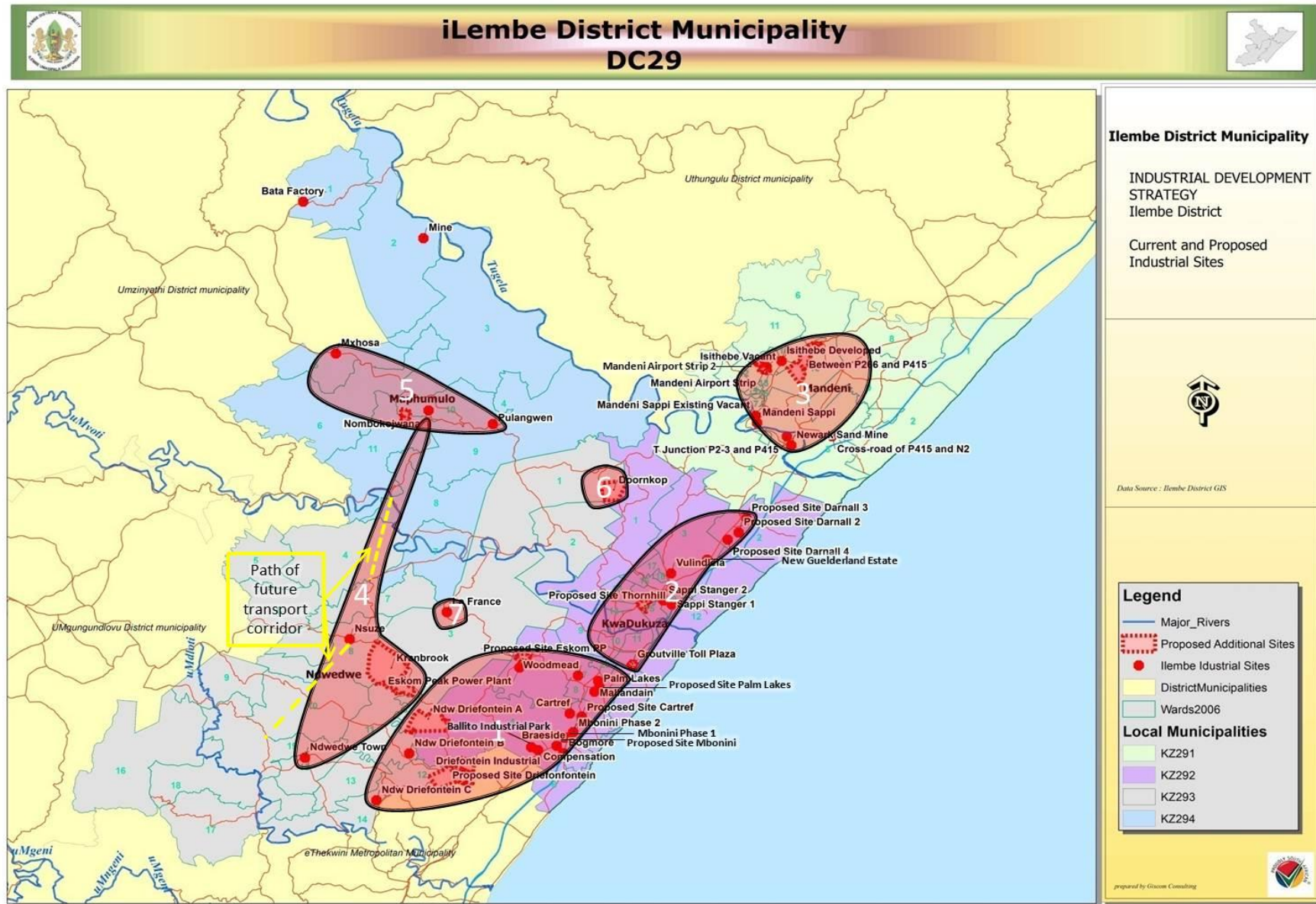
MAP 5.3 :MANUFACTURING OPPORTUNITY CORRIDOR

In the high road scenario manufacturing remains a leading industry in iLembe and is supported so as not to collapse under substantial global economic pressures, and national constraints. iLembe will successfully be attracting manufacturing investment through the promotion of spatially defined industrial clusters. Ballito/Compensation will be a site for light industry, KwaDukuza will support medium sized industries and Mandeni and Isithebe will cater specifically for heavy industries. Together they will form a thriving manufacturing inland corridor. Excess demand will be catered for westwards along the R614 and R74. Light manufacturing will also occur as value adding to the reconstructed agricultural activity in the hinterland.

The District has also formulated an Industrial Development Strategy. From this analysis, the following points have been highlighted:

- In the immediate short term to medium (period extending to 2020), private sector developments in KwaDukuza Local Municipality supply sufficient land to meet projected demand. As a result, supply of land in KwaDukuza Local Municipality can accommodate growth of approximately 7.7% per annum until 2020.
- In the immediate short term (period extending to 2012), existing private sector industrial land (viz., Isithebe Vacant (Man 8b) and Mandeni Sappi Existing Vacant (Man 9) supply sufficient land to meet projected demand. As a result, supply of land in KwaDukuza Local Municipality can accommodate growth of approximately 4.3% per annum until 2012;.
- Cumulative supply of land across the District allows for supply to meet demand until 2020, as over-supplies in 2012 and 2015 will meet demand within KwaDukuza and Mandeni Local Municipalities will meet demand until 2020;
- No shortages of supply occur within Maphumulo and Ndwedwe Local Municipalities as within Maphumulo Local Municipality over supply in 2012 provides supply for 2015 and 2020; and within Ndwedwe Local Municipality only a negligible under-supply of 0.3ha occurs in 2020;
- In the immediate short term (period extending to 2012), new developments are required within Ndwedwe Local Municipality and Maphumulo Local Municipality to supply land for industrial developments within these municipalities;
- In 2030, based on current demand projections, the District will experience a shortage in the supply of land for industrial development. At this time, further strategic choices will need to be made to provide access to land for industrial development. Suggested areas in which strategic choices will need to be made are indicated in grey hatch in the table above, viz.,: Driefontein Industrial (Kwa 1), Compensation (Kwa 2), Proposed Site Darnall 2 (Kwa 18), Proposed Site Darnall 3 (Kwa 19), Proposed Site Eskom PP (Kwa 21), Sappi Stanger 1 (Kwa 22), Sappi Stanger 2 (Kwa 23), Proposed Site Darnall 4 (Kwa 24), Between P266 and P415 (Man 4), Cross-road of P415 & N2 (Man 6), and Dornkop (Ndw 6).
- Constraints to development such as inadequate infrastructure (bulk services, especially electricity, and transport networks) need to be overcome in order to facilitate development within the District.

The Industrial Development Strategy presented the priority spatial development areas as below.

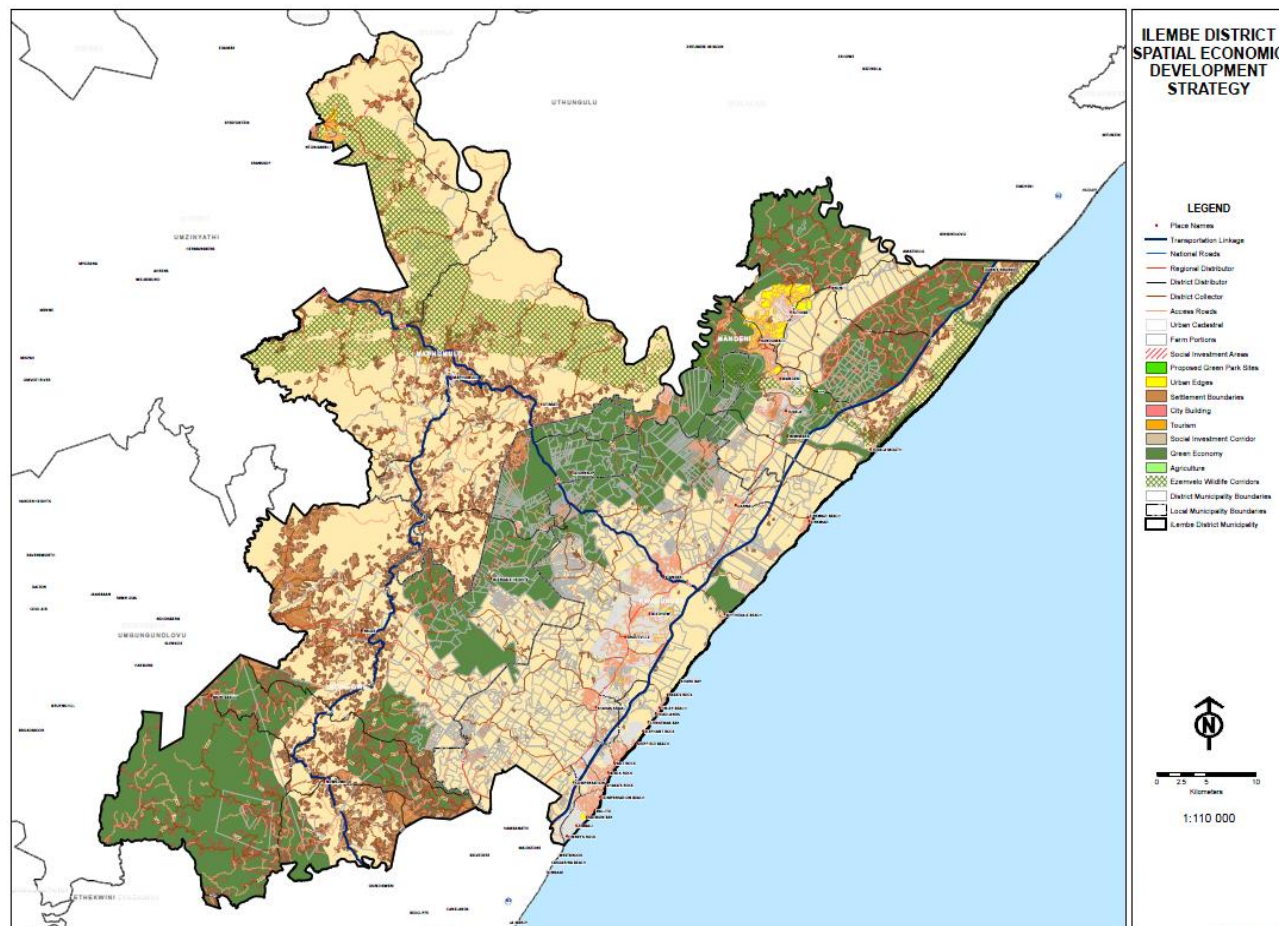


MAP 5.4 :INDUSTRIAL DEVELOPMENT NODES IDENTIFIED IN THE ILEMBE INDUSTRIAL DEVELOPMENT STRATEGY

5.3. THE GREEN ECONOMY

PRIMARY CORRIDOR: COASTAL AND INLAND CORRIDOR FROM KWADUKUSA TOMANDENI

SECONDARY CORRIDOR: INLAND CORRIDOR FROM NDWEDWE KWADUKUSA TO MAPHUMULO



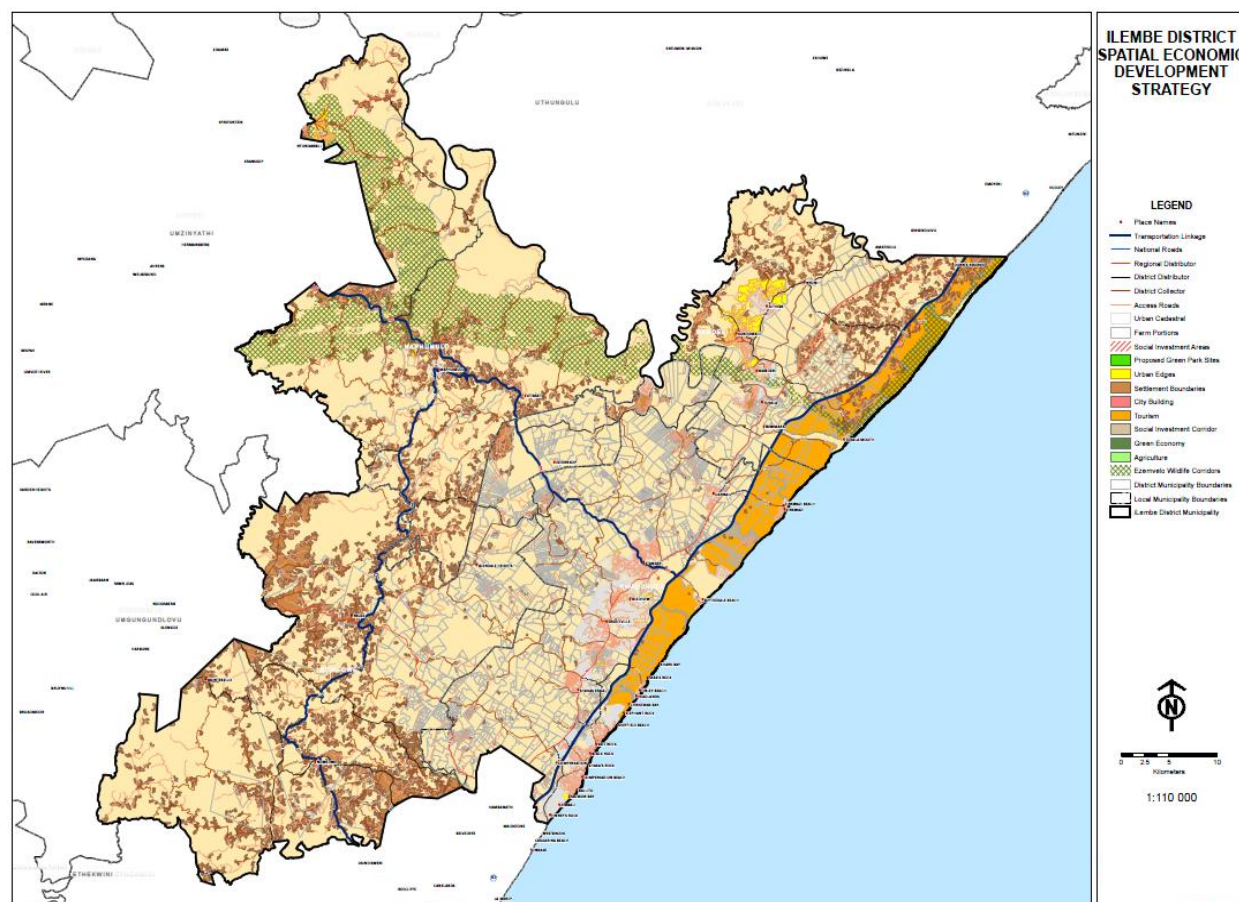
This corridor forms the backbone of this strategy and serves as a transition zone between the more economic intensive corridors versus the rural hinterland which consists of high levels of poverty and sensitive bio-diversity areas to be protected, but also includes areas that offer opportunities for alternative energy generation in support of the green economy.

MAP 5.5 :GREEN ECONOMY OPPORTUNITY CORRIDOR

5.4. TOURISM

PRIMARY CORRIDOR: COASTAL CORRIDOR FROM BALLITO TO NORTH OF THE TUGELA MOUTH

SECONDARY CORRIDORS: INLAND LINKAGES TO MAPHUMULO AND NDWEDWE



MAP 5.6 :TOURISM OPPORTUNITY CORRIDOR

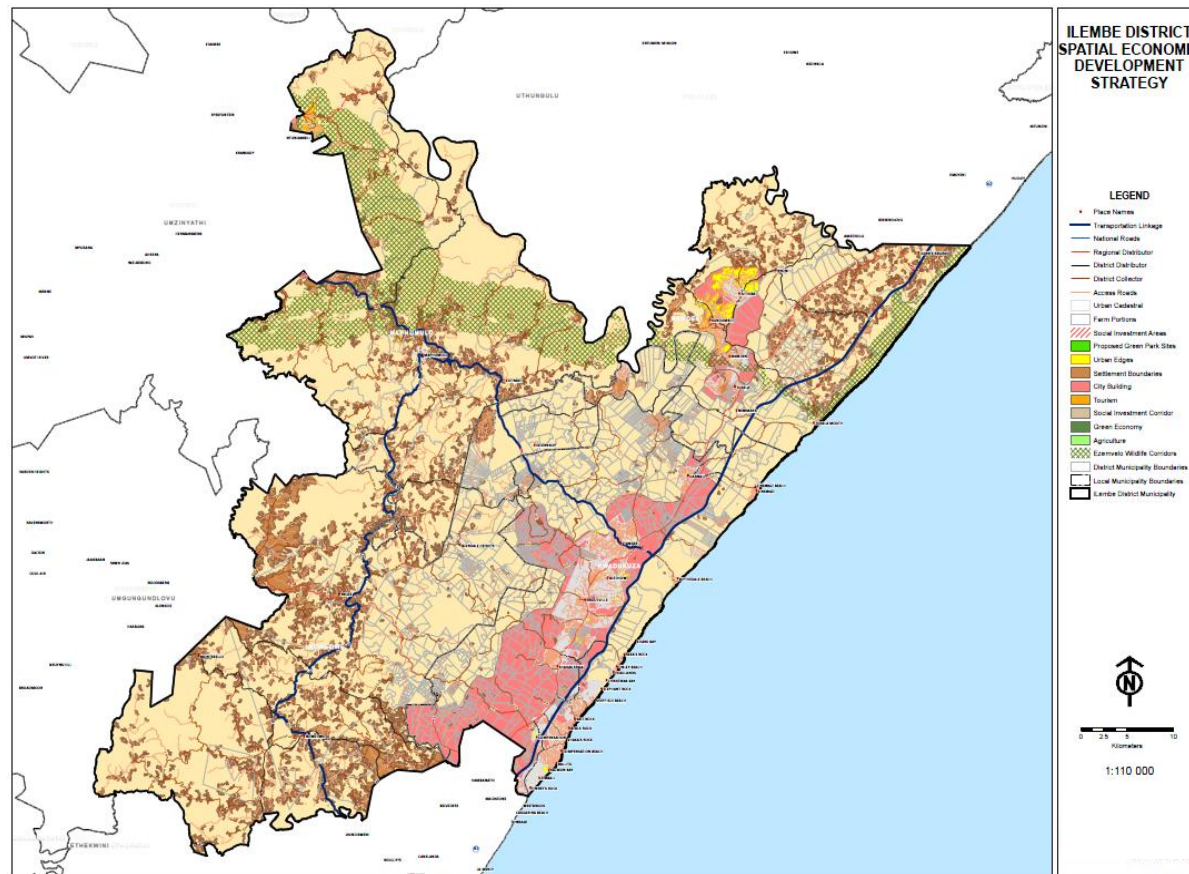
This corridor forms the eastern section along the coastline from Sheffield Beach to the most northern boundary of the iLembe District (also known and referred to as the Macambini Area). The intention of the corridor is to promote venture tourism (sport and recreational facilities) as well as nature conservation based tourism, with direct linkages to the inland culture and community based tourism. The corridor allows for excellent access to infrastructure support services and thus ideally suited for Resort Development and / or Gated Lifestyle Development.

In the high road scenario the coast of iLembe has developed as an internationally recognized coastal resort destination. Already several resorts are successfully drawing tourists to the area. Resorts offer a wide variety of products and packages that appeal to several market segments. 3,4 and 5 star accommodation options are available, packages include heritage, golfing, eco, medical, agri, and wildlife packages. The experience of the North Coast is world class, safe and unique. The King Shaka Heritage Route has become a must see attraction in South Africa.

5.5. CITY BUILDING

PRIMARY CORRIDOR: COASTAL TO INLAND CORRIDOR FROM BALLITO TO KWADUKUZA

SECONDARY CORRIDORS: INLAND LINKAGES TO MAPHUMULO AND NDWEDWE



MAP 5.7 : CITY BUILDING OPPORTUNITY CORRIDOR

The City Building Corridor is predominantly structured around the economic value zones. Spatially, the said corridor has its anchor in the south (Ballito) and north (KwaDukuza Town Centre) with sections of infill and intensification to integrate these areas as part of the city networks and effective urban management. Although, Mandeni including Isithebe forms an enclave in the north, it has an important role to fulfil within its local geographical context.

The intention of this corridor is to stimulate high intensity mixed use development with defined nodes of functionality, proper and effective urban management, adaptive development control mechanisms, strong east west infrastructure linkages, lower transaction costs, optimized land development potential, typologies linked to tenure (affordable rental and social housing), manufacturing and industries in support of alternative renewable energy applying Green Economy principles. This corridor incorporates existing land development application (latent rights not exercised due to lack of bulk infrastructure) which is in response to the economic downstream beneficiation of the Dube Trade Port. Of note is that this corridor with city building as an opportunity is a pro-active response to the proposed Aerotropolis.

6. STRATEGIES AND INTERVENTIONS

Following from the above scenarios, a range of sectoral strategies have been formulated which propose the most critical strategies which the iLembe stakeholders must consider and ultimately adopt for implementation. These are presented below for the lead economic drivers as discussed earlier. With each set of strategies are a number of interventions which are proposed to kick-start the process of strategy implementation.

6.1. AGRICULTURE

For this to be achieved the following needs to occur:

- **Substantial investment into infrastructure.** Particularly, water infrastructure, a road connecting Maphumulo and Ndwedwe, as well as roads giving access to Dube Trade Port.
- **Researching and attracting new global markets.** Mauritius, for example, has recently moved fresh produce supply from Kenya to Australia – there is potential to attract this market and others like it.
- **Capacitating rural farmers** so that they may become successful commercial farmers. This includes mobilisation of farmers associations, mentorships and training opportunities.
- **Encouraging the development of the knowledge economy in agriculture** so that research and innovation can improve efficiency and constantly re-invent the status quo to ensure iLembe remains the first choice supplier of fresh produce.

STRATEGY 6.1.1: TO CAPACITATE TRADITIONAL FARMERS IN THE RURAL AREAS TO BECOME COMMERCIAL FARMERS.

NB : INCLUDE SOME DISCUSSION ON AGRI-PARKS AND AGRI-VILLAGES

The rural hinterland of iLembe has been identified as key land for the development of agriculture because it is currently mostly vacant and unproductive, it is not seen as a high growth residential or industrial area, and there is sufficient population to own, manage and work on farms. However, most of the ground is not rich and the terrain is not suitable for traditional agriculture. For this reason, intensive agriculture should be carried out in these areas, and diverse products need to be encouraged. Enterprise iLembe has already invested in 8 wind tunnels in rural areas throughout the district. Further support needs to be given to subsistence farmers in the rural areas to take up similar practices. The proximity to Dube Trade Port provides particular opportunity for the establishment of perishable food horticulture, cut flowers etc. for export. As such, the following interventions are necessary for the conversion of subsistence farmers in to commercial farmers:

- Intervention 6.1.1 (a): Undertake land-use and community agricultural planning
- Intervention 6.1.1 (b): Facilitate an improved view of agriculture as a growth sector with the youth and existing traditional farmers.

- Intervention 6.1.1 (c): Identification and development of emerging commercial farmers
- Intervention 6.1.1 (d): Provide funding and expertise to build wind tunnels, and training in horticultural practices.
- Intervention 6.1.1 (e): Facilitate the establishment of agri-parks and agri-villages in the traditional rural areas

STRATEGY 6.1.2: FACILITATE CONVERSION OVER TIME OF EXTENSIVE MONO-CROP SUGAR GROWING AREAS TO MORE INTENSIVE AGRICULTURAL PRACTICES.

Part of long term planning and sustainability requires land use planning that ensures each hectare of land is being put to best possible use, given its unique conditions. The land currently being used for extensive crop production (sugar cane) is prime agricultural soil that could be taken better advantage of by carrying out more intensive farming. High intensity fruit and vegetable farms would provide more jobs, and higher profits for more farmers. Due to diversity of products being produced, South Africa would be able to enter niche and export markets, and improve food security within sub-saharan Africa. As sugar cane becomes less viable, cane producers will begin to release land. This land should be targeted and zoned as intensive agricultural land. The following interventions describe how this can be best carried out.

- Intervention 6.1.2 (a): Facilitate the transformation of the extended sugar cane growing areas into higher intensity and higher value products over time through land planning
- Intervention 6.1.2 (b): Conduct research into horticulture products and markets in order to run with services, infrastructure and marketing as soon as land becomes available.
- Intervention 6.1.2 (c): Create awareness of the value (re profit and employment) of intensive agricultural products.

STRATEGY 6.1.3: IMPROVE AGRICULTURAL SUPPORT SYSTEMS

Rural areas are not traditionally commercial farming areas and for this reason, support needs to be given to form the structures and knowledge required for commercial farming. Emerging farmers will require funding, information, mentorship and training. New links to the market will need to be created and organisational structures will need to be created in order to take up the opportunities provided. The following interventions attempt to address these challenges.

- Intervention 6.1.3 (a): Provide funding, links to investors, and market information to emerging farmers through the ADA.

- Intervention 6.1.3 (b): Assist in the continuous development of co-ops, mentorships, and other agricultural organisations to aid the establishment of emerging farmers.
- Intervention 6.1.3 (c): Establish trade linkages between emerging farmers in the hinterland and Dube Tradeport through the agri-business development agency (ADA).
- Intervention 6.1.3 (d): Provide water catchment and other sustainable technology and training so that farmers in the hinterland can be self-sustaining at a low cost.

STRATEGY 6.1.4: IMPROVE ACCESS TO RESOURCES, LAND AND INFRASTRUCTURE

Again, because commercial farming has not been carried out in the hinterland until now, provision of infrastructure, resources and land will be necessary as these structures are not already in place as they are along the coast. Challenges include access to water for irrigation, access to land that is managed by the Ingonyama Trust Board and forms part of traditional councils, and the poor quality of transport systems. The following interventions look to address these challenges.

- Intervention 6.1.4 (a): Expansion of Irrigation Schemes and water-use efficiency technology
- Intervention 6.1.4 (b): Engage with ITB and local Traditional Councils to identify land that can be used for commercial farming.
- Intervention 6.1.4 (c): Improve roads to allow access to cities (e.g. KwaDukuza) and Dube Trade Port.
- Intervention 6.1.4 (d): Encourage mobilisation of community farmers/organisations to manage shared resources, and infrastructure.

STRATEGY 6.1.5: ENCOURAGE DEVELOPMENT OF THE KNOWLEDGE ECONOMY IN AGRICULTURE.

The opportunities created by the growing knowledge economy cannot be ignored. iLembe needs to position itself to take advantage of this lucrative industry. Due to issues of poverty and food security facing the whole world, agricultural research and development is becoming a priority. iLembe is endowed with rich agricultural resources and a rich knowledge base, is close to large ports and cities, including universities, and is therefore, able to drive the agricultural knowledge economy. The following interventions provide a guide on how to do that.

- Intervention 6.1.5 (a): Facilitate the application of new eco-friendly technological agricultural processes.

- Intervention 6.1.5 (b): Establish a specialist agricultural knowledge desk within Enterprise iLembe with linkages to surrounding agricultural research centres
 - Intervention 6.1.5 (c): Establish mechanism for strengthening partnerships with local and international agricultural tertiary institutions and agri-businesses
 - Intervention 6.1.5 (d): Incentivise R&D best practices on farms and in agri-processing plants.
 - Intervention 6.1.5 (e): Establish a yearly exhibition, including workshops and forums, to showcase new agricultural technology and advancements.
-

6.2. MANUFACTURING

In order for this manufacturing corridor to prosper the following will need to occur:

- **Increase light service industry base to meet growing local demand by** encouraging development of mini-factories and workshops. This can be done through building incubators and encouraging apprenticeships.
- **Promote medium and large scale industrial development** through Enterprise iLembe.
- **Improved planning and provision of infrastructure.** Particularly, the packaging of correctly zoned industrial land with appropriate electricity and water infrastructure in place.
- **Creation and expansion of agri-processing plants & markets** in order take advantage of new value adding opportunities created by a re-invented agricultural industry.

STRATEGY 6.2.1: CREATION AND EXPANSION OF AGRI-PROCESSING PLANTS & MARKETS

As discussed above, agri-processing is an essential part of the manufacturing industry as it provides opportunities all along the value chain therefore increasing GGP and employment. Expanded agri-processing not only makes small and large agricultural exploits viable (cane and moringa into biofuels example), but it adds value to farms that are already viable thereby increasing the value of exported products. Agri-processing can occur on a small or large scale and in rural areas, given proper infrastructure, and therefore provides a real opportunity to increase spatial equity in iLembe. Given that there are so many options, especially with expanding horticultural activity and the markets opened up by Dube Tradeport, it is essential that proper market research and feasibility studies are conducted to determine which products have the best chance of success. Once the correct products are determined, information needs to be made available to commercial farmers/manufacturers, and support needs to be given to SMMEs. The following interventions are suggested to expand the agri-processing industry.

- Intervention 6.2.1 (a): Conduct research on new products and markets, including downstream opportunities with respect to sugar- cane.
- Intervention 6.2.1 (b): Invest in small scale agri-processing, providing entrepreneurial training and access to information and markets.
- Intervention 6.2.1 (c): Provide zoned land and infrastructure close to emerging horticultural farms in the hinterland which can act as agri-processing clusters and incubators.
- Intervention 6.2.1 (d): Through Enterprise iLembe, provide marketing support to products manufactured by SMMEs.

STRATEGY 6.2.2: INCREASE LIGHT SERVICE INDUSTRY BASE TO MEET GROWING LOCAL DEMAND

As urbanisation increases and KwaDukuza town, especially, continues to grow, the demand for local light industrial services, (such as carpentry, maintenance, and mechanics) will increase, while the space provided decreases. As a result of a lack of planning, funding and structure, these services often end up operating out of sub-standard premises (often residential) and without proper business licenses or support. Light industry is a necessary part of a growing urban centre and needs to be properly planned for. It is also an opportunity for employment and SMMEs to thrive due to low capital requirements and skills often fairly easily acquired through apprenticeships. Therefore, it should be supported through proper planning, allocation of space and services, and training. The following interventions describe these steps.

- Intervention 6.2.2 (a): Provision of bulk services and zoned space to encourage development of mini-factories and workshops.
- Intervention 6.2.2 (b): Establish a light industry incubator
- Intervention 6.2.2 (c): Incentivise apprenticeships, maintain a register of apprentices and guide their transition into owning their own businesses in partnership with SEDDA.

STRATEGY 6.2.3: PROMOTE MEDIUM AND LARGE SCALE INDUSTRIAL DEVELOPMENT

Medium and large scale industrial development remains iLembe's largest contributor to GGP and is therefore a priority for planning in the region. Manufacturing is struggling in South Africa due to global and national market factors and therefore requires support. Isithebe remains a stronghold for large industry due its cheap rental space and advantages due to clustering. The advantages of clustering and proximity to the ports would be particularly useful to import/export industries and therefore these businesses should be targeted. KwaDukuza town also benefits from clustering and proximity to the market. The release of zoned land and creation of industrial parts would provide

support to these industries. Already, incentives are in place and Enterprise iLembe is promoting investment. These need to be assessed and enhanced, catering to specific needs of each industry – with the guidance of the industrial development strategy.

- Intervention 6.2.3 (a): Enhance investment promotion and facilitation capacity through Enterprise iLembe.
- Intervention 6.2.3 (b): Increase and promote incentives for locating in Mandeni, Isithebe and Kwadukuza (large industry-especially targeted at import/export industries) and KwaDukuza Town (medium industry).
- Intervention 6.2.3 (c): Release of affordable zoned land including sector-specific industrial parks as per IDS, as well as new sector-specific “special economic zones” focused on specific niche sub-sectors, such as renewable energy and agri-parks.

STRATEGY 6.2.4: IMPROVED PLANNING AND PROVISION OF INFRASTRUCTURE.

Through improved planning and provision of strategic infrastructure, the manufacturing industry can be given every opportunity to grow. The R102 is a vital route for industry as it connects Durban harbour, via Tongaat, the airport, KwaDukuza to Richards Bay and further North. This road needs proper maintenance. Local and district municipalities need to budget for the provision of bulk services to support new and expanding industry. Bulk services should be provided efficiently in response to large development applications. The manufacturing industry can be further supported through the following set of interventions.

- Intervention 6.2.4 (a): Increase the mobility on the R102 -
- Intervention 6.2.4 (b): Improved response to development applications regarding bulk infrastructure, including willingness to enter into public private partnerships for the provision of services.
- Intervention 6.2.4 (c): Facilitate conversion of land for industrial development in accordance with the SDF and IDS.
- Intervention 6.2.4 (d) : Facilitate roll-out of energy/electricity provision to unserved areas.
- Intervention 6.2.4 (e) : Implement programmes for the protection of water resources and planning for alternative water resources.

6.3. THE GREEN ECONOMY

The following strategies need to be followed for this high road scenario to occur:

- **Increased business connectivity** through improved, innovative infrastructure that is tailored to the business community such as business parks, free internet and increased bandwidth.
- **Establish the North Coast as an ICT Research and Development hub** through vigorous marketing and investment promotion, linking with international ICT meccas, and providing innovation hubs and ICT incubators.
- **Rural ICT development** through building ICT hubs throughout the hinterland which are secure and well-staffed, which provide internet, printing and training services for free.

STRATEGY 6.3.1: RURAL ICT DEVELOPMENT

Currently, there remains a large economic and spatial divide between the coastal belt and the hinterland. This is evident in the statistics for KwaDukuza and Mandeni, compared to Ndwedwe and Maphumulo. Part of a solution to this divide is to connect the hinterland to the coastal belt through better infrastructure – in this example – ICT infrastructure. This will allow information that is available to learners, officials, SMMEs and entrepreneurs in the coastal to be equally available to these people in the rural areas. It will also allow for essential skills transfer. The following interventions are necessary to develop ICT in rural areas.

- Intervention 6.3.1 (a): Develop ICT hubs at schools, libraries and other community buildings
- Intervention 6.3.1 (b): Enter into maintenance and security agreements for these sites
- Intervention 6.3.1 (c): Capacity building of staff to allow for training

STRATEGY 6.3.2: INCREASED BUSINESS CONNECTIVITY

Highly technical businesses, businesses who deal with large files such as graphics and mapping experts, and businesses involved with ICT require a large bandwidth to operate efficiently. iLembe is in a position to provide this bandwidth as a result of their fibre-optic undersea cabling. As a result of increased bandwidth, productivity of current businesses will increase and other niche businesses will be attracted to the area.

- Intervention 6.3.2 (a): Provide free, high speed broadband to businesses

STRATEGY 6.3.3: ESTABLISH THE NORTH COAST AS AN ICT RESEARCH AND DEVELOPMENT HUB

The Ballito/Compensation area has been pin-pointed as a potential ICT niche area, given the undersea cabling, the proximity to ports, the prestige of the area and the lifestyle offered. The knowledge economy has become one of the most lucrative economies. Growing the knowledge economy has the potential to put iLembe on the map, and make it a business destination. Challenges surround competition with Cape Town, which has established itself as the technology/programming/ICT benchmark in South Africa. The following interventions are necessary to achieve this status in iLembe.

- Intervention 6.3.3 (a): Promote ICT clustering
 - Intervention 6.3.3 (b): Market Ballito as an ICT destination.
 - Intervention 6.3.3 (c): Provide infrastructure for clustering (business parks) with connection points etc.
 - Intervention 6.3.3 (d): Establishment of Innovation Hubs
 - Intervention 6.3.3 (e): Create partnerships with similar international ICT cities and facilitate exchange of expertise.
-

6.4. TOURISM

The following strategies need to be undertaken in order to achieve this goal.

- **Encourage sustainable coastal resort development** through conducting intelligent market research, improving transport infrastructure, and ensuring environmental assessments are adhered to.
- **Develop tourism in the hinterland** by developing attractions along the hinterland routes, and integrating the King Shaka Heritage route into these attractions,
- **Tourism promotion and information distribution** by offering competitive tourism packages and building information centres, map stands and stops on all proposed tourism routes.
- **Provision of support services** that include training colleges, in house training programmes, entrepreneur development, strengthening of tourism bodies, and tour guide development.

STRATEGY 6.4.1: ENCOURAGE SUSTAINABLE COASTAL RESORT DEVELOPMENT

Tourism is undoubtedly strongest along the coast where market forces are working to the benefit of the district. Development is slowly moving northwards along the coastal spine, with eco-friendly, sporting, medical, 3-star, and 5-star clusters being built to complement each other. This natural movement should be supported through appropriate market research, planning and promotion.

Transport and information networks between resorts and the airport should be strengthened so the tourist has an all round good travel experience. Sustainable development needs to be a priority so that the coastal asset is maintained.

- Intervention 6.4.1 (a): Promote and attract development along the coastal areas in accordance with the SDF.
- Intervention 6.4.1 (b): Conduct market research to identify and assist the establishment of niche resorts and clustering of attractions that appeal to different markets.
- Intervention 6.4.1 (c): Establish and implement environmental standards and restrictions that best protect the coastal eco-systems, so that the specific nodes within the sensitive coastal belt are demarcated for built-up tourism infrastructure development.
- Intervention 6.4.1 (d): Establish a world class 'Shaka' themed shuttle service, based at the airport that connects tourists with coastal resorts, and onto their next destination free of charge.

STRATEGY 6.4.2: DEVELOP TOURISM IN THE HINTERLAND

Currently the rural inland area is not considered a tourism area as attractions are not yet set up and marketing for the area is scarce. Public intervention is required to develop known attractions and attract tourists into the hinterland. This can be done through identifying key tourism products and connecting them through route development. The King Shaka Heritage Route should connect up with other attractions further inland. Given the availability of undeveloped land, adventure tourism could be promoted. A north-south inland road would aid connectivity between adventure and other attractions between Maphumulo and Ndwedwe. The following interventions aim to develop tourism in the hinterland.

- Intervention 6.4.2 (a): Identify and facilitate development of tourism products and attractions along the east-west and north-south tourism corridors
- Intervention 6.4.2 (b): Develop eco-friendly adventure tourism products along the uThukela River
- Intervention 6.4.2 (c): Develop King Shaka Tourism route as a link into the hinterland, focused on heritage as well as other products for tourism.
- Intervention 6.4.2 (d): Encourage back-packer facilities along these routes in order to attract this niche market.

- Intervention 6.4.2 (e): Develop north-south corridor infrastructure – including the new road connecting Ndwedwe to Maphumulo (North – South Link in the hinterland)

STRATEGY 6.4.3: TOURISM PROMOTION AND INFORMATION DISTRIBUTION

A well informed tourist is a happy tourist. Information centres should be provided in the high density tourist areas along the coast, in KwaDukuza and along the King Shaka Heritage route. Information centres should be linked so that tourists are properly informed at all times. Where there are low density areas, there should be information boards with maps and telephone numbers. Day trips into the hinterland should be especially promoted, and perhaps incentivised. Strategic marketing is essential to reach target audiences from a range of areas. Niche products should be marketed accordingly – for example, the golfing route, in golfing magazines and websites. It is important that products are linked/clustered when marketed as it becomes more appealing to tourists.

- Intervention 6.4.3 (a): Establishment of local information tourism centres to provide support services in the high density tourism areas.
- Intervention 6.4.3 (b): Establish information stops outside of main centres – such as map stops with promotion material.
- Intervention 6.4.3 (c): Ensure the promotion of inland corridors at coastal information centres.
- Intervention 6.4.3 (d): Promote niche attractions through targeted marketing in strategic places and packaged deals (e.g. golfing, eco, medical, adventure etc.)

STRATEGY 6.4.4: PROVISION OF SUPPORT SERVICES

The following support services have been identified.

Local tourism organisations: Local tourism organisations have an important role to play in organising the hundreds of service providers in iLembe. This makes the following functions possible: group marketing, arranging packaged deals, identifying and providing infrastructure, obtaining visitor information, and communicating with the authorities at the municipality. These organisations should be encouraged.

Training: Entrepreneurial training and access to information should be boosted so that SMMEs can form to meet the specific needs of tourist attractions. Training colleges in tourism fields such as hospitality and catering should be opened. Incentives should be provided for in-house training/apprenticeships offered to local communities.

Tour guiding: Tour guiding is an important service to offer to visitors who like to get a local view on sites and appreciate the safety provided by a guide. However, tour guides often cannot support themselves due to erratic visitor numbers and therefore a mechanism should be established whereby this service is developed and provided by the tourism information centres.

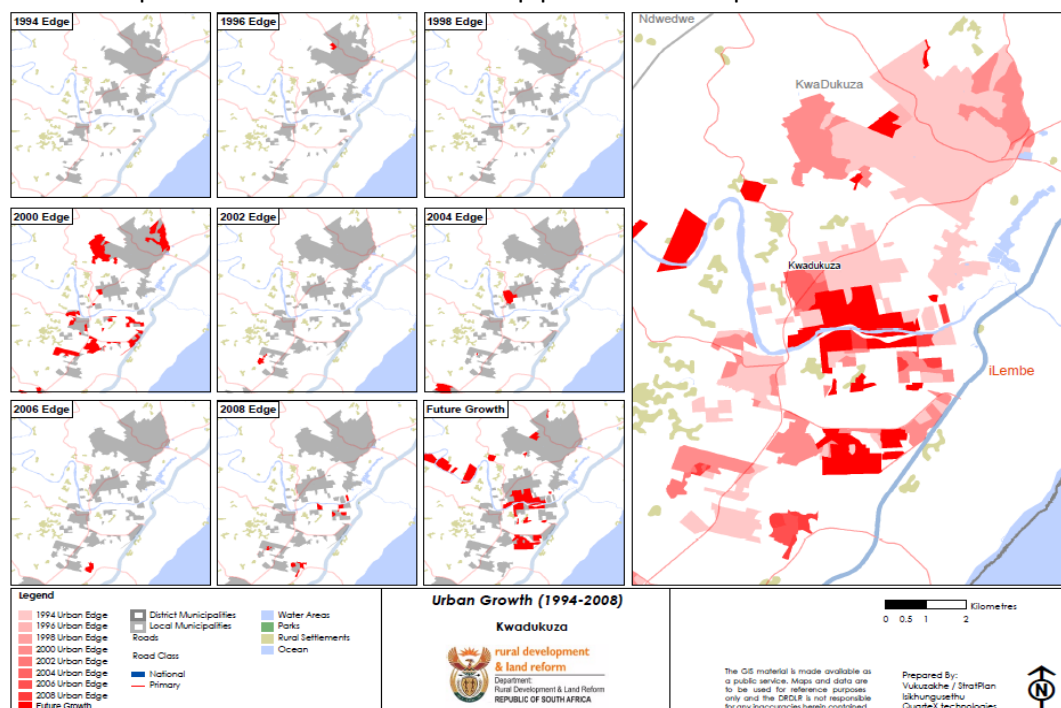
These interventions are outlined below.

- Intervention 6.4.4 (a): Establish, strengthen and support local tourism organisations
- Intervention 6.4.4 (b): Facilitate tour guide development
- Intervention 6.4.4 (c): Establish tourism focussed training colleges, and in house training programs.
- Intervention 6.4.4 (d): Entrepreneurial training, access to information and funding should be provided so that SMMEs can form to meet the specific needs of tourist attractions. Special attention should be given to schemes for in-service training in the hospitality and tourism sector.

6.5. CITY BUILDING

The most widely identified future growth priority was that of city building. The core to this was that of a city building strategy in an elliptical area of some 30km length and 20 km breadth from Ballito in the southeast to Kwadukuza/Stanger in the northwest.

Over the past decade the town of KwaDukuza has been one of the fastest growing urban areas in Kwazulu-Natal, and indeed South Africa. However, economic, financial and infrastructural development has not been able to keep pace with the rapid rate of urbanisation.



The area for a city building strategy in Ilembe is however comprised of a number of nodes, with the central town of KwaDukuza being a vibrant trading centre with an established, but relatively small, industrial base. Over time a number of successful industries emerged from the area, including specifically agri-industries related to sugar cane, industries supplying harnesses to the Toyota plant in Durban's South Industrial Basin and others.

Job creation for the vast low income population located to the south and west of KwaDukuza town is a priority for Ilembe District, but this is a long-term process. In the interim, major coastal developments have also come to characterise the Ilembe coastline. Some of this development has provided jobs to those who live inland, and can be seen in the daily commuting patterns to/from worksites. Typically construction creates about ten jobs per million capital expenditure, and thus thousands of inland jobs have been sustained through coastal development.

Starting in the south, billions of Rands of private urban investment has gone into the greater Ballito area, and many Billions more due to come not only at Ballito but northwards on the coast from here. This new urban development is partly because of the close proximity of the region to the new international airport, but also due the availability of well-located industrial land inland *inter alia* at Compensation flats and beyond along the R102 up to Mandeni/Isithebe. In addition, there are strong indications of significant resort towns emerging at Tinley Manor, Nonoti, Blythedale, Zinkwazi and in the areas northwards of the Tugela River identified *inter alia* by the Dubai based investor Ruwaad.

How this complex of initiatives and settlements will interact is no small urban planning matter, and – looked at over the long term - it has several of the features of metropolitan development management challenges. As such, it will require planning and effective management by a qualified team of professionals.

In many respects the central town of KwaDukuza sits at the centre of the complexity of this challenge. It has lagged the investment characterising coastal developments, and has several urban reconstruction challenges relating to infrastructure enhancements, traffic management, land use, etc.

East west corridors of new road infrastructure and urban development linking for example Blythedale with Kwadukuza/Stanger, and projecting from there further westwards would do well to create a groundswell of market forces supporting KwaDukuza town's reconstruction. However, a public-private partnership drawing on international best practice in urban reconstruction experience also needs to be focused on the existing town itself, which is otherwise currently jaded and not consistent with the attributes of a core of a nascent metro.

Outside of the existing formal towns and settlement areas, but within what appears to be a nascent metro, the predominant land cover and economic activity is sugar cane. Expanding urban development has contributed (partly) to the decline of cane supply and has placed pressure (together with other agricultural and land security factors) on the viability of remaining sugar mills on the KwaZulu-Natal Coast – a number already closed.

However, millers have responded by planting programmes on the inland areas of Ilembe, in areas previously not used for cane in the Ilembe District. So paradoxically, city development and agricultural renewal/extension in some respects are actually supporting each other. Notwithstanding this, there is a need for planning for the greater integration of urban and rural development in Ilembe, particularly insofar as the non-sugar aspects are concerned (see discussion of Dube Tradeport and value chains).

Projecting forwards over time, one of our team members (Prof McCarthy) in association with Prof Mike Kahn and Dube Tradeport mapped likely scenarios of urban growth here in the forthcoming several decades. The research of Dr Kasarda and his international team of researchers on airport and associated corridor areas around the world was part of the framework for thinking about these prospects (see diagram below). The 'outside the fence' component of the diagram shows the types of developments that might be expected in Ilembe, given world experience of what emerges within daily commuting range of new international airports.

However one cares to look at it, Ilembe is being incorporated into a qualitatively different form of urbanisation in the future, and it will need a qualitatively different type of management and scale of financing.

Institutional development

Much of the process referred to above will occur within the KwaDukuza municipality, but not all of it. The industrial corridor extending from Compensation along the R102 to Isithebe, to choose but one example, needs to be co-ordinated as a whole of duplication is to be avoided and maximum efficiencies are to be realised in infrastructural and other servicing. Yet the current capacity of local municipalities is too small and too un-co-ordinated to facilitate such outcomes. Deriving from the discussion above, three future steps relating to building institutions for city-building in Ilembe need be developed:

Capacity and Finance Assessment: The first step required is a synopsis and update of existing local and District municipal capacity and financial assessments in relation to the projected challenge of city building. This could be done *inter alia* by KZN COGTA in co-operation with the District Municipality.

Capacity and Finance Requirements: The next step would be to document in graphical, numerical and tabular form, also explained in text, the projected financial and capacity requirements in 10, 20 and 30 years. These projections would be based upon research into the comparable financial and capacity endowments of similar scale local authorities elsewhere.

Capacity and Financial Development Strategy: The third step would consist of a series of recommendations for upgrading of existing staff and financial resources; and the introduction of new capacity (both onsite and outsourced) in a phased process over time. It would also be based upon research into similar or parallel initiatives regarded as best practice in South Africa and elsewhere. In the Ilembe SEDS strategy workshop it was recognised that the development challenges that lie ahead need to be tackled as a family of municipalities. In the short-to medium term it was likely that a network of expertise be harnessed to execute the three steps referred to above and to mobilise the financial resources necessary for the implementation of the recommendations of the third step.

Reconstructing Agriculture: The value-chain and linkages with Dube Tradeport

An important strategy for Ilembe in the future will be to interact with its transactional environment in a manner that is most enabling for those participating in the reconstruction of agriculture. In this regard significant opportunities lie in participating with Dube Tradeport (DTP) around realizing opportunities in the global agricultural value-chain.

Research for DTP over the past decade identified the potential for export of tropical flowers and fruits via airfreight to Dubai and beyond. It was recognized that the growth of perishable trade globally had led to increased distances between producers and consuming markets, while at the same time pressure on quality has increased. Air transport played, and continues to play, a significant role in developing trade flows. Globally, perishables are now the biggest single airfreight commodity.

However, participation in global perishable markets will not happen just with local initiative and use of airfreight capacity at King Shaka airport. As DTP determined, the global trade of perishables involves a number of intermediaries on both sides: growers, aggregators, and forwarders on the exporter side; and receivers, multipliers, wholesalers and retailers on the import side. With the rise of the “mega” retailer, the supply chain is being rationalized in systemic ‘dis-intermediation’ whereby large retailers are directly accessing and sourcing perishable produce from the country and, increasingly, the farm of production.

This redefinition of supply chain can represent significant opportunities for developing country suppliers. A more direct supply channel leads to more control over product pricing, and, ultimately, higher potential for profit realization. In addition, close integration with retailers’ demand forecasting systems can smooth out production, and increase farm efficiency thereby reducing production costs.

DTP had observed that the changing demographic and psychographic profile of the average consumer in the developed markets of Europe, North America and Japan had given rise to a host of new product and service categories. In particular, the increasing number of double-income families and the time demands of professional occupations have created a demand for convenience products and services, including pre-prepared ready-to-eat fruit salads, and other ready-to-heat dinners. Consumers are demanding of greater variety and higher quality products such as:

- Snack packs of baby vegetables
- Retail packs of baby fruits
- Cut and peeled ready-to-cook packs of stir fry or casserole vegetables
- Washed mixed salads with dressing and crouton sachets
- Peeled, pitted and sliced fruit lunch packs with forks
- Ripe-and-ready-to-eat packs of avocados, pears, etc
- 'Flown for freshness' labeling

It was noted that European retailers are very keen to grow this segment, which brings larger profit margins and a relief from the strained margins on the commoditized fresh produce category.

The relevance of such observations is that they stress potential relationships between the airfreight capacity at King Shaka and the potential reconstruction of agriculture in parts of Ilembe, and emphasize international demand and marketing considerations, and the roles of aggregators, forwarders and mega-retailers which can lift Ilembe agriculture out of its local market constraint culdesac.

What do we mean by such a culdesac? At present, Ilembe agriculture is characterized either by (i) extensive dominance of a single crop (sugar practiced by corporates); or (ii) challenges of attractiveness in micro-scale mixed farming, practiced mainly by poorer black South Africans. The former are nowadays being attracted northwards of South African borders due to lower operating costs and better growing conditions there, whereas the latter are failing largely due to poor effort/reward ratios and poor market access of micro-scale farmers. The last mentioned of challenges have bedeviled the viability of multiple so-called LED initiatives, and it is important to understand that micro-farming currently runs counter to a number of mega-trends in SA agriculture and land use that should serve as a context for Ilembe's agricultural reconstruction efforts. The most important of these is that economies of scale, market access, technology and information are currently central to agricultural success.

The number of large-scale commercial farmers in South Africa has halved over the past 15 years in response to these forces. Research into farming costs show that management inputs into the agricultural sector have doubled for each of the past three decades, and has the value of professional input by the same margins. By contrast, input by the elementary occupations decreased by half over three decades.

In summary therefore, if reconstructed Ilembe agriculture near the new airport is to fall into alignment with both international and national trends it will have to seek to work with economies of scale and knowledge intensivity. What can be learnt from international best practice in this regard?

Perhaps one of the best international examples of how the new economy is currently shaping land use and rural development is the cut flower industry. At one time (up to 20 years ago), cut flowers tended to be locally produced for local markets, and the producers of flowers and local ecological conditions tended to play dominant roles in relation to what was produced. Thus, for example, cut flowers sold in Germany would mostly come not only from Germany, but also from the local region in which they were bought, where certain horticultural and floral traditions prevailed. Air cargo transport has however been internationalising the cut flower trade over a period of decades; and given the exceptionally high economic returns that flowers can provide per hectare (often more than ten times that of conventional agricultural crops), high quality land with optimal climatic conditions has been converted to floricultural use in places as far afield from primary European markets as Columbia, Israel, Thailand, Kenya and Ecuador, all of which have become leading international cut flower exporters.

The Netherlands nevertheless continues to be the leading world exporter of cut flowers, and its comparative advantage in this field has been partly built around the development and application of specialised knowledge on floriculture there, and partly around the advanced and tailored air cargo handling capabilities of Schiphol and other Netherlands airports; and also partly through the establishment of sophisticated, computerised flower-auction markets based in the Netherlands. Most recently, however, this comparative advantage has begun to be eroded by the growth of more direct relationships between the R & D of retailers in Europe, and producers outside.

But again, intermediaries are important here. The connections that have now been established between British retail chains and Kenyan flower producers are a case in point. Larger British retailers do detailed market research on flower tastes and preferences, and they also have close informational relationships with top floral design agencies there. This information is electronically relayed back to larger flower producers in Kenya, (which incidentally are often owned by British multi-nationals), and both the retail chains and the Kenyan-based producers have also developed long-term cargo-space-order relationships with the airlines' linking Nairobi to Britain.

A knowledge-intensive, buyer-driven network of flower farming has thus since emerged with production in Kenya but R&D and marketing focused on Europe. The U.K. cut flower market has an annual value of over a billion Pounds, and the European market is much larger – the average propensity to consume flowers in Britain, for example, is only about a fifth of that of the Swiss. Sections of semi-marginal land in Kenya have been utilised for flower production to meet such demand, but the conditions under which the flowers are grown are controlled, and is technically very advanced. Two large farms of 250 ha each dominate production, but there are also around thirty medium sized farms of about 5 ha each, and several hundred smaller farms (of less than 5 ha). The two largest producers each employ over 5 000 workers, and total employment in the industry runs into tens of thousands.

A second case of new economy horticulture that deserves brief illustration, is that of organic food, the market for which has doubled every few years in Europe, and most of the produce is imported. Despite the reservations of consumer purists, the major supermarket chains in Britain for example are now beginning to consciously build decentralised organic food production farms at home and abroad, and they are establishing electronic production information and marketing networks accordingly.

What is interesting about both such trends is how extracting value from the land does not depend upon space-extensive use of soils and rainfall, as in the case of field crops (e.g. wheat, maize, sugar etc.); but rather upon effecting the right combination of linkages between local environmental conditions, the application of the most advanced international R & D, specialised transport infrastructure and, above all, connections to global marketing chains. Moreover, very often the emphases of such high-value relationships to the land depends upon establishing market connections with First World, 'higher need' luxury consumption patterns.

There are of course important production technique considerations, including pest and disease control, weed control, fertilization, etc that require proper scientific training and adherence to international best practices if organic food production is to be successful. Moreover, the most critical issue of all, especially for smaller growers is often that of marketing, especially given the perishable nature of the product. In this regard smallness itself is often a great disadvantage, because the level of time, expertise and effort required to source international markets is often well beyond the capabilities of typical small producers.

In summary therefore Ilembe needs to make interventions designed to link the reconstruction of agriculture here into global growth markets and global supply chains, and this will require harnessing economies of agglomeration, scale and technology and knowledge. In addition, it will likely require collaboration with global mega-retailers and intermediaries in the airfreight business, so as to facilitate secure patterns of demand for higher valued horticultural products.

8. CONCLUSION

The low road scenario describes a situation where a lack of connectivity between coastal economic development and the hinterland, as well as, political and leadership instability leads to deepened poverty and service protests in these areas. In order for this low road to be avoided, linkages to the hinterland are vital. Each of the sectors provides opportunities to grow east-west linkages.

The agricultural sector provides opportunities through reinventing the way agriculture is carried out in the province and moving toward intensifying and diversifying agricultural products. Manufacturing opportunities exist along P-roads to accommodate demand for land, and through

value adding based on the reconstructed agricultural industry. Tourism creates east-west linkages through route development, tour guiding and adventure tourism. Through the broadband project, ICT hubs can now be built in rural areas to provide information and training, perhaps the most important means of connectivity. Furthermore, if the low road is to be avoided, growth in the major coastal nodes needs to continue and become even more robust in order to protect itself against national and global economic instability. Growth in the hinterland depends on this. Therefore, in order to avoid the low road and achieve the high road two things need to occur. Firstly, growth in major coastal nodes needs to be supported and protected from national and global threats. Secondly, that growth must be shared with the hinterland through creating east-west linkages and improving connectivity throughout iLembe.

In the short term, the following needs to be achieved:

1. The District Municipality, in close collaboration with the local municipalities, Provincial Government, and local social partners (private sector and civil society), must drive the formulation of a long-term regional spatial plan, which gives more content to corridor development. The plan must provide a detailed land-use and spatial planning framework which allows all stakeholders and especially the investment community, clarity on the long-term development objectives of the region.
2. The District, preferably through its specialised economic development agency, must develop overall market intelligence, as well as specific marketing/ packaging strategies for the five targeted economic growth opportunity areas discussed in this report :
 - a) Agriculture
 - b) Manufacturing
 - c) Tourism
 - d) Green Economy
 - e) City Building

These strategies must evolve into specific investment promotion and attraction action plans which can be monitored and measured. Feedback from the targeted investment community can be used to regularly update both this strategy as well as the envisaged Regional Development Plan.

3. The District needs to lead the facilitation of much higher levels of leadership collaboration, amongst both political and official leadership of Government institutions in the District, especially between KwaDukuza, the District and other LMs around planning and development. In addition a much closer collaborative relationship between Government and the private sector in the District needs to be fostered if the economic drivers in iLembe are to be aligned to spatial planning.
4. Government, at all three spheres, needs to work on securing further resources for all of the above. Funding for infrastructure in the targeted sectors and corridors must be prioritised and innovative public-private partnerships will need to form part of the set of solutions to convert this dynamic strategy into reality.

DRAFTED BY ILEMBE DISTRICT PLANNING DEPARTMENT WITH SUPPORT FROM IDM PMU



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