

# BERGRIVIER MUNICIPALITY



LOCAL ECONOMIC DEVELOPMENT

STRATEGY

MAY 2015

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# BERGRIVIER LOCAL ECONOMIC DEVELOPMENT STRATEGY - 2015

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**CHAPTER 1: INTRODUCTION & PURPOSE OF LOCAL  
ECONOMIC DEVELOPMENT STRATEGY**

**Background**

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Local Economic Development (LED) is an approach to sustainable economic development that needs to lead to an improvement in the quality of life for all in the local community through attracting investment, business development and direct and indirect job creation.

The foundation for municipal Local Economic Development is firstly to be found in the Constitution of the Republic of South Africa in Sections 52 and Section 53 where developmental local government is clearly addressed. It is further to be found in one the National Key Performance Areas and the Provincial Economic Strategy for the Western Cape. The national Key Performance Area for Local Economic Development describes LED as the strategy to promote equitable creation and distribution of wealth in South Africa and it is clear from this definition that Bergrivier Local Economic Development Strategy is also to address the matter of redistribution of resources and the creation of wealth for all.

**The Vision for Development**

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The vision for Bergrivier Municipality is

*“We strive towards a satisfied community through sustainable service delivery”.*

And the mission is:

*“To create an effectively governed administration that is committed to sustainable development of the municipal area and the delivery of services that are responsive to the unique needs of the Bergrivier community”.*

The above vision for the municipality includes the principles of Local Economic Development and this strategy is therefore aligned with the broader vision of the municipality and with the Integrated Development Plan.

**Purpose of the Local Economic Development (LED) Strategy**

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The purpose of Local Economic Development is to enhance economic growth to ensure an improvement in the quality of life for all its residents firstly and secondly to enhance the revenue of the municipality. It is a process where the public sector, business and non-governmental sector collectively apply focussed attention and energy to create an environment conducive for economic growth and employment

generation and improve the sustainability of the local economy based on a local competitive and comparative economic profile.

One of the national perspectives for economic development is the distinction between the First Economy, the Second Economy and the Third Economy and as LED is a mechanism to reduce poverty systematically through all these 3 levels, clearly defined short term to long term interventions are required. It will also be critical to clearly identify the beneficiaries per strategy as the focus will necessarily have to be on all levels: from Small Medium and Macro Enterprise (SMME) development, enterprise development, a focus on ensuring that no retention on existing businesses occurs and to direct job creation.

The main objectives of the LED strategy are therefore:

- i. To provide a situational analysis of the economy of Bergrivier Municipal Area to serve as baseline information for the LED strategy;
- ii. To define and describe the institutional mechanism for implementation of the LED Strategy; and
- iii. To identify and describe potential short term projects to commence with a process towards achieving the strategic objective of LED; and
- iv. To enhance the Local Economy of the Bergrivier Municipal Area.

In working towards achieving the LED objectives, the following points of departure were taken into account in the drafting of the strategy, include:

- i. It must be realistic;
- ii. It must be able to manage expectations of the stakeholders;
- iii. Stakeholders participation must be by choice;
- iv. Over ambitious plans tend to result in LED losing credibility; and
- v. The identified strategy and plans must be able to meet with available resources and capacity for implementation; and
- vi. The LED Strategy must be the product of public participation and owned by all local economic partners within Bergrivier Municipality.

### **Process followed**

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The following process was followed in drafting the LED Strategy:

- i. Workshops

The following workshops were held with stakeholders: (Attendance Registers are available).

Venue	Date
Porterville	
Piketberg	
Velddrif	

**Table 1.:** *LED Workshops held*

ii. Strategic Session with Council

A strategic session with Council was held on 7 April 2015 predominantly to discuss the implementing agency for the strategy.

iii. Desktop Study

The following document/written sources were used:

- i. Bergrivier Annual Report 2013/14;
- ii. Bergrivier Integrated Development Plan (IDP) 2014/15;
- iii. Minutes from Participatory Appraisal of Competitive Advantage (PACA) meetings/workshops 20 – 24 JANUARY 2014;
- iv. Fostering Local Wellbeing (FLOW) process;
- v. LED Maturity Assessment Report February 2014; and
- vi. Guiding Principles for Good LED Practice – Annexure to LED Maturity Assessment Reports – March 2012.

iv. Discussions with Business Leaders in Bergrivier Municipality

A range of discussions were held with business leaders in Bergrivier Municipality on an individual basis. These discussions are still being conducted as it is a continuous process. The purpose of the discussion is to ensure the active participation of the major businesses in Bergrivier Municipality in the anticipated Economic Forum as outlined in Chapter 5.

In the identification of the major business leaders, the criteria of sector representation and a fair distribution amongst the various towns in Bergrivier are being considered consistently.



## CHAPTER 2: SITUATIONAL ANALYSIS

The purpose of this section is to describe the currently reality of the area as it is important to have a good understanding of the economic base, markets and how the local economy functions. The situational analysis identifies the economic and socio-economic trends and provides base data to identify and prioritise important matters in the LED planning process.

### 2.1 Geographical Context

Bergrivier Municipality is situated in the West Coast District of the Western Cape Province. It is bordered to the north by the Cederberg Municipality, south by Swartland Municipality, west by Saldanha Bay Municipality and east by Drakenstein and Witzenberg Municipality.

The municipality covers a geographical area of approximately 4 408 square km. It is geographically diverse and includes 9 urban settlements, approx. 40 km of coastline and a vast rural area. The main urban settlements are Piketberg (administrative seat), Porterville, Velddrif (which includes Port Owen, Laaiplek and Noordhoek), Dwarskersbos, Eendekuil, Aurora, Redelinghuys, Goedverwacht and Wittewater. The latter two are Moravian settlements on private land.

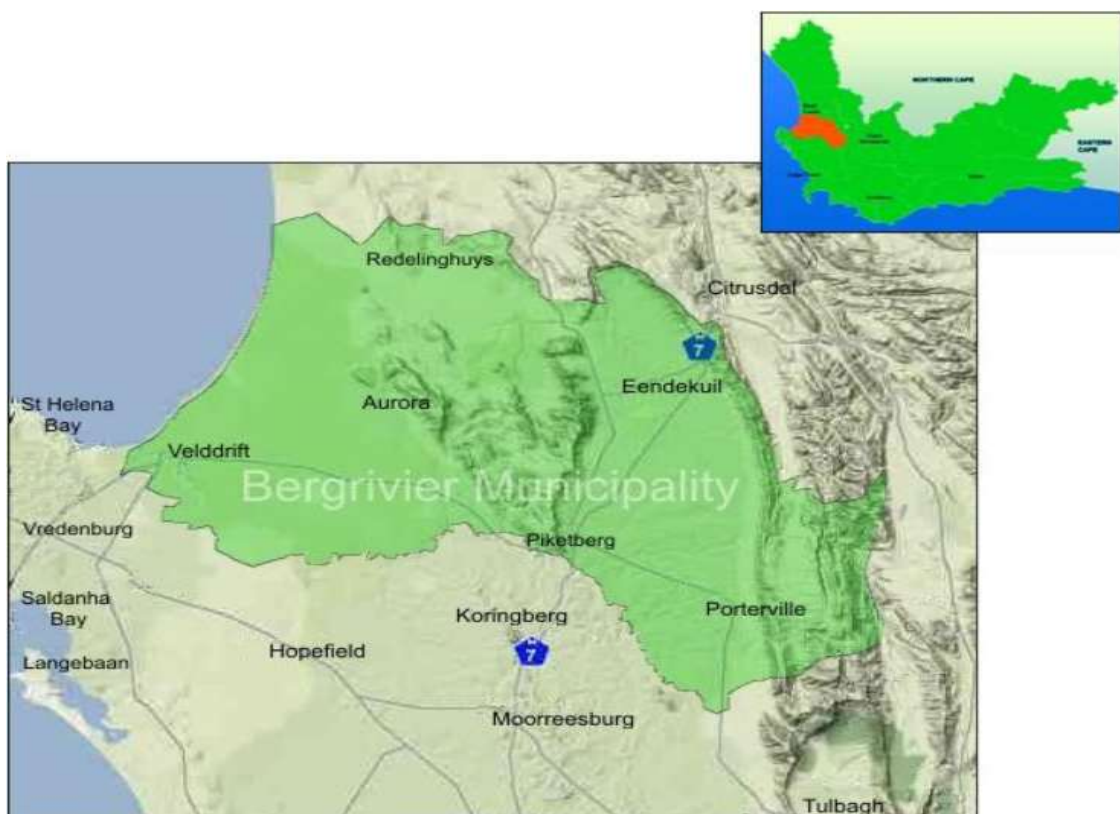


Figure 1.: **Map of Bergrivier (Source: Annual Report 2013/14)**



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The following table presents a brief description of each settlement's economic base:

Name of Settlement/Town	Economic Base
Velddrif (including Laaiplek, Port Owen and Noordhoek)	<p>A coastal town with a fishing industry;</p> <p>Resources include sea, coastal environment, salt pans and Bergrivier Estuary;</p> <p>Local economy consists predominantly of tourism, retirees and 2<sup>nd</sup> home residents.</p>
Dwarskersbos	<p>Coastal town with a property market, holiday accommodation and tourism;</p> <p>Natural resources, sea and coastal area;</p> <p>Local economy predominantly consists of tourism, retirees and 2<sup>nd</sup> home residents.</p>
Piketberg (including Piket-Bo-Berg)	<p>Administrative seat of municipality;</p> <p>Service and commercial centre of surrounding agricultural area;</p> <p>Agriculture is the primary economy;</p> <p>Strong public sector activities – municipal head office, district offices for Education and StatsSA, provincial government offices, and other public functions.</p>
Porterville	<p>Economic base is agriculture, but also recreational and tourism (e.g. paragliding);</p> <p>Sound infrastructure and has i.a. regional Kaap Agri-Office and a prison.</p>
Redelinghuys	<p>Fairly isolated village;</p> <p>Is residential area for agriculture and retired people;</p> <p>Some tourism potential in Verlorenvlei as a Ramsar site;</p> <p>Has no economic base and is home for farm workers.</p>
Eendekuil	<p>Fairly isolated village;</p> <p>Is an agricultural area and service dependent on Piketberg;</p>

Name of Settlement/Town	Economic Base
	Has no economic base and is home for farm workers of nearby farms; New Rooibos plant in advanced stage.
Goedverwacht en Wittewater	Isolated villages; Mission stations run by Moravian church; Has little direct investment to stimulate economic activities; Residents work mainly on surrounding farms; Scenic mountains and missionary culture may offer some tourism potential.

**Table 2.: Economic Base of Each Settlement**

## 2.2 Demographic Overview

### Population

The municipality's key demographic trends are summarised as follows:

- The estimated population figure for Bergrivier in 2001 was 46 327. This figure grew substantially to 61 897 in 2011 which is indicative of extensive migration into the Municipal Area. This translates to a population growth of 2, 8% per annum with an estimated population of 70 000.
- The following table gives an overview of the growth of the population since 2012:

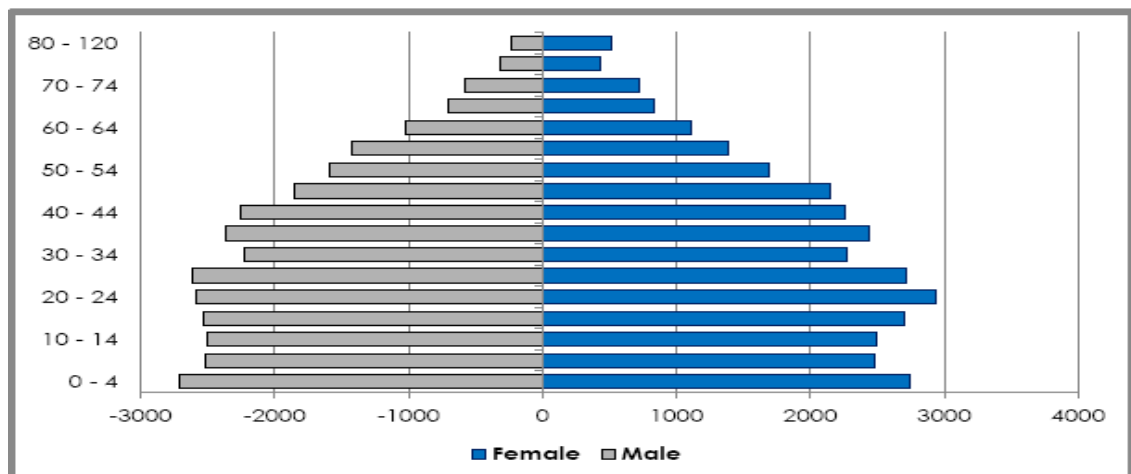
Year	Population
2012	63 630
2013	65 411
2014	67 234
2015	69 126

**Table 3.: Population growth 2012-2015**

- The gender composition from 2001 to 2011 remains relatively unchanged with a slightly higher ratio of females to males;

- The racial composition from 2001 to 2011 has changed slightly with the Black African population increasing by 5.3% and the Coloured population diminishing by 4.8%;
- The predominant language in the Municipality remains Afrikaans which is spoken by 91% of the population;
- The population is predominantly youthful with 58% of the population falling within the national definition of youth (under 35 years of age). There is a significant drop of 10% in this age group;
- It is estimated that in 2030 the population will increase by 13 831 to reach 78 722 and represents a total growth of 21.3% or an annual growth rate of 1.2%;
- Bergrivier has 15.8% of the district population and in 2030 it is expected to account for 16.0%;
- The proportion of the population 14 and younger relative to the working age population is expected to decrease from 36.4 in 2014 to 33.1 in 2030. Over the same period, the proportion of the population 65 and older relative to the working age population is expected to increase from 11.0 to 15.9%;
- Bergrivier has the highest old age dependency of all the municipalities in West Coast District. The reason could be that the towns in Bergrivier are seen as safe and tranquil places to retire in;
- Urban households amount to a total of 8 748 households of which 2 208 are poor (indigent). This constitutes 25.2% of the total number of households and is also an increase from previous years where indigent households constituted 23.7% of the total number of households.

The following is a graphic presentation of the population of Bergrivier Municipality:



**Graph 1.: Gender Population (Source: Annual Report 2013/14)**

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TOWN /AREA	FEMALE	MALE	TOTAL
Redefinghuys	279	297	576
Bergrivier Rural Area	12918	12262	25180
Eendekuil	780	750	1530
Dwarskersbos	347	322	669
Aurora	309	267	576
Velddrif	5668	5350	11018
Goedverwacht	1014	965	1979
Beaverlac	23	36	59
Piketberg	6275	5800	12075
De Hoek	135	195	330
Wittewater	428	421	849
Porterville	3660	3396	7056
<b>TOTAL</b>	<b>31836</b>	<b>30061</b>	<b>61897</b>

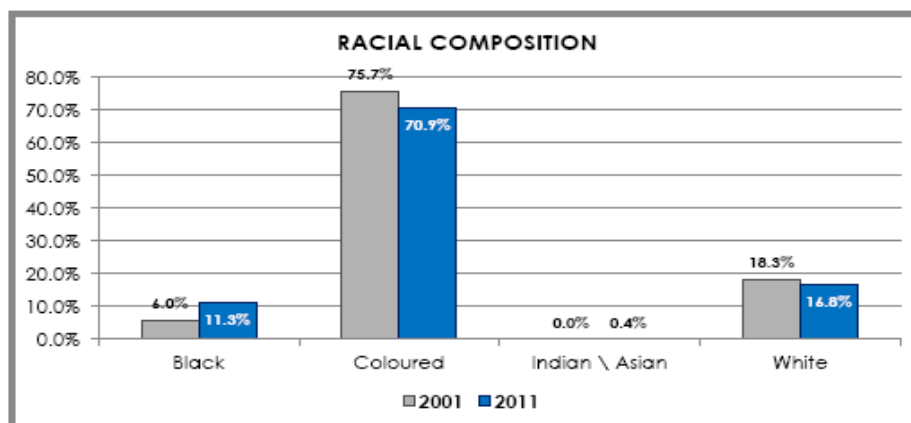
**Table 4.:** Population per town/Area (Annual Report 2013/14)

### Population by age and gender

AGE GROUPS	CENSUS 2001			CENSUS 2011		
	MALE	FEMALE	TOTAL	MALE	FEMALE	TOTAL
0 - 4	2060	2034	4094	2709	2736	5445
5 - 9	2100	2122	4222	2521	2477	4999
10 - 14	1995	2054	4049	2498	2489	4987
15 - 19	1907	2102	4009	2535	2705	5240
20 - 24	1910	1883	3793	2584	2941	5525
25 - 29	2467	2127	4594	2622	2709	5331
30 - 34	2253	1969	4242	2225	2268	4493
35 - 39	2009	1928	3937	2360	2436	4796
40 - 44	1549	1556	3105	2258	2262	4520
45 - 49	1348	1244	2592	1861	2140	4000
50 - 54	963	981	1944	1591	1690	3282
55 - 59	743	839	1582	1422	1391	2814
60 - 64	634	705	1339	1030	1108	2137
65 - 69	534	595	1129	708	824	1532
70 - Plus	654	1042	1696	1136	1659	2796
<b>TOTAL</b>	<b>23126</b>	<b>23201</b>	<b>46327</b>	<b>30060</b>	<b>31837</b>	<b>61897</b>

**Table 5.:** Population by age and gender (Source: Annual Report 2013/14)

### Racial composition



**Graph 2.:** Racial Composition (Source: Annual Report 2013/14)

### 2.3 Socio-Economic Profile

The following discussion presents a brief overview of the socio-economic profile of Bergrivier by providing a short summary of the following indicators:

- 2.3.1 Education
- 2.3.2 Poverty and Social Needs
- 2.3.3 Household Income
- 2.3.4 Employment
- 2.3.5 Access to Social Grants
- 2.3.6 Access to Basic Services
- 2.3.7 Crime

#### 2.3.1 Education

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In 2013 Bergrivier had 8 027 learners (Gr 1-12 + LSEN) with an average dropout rate of 40% (2012) and a matric pass rate of 89.1% (2012). Only 6% of the school leavers have some form of tertiary education. Access to further education and training is limited as Bergrivier is the only Municipality currently in the West Coast District without a FET college. This situation is currently being addressed with new educational facilities being planned in Piketberg.

The literacy rate in the Western Cape is 87.2% which is higher than the literacy rate in the country of 80.9%. However, the overall literacy rate of the West Coast District is 76.1% with Bergrivier having the second lowest literacy rate compared to all municipalities in the West Coast District at 76.4%. It needs to be emphasized that the literacy rate improved in the period 2001 – 2011.

The importance of education and skills development is that it will improve access to available employment opportunities. The low education and skills levels of the Bergrivier community are currently contributing to unemployment and poverty.

The Municipality actively engages with all Government Departments constituting what is known as the Social Cluster in the Municipal Area (Health, Social Development and Community Safety) in a bid to collectively address these issues and it currently forms an integral component of the Municipalities IDP Representative Forum. Education was identified as the highest priority on the Joint Planning Initiative (JPI) and is therefore also the main priority of Bergrivier Municipality within the JPI - process.

### 2.3.2 Poverty and Social Needs

The following is a short overview on the level of poverty in the municipal area of jurisdiction:

- The poverty rate for Bergrivier is 33.8% which is higher than the District norm of 30.4% and well above the provincial figure of 22.1%;
- For the year 2010, rural based municipalities such as Cederberg (42.7%), Bergrivier (33.8%) and Matzikamma (31.7%) recorded alarming levels of poverty. This trend appears to be consistent for the entire assessed period with no sign of decline;
- The Gini coefficient for Bergrivier is 0.58 which is below the district norm of 0.60 and the lowest in the District. (The Gini coefficient is a summary statistic of income inequality which varies from 0-1);
- The Human Development Index for Bergrivier is 0.66 which is slightly below the District norm of 0.68. (The HDI is a composite relative index that quantifies the extent of human development of a community. It is based on measures of life expectancy, literacy and income);
- In 2012/13 the GDP per capita figures was R 23 345 which is off the R 110 000 figure set as a NDP target;
- High poverty levels impact on the socio-economic and wellbeing dynamics of the area. It also places a considerable pressure on municipal finances with a dependency on indigent grants.

#### Summary of Development Indicators

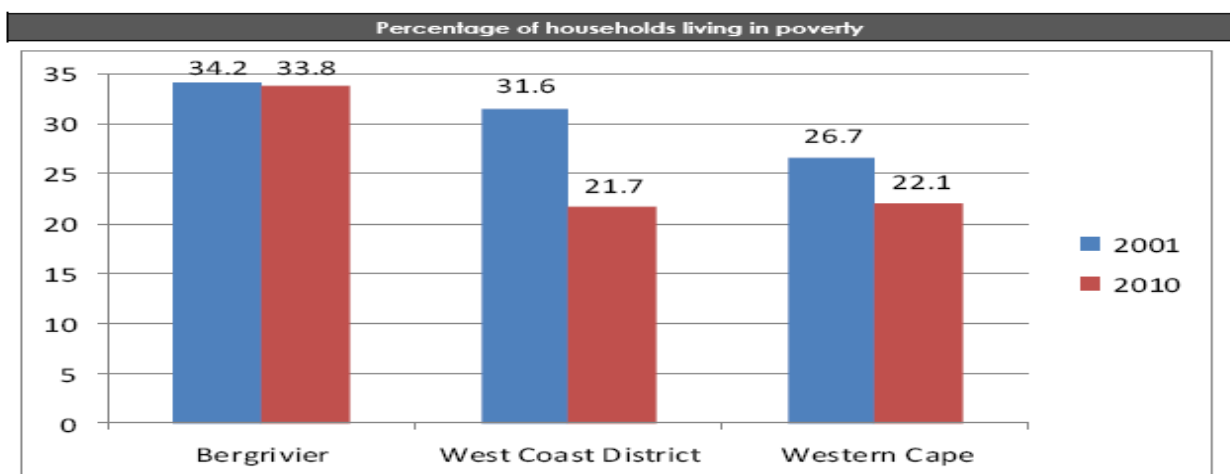
INDICATOR	DESCRIPTION	BERGRIVIER		WEST COAST	WESTERN CAPE
		2001	NEWEST	NEWEST	NEWEST
Poverty Rate (2010)	The poverty rate is the percentage of people living in households with an income less than the poverty income. The poverty income is defined as the minimum monthly income needed to sustain a household and varies according to household size	34.2%	33.8%	30.4%	22.1%
Literacy (2011)	The literacy rate is an indication of the levels of education and skill in the economy	70%	76.4%	79.1%	87.2%
Gini coefficient (2011)	The Gini coefficient is a summary statistic of income inequality, which varies from 0 (in the case of perfect equality where all households	0.56	0.58	0.58	0.58

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	earn equal income) to 1 in the case where one household earns all the income and other households earn nothing)				
Human Development Index (2012)	The HDI is a composite, relative index that quantifies the extent of human development of a community. It is based on measures of life expectancy, literacy and income	0.66	0.66	0.67	0.68

**Table 6.:** *Summary of Development Indicators (Source: Annual Report 2013/14)*

### Percentage of Households living in poverty

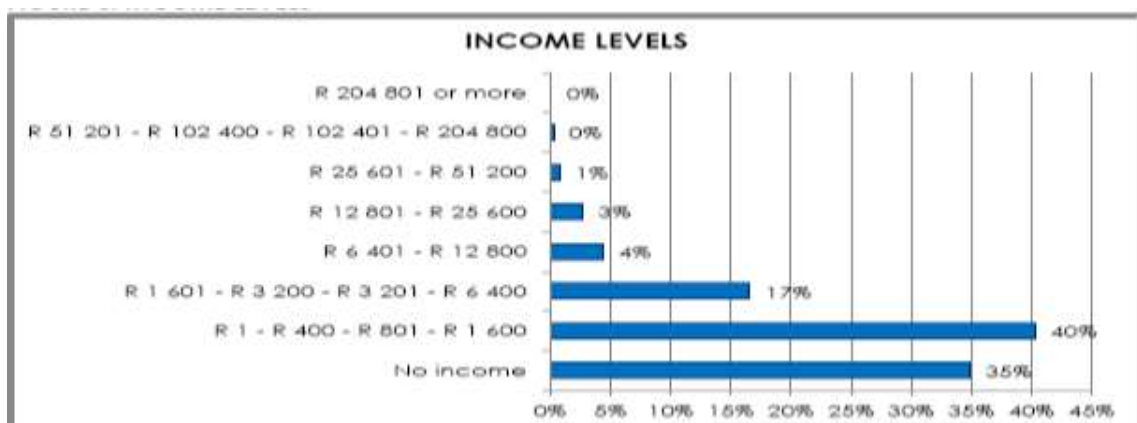


Source: IHS Global Insight, 2013

**Graph 3.:** *Percentage of Households living in poverty (Source: Annual Report 2013/14)*

### 2.3.3 Household Income

#### Income levels



**Graph 4.:** *Income Levels (Source: Annual Report 2013/14)*

### 2.3.4 Employment



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- Although unemployment is still unacceptably high, statistics show a reduction of unemployment from 7, 6% in 2001 to 6, and 8% in 2011.
- Youth unemployment reduced from 10% in 2001 to 9, 6% in 2011.
- The Municipal Economic Review and Outlook of the West Coast District (Western Cape Government Provincial Treasury) indicates that employment in Bergrivier reduced at a rate of 3, 5% per annum (2000 - 2011) meaning 6 500 job opportunities lost over the period. This is predominantly in the agricultural sector.

### Employment Statistics (18-65 Years)

CATEGORY	MALE	FEMALE
<b>EMPLOYED</b>		
Black African	1584	1004
Coloured	9472	7720
Indian or Asian	55	37
White	2235	1499
Other	129	26
Total	13475	10286
<b>UNEMPLOYED</b>		
Black African	191	179
Coloured	575	629
Indian or Asian	2	4
White	61	81
Other	6	3
Total	837	896
<b>DISCOURAGED WORK SEEKER</b>		
Black African	18	26

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Coloured	177	191
Indian or Asian		
White	21	30
Other		
Total	216	247
<b>OTHER NOT ECONOMICALLY ACTIVE</b>		
Black African	1443	2557
Coloured	11262	13890
Indian or Asian	86	71
White	2688	3841
Other	54	49
Total	15533	20408

**Table 7.:** *Employment Statistics (Source: Annual Report 2013/14)*

### 2.3.5 Access to Social Grants

- The most popular grant received by dependents was the child support grant;
- Other grants include old age grants and disability grants.

### 2.3.6 Access to Basic Services

Access to basic services is an indicator of quality of life and the following is a brief overview of the access to basic services for residents in the Bergrivier municipal area:

Town	Electricity	Piped Water	Refuse Removal	Sanitation	
				Septic Tanks	Water borne
Velddrif	100%	98%	100%	58%	42%
Aurora	100%	98.1%	100%	100%	0%
Dwarskersbos	100%	97.4%	100%	100%	0%

Town	Electricity	Piped Water	Refuse Removal	Sanitation	
				Septic Tanks	Water borne
Eendekuil	Eskom	98%	100%	65%	35%
Piketberg	100%	95.6%	100%	0%	100%
Porterville	100%	95.6%	100%	0%	100%
Redelinghuys	100%	100%	100%	100%	0%

**Table 8.:** *Level of Basic Services (Annual Report 2013/14)*

- Although the level of basic services in Bergrivier is high, indigent households make up 25% of total urban households. This constraints the municipality’s financial ability to deliver services.
- There is a direct link between municipalities that display higher growth rates and their ability to collect more revenue. Municipality’s revenue collection and financial viability are undeniably linked to its ability to render quality services firstly, but also to improve the infrastructure without being dependent on grants.
- An expansion of infrastructure expenditure has both a direct and indirect impact on job creation. Direct effects are the jobs created by infrastructure production whereas the indirect effects are the jobs created as a result of the increased demand for the material used in the production of infrastructure. (MERO 2014 – Western Cape Government Provincial Treasury)

## 2.4 Economic Profile

The following is a brief analysis of the local economy in the context of the National, Provincial and District environment:

### 2.4.1 Economic Production and Growth

Gross Domestic Product (GDP) is defined as the market value of all final goods and services produced within an area in a given period of time. The size of an economy is usually measured by its GDP.

The following table indicates the ***growth across sectors for the period 2000 – 2011:***

Industry	Bergrivier	Cederberg	Matzikama	Saldanha	Swartland	West Coast

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Industry	Bergrivier	Cederberg	Matzikama	Saldanha	Swartland	West Coast
Agriculture, Forestry & Fishing	-2.7%	-1.6%	-0.6%	4.7%	-0.1%	-0.4%
Mining & Quarrying	-8.3%	8.1%	-10.7%	7.5%	-22.6%	-4.0%
Manufacturing	5.1%	1.5%	1.0%	- 2.0%	2.5%	1.2%
Electricity, Gas & water	- 2.4%	- 20.0%	- 8.4%	- 1.5%	2.6%	- 2.2%
Construction	10.6%	10.9%	8.8%	3.3%	5.8%	6.6%
Wholesale, Retail, catering & accommodation	8.0%	4.5%	0.6%	3.1%	2.8%	3.5%
Transport, storage & communication	4.3%	5.8%	9.1%	3.3%	1.3%	4.5%
Finance, insurance, real estate & business services	8.3%	5.1%	2.7%	13.6%	13.4%	10.6%
Community, social & personal services	0.5%	4.9%	2.9%	5.4%	- 0.9%	2.9%
General Government	- 1.2%	4.3%	2.3%	5.7%	- 2.4%	2.4%
Total	2.8%	2.2%	1.5%	4.4%	3.7%	3.3%

**Table 9.:** Growth per sector 2000 – 2011 (Source Annual Report 2013/14)

The following are some ad hoc observations based on research (MERO) regarding the growth of the Bergrivier economy:

- The West Coast District real economic growth disappointed somewhat over the 2000s, when compared to economic growth in the Cape Metro and the other Western Cape district – the average real GDP growth rate of 3.3% per annum (2000 – 2011) was dragged down by a gradual contraction in the agricultural, forestry and fishing sector;

- The overall growth rate of the Bergrivier municipal economy for the period has been flat a 2.8% and is still off the National Development Plan (NDP) target of 5.4%. It is also below the West Coast growth rate of 3.3% (Saldanha Bay 4.6% and Swartland 3.7%);
- Bergrivier is a medium growth potential municipality with a potential for development around economic infrastructure and around building an inclusive rural economy;
- The growth potential for the settlements, Aurora, Redelinghuys and Goedverwacht is defined as a low growth potential;
- Piketberg, Velddrif, Dwarskersbos and Eendekuil have a growth potential rating of medium, while Porterville has a high growth potential rating;
- The wholesale, retail trade, catering and accommodation sector has the highest GDP growth and is the most significant employment sector in Bergrivier Municipality;
- The contraction for Bergrivier's economic activity is shifting in favour of manufacturing, construction, retail, wholesale and other services;
- As can be seen, the agriculture, forestry and fishing sector, which was until recently the most dominant employment sector, remains in decline;
- Mining and quarrying, electricity gas and water and general government sectors have also declined;
- The construction, wholesale and retail trade, catering and accommodation, transport, storage and communication, finance, insurance, real estate and business services and community, social and personal services sectors have experienced some growth.

### 2.4.2 The characteristics of the Local Economy

The following is a brief overview of the local economy and the trends of the last few years:

The West Coast District has been hit hard by the recession of 2009 and had a direct impact on employment levels. One of the most important tendencies in the global recession was the increase of unskilled and semi-skilled unemployed people who were not retrained for the industries with new opportunities.

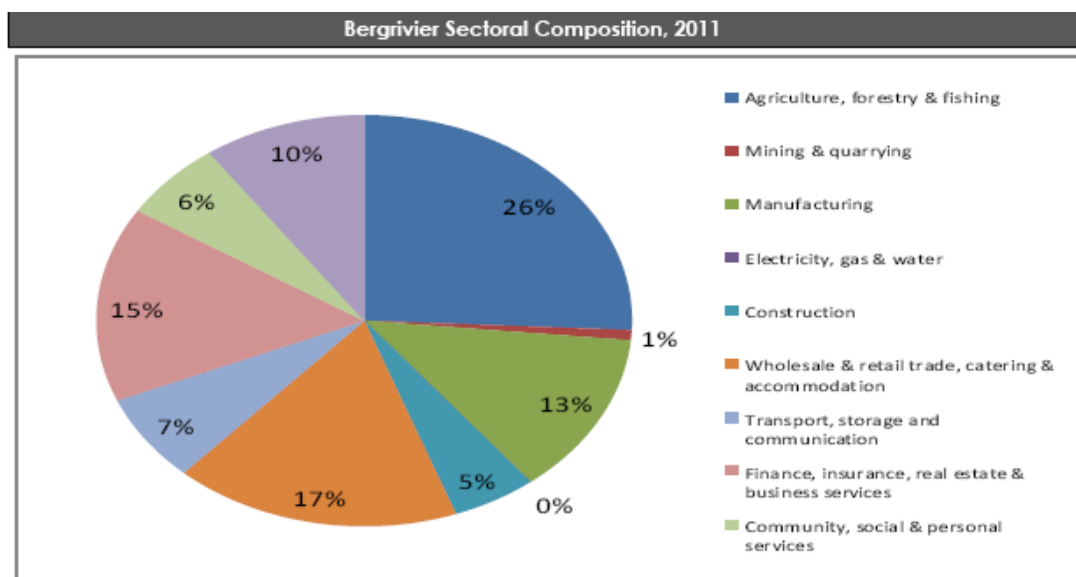
The following table indicates the sector composition of the Municipalities' GDP.

Industry	Bergrivier	Cederberg	Matzikama	Saldanha	Swartland	West Coast
Agriculture, Forestry & Fishing	18.4%	25.7%	18.9%	7.9%	14.3%	14.9%
Mining & Quarrying	0.2%	0.8%	1.0%	1.2%	0.0%	0.7%

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Industry	Bergrivier	Cederberg	Matzikama	Saldanha	Swartland	West Coast
Manufacturing	20.6%	12.8%	19.9%	13.3%	21.2%	17.8%
Electricity, Gas, & water	0.6%	0.0%	1.0%	0.5%	1.9%	1.0%
Construction	6.4%	5.1%	1.0%	3.3%	4.8%	4.3%
Wholesale, Retail, catering & accommodation	22.5%	17.5%	10.5%	10.1%	11.0%	12.8%
Transport, storage & communication	6.5%	6.9%	16.2%	9.3%	4.9%	8.5%
Finance, insurance, real estate & business services	14.6%	15.3%	15.2%	31.7%	33.7%	25.1%
Community, social & personal services	1.4%	6.2%	5.7%	5.1%	2.8%	4.1%
General Government	9.6%	9.8%	7.7%	17.7%	5.5%	10.7%
Total	100%	100%	100%	100%	100%	100%

**Table 10.:** *Composition of West Coast Municipalities' GDP (Source: Annual Report 2013/14)*



Source: Quantec Research

**Graph 5.:           Bergrivier Sectoral Composition (Source Annual Report 2013/14)**

**Agriculture, forestry and fishing sector** has always been regarded as the Municipality's most dominant employment sector, but this picture changed in 2009 when the wholesale and retail trade, catering and accommodation sector became most dominant. This is followed by the manufacturing sector and the agriculture, forestry & fishing sector. The wholesale and retail trade sector includes the tourism sub sector, which has been identified as a sector for future economic growth in the Municipal Area.

Between 2000 and 2011, a total of 11 277 jobs were lost in the agriculture, forestry and fishing sector. Agriculture nevertheless remains a very important economic driver of the Bergrivier economy and it is imperative that the Municipality focus on ways to support this sector. A study in the agricultural sector of the Western Cape indicates that table grapes will/can increase its economic value, while field crops (cattle, sheep, maize, barley) may decrease in size. Other farming products such as livestock, vegetables, citrus fruit and aquaculture can add to the growth of the economy.

**Tourism** (as part of the wholesale and retail trade, catering and accommodation sector) is one of the largest sources of employment in the country and uses a high rate of unskilled labour. The Bergrivier Tourism Survey 2012 indicated that the 131 registered tourism products in the Bergrivier Municipal Area create an estimated 305 permanent jobs and 137 temporary jobs during high season. National, Provincial and Regional strategies are placing a high priority on marketing, brand management and stimulating regional and domestic tourism and interventions by

- development of business and events tourism,
- niche products,
- rural tourism development,
- increasing investment in tourism development,
- transformation of the sector,
- promoting decent work,
- improving service excellence,
- addressing community beneficiation and
- effective co-operative partnerships

Events tourism is highlighted as a growth area in all the strategies. It is estimated that the 350 visitors to Porterville in 2013 to participate in the Paragliding World Cup, has



contributed approximately R 4 million to the local economy over an eight day period. Events such as these provide ample free marketing opportunities. The development and improvement of public and private tourism infrastructure is critical for sustainable growth. The standard of facilities, comfort, convenience and points of interest are vital to persuade the traveler to spend time and money in the Municipal Area rather than just passing through. During 2013 an ad hoc survey amongst estate agents in Velddrif indicated that up to 50% of new property owners were exposed to the area during a family holiday. In Dwarskersbos the number was even higher at 85% and in Port Owen 90% of property owners confirmed that their decision to buy was influenced by holiday experiences.

The following table provides an overview of some of the key natural resources and their significance.

NATURAL RESOURCE	SIGNIFICANCE TO COMMUNITY
Berg Rivier and Estuary	Provide a range of eco system services (primary water sources of municipality); Recreational (especially angling, canoeing, boating); Agricultural.
Coastal Zone (including Berg Rivier Estuary)	Recreation (especially angling, canoeing, boating); Conservation; Tourism (especially birding); Fishing industry; Salt industry.
Verlorenvlei (upper reaches near Redelinghuys)	Conservation; Tourism (especially birding); Recreation.
Rochepan	Conservation; Tourism (especially birding); Recreation.
Groot Winterhoek Wilderness Area	Conservation Tourism (especially eco-tourism)

	Recreation
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**Table 11.: Key Natural Resources**

**Manufacturing:** Bergrivier has a 15% share in the manufacturing sector of the West Coast District (WCD) and has considerable opportunities to investigate. Manufacturing employs typically a larger share of the semi and unskilled labour force.

**Service Sector:** This is the fastest growing industry with Bergrivier having an 11% share. This sector is typically financial, business services, wholesale, retail, catering, accommodation and government and provides considerable employment

One of the major aspects of rural economy is the role of the **informal sector**. The following are some major findings by studies undertaken on the informal sector and is important to highlight in the economic profile of Bergrivier Municipal Area.

- According to Provincial studies, the informal sector grew in number, but not in turnover;
- Foreigners dominate the formal and informal retail sector in most of the smaller towns. These businesses do not necessarily create job opportunities and do not necessarily integrate into the socio dynamics of a community;
- Main motivation for informal sector participation is lack of employment opportunities and a means for survival;
- The informal sector became the sponge for formal sector retrenchments during the period of the recession;
- The Informal economy is an important component in expanding economic participation;
- Most opportunities in the informal sector are in construction, wholesale, retail, catering, accommodation;
- It is mostly women in the micro enterprises and there is a clear absence of women in the formal medium business sector;
- Access to funding in the informal sector is a major constraint.

### **Challenges for the growth of the economy**

The Local Economic Development Strategy needs to understand the above context and address the following important challenges already identified as to facilitate growth in the Bergrivier area:

- ✚ Infrastructure, especially poor roads;
- ✚ Water resource shortages in Porterville;
- ✚ Water infrastructure in need of upgrading;
- ✚ Housing inadequate and not in line with Spatial Development Framework;

- ✚ Availability of land for small farm workers;
- ✚ Renewable energy as a source of alternative energy to release pressure on conventional energy;
- ✚ Seasonal workers placing pressure on already inadequate infrastructure;
- ✚ Climate change to have a negative impact on agriculture;
- ✚ Alarming levels of poverty;
- ✚ 2<sup>nd</sup> lowest literacy rate in West Coast District;
- ✚ High dropout rate of matriculants;
- ✚ High ratio of drug related crime;
- ✚ Transport for residents affecting mobility of potential work seekers.

### 2.4.3 Labour Profile

As part of the Economic Profile of the municipal area, it is also important to briefly summarise the labour profile. The following is important:

- The size of the labour force is 25 493 people of which 23 761 is employed and 1 732 unemployed;
- Bergrivier labour force constitutes 41.1% of the population of the municipal area and 15.4% of the WCD labour force;
- The wholesale and retail trade, catering and accommodation sector employed the most people (3 965) in 2011, followed agriculture, forestry and fishing (2 624), manufacturing (1 627) and construction (1 010). The transport, storage and communication employed the lowest (263) number of people compare to other sectors within the municipal area;
- The biggest net job losses occurred in the Agriculture, forestry and fishing sector (11 277) and manufacturing (327). The transport, storage and communication lost the least number of jobs (4) compared to other sectors within the municipal area. All the other sectors gained jobs over the same period, specifically wholesale and retail trade, catering and accommodation ( 1 780) and construction (241).

The following table indicates the number of people employed in the six most predominant sectors in the Bergrivier Municipal Area:

Industry	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Change
Agriculture, forestry & fishing	12126	11122	9978	8797	7846	6995	5820	4469	3358	2760	2624	-11277
Manufacturing	1949	1957	1910	1962	2003	1984	1963	1904	1759	1686	1627	-227

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Industry	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Change
Construction	800	862	800	848	975	1101	1114	1064	1013	967	1010	241
Wholesale, retail trade, catering & accommodation	2261	2467	2536	2786	3159	3407	3571	3672	3707	3789	3965	1760
Transport, storage and communication	274	276	291	291	289	276	266	274	257	260	263	-4
Finance, insurance, real estate and business services	838	947	1024	1077	1054	1120	1163	1189	1124	1124	1208	479

**Table 12.:** *Number of people employed per sector (Source: Annual Report 2013/14)*

### **Summary**

***Given the above overview, it can be stated that the profile of Bergrivier indicates a medium - low economic growth rate, high unemployment, low living standards and low human development. A LED strategy needs to address these indicators and measure the success of the LED in terms of these indicators.***

### CHAPTER 3: STRATEGIC INTERVENTIONS AND PROJECTS

This chapter provides firstly a description of the potential high level strategic and policy design processes required to facilitate Local Economic Development. The chapter secondly describes projects that have been identified during the various public participation processes to enhance the fulfilment of the local economic development objectives.

#### 3.1 Development Pillars

The integrated approach for stimulating economic growth and development within Bergrivier is based on the following strategic development pillars and is based on the strengths and opportunities identified during the range of workshops and other interventions:

##### *Agriculture and Agro-Processing*

The recession had the most severe effect on the agricultural sector and there is a growing need to maximise growth through promoting commercial crops and through emphasising food production. It can furthermore be enhanced through agribusiness enterprises by identifying upstream and downstream opportunities. Agribusiness is typical businesses involved in the production, storage, processing and distribution of agro-based products.

##### *Enterprise development*

Enterprise development is a critical important aspect of local economic development due to the employment creation opportunities. The main aim would be on development of new SMME's and the support of business (existing and newly emerged businesses). The focus would therefore be on utilisation of government programmes aimed at Enterprise Development, networking and matchmaking and channelling of information.

##### *Tourism*

It is clear that the most opportunities for Bergrivier are in the tourism industry. The main aim would therefore be on tourism marketing and development and improving the profile of tourism in the area.

##### *Infrastructure and Industrial Development*

Infrastructure and Industrial Development refers to the expansion of current industrial activities and optimising the use of local resources and assets. This, in short, implies the attraction of new investment to Bergrivier, retaining existing resources and industries and

encouraging local capital to invest locally. This requires linking local and regional opportunities, markets and technology effectively.

### 3.2 High Level Strategic and Policy Interventions

Any LED and Development Planning Framework centres on the following critical underlying questions:

- Available skills and knowledge
- Available energy
- Available development incentives
- Available primary resources

A municipality needs to “set the scene” for enhanced local economic development and this can be done inter alia through the following principles and/or interventions:

- ***Availability of Skills & Knowledge***

As can be seen in the Situational Analysis, Bergrivier has a high level of unskilled labour and skills development will have to be a critical component of the Local Economic Development Strategy.

One of the interventions would be to compile a complete skills audit of the labour force as to ensure the correct and applicable skills development interventions/ training sessions to address the lack of *applicable/required* skills per sector.

- ***Available Energy***

The level of electricity delivery is high and almost all households and businesses in Bergrivier municipal area have access to electricity. However, any new developments will have to consider alternative energy as to ensure that no additional pressure is put on the existing infrastructure. Bergrivier has the potential for further solar energy projects and it is important that the municipality plays a strong facilitation role in any such development.

- ***Development Incentives***

The local authority can offer a number of local investment incentives to potential developers. Although municipalities in South Africa are legally not allowed to provide discounts on VAT or other national taxes, it is recommended that Bergrivier considers the following types of incentives:

- *Infrastructure*

Infrastructure concessions often involve provision of serviced industrial and commercial sites in certain areas to respond to the needs of prospective investors.

- *Land and building*

An incentive package may involve the sale, transfer or rental of land, buildings or other facilities owned by the local authority on concessionary terms in order to attract investment. The local authority has to ensure that, in the event of making some of its own assets available, the process is in compliance with National legislation on the disposal of public assets, especially in terms of the Public Finance Management Act.

- *Regulatory reform*

These concessions involve special efforts by the local authority to reduce constraining regulation and zoning that may obstruct potential business development. This aspect implies an accurate and speedy system to supply information relation to, and the approval of potential investment. The fast tracking of re-zoning applications and issues of zoning certificates are important.

It is important to make a distinction between a regulatory framework for the formal sector and a development framework for the informal sector. A specific focus on the informal sector therefore needs to be given. The main aim of the informal sector should be to grow businesses and to become part of the formal sector. This means a more developmental approach versus a regulatory approach from a municipal perspective.

The manner in which the development approach can be implemented is to be found predominantly in preferential procurement policies, alignment between provincial and local infrastructure development projects, small enterprise credit, facilities to trade, etc.

- *Approval process*

One of the most basic incentives involves facilitating prompt decision such as approval of building plans and re-zoning applications. Prospective investors will lose interest if local authorities take too long to approve plans and applications.

- *Policy on Sale of Land*

The municipality has to develop a policy for the sale of land given the historical context of either limited interest when business erven are available for development and/or developers buying municipal land but then speculating with the land and/or where unsolicited bids are not allowed.

- *Policy on protection of Certain Settlements*



An economic catalyst for growth and development is often the protection of the intrinsic cultural, historical and natural significance of certain settlements. In the case of Bergrivier, a policy framework for the protection of the identity of Velddrif and Goedverwacht may be necessary as to protect the significance of the settlements. In order to address the above, a policy on architecture needs to be developed for Goedverwacht, but in the absence of town establishment, it may not be possible to develop enforceable policies.

- *Finance*

Some international cities provide financial support in the form of special grants, access to start-up capital, bridging finance and credit, loan guarantees or the underwriting of risks. However, South African local authorities are currently prohibited from undertaking in these activities. However, it is still important for the municipality to understand where to access potential funding to support local economic growth and to facilitate access to these funding sources. (See Chapter 5: Implementation Agency)

- *Institutional Arrangements*

A portfolio committee for economic development needs to be established as to streamline LED cooperation and to secure commitment of leaders. The Mayor and Municipal Manager need to champion the implementation thereof. This structure will also establish a process to assess the potential of economic initiatives and improve responsiveness, also the responsiveness of the municipality.

- *Organised sectors*

Although it is not the mandate of the municipality to organise sectors, such a organised agriculture of organised business chambers, it remains a given that the active participation of such structure ensures public participation and sector input. It is therefore in the interest of the municipality to facilitate such processes as a shared vision and good practise can assist in creating mechanisms to identify and resolve bottle necks in the business environment. This approach must also unlock economic opportunities through partnerships.

- ***Available Primary Resources***

The following primary resources are available in the Bergrivier Municipal Area

- Land for agriculture
- Coastline for tourism development
- Coastline for aquaculture development

- Pristine rural areas for rural tourism
- Significant opportunities for agricultural beneficiation

**3.3 Projects Identified**

The following is a discussion on potential projects identified through community participation. The public participation process includes the Participatory Assessment of Competitive Advantage (PACA) process, interviews with individual business people in Bergrivier municipal area and workshops held in the three major towns.

**3.3.1 PACA Process**

The first section of this discussion is on the competitive advantages and disadvantages, opportunities and projects identified during the PACA process:

***Competitive Advantages***

Agriculture	Farmers are well organised
	Good quality crops (table grapes, wheat, rooibos, berries, fruit etc.)
	Well-developed agro-processing ventures exist
	New opportunities in rooibos cultivation/ processing
	Well established business for export market exists (fruit farmers and cooling facilities)
	Space and water to expand higher value crops (grapes, berries)
	Agri-tourism
Tourism: Non coastal	Natural resources/attractions – 22 waterfalls, beaver lac, mountain biking, hiking, 4x4
	Landscapes and vistas
	Roads to top of mountains
	World class paragliding – multi site venue
	Safe affordable retirement – access to hospitals
	Wedding tourism

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	Multiple heritage sites
	Country life 1,5 hours from Cape Town
	Eco-tourism – Berg Estuary, Verlorenvlei, Rocher Pan
	Bo-berg farm experience
Tourism: Coastal	Authentic village experience
	Safe and affordable
	Retirement with hospital
	Birds/photography
	Safe beach Dwarskersbos
	Heritage assets
	Wedding tourism
	Sailing market
	Housing rental – empty holiday houses

**Table 13.: Competitive Advantages**

### **Disadvantages**

Agriculture	High import tax on agriculture equipment/machinery
	Reduction in farmer due to economies of scale
	Agro-processing does not create room for small & emerging players
	Pesticides – negative environmental impact
Tourism	Marketing strategy to be improved
	Anchor attractions need upgrading/ better facilities for public
	Signage inadequate/ delayed by red tape
	Petty rivalry

	More public information
	Mountain biking market not targeted
	No integration with other sectors – short term thinking
	Poor customer service in retail and service sector
	Limited skills
	Provincial Roads inadequate

**Table 14.: Disadvantages**

(Note: In some of the studies and workshops, some other disadvantages were also identified and are included in this session, although not as a direct outcome of the PACA discussions:

- Social cohesion – racism in certain areas still prevalent;
- Limited affordable business properties;
- Town beautification – needs limited investment;
- Limited rental housing;
- Internet slow/weak cell phone reception;
- DTI grants difficult to access.

*Opportunities*

The following broad opportunities have been identified during the PACA process

- Agriculture – Wheat, Potato, Table Grapes, Canola, Fruit, Rooibos;
- Agro Processing opportunities;
- Tourism and Associated Property Development opportunities;
- The area is a Retirement Destination;
- Limited Mining opportunities;
- Retail opportunities – especially from N7;
- R 27 – End of West Coast Road – Feet and Wheels for Velddrif;
- Government Services available

**3.3.2 Interviews with individual (small) business people**

The following is a brief summary of the major findings and/or concerns as expressed by some business people as a sampling of perceptions and/or challenges as business people in the municipal area:

- i. Saldanha Industrial Development Zone is bringing about considerable opportunities and capacity building interventions. Bergrivier needs to participate actively in these opportunities;
- ii. Construction companies need assistance in becoming JV partners to the bigger construction companies as to be mentored. This can especially happen with capital infrastructure programmes of Provincial government and the municipality needs to play an aggressive role in facilitating such opportunities. It is especially the tender requirements of Provincial government that needs to be monitored, with specific reference to local labour, local suppliers and local subcontractors.
- iii. Some value adding businesses are available, but needs co-ordination. Such a business includes the manufacturing of wooden pallets for both the mine and for potato farmers. Some of the palettes are being ordered from Paarl whereas the local business could have been supported.
- iv. A range of service delivery businesses could be established if it is properly coordinated and local interested parties are being trained accordingly. Such services include garden services, security companies, etc.;
- v. Some of the contractors do not want to be compliant in terms of CIPC and FICA requirements as it will mean that they have to pay taxes. The disparity currently is that in some area there is a high level of skills (e.g. construction), but contractors have limited business knowledge and/or business skills;
- vi. Access to information on available tenders is limited and only contractors with transport often have the opportunity to access the tenders;

### **3.3.3 Projects per town/settlement**

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This section outlines the projects identified during the PACA - process, the workshops held in the 3 major towns and the visits to the smaller towns during which some of the local business people or community leaders were interviewed.

#### **3.3.3.1 Porterville**

It was clear from the discussions that previous efforts to develop an economic initiative has not materialised, but that the information during those studies are still available and should be utilised. It needs to be acknowledged that the shortage of water in the town has been discussed and taken cognisance of for future developments.

The following discussions per sector took place with the identification of potential projects to enhance the objectives as discussed:

- Retail/Services

A number of issues relating to the upgrading of the Central Business District were discussed. A major concern is the degrading of the town, especially some of the building in the CBD area. This also is in line with the discussion on the basic beautification of the town, especially in the main road where visitors pass by.

The necessity for a mentorship programme for the informal sector in business acumen was discussed as a potential intervention/project.

The influx of foreigners in the retail industry is a major cause of concern, especially as the foreigners do not integrate into the local community and undermine the local residents' businesses, especially in terms of price.

- Investments

The development of an investment strategy for the municipality should be considered to draw potential new businesses to the area through various tax incentives.

- Tourism

It is clear that the tourism is becoming one of the most important economic sectors of Porterville. The local Tourism Office is undertaking a number of initiatives, including license disks for marketing, website, tourism shows and an awareness campaign in schools. However, one of the major problems is the fact that some of the restaurants and places to visit are not open over weekends

One of the major events in Porterville is the annual paragliding competitions held in December and February. Although it contributes significantly to the local economy of the town, some of the criticism is still that it is not inclusive and does not benefit the whole of the community. A town festival is needed and this festival could perhaps co-incide with the annual paragliding festival. The essence of the tourism industry for the short term centres furthermore on the availability of public recreational facilities, such as picnic spot/braai facilities at the dam, etc.

Other tourism facilities to be promoted include mountain biking and star gazing. However, access to private farming land remains a problem for the successful implementation of a mountain biking route.

One of the major problems remain the monitoring of the growth of the industry as it is problematic to measure the number of occupied beds or visitors in the town. Local

accommodation businesses are hesitant to provide occupation figures per annum due to a variety of reasons.

Other opportunities identified include the training of field guides with a good knowledge of the veld. The work of Cape Nature should be recognised in this regard and should be integrated into the LED-strategy of the municipality.

- **Agricultural beneficiation**

The potential to establish a packaging plant for the local agriculture was discussed as a potential beneficiation project. Furthermore, the possibility of large scale/high volume food production to ensure harvest the whole year needs to be investigated. It was clear from the discussion that farmers often experiment with new products, but that, although the product grows well in the area, price determines the product and is often not financially lucrative for commercial farmers. However, the production of the specific product should still be investigated as part of a food security programme.

It is also crucial to mention that the meeting took cognisance of the fact that, although sufficient land may be available in the area for agricultural development, that the quality of the soil is often not conducive to the desired crops/financially sustainable agri-units.

- **Transport**

As Porterville is located on the Namibia - Johannesburg route, and a number of trucks pass through Porterville on a daily basis, the viability of a truck stop should be investigated.

- **Agricultural Show Grounds**

Serious considerations should be given to the maximum utilisation of the current agri show grounds. A skills centre has already been identified, but it is clear that further investigation is required on the maximisation of these resources.

Given the above discussions, the following projects were identified:

Sector	Project
Retail/Services	Beautification of the town
	Develop a heritage policy on the conservation of historical building, including historical site and building in Monteberda and Montevista.
	Develop a strategy for the development of business in Monteberda and Montevista



Sector	Project
	Develop a policy for the maintenance of private property in the Central Business District
Investment strategy	The development of an investment strategy for Porterville
Tourism	Develop a brochure on the historical buildings of Porterville, including the African areas
	Develop horse carts in the town for tourists
	Information board at entrances of town
	Plan a festival for the town
	Development of public recreational facilities at Porterville Dam
	Integrate the activities of Cape Nature into the LED of the municipality
Agriculture	Investigate feasibility of a packaging plant for the agricultural sector
Transport	Investigate viability of a truck stop in Porterville.

**Table 15.: Porterville: Projects Identified**

### **3.3.3.2 Piketberg**

Although the attendees at the workshops were not necessarily representative of all the sectors of Piketberg, the discussions still centred clearly on the major economic dynamics of Piketberg, namely:

- Retail

The discussion on retail was a critical discussion as it highlighted the

- i. Distinction between the needs of the informal and formal sector and guides the municipality in approaching these two sectors differently. The regulatory approach for the informal sector such as tax clearance certificate, CIPC documentation, letter of Good Standing, etc. appears to be a stumbling block for the informal sector, especially in terms of the cost of travelling to Cape Town to obtain the documentation. The role of the FLOW programme is crucial in this regard as it has been listing the businesses' and mapping the location of the formal and informal sector in Piketberg.

- ii. Lack of access to funding and to information has been identified as the most critical stumbling block for the informal sector. Lack of information also includes lack of knowledge on accessing new markets for products and services.
- iii. The availability of land and premises in the CBD is too expensive for informal sector and a need for affordable land/premises has been identified.

- Establishment of Organised Business Structures

The development of a structure for the business sector was discussed. The need for a business chamber was not only clearly identified, but also the need for structures representing the formal and the informal sector. Whereas a business chamber is a need for the formal sector, the informal sector expressed a need for a business forum where their specific needs can be discussed. The structure of organised business with these two distinct needs need to be negotiated with the various role players.

- Skills development and Business Training

A definite concern was expressed regarding the laziness and lack of vision of especially amongst the youth. It is also clear from the discussions that the current school system does not prepare the local children for a future and that a need for a technical college/FET college and/or technical school has been identified. This can be seen in the statistics of only 6% of the Bergrivier youth attending tertiary education.

One of the expressed needs of the informal sector is training and mentorship of the underlying business principles of each and every business. A concern was expressed that the municipality should not drive this process as the informal sector is concerned for being identified as running a small business which could be illegal in terms of the current regulatory framework for informal businesses. However, it was also discussed that some of the formal sector would be willing to act as mentors for the informal sector on a voluntary basis and that this process needs to be driven potentially by the municipality.

- Influx of foreigners

A definite concern expressed in the workshop as well as in individual interviews, is the influx of foreigners in both the formal and informal retail and wholesale sector. Whereas it was acknowledged that government in principle do not have a regulatory framework on this matter, it was also clear that local property owners do not distinguish between local entrepreneurs and foreigners when letting the buildings. The choice on this current trend is therefore predominantly a local choice and depends on the degree to which the local community to change these dynamics.

- Industrial Development

Given the land Piketberg has available, the discussion centred on the marketing of industrial land for investors and for an informal industrial sector.

- Implementation mechanisms

A major concern that was expressed was the ability of the municipality to implement a LED strategy given the human and financial limited capacity. It was acknowledge that this matter will have to be investigated.

- Macro-economic approach

A discussion on the macro-economic dynamics of Piketberg centred on the location of the town next to the N7, the IDZ developments in Saldanha Bay and the potential advantages for Bergrivier and the SIP5-project of the Northern Cape Province to link the mines with the harbour to fast track export of the ore. It was clear from this discussion that a more in-depth study/discussion needs to be conducted, although a few basic aspects were identified, such as the trading hours of businesses along the road, the general state of public toilet facilities, the conduct of the local people (including unacceptable behaviours such as drunkenness, littering, urination, etc.) which could enhance the image of the area.

In this regard, a potential truck stop was discussed with a variety of services identified with a truck stop. This is in the light of a survey being done indicating an average of 1 000 trucks per day travelling on the N7 north and south.

- Tourism

The discussion on tourism was a limited discussion due to the absence of the tourism industry. However, it is clear that the “way of living” in Piketberg is one of the major advantages, as well as the incredible view from the town over the valley. Potential projects such as a festival was mentioned, the Summer market in February, the development of Longstreet into a tourism hub with stalls etc.

- Agricultural Beneficiation

Although the current state of the agricultural sector in the area has not been discussed, the potential for agricultural beneficiation has been identified as one of the macro-economic projects. Such a beneficiation plant will focus on the processing of local products, with specific reference to fruit, in the form of a canning factory.

- Transport

The lack of transport in the town and the walking distance for local residents were discussed. Creative means of transport in town needs to be investigated.

- Alternative Economy

A critical dynamic was discussed in depth and centred on the current process of FLOW to develop a local currency for Bergrivier with its most important component being bartering. An example of the currency has been circulated and the programme will be unfolded over a period in Bergrivier, although Piketberg and Goedverwacht have been identified as the pilot project. Other mechanisms also discussed included the potential of a community bank

The FLOW process and programme stands for “Fostering Local Wellbeing”. Funding has partially been obtained from Vlaanderen and consists out of

- “Local is Lekker” through mapping of businesses, storytelling, leadership skills, etc.
- A local exchange system with a community currency (BRAND) and circulating skills and money locally
- Greener social enterprises

Following from the above discussions, the following projects enables the municipality to implement the nature of the discussions:

Sector	Description
Services	Develop a policy to distinguish between a developmental approach within the municipality (for the informal sector) and a regulatory approach (for the formal sector).
	Identify land and infrastructure (beehive format) for an informal industrial sector to enable local artisans to commence with their businesses, such as mechanics, plumbing, carpentry, upholstery, needle work, etc. The mapping of the businesses by FLOW is important baseline information for such a project. This “business park” must not be based in the industrial area adjacent to the N7 due to the travelling aspect.
	Establish a Business Chamber and/or Business Forum representing the various needs of the two distinct sectors.
	Develop a “start-up kit” for the informal sector which would include a mentorship/training programme for the informal sector. This programme should be a prerequisite for the interested parties when utilising the availability of cheaper land/ premises by the municipality. Assistance with business plans could also be part of the kit.
	Facilitate intergovernmental services to be made available to the informal sector locally,

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Sector	Description
	such as SARS, CIPC and Department of Labour.
Skills development	Land has already been identified to establish a technical school for the region and negotiations with the Department of Education is also in an advanced stage
Transport	Investigate the feasibility of a truck stop
	Investigate local transport system for residents
Agriculture	Investigate feasibility of a canning factory for the fruit industry
Investment	Develop an investment strategy with special tariff structures to attract investors to the industrial land available and market the strategy aggressively
	Market the SDF of Piketberg through proper signage and virtual marketing (website)
Tourism	Development of Long street into a street market
	Develop a festival for Piketberg
Alternative Economy	Investigate community bank
	Support and enhance FLOW process for local currency

**Table 16.:** *Piketberg: Projects Identified*

### 3.3.3.3 Velldrif

Discussions were held with the Tourism Office as well as a workshop was conducted (that was ill attended). The discussion recognised the content of the Precinct Plan for Velldrif with enthusiasm. Irrespective of the low turnover, the discussion during the workshop was still constructive and provided a base for the Local Economic Development Strategy.

- Tourism

The following projects have been identified as to enhance growth in the tourism industry;

- Signage needs to be improved, especially in the entrance of the town. Delegated authority to the tourism office to approve signage should be considered;
- Changes in zoning – zoning must be correct for the minimum standard accreditation, especially for the food and liquor industry;
- “Homestays” is not per se a guest house and forms part of the informal sector. The categorization of these types of accommodation need to be regulated;
- Staff in restaurants needs to be trained as to improve service;

- Water sport on the river needs to be policed as it is part of the Bergrivier Estuary;
- Infrastructure of holiday resorts such as Dwarskersbos and Stywe Lyne needs to be improved;
- Public ablution facilities, picnic and braai areas need to be developed;
- Refuse bins to be put in town, especially in high traffic areas;
- The upgrade of the bird hide on the flamingo route;
- Beautification of the town, especially with regards to the greening of the town;
- Pelican Harbour needs to be addressed as to ensure that it is utilised to the maximum and that its general appearance is being enhanced given that it is a prime tourism space;
- The upgrading and conservation of Bokkom Laan is priority and infrastructure, parking etc. need to be upgraded;

- **Informal Sector**

A need for a Business Park for the informal sector has been discussed in length and an area where informal trading could be done. The informal trading area has been identified potentially as the area where the magistrate office is.

The need to incorporate the informal sector into organised business was also discussed and identified as a need.

Any agricultural activities are clearly a challenge in the area due to the lack of agricultural land, but some small farmers obtained contracts and are awaiting the Department of Agriculture for further assistance. However, it is clear that there are opportunities for aquaculture cultivating abalone, salmon and cob. Sites for such a development need to be identified and feasibility studies need to be undertaken.

Following from the above discussions, the following projects enables the municipality to implement the nature of the discussions:

Sector	Description
Services	Identify develop land for informal trading
	Identify land and infrastructure for a Business Park for the informal sector
	Incorporate informal sector into organised business, esp. the Business Chamber.
Agriculture	Investigate potential for aquaculture

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Sector	Description
Tourism	Signage improved, especially in entrance of town.
	Delegated authority to the tourism office to approve signage should be considered;
	Ensure correct zoning minimum standard accreditation, especially for the food and liquor industry
	“Homestays” to be recognized as type of accommodation to be regulated
	Train staff in restaurants to improve service
	Upgrade Infrastructure of holiday resorts (Dwarskersbos and Stywe Lyne)
	Policing of water sports on river to protect Bergrivier Estuary
	Develop Public ablution facilities, picnic and braai areas
	Install refuse bins in town, especially in high traffic areas
	Upgrade bird hide on the flamingo route
	Beautification of town, especially greening of town
	Address Pelican Harbour to maximise opportunities as prime tourism spot
	Upgrading and conserve of Bokkom Laan, esp. infrastructure and parking

**Table 17.: Veldrif: Projects Identified**

### ***3.3.3.4 Visits to Goedverwacht, Eendekuil, Redelinghuys, Aurora and interviews with a number of business people:***

#### ***Goedverwacht***

One of the settlements with the most potential in tourism development is Goedverwacht. Three major activities form part of the tourism strategy, including the famous “snoek and patat”-festival, the celebration of slavery on Heritage Day (sermon at grave of slave, traditional food, a play on the history of Goedverwacht, etc.) and the Easter Celebrations where flowers are being sold that has been grown locally and a play on the crucifixion is being done in the street.

There are clear opportunities for overnight facilities such as chalets, caravan parks, etc. but access to funding is required.

It would appear that the maintenance of buildings in the village is a concern and that there are limited direct job opportunities. The FLOW process is currently very active in Goedverwacht and a number of initiatives are being undertaken. Goedverwacht will also be one of the first pilot projects for the new BRAND currency and for bartering.

One of the major economic activities of Goedverwacht is agriculture in the form of food gardens where sweet potato, cabbage and other vegetables are being cultivated. It is clear that there are still vast agricultural opportunities, but land tenure is a stumbling block in accessing funds for agricultural development.

The major opportunities for economic growth in and for Goedverwacht are therefore tourism and agriculture and can be listed as follows:

Sector	Projects
Tourism	Overnight facilities
	Mountain biking routes
	Walking trails
	Back packers
	Caravan Park
	Camping sites
	Beautification of the village – upgrade of historic buildings
	Reactivation of the mill
Recycling	Wood, compost and plastic bottles
Agriculture	Expansion of vegetable gardens

**Table 18.: Goedverwacht: Projects Identified**

**Wittewater**



Wittewater is also a private settlement belonging to the church. The major constraint of Wittewater is the lack of water. A tourism strategy for Wittewater still needs to be developed.

Sector	Projects
Tourism	Development of a tourism strategy

**Table 19.: Wittewater: Projects Identified**

### Aurora

Aurora is a fairly isolated village, although set in a beautiful landscape with potential for adventure tourism, including horse riding, 4x4 routes, motor biking and mountain biking. However, due to the lack of basic services such as medical services, and limited buying power in the town itself, local residents tend to relocate.

Sector	Projects
Tourism	Overnight facilities
	Mountain biking routes
	Walking trails
	Horse riding

**Table 20.: Aurora: Projects Identified**

### Redelinghuys

Redelinghuys is clearly a weekend retreat and with the upgrading of the roads, it is anticipated that more visitors may visit Redelinghuys. The major advantage of Redelinghuys is that it is en route to Elands bay and adjacent to Verlorenvlei, the Ramsar area of conservation. The major economic activity is therefore tourism and the following projects may need to be undertaken to enhance the tourism industry in the area:

Sector	Projects
Tourism	Establish tourism bureau
	Permanent refuse bins

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	Public ablution facilities and public park
	4x4 routes
	Campaign to upgrade local homes in village
	Beautification of the village – especially entrance

**Table 21.: Redelinghuys: Projects Identified**

### Eendekuil

Eendekuil is the village with the least tourism potential and needs creative interventions as to enhance economic growth and job creation. Eendekuil is also known for considerable social problems. However, it is clear that some local residents are able and willing to contribute to the local economic development of the village and the following has been expressed:

Sector	Projects
Skills development	Aftercare centre for youth
	Skills development Centre, also for traditional skills
Tourism	Regular werfbasaar” for local product of Bergrivier
Agriculture	Move rooibos tea lane to Eendekuil
	Packaging factory for rooibos tea products
	Negotiate with commercial farmers to assist emerging farmers

**Table 22.: Eendekuil: Projects Identified**

### 3.4 Summary of Projects

Given the above, the following is a summary of potential projects that will ensure the fulfilment of the strategic objective in terms of Local Economic Development:

Project	Sector	Town/Settlement	Description
Institutional Capacity	All sectors	All	Develop a legal entity to manage and implement the LED Strategy

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Project	Sector	Town/Settlement	Description
		All	Establish a LED portfolio committee
		All	Facilitate establishment of organised business and/or sectors
		All	Facilitate establishment of informal business forum and align with formal business sector
		Redelinghuys	Establish Tourism Bureau
Alternative Economy	All sectors	All	Investigate potential of loyalty card
		All	Investigate potential of community bank
		All	Align FLOW process of alternative currency
Skills development	All sectors	All	Develop a Skills Development Programme per sector to ensure applicable skills
		All	Compile a skills audit of current labour force to determine capacity and needs
	Informal Sector	All	Develop "start-up kit" for the informal sector to include mentorship /training programme. Assistance with business plans part of kit.

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Project	Sector	Town/Settlement	Description
	Education	Piketberg	Land already identified to establish technical school for region. Negotiations with Department of Education in advanced stage
	Skills Training	Eendekuil	Develop a Skills Training Centre for traditional skills and aftercare for youth
	Tourism	All	Train staff in restaurants to improve service
Availability of land and/or commercial sites	Manufacturing, wholesale and retail, tourism, transport,	All	Identify serviced sites (industrial and commercial) and market to investors
Availability of land, buildings or other facilities owned by municipality	Manufacturing, wholesale, retail, transport	All	Identify municipal land, buildings and sell or rent to investors
		Piketberg	Market SDF of Piketberg through proper signage and virtual marketing (website)
Regulatory framework	Retail, wholesale, manufacturing	All	Develop regulatory framework for informal sector
		All	Draft and implement policy on timeous re-zoning applications, issue of zoning certificate and building plans
		All	Utilise preferential procurement policies for developing informal sector
		All	Align provincial and local

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Project	Sector	Town/Settlement	Description
			infrastructure projects for BEE business development, esp., labour, subcontractors and suppliers
		All	Develop policy on conservation of cultural, historical and natural resources
		All	Develop policy on maintenance of private residences
	Tourism	All	Investigate delegated authorities to Tourism Office, esp. wrt approval of signage
		All	Ensure correct zoning minimum standard accreditation, especially for food and liquor industry
	Tourism	All	Develop policy on "Homestays" as type of accommodation to be regulated
	Sourcing of funding resources	Retail, wholesale, construction, transport, manufacturing, agriculture, tourism	All
			Develop an investment strategy for Bergrivier and settlements
Infrastructure	Beautification of the town	Porterville, Velddrif, Redelinghuys	Identify locations for beautification of town, including signage, tourism boards, greening
		Porterville	Develop and implement policy on maintenance of private

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Project	Sector	Town/Settlement	Description
			property in CBD
		Porterville	Develop recreational facilities at Porterville Dam
		Velldrif, Redelinghuys	Develop Public ablution facilities, picnic and braai areas
		Velldrif, Redelinghuys	Install refuse bins in town, especially in high traffic areas
Tourism		Porterville	Develop brochure on historic building, including African areas
		Porterville	Develop horse carts in town for tourists
		Porterville	Plan festival for town
		Porterville	Integrate Cape Nature projects into LED
		Piketberg	Develop Long street into a street market
		Piketberg	Develop a festival for town
		Velldrif	Upgrade Infrastructure of holiday resorts (Dwarskersbos and Stywe Lyne)
		Velldrif	Policing of water sports on river to protect Bergrivier Estuary
		Velldrif	Upgrade bird hide on flamingo route
		Velldrif	Address Pelican Harbour to maximise opportunities as

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Project	Sector	Town/Settlement	Description
			prime tourism spot
		Velddrif	Upgrading and conserve of Bokkom Laan, esp. infrastructure and parking
		Goedverwacht	Overnight facilities
		Goedverwacht	Mountain biking routes
		Goedverwacht	Walking trails
		Goedverwacht	Back packers
		Goedverwacht	Caravan Park
		Goedverwacht	Camping sites
		Goedverwacht	Beautification of the village – upgrade of historic buildings
		Goedverwacht	Reactivation of the mill
		Wittewater	Development of a tourism strategy
		Aurora	Overnight facilities
		Aurora	Mountain biking routes and walking trails
		Aurora	Horse riding
		Eendekuil	Regular 'werfbasaar' of local products in Bergrivier
Agriculture		Porterville	Investigate feasibility of packaging plant for agricultural sector
		Goedverwacht	Expansion of vegetable

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Project	Sector	Town/Settlement	Description
			gardens
		Eendekuil	Move rooibos tea lane to Eendekuil
		Eendekuil	Packaging factory for rooibos tea products
		Eendekuil	Negotiate with commercial farmers to assist emerging farmers
		Piketberg	Investigate feasibility of canning factory for fruit industry
Fishing		Velddrif/Laaiplek	Investigate potential for aquaculture
Transport		Porterville	Investigate viability of truck stop
		Piketberg	Investigate viability of truck stop
		Piketberg	Investigate local transport system for residents
Informal Sector		Piketberg, Velddrif	Identify land and infrastructure for informal industrial sector
		Piketberg, Velddrif	Integrate FLOW process into business park development
			Facilitate intergovernmental services to informal sector, such as SARS, CIPC and Department of Labour.

**Table 23.:** *Summary of Projects*



### CHAPTER 4: IMPLEMENTATION AGENCY

One of the dilemmas given the mandate of the municipality and the limited human and financial resources available to Council is the implementation of the strategy. The purpose of this chapter is to address this aspect and to propose certain mechanisms for implementation.

(Note: The purpose of this chapter is to facilitate a discussion and is not necessarily intended to be a complete presentation for an implementation agency)

#### 4.1 Points of Departure

It is important to identify some of the points of departure in the discussion of an implementation strategy and the following can be highlighted:

- i. Council has a legal obligation to compile and implement a local economic development strategy. Council is primarily responsible to create an environment conducive to economic growth;
- ii. A long term strategy with clearly defined projects for implementation needs to be developed that will ensure that residents and interest groups have a clear understanding and insight into the economic potential and future of the municipal area of jurisdiction;
- iii. Council's economic development initiatives must be linked to conditions expected of beneficiaries of which the most important is payment of municipal services when the municipality facilitates creation of jobs;
- iv. The strategy shall identify projects Council can fund within the mandate of Council. However, the strategy shall also identify projects that will need funding elsewhere, whether from the public or private sector;
- v. Council needs to create sufficient institutional capacity to implement the economic strategy.

#### 4.2 Implementation Proposal

Some pro-active municipalities nationwide have attempted to implement economic development successfully. For these purposes, legal entities have been created that function or functioned interdependently of the municipality with various levels of success. The legal entities vary from business trusts, community trusts, Article 21 companies and/or Development Agencies.

The private sector in South Africa has a legal obligation to deliver a direct contribution to the local socio- economy and "score cards" are being determined by preferential procurement policies, local employment, skills development and local social responsibilities.

***The core of this proposal is to combine the legal obligations of Council and of the private sector and to create an entity that will co-ordinate and manage local economic development.***

The implementing agency shall be subject to the following principles/functions:

- i. An overarching entity to be established in which Council and the top companies in Bergrivier will all have a seat. Other institutions such as sectoral organised business, non-profit organisations and sectors of district, provincial and national government should also be active participants in/of the structure;
- ii. Specialists can be co-opted onto the structure when and where necessary;
- iii. The applicable legal entity needs to be investigated;
- iv. The principle of public accountability must be applicable to the entity and be subject to audit;
- v. The entity can be divided into the various sectors (tourism, agriculture, service sector, retail etc.) and each sector will be responsible for the identification of a master plan with projects and the monitoring once implemented;
- vi. The entity needs to investigate mechanisms to generate income, which could include the following:
  - a. Funding from Council (within its mandate);
  - b. Provincial and National government have funding available for a variety of types of projects;
  - c. Corporate Social Responsibility Programme (CSR) of the private sector;
  - d. Investors (Investment strategy) – especially for manufacturing plants;
  - e. A loyalty card;
  - f. The local envisaged currency (FLOW process); and/or
  - g. A Community bank.
- vii. The entity must be seated with Council and Council's primary responsibility would be to co-ordinate the process and to make agreed-upon facilities available;
- viii. The above potential sources of income is clearly representative of the potential to integrate the levels of the economy (formal versus informal/ First, Second and Third Economy, etc.). The extent to which these levels can be integrated, will determine the success of the entity, especially as different policy frameworks may be applicable for each level;
- ix. Other functions the entity should/could fulfill, include inter alia the following:
  - Support new businesses with the development/ writing of business plans;
  - The development of a mentorship programme for emerging businesses;

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- The development of a Skills Development Programme, the identification of service providers and the sourcing of funding for the Programme;
  - The Identification of criteria for beneficiaries;
  - Ensure the implementation of sustainable development based on green economy.
- x. The Tourism Bureau can potentially be accredited to the entity to ensure that tourism receives the desired focus and receive funding for it.

### 4.3 Process Plan

As the establishment of an Economic Forum as the Implementing Agency is a process to be negotiated between Council and the top businesses, the following process is envisaged:

Phase	Time Frames	Responsible Person.
Negotiations with top business leaders to actively participate in Forum	June – July 2015	Strategic Manager
First Meeting of Forum to discuss roles, responsibilities and structure	August 2015	Strategic Manager
Development of Master Plans per sector	September – November 2015	Strategic Manager
Identification of Projects per sector	December 2015 – February 2016	Strategic Manager
Development of Business plans per project	As per project	Strategic Manager
Sourcing of resources, including funding, for identified projects	As per Business Plans	Strategic Manager
Implementation of projects	As per Business Plans	Strategic Manager

**Table 24.: Process Plan for Implementing Agency**

### LIST OF ABBREVIATIONS

<b>CBD</b>	<b>Central Business District</b>
<b>CIPC</b>	<b>Companies and Intellectual Property Commission</b>
<b>CSR</b>	<b>Corporate Social Responsibility</b>
<b>DTI</b>	<b>Department of Trade and Industry</b>
<b>FET</b>	<b>Technical and Vocational Education and Training (former FET)</b>
<b>FICA</b>	<b>Financial Intelligence Centre Act</b>
<b>FLOW</b>	<b>Fostering Local Wellbeing</b>
<b>GDP</b>	<b>Gross Domestic Product</b>
<b>HDI</b>	<b>Human Development Index</b>
<b>IDP</b>	<b>Integrated Development Plan</b>
<b>IDZ</b>	<b>Industrial Development Zone</b>
<b>KPA</b>	<b>Key Performance Area</b>
<b>KPI</b>	<b>Key Performance Indicator</b>
<b>LED</b>	<b>Local Economic Development</b>
<b>MERO</b>	<b>Municipal Economic Review</b>
<b>NDP</b>	<b>National Development Plan</b>
<b>PACA</b>	<b>Provincial Appraisal of Competitive Advantage</b>
<b>SARS</b>	<b>South African Revenue Services</b>
<b>SDF</b>	<b>Spatial Development Framework</b>
<b>SMME</b>	<b>Small, Medium and Micro Enterprises</b>
<b>VAT</b>	<b>Value Added Tax</b>
<b>WCD</b>	<b>West Coast District</b>