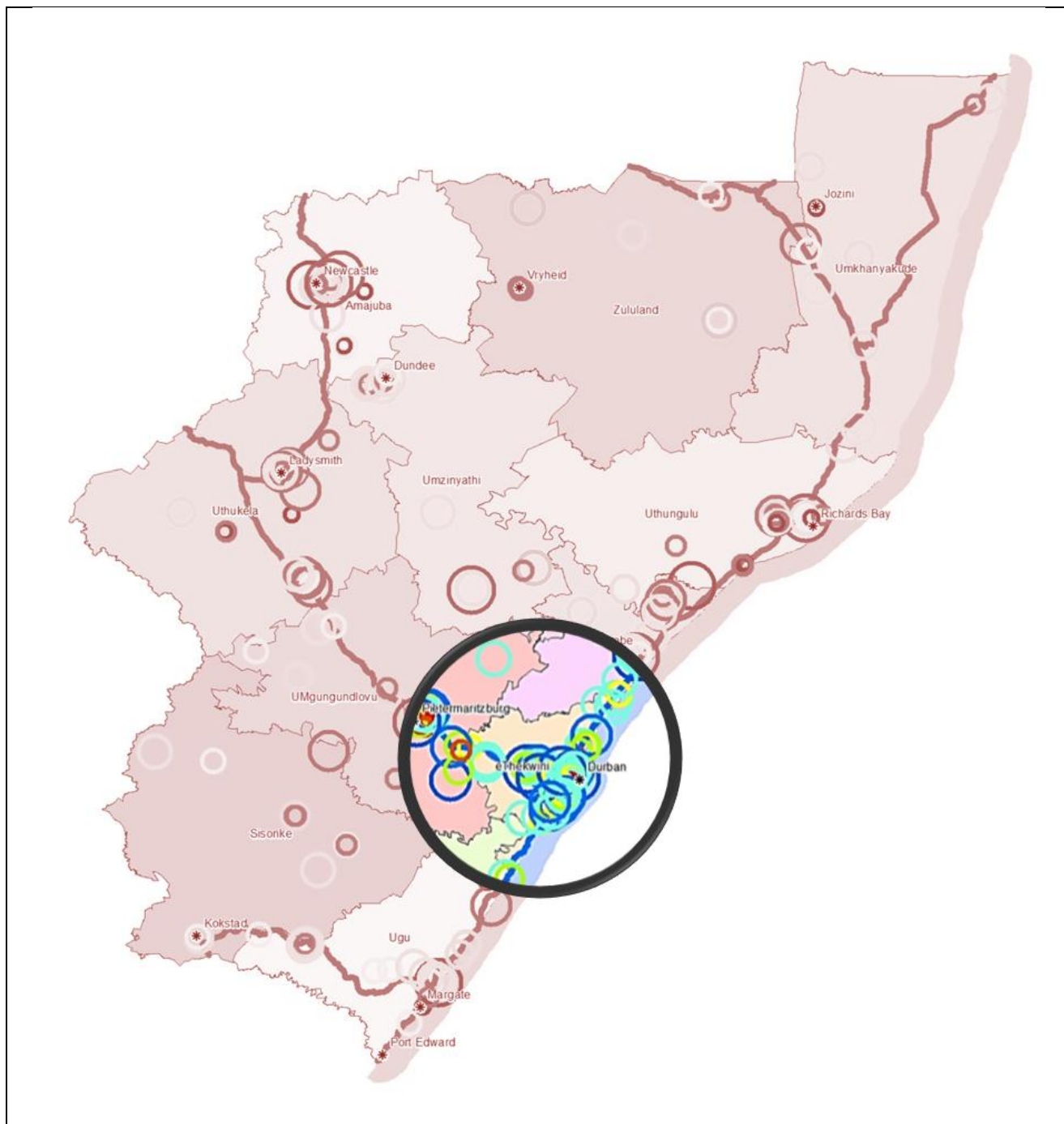


KZN PSEDS

PROFILING DISTRICT ECONOMIC DRIVERS



ETHEKWINI MUNICIPALITY

A SPATIAL ECONOMIC OVERVIEW

MARCH 2012

**KZN DEPARTMENT OF ECONOMIC DEVELOPMENT & TOURISM
PROFILING DISTRICT ECONOMIC DRIVERS**

**PHASE 5 - SPATIAL ECONOMIC OVERVIEW
ETHEKWINI MUNICIPALITY**

MARCH 2012

PREPARED FOR:

COSMAS HAMADZIRIPI

KZN Department of Economic Development
and Tourism
Private Bag X9152
Pietermaritzburg
3200

Tel: 033 – 264 2781

Email: hamadziripic@kznded.gov.za

PREPARED BY:

ROGER DAVIS, KEVAN ZUNCKEL
AND TINDALL KRUGER

Isikhungusethu (Pty) Ltd
3 Poole Avenue
Pietermaritzburg
3200

Tel:033 – 3425741

e-mail: dee@isik.co.za

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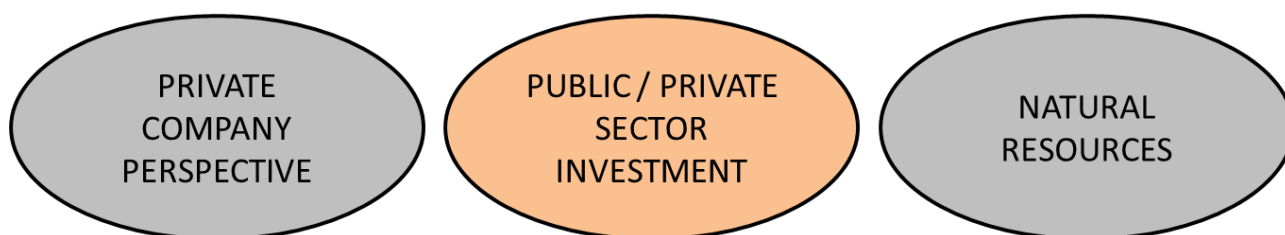
1. BACKGROUND AND APPROACH

1.1. OBJECTIVES FOR REPORT

The overall vision for this project is to provide reliable data at district municipal level, or in this case the metropolitan level, to inform and update the provincial PSEDS as the basis for planning future economic development and growth in the province. The linkage between economic development, spatial development frameworks and natural resource availability is fundamental to future sustainable development.

The overarching objective of this project, as contained in the terms of reference for this brief, is “...to extensively profile the economic drivers and resource endowments (natural capital) of the ten KwaZulu-Natal Districts plus the eThekweni Metro”. As noted above this will be undertaken with the view to updating the PSEDS and informing planning and decision making in government.

Economic drivers are considered from three perspectives:



1.2. APPROACHES TO COMPILING THE REPORT

The information in this report was compiled using different approaches:

For the Private Company perspective:

- The identification of companies viewed as drivers or potential drivers by stakeholders;
- The refinement of the list of major companies in the province;
- A survey that included a total of 510 firms identified; and
- The analysis of information from the survey (and location of companies on GIS).

For the Public / Private Sector Investment perspective:

- An assessment of the strategic planning of municipalities;
- A survey of municipalities to identify economic development challenges and significant historic, current and future initiatives; and
- A series of workshops with municipalities to share findings and obtain spatial planning inputs.

For the Natural Resources perspective:

- Using land cover as a base an expert panel was requested to consider the potential of each land cover type to produce and/or deliver different categories of ecoservices and score this; and
- The assessment outcomes were considered using the recommendations emanating from other components of the assessment.



2. DISTRICT ECONOMIC OVERVIEW

2.1. INTRODUCTION

An initial overview of the district economy is provided in this section of the report. The aim is to provide a contrast within which the sample survey of companies was undertaken. The District economy is considered in terms of the following:

- Spatial Economic Features
- District Economic Contribution
- District Economic Structure

2.2. SPATIAL ECONOMIC FEATURES

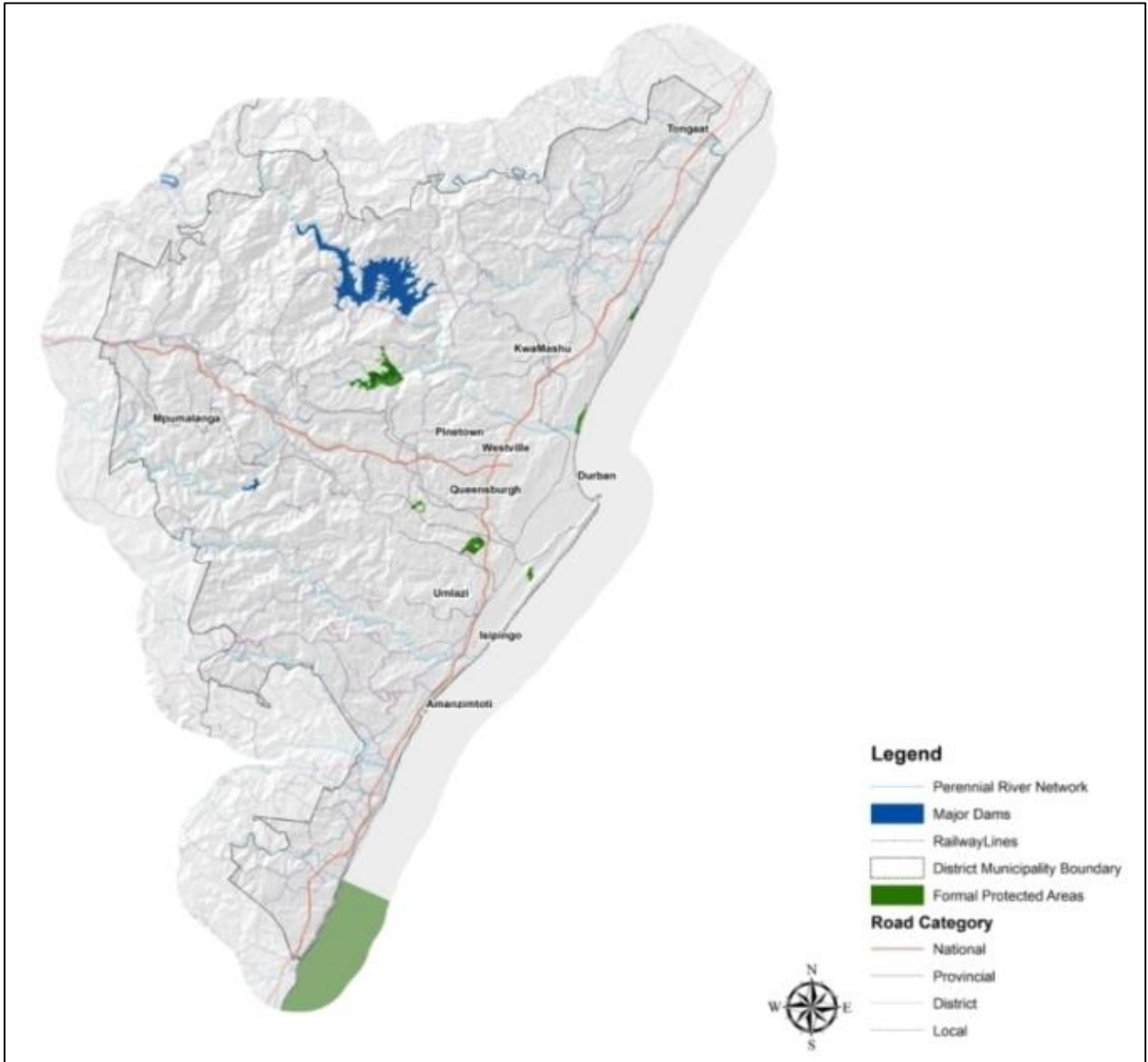
The eThekweni Municipality has a complex spatial economic structure, the assessment of which falls outside the scope of this assignment. However, previous studies undertaken by eThekweni provides a basic understanding of the spatial economic structure and a basic overview is provided here. Key spatial features of the eThekweni Municipality impacting on economic development includes:

- The spatial economic development is dominated by the so-called development “T” formed by the intersection between the N3 and the N2. Most economic activity in eThekweni municipality relates to this T.
- The 2008 Economic Development Strategy (eThekweni 2008) states that “the spatial distribution of economic activity is skewed towards the Durban City Centre, the South Durban Basin, the Port of Durban and the Pinetown and New Germany areas”. It should maybe be added that over the past decade this has also shifted to the northern corridor. The strategy document presents a detailed overview of the spatial economy of eThekweni related to area employment.
- Historically the port, the airport and the location of major industries were the most significant spatial drivers of economic development. It is suggested that the South Durban Basin developed into an industrial node of national significance as a result of its location relative to the port and airport. Through effective place marketing the New Germany and Pinetown areas also developed strong industrial sectors. Over the past decade the only new industrial development of note in eThekweni was Riverhorse Valley and at present this caters primarily for the services and logistics sectors (as opposed to manufacturing industry).
- Historically the Durban CBD was the location of the retail and commercial sectors, but this changed over the past 30 years with firstly decentralisation to the west of Durban, to Westville and Pinetown, and more recently, and more substantially, to the north of Durban. The shift towards the north is set to continue with major developments such as Cornubia, with the potential for delivering 20 000 plus residential units, in the development pipeline.
- The tourism sector is mainly concentrated along the coast stretching from Umgababa in the South to Umdloti in the North, with some emphasis in the past on the Valley of the 1000 Hills and more recently the establishment of the Inanda Tourism Route.

The map overleaf reflects the location of major roads and transport infrastructure, as well as topographic and key natural features in eThekweni.



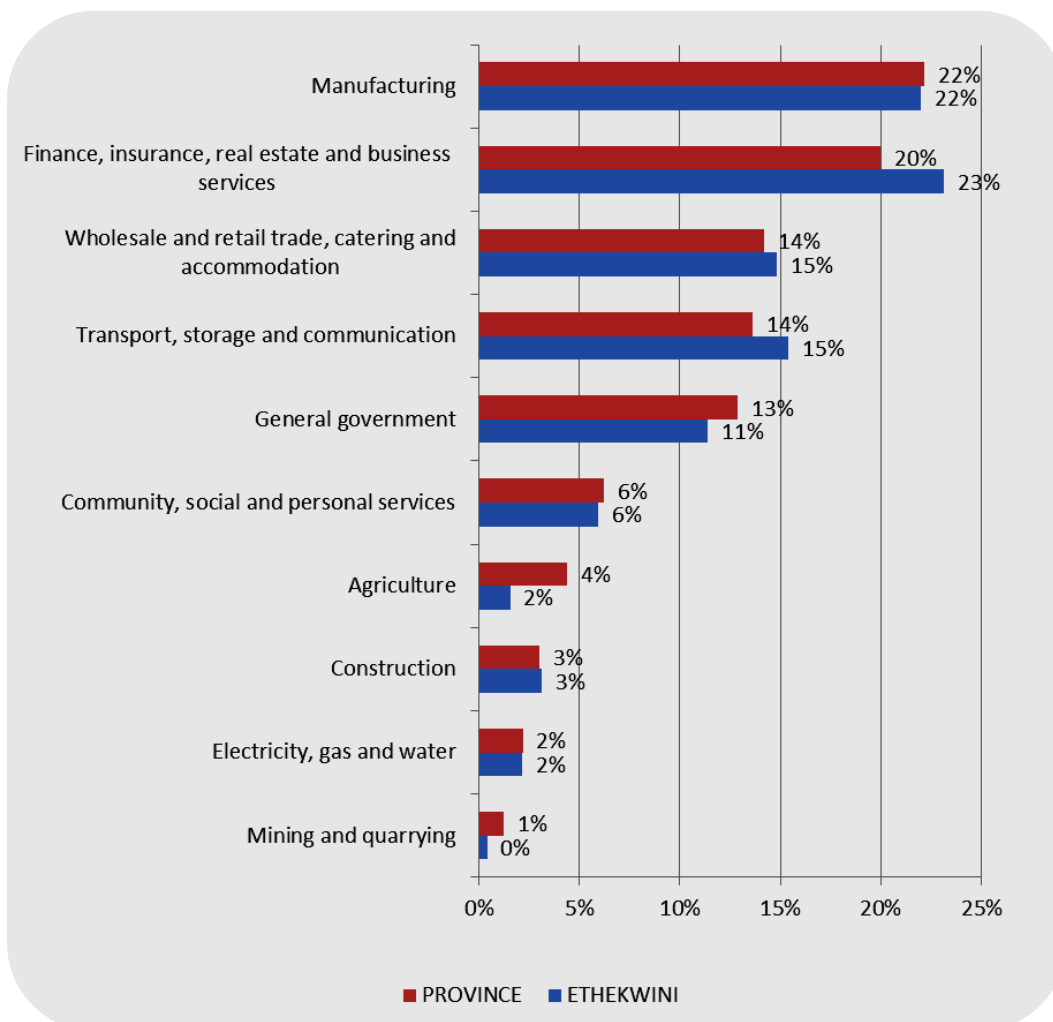
MAP 2.1: SPATIAL ECONOMIC FEATURES



2.3. DISTRICT ECONOMIC CONTRIBUTION

- The eThekwini Municipal area contributes 53% of the Gross Value Added to the provincial economy. The other Districts making substantial contributions are uMgungundlovu and uThungulu Districts, but this contribution is limited to 12% and 8% of the provincial output respectively.
- Due to the size of the eThekwini economy in the KwaZulu-Natal context it is then evident that the economic profile of the metropolitan area closely mirrors that of the Province.
- In most sectors the City contribution of sectors to the Provincial economy is in line with the provincial contribution, except in the case of general government services, agriculture and mining and quarrying where the eThekwini makes a lower contribution than the provincial percentage.
- It is noted that tertiary sector activities make a larger contribution to the eThekwini economy than in the province as a whole.

DIAGRAM 2.1: 2010 GROSS VALUE ADDED



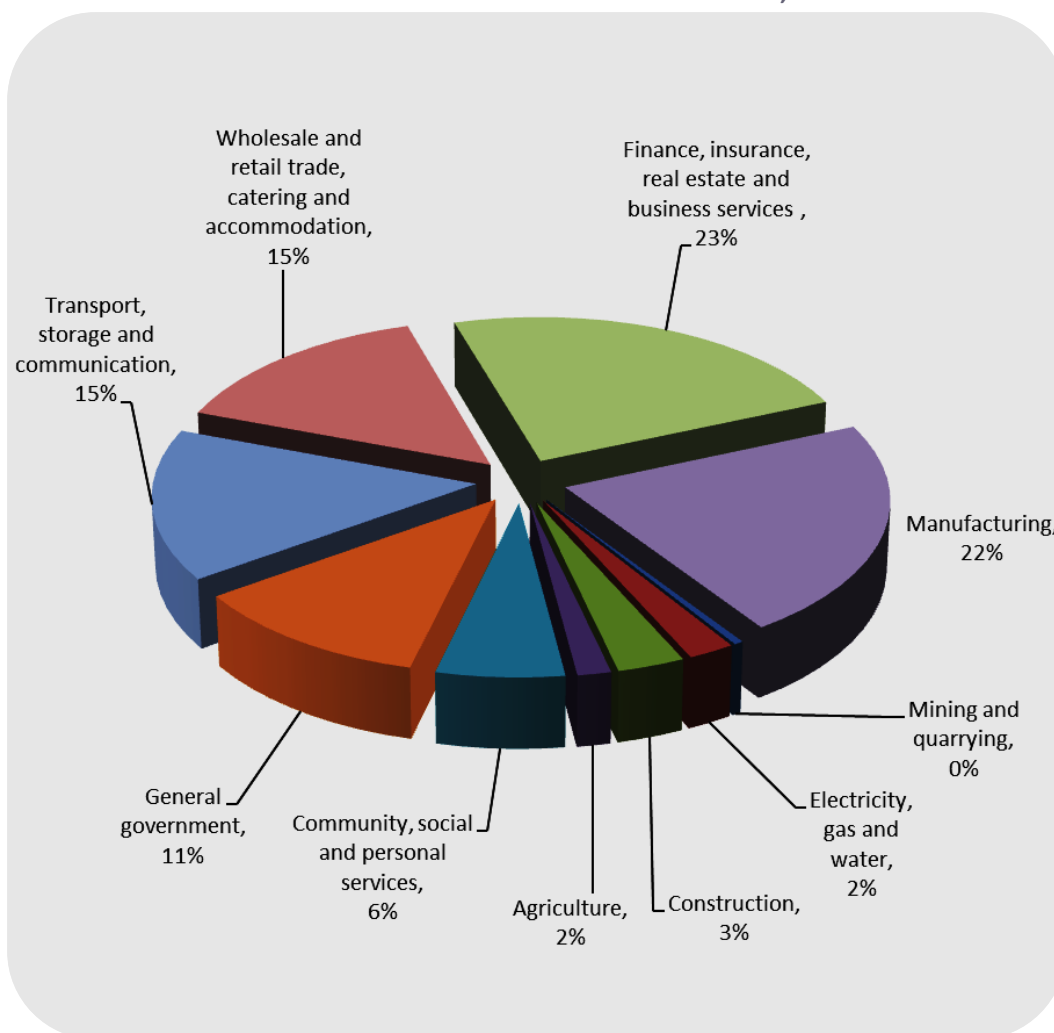
Source: Quantec 2010



2.4. DISTRICT ECONOMIC STRUCTURE

- The importance of the tertiary sector in the eThekweni economy is clearly evident with tertiary sector activity (including finance and business services, wholesale and retail trade, government and other services, and transport and storage) contributing 71% to the total GVA.
- On the other end of the scale the primary sector (agriculture and mining) contributed a mere 2% to the 2010 GVA of the municipality.
- The secondary sector, including manufacturing, utilities and construction, then contributes a total of 27 % to the municipal economy.

DIAGRAM 2.2: 2010 GROSS VALUE ADDED TOTAL GVA OF R142,477 M



Source: Quantec 2010

It should be noted that the GVA data (above) does not necessarily have a bearing on companies in the sample which were identified as drivers. The criteria used to identify drivers was different to the method used to formulate the GVA. This must be born in mind when analysing key sectors and companies that drive the economy. For example, agriculture, and tourism companies dominate the “top companies” of the sample whilst manufacturing and services dominate the GVA sectors.



3. A MAJOR COMPANY OVERVIEW

3.1. INTRODUCTION

The basis of the major company interviews was a comprehensive questionnaire that extracted a range of information from companies deemed to be drivers, or companies belonging to sectors driving the economy. It must be noted that a number of companies perceived to be potential drivers chose not to participate in the survey. The eThekweni Municipality report reflects on the following information relating to major companies in order to provide a basis for future spatial economic development planning in the Municipality:

- A General Perspective of the Economic Sectors
- Companies Interviewed
- Sectors and Products
- Spatial Distribution of Companies
- Key Characteristics of Companies
- Major Companies
- Companies Exporting
- Infrastructure and Other Challenges
- Interviewee Comments

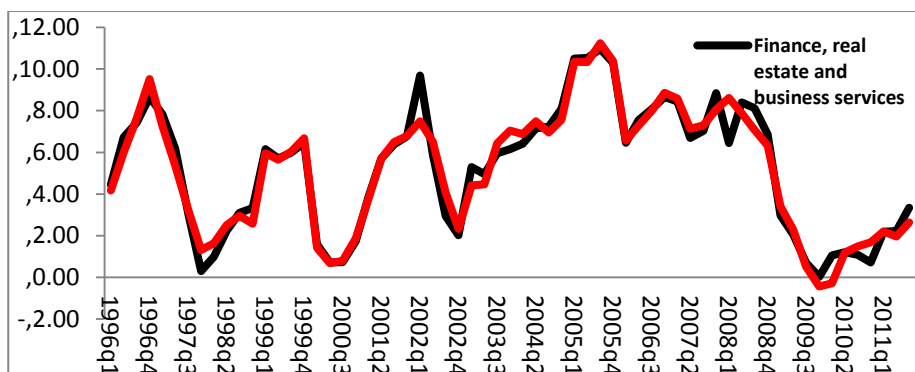
Based on the above information a “major company perspective” of economic drivers is provided.

3.2. SECTORS AND PRODUCTS – A GENERAL PERSPECTIVE

3.2.1. FINANCE AND BUSINESS SERVICES

As indicated in previous sections the finance and business services sector is the largest sector in the eThekweni in terms of gross value added. It is indicated that 72% of the contribution to the provincial finance and business services sector’s GDP is generated in eThekweni (eThekweni 2008). The finance and business sector has also historically shown strong growth as illustrated in the diagram reflecting GDP growth in this sector in the province. The 2008 recession impacted negatively on this growth.

DIAGRAM 3.1: GDP GROWTH OF FINANCE AND BUSINESS SERVICES SECTOR IN KWAZULU-NATAL



Source: Coetzee 2012



The expansion of this sector over the past decade is clearly evidenced in the extent of new office park development to the north and west of Durban, as well as the revitalisation of offices in the Durban CBD and precincts immediately adjacent thereto.

3.2.2. MANUFACTURING

The 2008 eThekweni Economic Profile indicates that in 2005 manufacturing industries generated 24.4% of eThekweni's GDP. This translated into 13.6% of South Africa's total manufacturing GDP. In 2005 the largest manufacturing industries in eThekweni were petroleum and chemical products, food beverages and tobacco, transport equipment (including automotives), metals and related products. These sectors accounted for 60% of total **manufacturing GDP**.

Spatially the manufacturing sector is still focussed in the South Durban Basin and industrial estates developed over the past two decades to the south (e.g. Southgate), north (e.g. Riverhorse Valley) and west (e.g. Mahogany Ridge) of eThekweni. Although all newer generation estates cater for large scale manufacturing, they currently accommodate a strong warehousing and logistics, as well as a services sector, component.

3.2.3. TOURISM

Coastal tourism is a significant component of the eThekweni metropolitan economy and it was estimated that 1.1 million foreign tourists visited the Municipality in 2004 (eThekweni 2008). In 2004 the value of foreign tourism for the City of Durban was estimated at R2.3 billion.

The municipality has invested substantially in the upgrading of beachfront infrastructure for both the central and northern beaches. It is, however, suggested that the beaches to the south of Durban have been neglected.

It would appear that tourism investment remains focussed along the coast despite attempts, now more than a decade ago, to strengthen the Valley of the 1000 Hills tourism route. Attempts to exploit the tourism potential of the Hazelmere and Inanda Dams are also still in a very early stage

3.2.4. WHOLESALE AND RETAIL TRADE

In 2010 the wholesale and retail sector, which includes accommodation and entertainment, contributed 15% to the gross value added of the municipality as a whole. This sector is spatially distributed throughout the metropolitan area with historically key nodes being the Durban CBD, Tongaat, Verulam, Pinetown and Isipingo, together with the Pavilion and Gateway Shopping Centres. Over the past decade nodes such as the KwaMashu Town Centre, Bridge City, Umlazi Shopping Centre and Arbour Town have emerged and makes a strong contribution to the decentralisation of this sector.

The tourism accommodation and entertainment component relates primarily to the coast and higher income areas to the north and west of Durban.



3.2.5. TRANSPORT, STORAGE AND COMMUNICATION

Transport and communication is also viewed as a significant contributor to the economy of Durban for a number of reasons:

- The Port of Durban, which is Africa's busiest port and South Africa's major transportation hub.
- Established road infrastructure of which the N2 and N3 routes forms the backbone.
- The establishment of the DubeTradeport.

The transport and communication sector is the fastest growing sector in the EMA, recording an average annual growth of 6.45 % for the period 2001 to 2005 (eThekwini 2008).

The eThekwini Economic Profile (2008) describes the contribution of the Port as follows: "At the centre of the transport industry in the eThekwini is the Port of Durban. The busiest port in Africa and South Africa's leading container port. The Port of Durban has seen a steady increase in container traffic in recent times. Durban is a vital link in one of the two largest freight corridors in South Africa, linking Gauteng with the rest of the world. The Port of Durban is South Africa's only general cargo port in terms of standard containerised TEU's (twenty-foot equivalent units). Approximately 64% of total container traffic went through the Port of Durban in 2004 (1.68 million TEU's). The increase in container traffic has nearly doubled in recent years, mostly driven by increased imports of goods".

3.3. COMPANIES INTERVIEWED

A total of 119 companies were interviewed in the eThekwini Municipality in order to obtain a better understanding of the major firms, their characteristics and challenges faced by them. The list below reflects the name of the company interviewed, the annual turnover, employment, product/service delivered and the sector to which it relates (in terms of the Standard Industrial Classification [SIC]). This list should serve as a basis for the District to develop and maintain a major company database. The following categorisations were used:

- Company Turnover categorised in terms of: Small (less than R5m), Medium (R5m to R100m) and Large (R100m+);
- Company Employment categorised in terms of: Small (less than 20 people), Medium (21 to 100 people) and Large (100+ people).



TABLE 3.1: COMPANIES INTERVIEWED (SEE ANNEXURE A FOR DETAIL ON DISTRIBUTION OF SAMPLE IN PROVINCIAL AND LOCAL MUNICIPALITIES)

COMPANY NAME	2010 ANNUAL T/O (REVENUE OR SALES)	EMPLOYEES RANGE	PRODUCT CATEGORY
Community, social and personal services			
Bat Centre Trust	Medium	Small	Tourism Services
Sibaya Casino and Entertainment Kingdom	Not provided	Large	Food and Entertainment
Tala Private Game Reserve	Medium	Medium	Wildlife Tourism
uShaka Marine World	Large	Large	Tourism Attraction
Damelin	Not provided	Not confirmed	Education
Durban University of Technology (DUT)	Not provided	Not confirmed	Education
Educor	Not provided	Medium	Education
eThekwini Hospital and Heart Centre	Large	Large	Medical Services
Moses Mabhida Stadium	Not provided	Medium	Entertainment
Sun Coast Casino	Large	Large	Entertainment
University of KZN	Not provided	Not confirmed	Education
Videovision	Medium	Medium	Multi-media
Construction			
Stefanucci Stocks KZN	Large	Large	Construction Services
Grinaker	Large	Large	Construction Services
Wiehahn Construction	Large	Medium	Construction Services
WBHO Construction	Large	Medium	Construction Services
MelkiCivils and Plant Hire	Medium	Medium	Construction Services
JB Property Developers.	Medium	Large	Construction Services



COMPANY NAME	2010 ANNUAL T/O (REVENUE OR SALES)	EMPLOYEES RANGE	PRODUCT CATEGORY
Sanyati Holdings Limited	Large	Large	Construction Services
JT Ross	Large	Large	Construction Services
Conlog	Not provided	Not confirmed	Specialist building services
Edison Power Group	Large	Medium	Electrical Installation
Erbacon Investment Holdings Limited	Medium	Large	Construction Services
Liviero Building	Not provided	Large	Construction Services
Financial intermediation, insurance, real estate and business services			
Point Development Company	Not provided	Small	Property Services
Ikhayelihle Cleaning Services	Medium	Large	Cleaning Services
eLan Group	Medium	Medium	Property Development
Price Waterhouse Coopers	Not provided	Large	Financial Services
Adapt IT	Large	Large	IT services
ADT Security	Not provided	Large	Security Services
Broll Property Group	Medium	Medium	Property Services
DRG Outsourcing	Medium	Medium	HR Services
ICC Durban	Not provided	Not confirmed	Conferencing
Ilembe Technologies	Medium	Small	IT services
MTT Structures	Not provided	Medium	Design
Mzansi Electronics	Not provided	Medium	Fencing
Sesalos	Not provided	Small	IT services
Shepstone & Wylie	Not provided	Not confirmed	Legal Services



COMPANY NAME	2010 ANNUAL T/O (REVENUE OR SALES)	EMPLOYEES RANGE	PRODUCT CATEGORY
Stedone Homes	Not provided	Not confirmed	Property Services
Wakefields	Not provided	Not confirmed	Property Services
Manufacturing			
Shell and BP South Africa Petroleum Refineries (SAPREF)	Not provided	Large	Petroleum Products
Improchem	Large	Large	Chemical Products
Megaphase	Not provided	Medium	Road Signs
NCP Alcohols Pty Ltd	Large	Large	Chemical Products
Buckman Laboratories	Large	Large	Chemical Products
SAB Miller	Large	Large	Beverages
NPC Cimpor	Large	Large	Cement
Flavourcraft	Large	Large	Food Products
KZN Resins	Medium	Medium	Resins
Metair Group	Large	Large	Automotive Components
Nampak	Large	Medium	Packaging Products
Sika South Africa	Not provided	Large	Chemical Products
Flowcrete	Medium	Medium	Specialist Flooring
Dano Textile Industries	Large	Large	Textiles
ABE chemicals	Large	Large	Water Proofing Products
Sunchemicals	Large	Large	Ink Manufacturing
Rainbow Chicken Limited	Large	Large	Chickens
Crayvalley Resins S.A.[Akema Group]	Large	Medium	Resins



COMPANY NAME	2010 ANNUAL T/O (REVENUE OR SALES)	EMPLOYEES RANGE	PRODUCT CATEGORY
NCS Resins	Large	Large	Resins
Ropes and All	Small	Small	Ropes
Defy - Durban	Large	Large	White Goods
Clover - Durban	Large	Large	Dairy Products
Southern African Shipyards (Pty) LTD	Large	Large	Ship Building
Astrapak	Large	Large	Packaging Products
Afrox	Large	Large	Industrial Gas
Engen Petroleum	Not provided	Large	Petroleum Products
Independent Newspapers	Not provided	Large	Publishing
Hosaf	Large	Large	Polyester Staple Fiber
Beier Albany & Company (Pty) Limited	Medium	Large	Non Woven Fabrics
Chemical Specialities	Large	Large	Surface Coatings
Afripack	Large	Large	Packaging Products
Altech UEC	Medium	Large	Electronic Equipment
Apollo Tyres	Not provided	Large	Tyres
Catering Supreme	Small	Medium	Catering
Chemspec	Not provided	Large	Paint
Corobrick	Not provided	Large	Bricks and paving products
GUD Filters	Not provided	Large	Filters
KZN Oils	Medium	Medium	Oil
MacbeanBeier Plastics	Medium	Medium	Plastic Products



COMPANY NAME	2010 ANNUAL T/O (REVENUE OR SALES)	EMPLOYEES RANGE	PRODUCT CATEGORY
Masonite	Not provided	Medium	Timber Board
Mondi Merebank	Not provided	Large	Paper Products
Mpilende Foods	Not provided	Not confirmed	Food
NPC Cimpor	Not provided	Not confirmed	Concrete
PFK Electronics	Not provided	Not confirmed	Electronics
PPC Cement	Not provided	Not confirmed	Cement
Rivertex Chemicals (Pty) Ltd	Not provided	Not confirmed	Chemical Products
Sappi	Not provided	Not confirmed	Timber
Siemens	Not provided	Not confirmed	Electronic Equipment
Toyota	Large	Large	Vehicle Manufacturing
Unilever	Not provided	Not confirmed	General Manufacturing
Transport, storage and communication			
Mediterranean Shipping Company	Not provided	Large	Transport Services
AA Van Lines	Not provided	Medium	Transport Services
Safmarine	Medium	Medium	Transport Services
Ukhozi FM	Large	Medium	Broadcasting
East Coast Radio	Large	Medium	Electronic Media
Airports Company SA	Not provided	Not confirmed	Travel Services
DubeTradeport	Not provided	Not confirmed	Transport Services
Grindrod Limited	Not provided	Large	Transport Services
Lotus FM	Not provided	Large	Electronic Media



COMPANY NAME	2010 ANNUAL T/O (REVENUE OR SALES)	EMPLOYEES RANGE	PRODUCT CATEGORY
Paradigm Container Management	Not provided	Medium	Containers
Santova Logistics Limited	Not provided	Large	Transport Services
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants			
Thirstywhale	Small	Medium	Food and Entertainment
Ballito net	Small	Small	Property Services
Garden Court Umhlanga	Medium	Medium	Tourism Accommodation +
Southern Sun Elangeni	Not provided	Large	Tourism Accommodation +
Protea Hotel Edward	Large	Medium	Tourism Accommodation +
Henry Vale cc	Large	Small	Hardware
Midas Durban North	Small	Small	Motor Accessories
Trans Natal Meat	Medium	Medium	Meat Processing and Trading
Sparkport Pharmacy Group	Medium	Small	Medical Retail
Bearing Man Group	Large	Large	Engineered components
ARB Electrical	Large	Large	Electric Goods Wholesalers
Hilton Hotel	Not provided	Not confirmed	Tourism Accommodation +
Hirsch	Large	Large	Electric Goods Retail
McCarthy Limited	Not provided	Large	Automobile retail
Midas	Not provided	Not confirmed	Automotive Components
Riverside Hotel	Not provided	Not confirmed	Tourism Accommodation +
Tropicana Hotel	Medium	Large	Tourism Accommodation +
Wardkiss Paint & Hardware	Medium	Medium	Hardware



3.4. SECTORS AND PRODUCTS – A SURVEYED COMPANY PERSPECTIVE

Considering the approach adopted in identifying major companies, i.e. through consultation with local level stakeholders, there is a high level of certainty that the majority of the larger companies in eThekweni have been identified and interviewed. The table below indicates the number of companies identified per sector and sub-sector and then provides an indication of the extent of “clustering” that occurs in sub-sectors of the economy.

From the table below, and the more detailed information obtained through the questionnaire, it is suggested that based on an assessment of the surveyed companies the key sub-sectors in which major companies are located are:

- Construction
- Manufacture of chemicals and chemical products
- Manufacture of food products, beverages and tobacco products
- Manufacture of wood and of products etc
- Manufacture of textiles, clothing and leather goods
- Manufacture of transport equipment and metal products
- Transport related companies
- Hotels and restaurants
- Retail and wholesale trade
- General business activities
- Real estate related activities



TABLE 3.2: STRUCTURE OF SAMPLE PER SECTOR AND SUB-SECTOR

SECTOR AND SUB-SECTORS	NO. OF COMPANIES
Community, social and personal services	12
Recreational, cultural and sporting activities	7
Education	4
Health and social work	1
Construction	12
Construction	12
Financial intermediation, insurance, real estate and business services	16
Other business activities	9
Real estate activities	5
Real estate activities	1
Financial intermediation, except insurance and pension funding	1
Manufacturing	50
Manufacture of coke, refined petroleum products and nuclear fuel; manufacture of chemicals and chemical products; manufacture of rubber and plastic products	20
Manufacture of food products, beverages and tobacco products	7
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials; manufacture of paper and paper products; publishing, printing and reproduction of recorded media	6
Manufacture of textiles, clothing and leather goods	4
Manufacture of other non-metallic mineral products	4
Manufacture of transport equipment	3
Manufacture of basic metals, fabricated metal products, machinery and equipment and of office, accounting and computing machinery	3
Manufacture of radio, television and communication equipment and apparatus and of medical, precision and optical instruments, watches and clocks	2
Manufacture of electrical machinery and apparatus n.e.c.	1
Transport, storage and communication	11
Water transport	4
Supporting and auxiliary transport activities; activities of travel agencies	3
Post and telecommunications	3
Land transport; transport via pipelines	1
Wholesale and retail trade; repair of motor vehicles, motor cycles and personal and household goods; hotels and restaurants	18
Hotels and restaurants	7
Retail trade, except of motor vehicles and motor cycles; repair of personal household goods	5
Wholesale and commission trade, except of motor vehicles and motor cycles	4
Real estate activities	1
Sale, maintenance and repair of motor vehicles and motor cycles; retail trade in automotive fuel	1
TOTAL	119

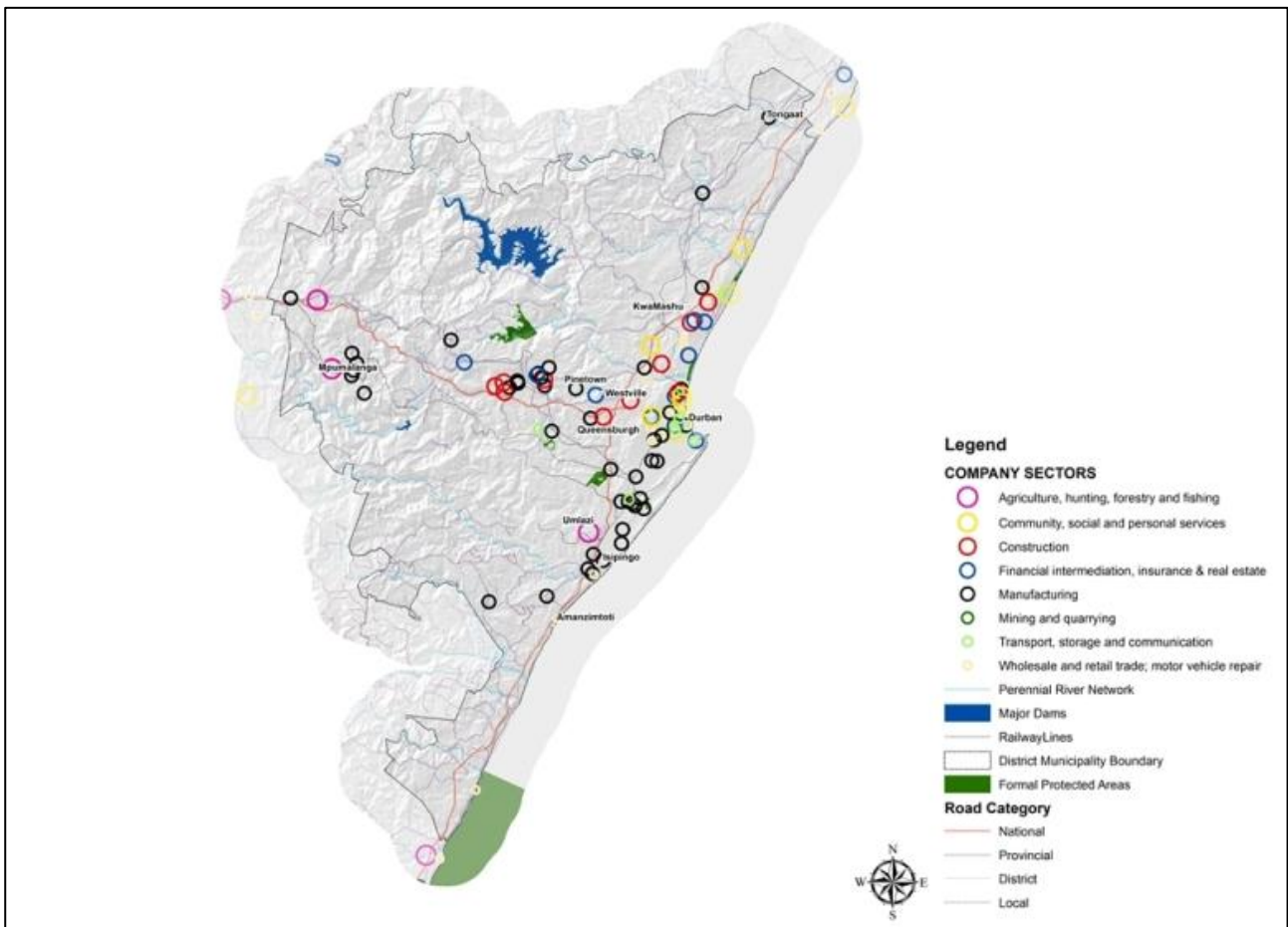


3.5. SPATIAL DISTRIBUTION OF SURVEYED COMPANIES

SECTORS

- The spatial distribution of the larger businesses is in line with the spatial structure of eThekweni as discussed in earlier section.
- Manufacturing businesses are concentrated in three locations, viz. the South Durban Basin, Pinetown and to some extent Mpumalanga. Of these areas the businesses in the South Durban Basin and Mpumalanga almost exclusively relates to manufacturing, whereas Pinetown companies interviewed include construction related companies.
- The larger companies in the services and trade sectors are generally located in the CBD and to the north of the Durban CBD.

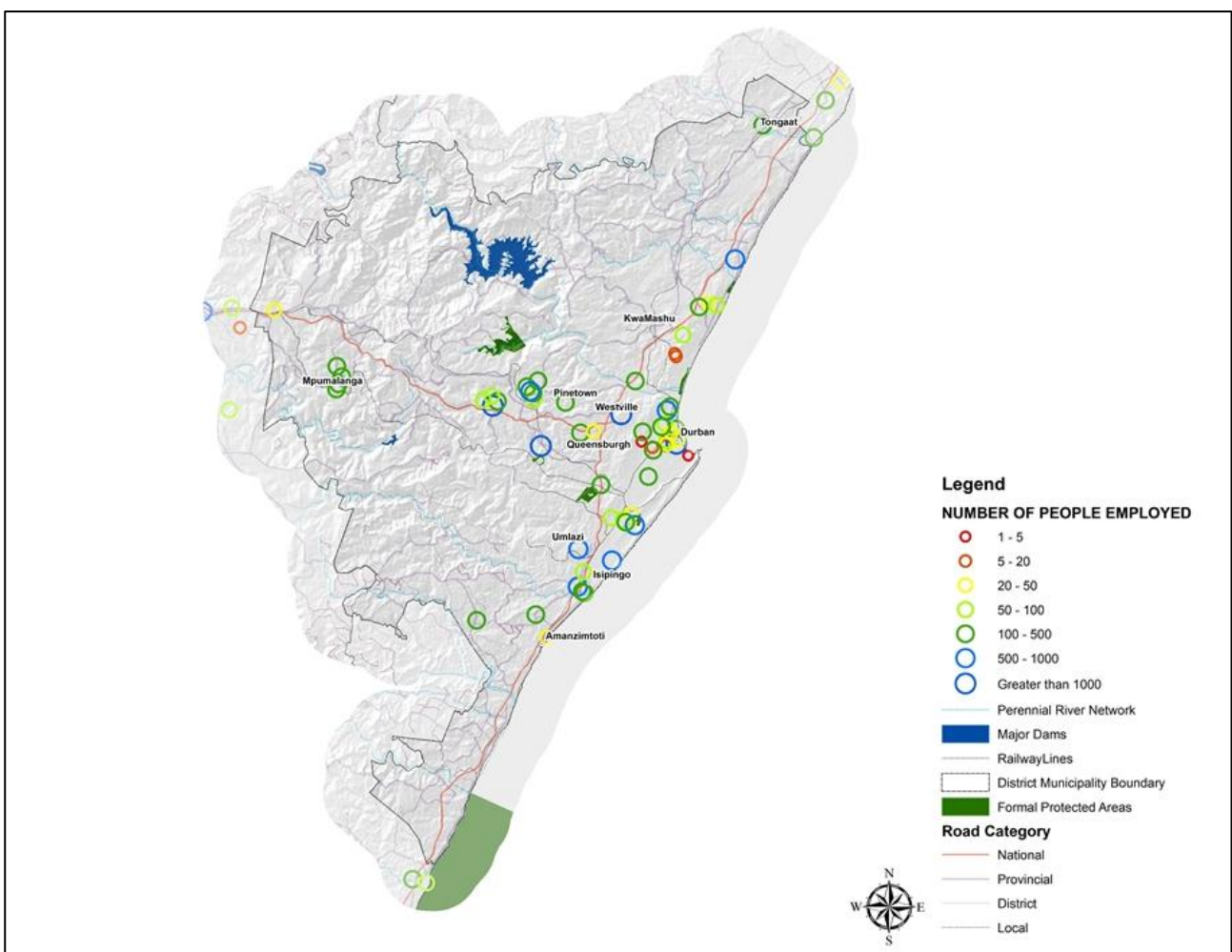
MAP 3.1: SPATIAL DISTRIBUTION OF SURVEYED COMPANIES BY ECONOMIC SECTORS



EMPLOYMENT

- The distribution of employment confirms that the manufacturing sector businesses in general employ larger numbers.
- The majority of companies interviewed employs between 100 and 500 people. The majority of companies in the South Durban Basin, the Durban CBD and Pinetown, as well as Hammarsdale, falls within this employment category.
- The number of people employed by companies interviewed located to the north of the Durban CBD generally appears to be lower.

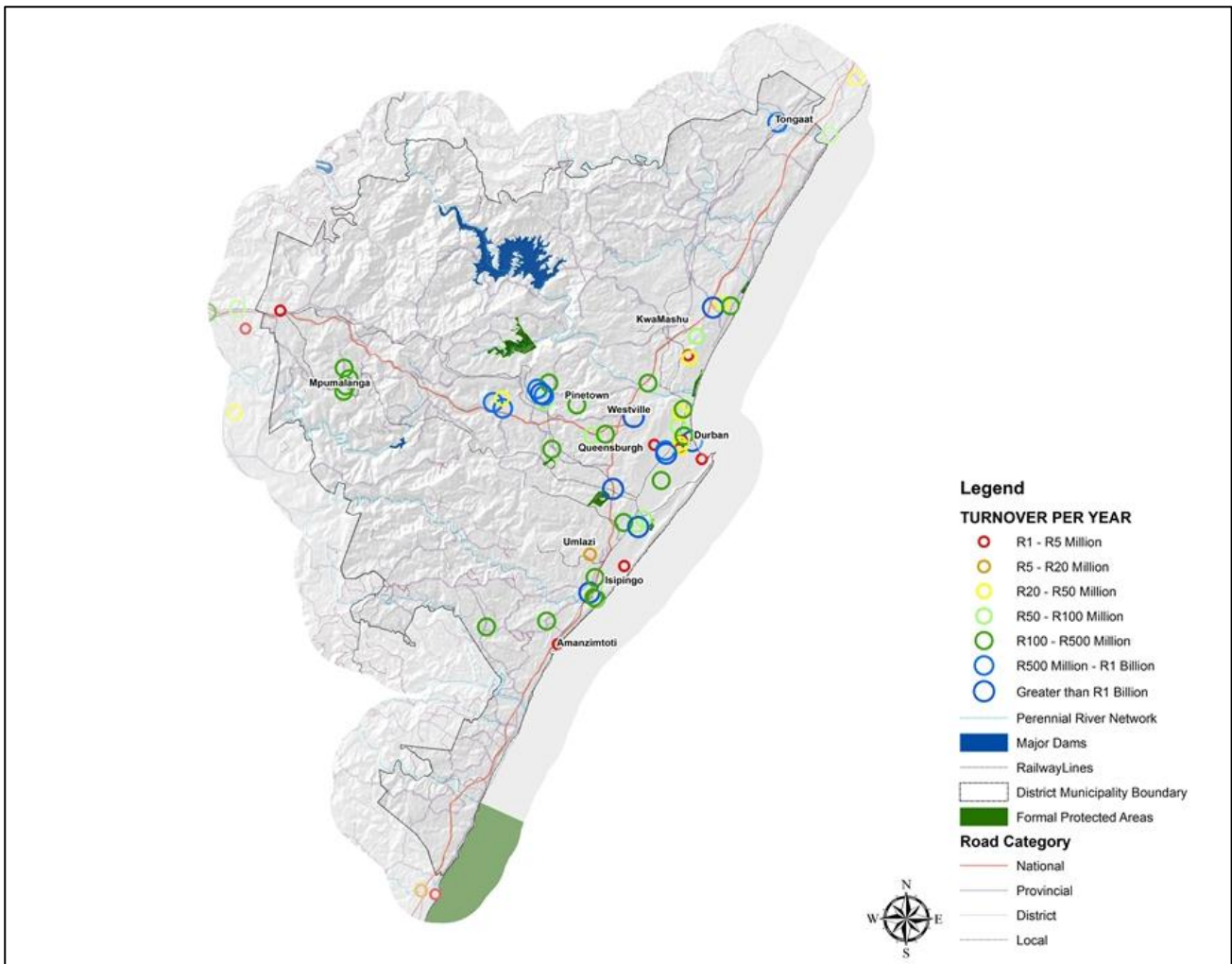
MAP 3.2: SPATIAL DISTRIBUTION OF SURVEYED COMPANIES BY NUMBER OF PEOPLE EMPLOYED



TURNOVER

- The spatial distribution of the high turnover companies suggests, perhaps surprisingly, that Pinetown / Mahogany Ridge has a comparatively higher concentration of companies with an annual turnover of R500 million and more.
- Again, the higher turnover companies are associated with those companies located in the predominantly manufacturing areas.
- Most of the companies with an annual turnover of below R100 million are located to the north of the Durban CBD, confirming that employment and turnover of the companies in the services sectors are lower.

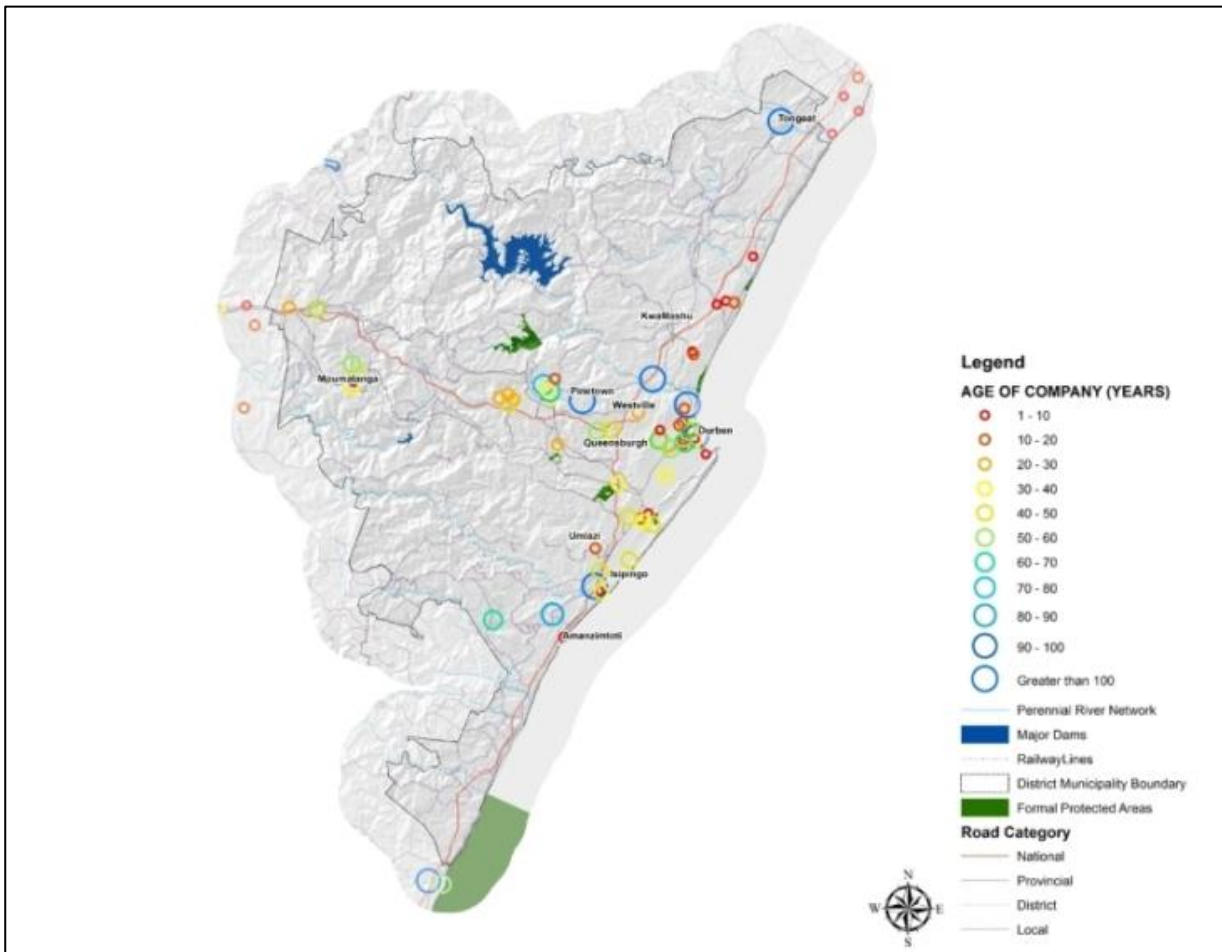
MAP 3.3: SPATIAL DISTRIBUTION OF SURVEYED COMPANIES BY TURNOVER PER YEAR



COMPANY AGE

- The map reflecting on the age of companies reflects the phasing of development in eThekweni over the past 100+ years.
- Apart from the major agriprocessing businesses the older businesses are generally located in the Pinetown – Durban area.
- Most of the businesses in the South Durban Basin is between 30 and 60 years old and was established following the development of industrial areas in Jacobs, Isipingo and Prospecton.
- The majority of businesses in the Pinetown and Hammarsdale are between 20 and 50 years old.
- Businesses interviewed located to the north of Durban is generally younger than 10 years, with interestingly, a number of young companies also located in the Durban CBD possibly reflecting the transition this area underwent over the past decade.

MAP 3.4: SPATIAL DISTRIBUTION OF SURVEYED COMPANIES BY AGE OF COMPANY (YEAR)



3.6. KEY CHARACTERISTICS OF INTERVIEWED COMPANIES

DIAGRAM 3.2: CHARACTERISTICS OF COMPANIES



OBSERVATIONS:

- Of the 69 firms that provided an indication of their turnover 40 or nearly 60% indicated an annual turnover of more than R100 million.
- 40% of the firms interviewed employed 100 persons or more.
- 40% of the firms interviewed were established over the past 20 years, with 5 firms being over a hundred years old.

3.7. MAJOR COMPANIES SURVEYED

The table below lists the major companies in eThekwini based primarily on number of people employed.

TABLE 3.3: MAJOR COMPANIES SURVEYED BASED ON NUMBER OF PEOPLE EMPLOYED

COMPANIES LISTED EMPLOY BETWEEN 6 000 AND 650 PEOPLE		
NO	COMPANY	OVERVIEW
1	Toyota	The list of major employers in eThekwini is still dominated by manufacturing despite growth in the tourism, services and retail sectors. Toyota, Apollo Tyres, GUD Filters and a range of related manufacturers and suppliers represent a key cluster in this economy. Other manufacturing sectors featuring on the list of major firms are the petrochemical industry lead by the Engen and SAPREF refineries, with strong linkages into a major chemicals cluster. National and international brands of household goods and food and beverage manufacturers such as Clover, Defy and SAB Miller. Altech UEC is a leading developer of digital technology and in 2011 confirmed its relationship with eThekwini with the opening up of its Mount Edgecombe facility. Service industries such as ADT and Ikhayelihle are leaders in their respective sectors. The role of tourism in the eThekwini is also clear with Sun Coast Casino, Sibaya Casino and uShaka featuring on the list of major employers. Sanyathi, Stocks, Corobrick and Grindrod represent the construction and related industries.
2	Sanyati Holdings Limited	
3	Corobrick	
4	Grindrod Limited	
5	Clover - Durban	
6	Defy - Durban	
7	McCarthy Limited	
8	Mediterranean Shipping Company	
9	Stefanucci Stocks KZN	
10	Altech UEC	
11	ADT Security	
12	Apollo Tyres	
13	Sun Coast Casino	



COMPANIES LISTED EMPLOY BETWEEN 6 000 AND 650 PEOPLE		
NO	COMPANY	OVERVIEW
14	Sibaya Casino and Entertainment Kingdom	
15	uShaka Marine World	
16	Ikhayelihle Cleaning Services	
17	GUD Filters	
18	Engen Petroleum	
19	Metair Group	
20	Mondi Merebank	
21	Erbacon Investment Holdings Limited	
22	SAB Miller	
23	Shell and BP South Africa Petroleum Refineries (SAPREF)	
	<i>Unilever</i>	
	<i>SAPPI SAICCOR</i>	

3.8. ETHEKWINICOMPANIES EXPORTING

PRODUCTS EXPORTED:

Twenty nine companies in eThekweni (or 24% of those interviewed) indicated that they are exporting products. The products exported include:

- *Vehicles;*
- *Automotive parts;*
- *Ship repair services;*
- *Tyres;*
- *Beverages;*
- *Cement;*
- *IT services,*
- *Construction skills;*
- *Water proofing;*
- *Packaging;*
- *Chemicals;*
- *Engineered products;*
- *Polyester;*
- *Resins;*
- *Specialist services;*
- *HR Services; and*
- *Ropes.*



Seven of the companies interviewed exports more than 50% of their production and fourteen of the companies interviewed exports less than 25% of their production.

The table below considers the proportion of the companies exporting in the samples for the various Districts.

TABLE 3.4: ETHEKWINI EXPORTING IN KWAZULU-NATAL CONTEXT

DISTRICT	EXPORTERS	COMPANIES	% EXPORTERS IN SAMPLE
uMgungundlovu	21	63	33%
uMzinyathi	6	18	33%
uThukela	14	42	33%
Zululand	7	23	30%
uThungulu	11	38	29%
iLembe	13	45	20%
Amajuba	11	41	27%
eThekwini	29	119	24%
Ugu	4	48	8%
uMkhanyakude	1	17	6%
Sisonke	1	20	5%
KZN Province	118	474	25%

The eThekwini Municipality (Denny Thaverpers. com 2011) supplied the list below of major importers and exporters located in eThekwini.

TABLE 3.5: LIST OF ETHEKWINI MAJOR IMPORTERS AND EXPORTERS

IMPORTERS NAMES:	EXPORTERS NAMES:
Spice Emporium (Pty) Ltd	Lion Match Products
ANE Equipment Rental and Sales	Apollo Tyres (Dunlop)
PPI Traffic Paint SA (Pty) Ltd	Mondi Paper
Toyota SA	Nampak
SA Paper Mills (Pty) Ltd	Unilever
Hexachem (Pty) Ltd	Illovo
Lanex International	Sappi
Permanent Magnet Generators	Toyota SA
James Walker (Pty) Ltd	BSN Medical
SAB-Miller	NCP
	Tiger Brands

Source: Durban Chamber of Commerce & Industry (Note: Listing is in terms of level of activity and not volume or value as these are not permitted to be released for individual businesses)



3.9. INFRASTRUCTURE CHALLENGES

UTILITY CHALLENGES

Incl. Water, electricity, sanitation.

- In total more than 50% of the utility challenges mentioned by respondents related to electricity. The majority of responses related to electricity supply in general as a challenge for doing business in eThekweni. Erratic electricity supply and electricity costs were also mentioned specifically by respondents.
- Water related challenges represented nearly 20% of the challenges identified and telecommunications a further 15%.
- It is suggested that the geographic spread of these challenges should be further investigated in order to highlight any patterns that may be experienced.

TABLE 3.6: UTILITY CHALLENGES

UTILITY CHALLENGES	MENTIONS	%
Electricity	20	36%
Water supply	7	13%
Telecommunications	6	11%
Electricity erratic	5	9%
Electricity costs	4	7%
Water costs	1	2%
Cell phone reception	1	2%
Internet Access	1	2%
Access to natural gas	1	2%
Electricity connection delays	1	2%
Gas pipelines	1	2%
High rates	1	2%
Service costs	1	2%
Solid waste removal	1	2%
Steam	1	2%
Theft of electricity cables and equipment	1	2%
Water	1	2%
Water quality	1	2%
TOTAL	55	100%



TRANSPORT CHALLENGES

Of 62 companies that administered the detailed survey only a total of 19 transport challenges were highlighted. More than 50% of these related to the negative impact of strikes on the transportation of goods. It can thus be suggested that transport is not viewed a major challenge for eThekweni companies with only 9 other transport issues mentioned. These issues related to:

- Road maintenance (3 mentions);
- Unreliability of rail (3);
- Fuel/ transport costs (3);
- Harbour delays (1); and
- Bribery at weigh bridges (1).

TABLE 3.7: TRANSPORT CHALLENGES

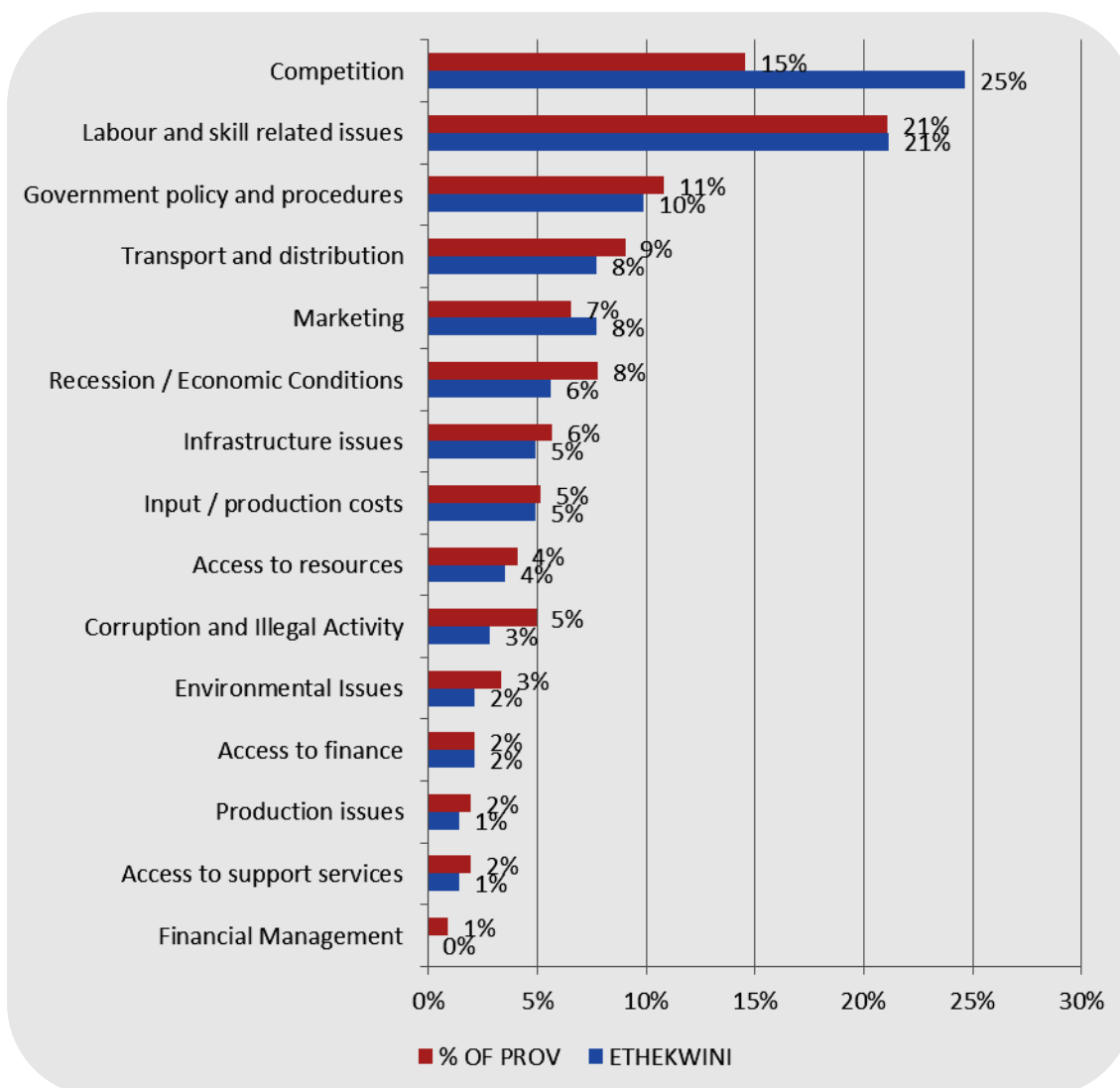
TRANSPORT CHALLENGES	MENTIONS	%
Negative impact of strikes	10	53%
Road maintenance	2	11%
Rail unreliable	2	11%
Fuel / transport costs	1	5%
Durban harbour delays	1	5%
Fuel / transport costs + Road Maintenance	1	5%
Bribery at weigh bridges	1	5%
Rail unreliable + fuel / transport costs	1	5%
Total	19	100%



3.10. OTHER CHALLENGES

- Twenty five percent of the challenges mentioned by eThekweni companies related to competition with local and international companies. This suggests that competition is a much more significant challenge for businesses in eThekweni than it is for businesses in the other Districts.
- As for the rest of the Province 21% of eThekweni businesses highlighted labour and skills related issues as a major challenge for doing business in KwaZulu-Natal.
- Government policy and procedures (10%), transport and distribution (8%) and marketing (8%) were other challenges confirmed by eThekweni businesses.

DIAGRAM 3.3: OTHER CHALLENGES



3.11. INTERVIEWEE COMMENTS

Some of the general observations made by respondents regarding the eThekweni economy included:

- Because of the King Shaka airport, the economy seems to be growing steadily.
- Continuously fluctuating, but it is overall a stable economy.
- Current economic situation is tough on construction companies.
- Due to development in the area, economy seems to be on a steady growth path.
- Due to the boom infrastructural development, our district economy is in a growth state.
- Economy is difficult at the moment, because of the world wide recession.
- Economy is doing well on our part, although people are a bit cautious when it comes to spending.
- The growth in the sector (ship building) is driven by technical expertise and skilled labour force in ship building.
- Economy is on a downslide, government and private sectors should work hand in hand in driving the economy.
- Economy is stable but unemployment rate seems to be rising.
- Economy is strong and the sectors are doing well. Government must listen to business instead of people.
- Economy is tight and government should spend more to improve specific sectors.
- Economy is tough and industry market has shrunk.
- Economy shows no signs of growth due to lack of infrastructural development.
- Government can do better in supporting SMMEs.
- Growth of small businesses will support growth in the economy.
- Its good and booming, northern area is attracting a lot of business, thanks to Sibaya, Airport, Umhlanga area and Ballito.
- KZN is on the right track in getting partnerships between government and private sector. This initiative should assist sectors and also uplift the economy.
- Maritime, transport & logistics, automotive & component manufacturers and agri business should be focussed on. However, frustrations with red tape should be resolved.
- Our economy is dependent on disposable income, so at the moment the economy is tight.
- The recession has crippled the economy and there is little money to be spent.
- There are lots of business opportunities out there. Local people should be encouraged to purchase locally manufactured products rather than imported goods.
- Tourism is doing well.
- Value of the rand is too strong, makes it difficult to manufacture.
- Wage increases are killing business and this will cause major unemployment, crippling the economy.



3.12. A PERSPECTIVE OF ECONOMIC DRIVERS BASED ON COMPANY SURVEY

Based on the Quantec figures, and through the identification of major companies in the eThekweni Metro, it is evident that the major sectors driving the eThekweni economy are the financial and business services sector and the manufacturing sector. It has, however, been suggested that the role of the financial and business sector in the economy has continued to grow, whereas the contribution of the manufacturing sector has remained stagnant and even declined.

eThekweni fulfils a unique role in the provincial economy in that a large number of established companies based in eThekweni (not included in the above survey results) fulfil a significant provincial or regional role in the economy. These companies include:

- the major retailers, with a presence throughout the Province;
- the banking and financial services groups;
- the petrol filling station companies;
- major hotel groups, most notably Southern Sun, Protea and Gooderson Leisure and others;
- the corporate farmers and agri-processing companies, including SAPPI, Mondi, TongaatHulett, Illovo, Clover, many based in eThekweni, but with substantial operations in between three to five districts of the province; and others.

These companies are generally based in eThekweni, but the survey data has not been reflected in the assessment in this report due to the fact that they operate in many districts in the Province. As a consequence they can be classified as drivers of the provincial economy as they make a contribution over a number of Districts.

Other than the provincial drivers, with regard to the categorisation of companies provided by McCarthy in the introduction to the provincial report on this project, the following is noted:

- There are a number of older more established companies with a sizeable number of employees and annual turnover in the eThekweni context. Although these companies cannot always be viewed as drivers of the economy they do provide a strong foundation for the functioning of the KwaZulu-Natal economy. These companies are located in the following sectors:
 - Manufacturing:
 - Petroleum and chemical manufacturing;
 - Automotive manufacturing;
 - Vehicle parts manufacturing;
 - Food and beverages manufacturing;
 - To a lesser extent, textiles and textiles manufacturing;
 - Financial and business services sector:
 - Financial institutions;
 - Business services; and
 - Legal firms.



- Tourism sector:
 - Established large scale tourism facilities;
- Transport:
 - Shipbuilding and ship repair;
 - Transport and logistics companies in general;
- There are newer, and in the case of eThekweni not always smaller, but perhaps more dynamic, companies creating a 'churn' effect in the eThekweni economy. These companies are generally located in the following sectors:
 - Financial and business services sector:
 - Property management companies;
 - Property developments;
 - IT companies;
 - Tourism sector:
 - New facilities such as the Durban ICC, the Ushaka Marine World, the Moses Mabhida Stadium (public or partly public sector investments);
 - Entertainment facilities such as Sun Coast Casino and Sibaya Casino and Entertainment World;
 - Transport:
 - Specifically new companies in the transport and logistics sector linked to the port and airport activity;
 - Wholesale and retail.



4. A MUNICIPAL CAPITAL INVESTMENT PERSPECTIVE

4.1. INTRODUCTION

In order to consider drivers from the perspective of municipalities a questionnaire was issued to each municipality. The information gathered through these interviews and presented in this section includes:

- A Project Based Perspective
 - Historic and Current Projects
 - Future Projects
- Municipality Identified Challenges
- Addressing the Challenges
- A Public Sector Investment Perspective

4.2. CAPITAL INVESTMENT IN THE DISTRICT

For this initiative the focus was on identifying major (focus on R20m plus) capital investment projects in the District falling in the following categories:

- New nodes / developments: including tourism, commercial and industrial nodes;
- Bulk infrastructure supporting economic development: including bulk infrastructure (excluding reticulation) for water and electricity and other infrastructure related to solid waste
- Link and major access infrastructure supporting economic development including roads, airports and taxi ranks amongst others
- Facilities supporting economic development including sport stadiums, markets, trading centres and the like.

From the table of historic, current and future projects it is evident that eThekwini is currently considering a range of initiatives, in different stages of implementation and planning, to support economic development in the Municipality. It is evident from the table that projects in all four the categories as identified above are being either implemented or being considered for implementation. This “well-balanced” approach adopted by eThekwini provides a positive example for other Districts to learn from.



TABLE 4.1: HISTORIC, CURRENT AND FUTURE INVESTMENTS IN DISTRICT ECONOMIC DEVELOPMENT

PROJECT NAME	CLASSIFICATION / SECTOR	PROJECT STATUS	BUDGET
Western Aqueduct Phase 2	Bulk infrastructure	Current	R1,200,000,000
Northern Aqueduct	Bulk infrastructure	Current	R1,100,000,000
Verulam / Cornubia New Town Development	Establishing New Nodes / Developments	Current	R17,830,000,000
KwaMashu Town Centre Improvements	Establishing New Nodes / Developments	Current	R425,000,000
Mpumalanga Town Centre Improvements	Establishing New Nodes / Developments	Current	R1,169,000,000
City-Wide Fibre Optics Backbone	Bulk infrastructure	Current	R560,000,000
Camperdown-Port Freight Route Improvements	Link / Access Infrastructure	Future	R10,000,000,000
Greater Pinetown Nodal Improvements	Establishing New Nodes / Developments	Future	R2,460,000,000
Isipingo Town Centre Improvements	Establishing New Nodes / Developments	Future	R105,000,000
Umlazi Nodes Improvements	Establishing New Nodes / Developments	Future	R4,954,000,000
City-Wide Public Transport Improvements	Link / Access Infrastructure	Future	R10,000,000,000
City-Wide Regeneration Projects	Establishing New Nodes / Developments	Future	R13,052,000,000
City-Wide Social Facilities Provision	Facilities Supporting Econ. Dev.	Future	R4,832,000,000
North Coast Road	Establishing New Nodes / Developments	Future	R162,000,000
Phoenix Wastewater Treatment Works Upgrade	Bulk infrastructure	Future	R330,000,000
Hammarisdale Wastewater Treatment Works Upgrade	Bulk infrastructure	Future	R65,000,000
Umgeni Springfield Improvements	Establishing New Nodes / Developments	Future	R1,559,000,000
Durban Inner City And Point Revitalisation	Establishing New Nodes / Developments	Future	R7,770,000,000



PROJECT NAME	CLASSIFICATION / SECTOR	PROJECT STATUS	BUDGET
Bartletts Industrial Development	Establishing New Nodes / Developments	Future	R3,780,000,000
Hammarsdale Industrial Development	Establishing New Nodes / Developments	Future	R6,701,000,000
North Coast Road Manufacturing	Establishing New Nodes / Developments	Future	R1,000,000
Phoenix and Ink Nodal Improvements	Establishing New Nodes / Developments	Future	R4,005,000,000
Shongweni Industrial Development	Establishing New Nodes / Developments	Future	R1,009,000,000
Tongaat / Dube New Town Development	Establishing New Nodes / Developments	Future	R7,659,000,000
Cato Ridge Industrial Development	Manufacturing, Transport and warehousing	Future	R11,752,000,000
Bridge City New Town Centre	Establishing New Nodes / Developments	Future	R770,000,000
Point Developments	Establishing New Nodes / Developments	Future	R4,000,000,000
Sibaya Recreational Node Development	Establishing New Nodes / Developments	Future	R688,000,000
Specialised Freight Routes	Link / Access Infrastructure	Future	R10,000,000,000
Port Improvements	Link / Access Infrastructure	Future	R325,000,000,000
Back Of Port Improvements	Establishing New Nodes / Developments	Future	R26,320,000,000



4.3. MUNICIPALITY IDENTIFIED CHALLENGES

In response to a request for information on the economic development challenges faced in eThekweni the Municipality provided the following detailed response (Denny Thaver*pers.com* 2011).

Infrastructure

- Shortage of serviced industrial land
- Lack of bulk infrastructure to promote investment and development
- High cost of travel, particularly for the poor
- Uneconomical patterns of settlement
- Limited access to land by the poor in the rural traditional authority areas

Labour Market

- Shortage in skills
- High labour costs

Investment Attraction and Conducive Environment for Investment

- Limited investment by the private sector (including FDI)
- Lack of investment incentives
- High development costs compared to other areas
- High increases in utility costs, in particular, electricity which is now more expensive than most other developing countries

Administrative Barriers

- Lengthy time in approval of development
- Stringent application of environmental legislation and high associated costs.

Government and Governance

- Job creation is not the priority at Local Government level
- Bureaucratic government at national, provincial and local government
- High barriers to entry for SMMEs with complex and cumbersome administrative requirements
- Slow; cumbersome and unresponsive supply chain management requirements within, provincial and local government in particular, slows the pace of delivery – Corruption inadvertently ensures that legitimate delivery is frustrated
- Heavy emphasis on political rhetoric with little action that makes economic sense
- Shortage of requisite skills in all levels of government to ensure efficient and effective delivery.



Financial

- Limited rates base, resulting in high charges on a small group of ratepayers and utility consumers
- Lack of/ very marginal funding from Provincial Government to the Municipality related to economic development
- Streamline processes around the transfer of funds from province to local government (within the scope of existing legislation)
- Growing cost of subsidized housing and services.

4.4. ADDRESSING THE CHALLENGES

In response to a request for an opinion as to how the economic development challenges faced in eThekweni can be addressed the Municipality provided the following detailed response (Denny Thaverpers.com 2011).

Government and Governance Issues

- Develop partnerships with neighbouring municipalities
- Closer partnerships with National Government and better and more streamlined communication between Local, Provincial and National Government
- Prioritisation of job creation at all 3 levels of government (not just national)
- Move the Provincial agenda from political imperative to economic sense – which would include investing in areas with inherent opportunities and competitive/ comparative advantages, particularly the larger urban areas, less rhetoric and more action, etc
- Getting appropriately skilled staff at Provincial and Local Government
- StatsSA to provide integrated government statistics
- Accurate and updated socio-economic statistics
- Greater investment in research that informs government intelligence and the private sector
- Align Government agencies to economic priorities.

Financial

- Funding from Provincial Government for key economic infrastructure; research and programmes
- Increased funding from National Government.

Labour Market Issues

- Improved skills development systems and education system in general
- Review national labour legislation to become more employment friendly
- Review SETAs to ensure ease of access of funds for training.



Infrastructural Issues

- Large-scale investments in bulk infrastructure for economic growth
- Halt increases in electricity tariffs and the proliferation of toll roads
- Government to Invest in key platform infrastructure (e.g. the Port expansion; freight rail and road; public transport both road and rail; etc)
- Provide a simpler and more effective regime for private sector investment in services, and platform infrastructure (allow much greater private sector involvement in infrastructure development).

Creating a Conducive Environment for Growth

- Creating incentive zones linked to key areas of opportunity
- Creating incentives for employment creating industries
- Provide industrial parks for specific industries
- Ensure that the government agencies/ monopolies in key sectors, are more efficient and charge internationally competitive tariffs (e.g. ports; telecommunications; electricity; etc).

Red Tape and Creating Efficient Bureaucracies

- Review environmental legislation to focus on resource protection and renewable energy (and using renewable technologies and processes) and less of a focus on conservation within urban areas
- Review administrative bureaucracies at provincial level to make development and business start-ups simpler and faster
- Review administrative bureaucracies at local government, particularly planning related, to make development and business simpler and faster
- Review business start-up and SMME related legislation and requirements at national level to ensure simpler tax regime; business registration; etc for SMMEs
- Review supply chain management processes to make them more efficient
- Relook at administrative issues related to development such as town planning (e.g. reducing parking requirement could stimulate development intensification).

Sector Focus

- Align Provincial and Local sector focus areas and commit to sustained areas of focus, backed by funding and appropriately skilled human resources
- Focus on making agriculture more commercially viable and building commercial agriculture (also drive increased access to land, particularly in Traditional Authority Areas with a focus on commercial agriculture)
- Change provincial focus on economic issues to be centred on the core economic initiatives and sectors that will have the greatest impact and less on peripheral issues with little impact
- Establish joint eThekweni and Province implementation vehicle to deliver on key initiatives (existing structures do not do this)
- Review the work of SEDA against international best practice
- Develop one-stop for small business registration, tax and labour compliance.



5. A NATURAL RESOURCES OVERVIEW

5.1. INTRODUCTION

There exists a strategic link between the state of the eThekweni Municipality's natural capital, its ability to deliver ecoservices and the extent to which this provides resilience to the economy and/or makes it vulnerable. The interviews with major companies in eThekweni confirmed that most them (economic drivers) are ignorant of this strategic link and that they are operating under the assumption that the natural resources upon which they depend, either directly or indirectly, are infinitely available. Also, it needs to be highlighted that many economic drivers are ignorant of the societal costs caused by the generation of environmental externalities for which they are not taking responsibility. In addition to this, there are also opportunity costs as a result of lost opportunities, e.g. blue flag beach status lost or unattainable due to polluted estuaries, or viewsheds that have become compromised due to poor land management practices and which are now no longer attractive to tourists.

With the above as background this section:

- Considers the condition of the Municipality's natural capital and the quality of related ecosystem goods and services;
- Provides an overview of ecosystem resources (including allocating a value to the ecosystem resources);
- Illustrate the ecosystem resource linkages between eThekweni and neighbouring Districts; and
- Provides some insight into the economic opportunities and constraints emanating from the future utilisation of ecosystem resources.

5.2. CONDITIONS OF NATURAL CAPITAL AND THE QUALITY OF ECOSYSTEM SERVICES

Ezemvelo KZN Wildlife completed an exercise, reported on in detail in the Provincial report, which used the values derived for the ecoservices produced and delivered from a variety of natural habitat types in the Province (EKZNW, 2011). The outputs of this exercise were then used to extract the value for each of the Districts and these are presented in table format below. This value for eThekweni equates to 1.75% of the total value for the Province which must be considered in the context of eThekweni making up 2.43% of the Provinces surface area. It must be noted that these figures provide an indicative value for the Municipality having been derived from figures at a Provincial scale. Any assumptions and related errors made at the Provincial scale are therefore somewhat greater at the municipal level. A more refined exercise would need to be done for each District and the Metro in order to provide a more accurate picture.



TABLE 5.1: NATURAL HABITAT TYPES

HABITAT TYPE	ECOSERVICE VALUE
Coastal and dune vegetation	R 39 869 153
Coastal grassland and thickets	R 236 879 469
Estuaries and mangroves	R 306 217 752
Forests	R 191 080 104
Grasslands	R 81 873 084
Near-shore environments and reefs	R 612 103 263
Riparian and floodplain veg and swamp forests	R 355 170 960
Sandy beach, rocky shores and surf zone	R 36 424 461
Savannas	R 155 395 604
Wetlands	R 59 168 683
Rivers	R 542 824 499
TOTAL	R 2 617 007 036

In addition to the information provided above this discussion is supported by the two tables provided below and which illustrate the quantitative distribution of ecoservice score categories and land cover types respectively. The two maps that follow provide a spatial illustration of these values and features.

TABLE 5.2: ECOSERVICE CATEGORY SCORES

Extent of cover	ECOSERVICE CATEGORY SCORES									
	-3	-2	-1.5	-1	-0.5	0	1	1.5	2	3
Hectares	435	96906	1037	1126	1737	205	20738	27123	79822	0
%	0.19%	42.29%	0.45%	0.49%	0.76%	0.09%	9.05%	11.84%	34.84%	0.00%

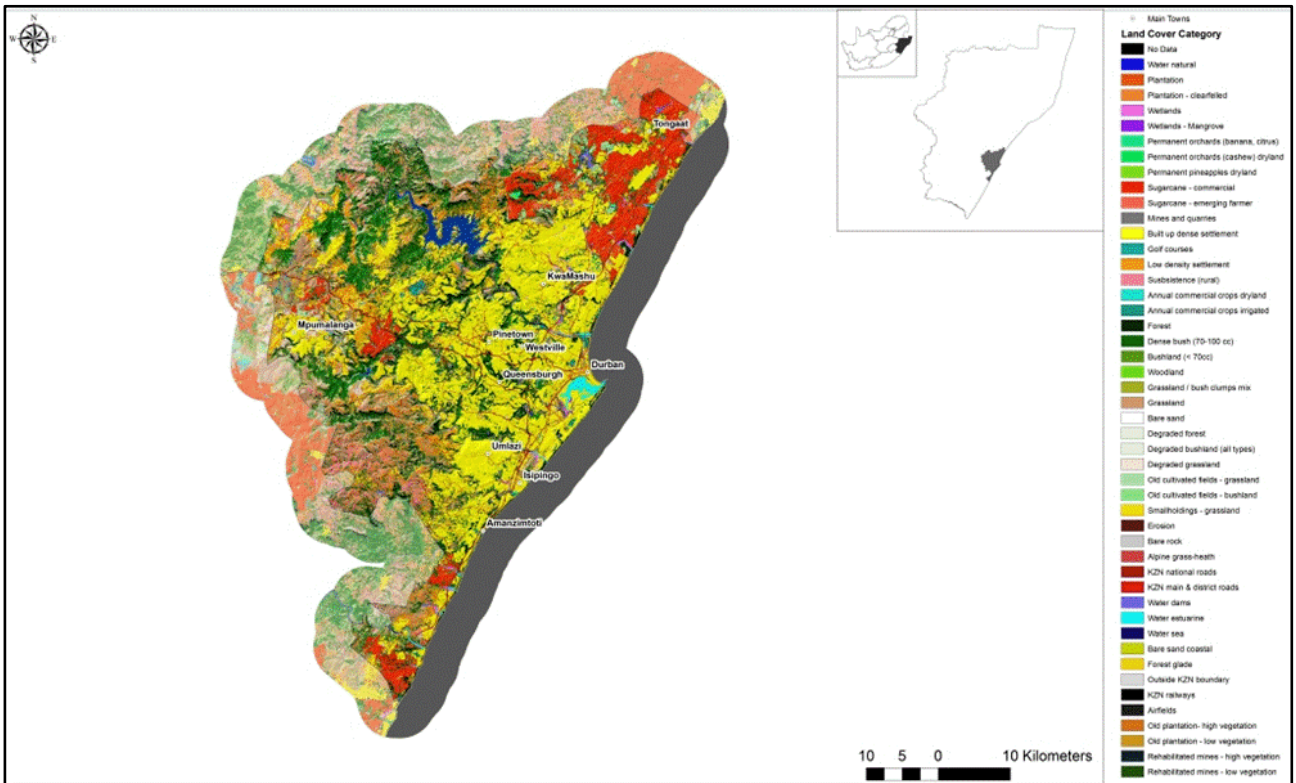
Being the commercial hub of the Province, it is understandable that eThekwini should host the greatest proportion of land cover transformation of all the Districts. This is confirmed by the fact that just less than 56% of the surface area is in the positive side of the ecoservice scores, which is the lowest proportion of all 11 Districts. The 44% balance on the negative side of the ecoservice scale relates closely to the 43.52% that is under settlement, the vast majority of which is within the -2 ecoservice score category. While this situation is of significance to the Metro, the most important consideration relates to the condition of natural capital in neighbouring Districts and the demand that eThekwini is placing on these Districts to deliver ecoservices.

TABLE 5.3: THE EXTENT OF BROAD LAND COVER CATERGORIES AS A PERCENTAGE OF ETHEKWINI METRO

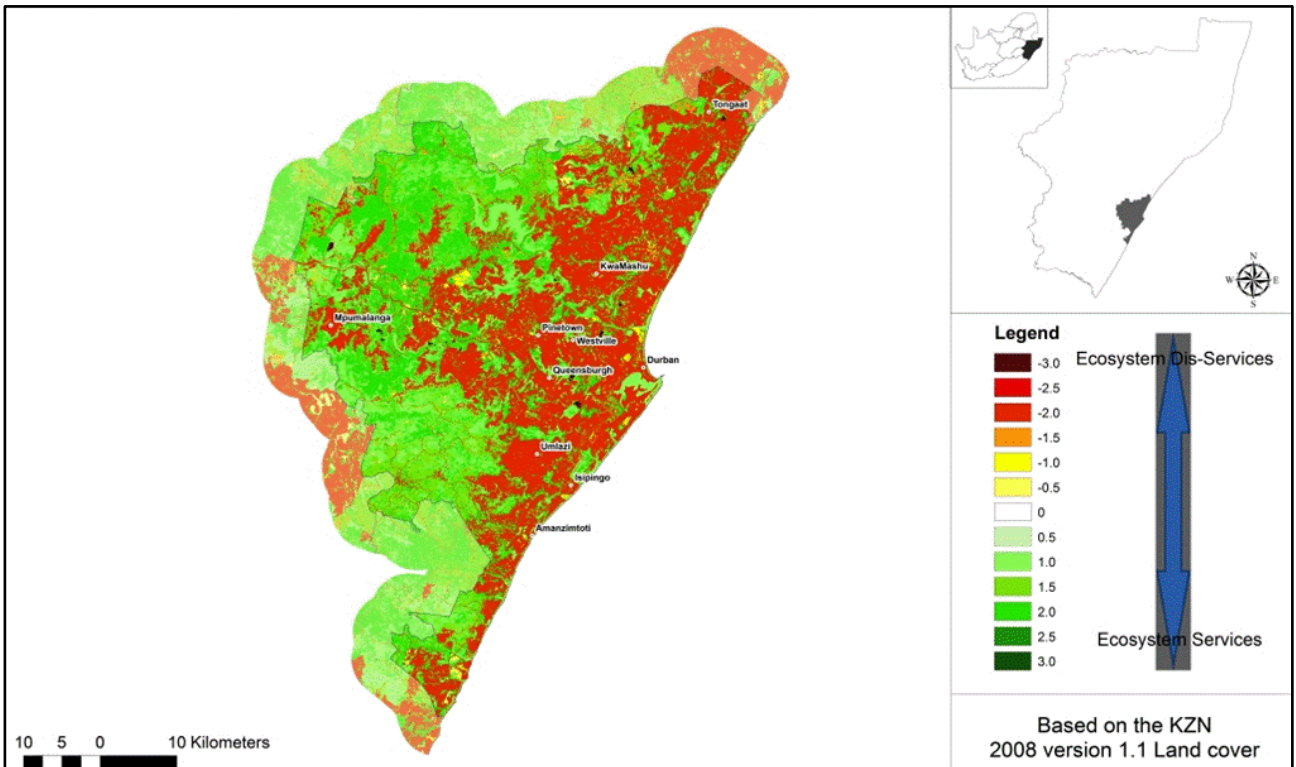
LAND COVER CATEGORY	% COVER
Natural - freshwater	0.72%
Natural - marine	0.54%
Natural terrestrial	37.38%
Natural terrestrial degraded	4.77%
Agriculture - active including commercial and subsistence	12.18%
Agriculture - fallow including commercial and subsistence	0.70%
Mining	0.19%
Settlement (including recreation and infrastructure)	43.52%



MAP 5.1: ETHEKWINI DISTRICT LAND COVER

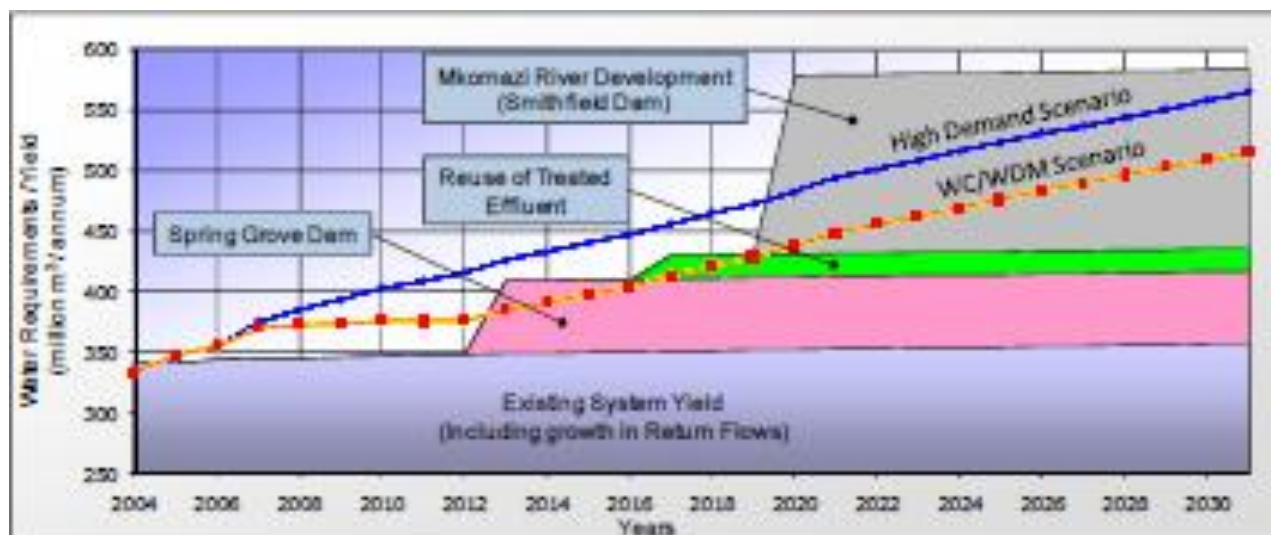


MAP 5.2: ETHEKWINI DISTRICT POTENTIAL TO DELIVER ECOSYSTEM GOODS AND SERVICES



The water reconciliation study (DWAF, 2009) that was carried out for eThekweni clearly shows that the Metro has significant challenges to ensure that water supply meets demand. The uMngeni River has long reached its limits and is currently being augmented with water from the Mooirivier from the Mearn's Weir. In addition to this the Spring Grove Dam is now under construction to provide further augmentation. However, the predictions are that supply from this facility will only be sufficient to meet demand until 2016, and this prediction is based on the best case scenario in terms of optimum water conservation and water demand management as illustrated in the figure below which is an extract from the reconciliation strategy.

DIAGRAM 5.1: EXTRACT FROM THE RECONCILIATION STRATEGY



The interventions listed in the strategy are as follows:

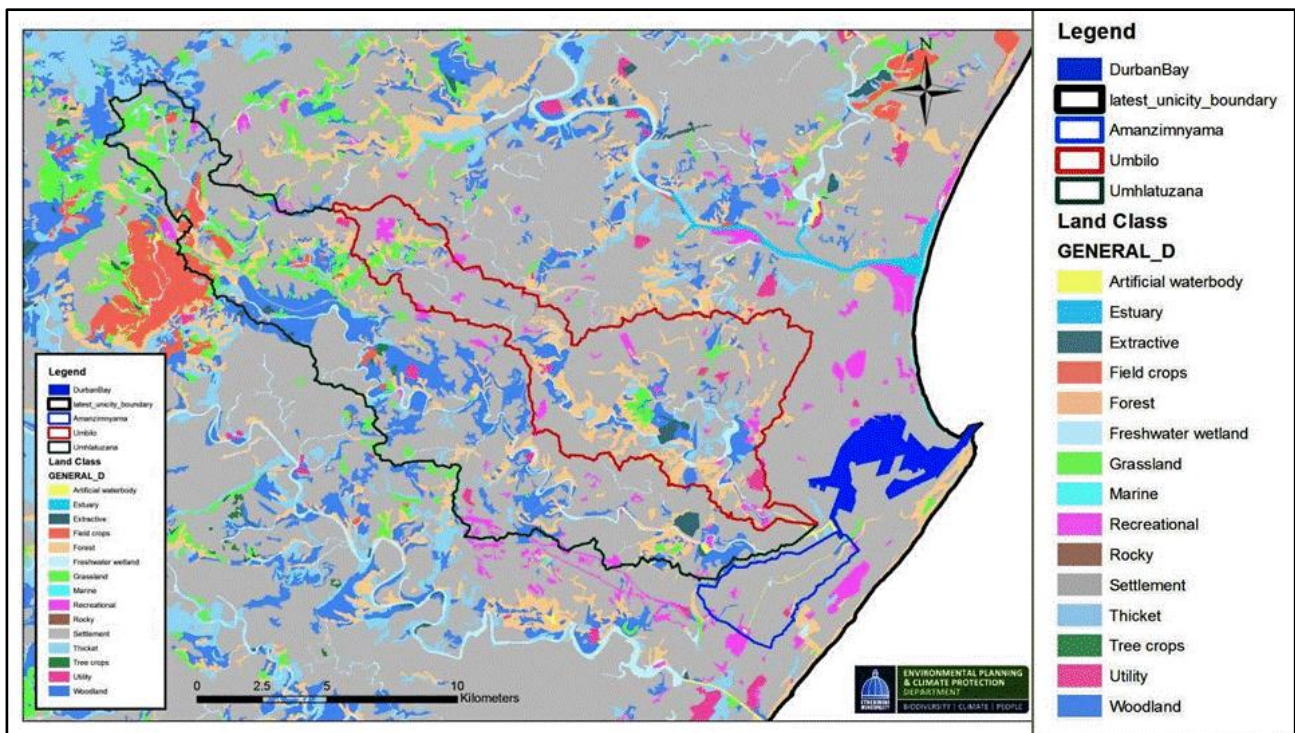
- Priority infrastructure development projects:
 - Mooi-Mgeni transfer scheme including the building of the Spring Grove Dam;
 - Raising of the Hazelmere Dam; and
 - Implement the north coast pipeline.
- Priority feasibility studies:
 - Mkomazi Transfer Scheme;
 - Mooi and Mvoti feasibility to supply the northern areas;
 - Water reuse options to supply the Mgeni and North Coast; and
 - Desalination to supply the Mgeni and North Coast.
- Water use efficiency:
 - Municipal water conservation and water demand management; and
 - Encourage rain water harvesting.
- Institutional arrangements:
 - Constitute the Systems Operations Management Unit;
 - Establish a strategy Steering Committee; and
 - Establish a forum to discuss water saving measures and to exchange experiences
- Communication – media campaign to support implementation of the strategy.

The above have been extracted from the Reconciliation Strategy and listed here in order to highlight the fact that the management of natural capital in order to optimise the delivery of ecoservices has been ignored by the strategy. It is a fact that if the catchment of the uMngeni River was restored and maintained in pristine condition, the improved ecoservice performance would not meet demand. However, current and planned interventions bring the Mooirivier and the Umkomazi River systems into the picture and the condition of these catchments has not been considered either in terms their ability to deliver ecoservices and/or the risk posed to augmentation infrastructure through dis-services such as excessive sediment loads and increased incidents of flooding.

The costs of delivering water according to the options presented in the Reconciliation Strategy are in the region of between R8 to R10/m³, i.e. recycling of waste water, inter-basin transfers and desalination. However, the cost of water from a well-managed catchment is approximately R2/m³. The engineering solutions presented in the Strategy are unavoidable, but if catchment management, as a ‘least cost option’, is integrated into the strategy, dependence on the more expensive engineering solutions will either be delayed or decreased.

More specifically the condition of natural capital in eThekweni, although significantly depleted, has been recognised for its value in delivering vital ecoservices and has been captured in the Durban Metro Open Space System (D-MOSS). However, these areas are under threat from a variety of sources primarily development pressure, alien plant invasions, poor waste management, etc. An example of this situation and its implications are presented here with regards to the condition of the Umbilo and Umhlatuzana River catchments which flow into the port of Durban. Excessive siltation and poor water quality as a result of the poor condition of these catchments are now the responsibility of the port authority, and these costs could be significantly reduced if the natural capital in these catchments is rehabilitated and well managed. This situation is illustrated in the figure below (eThekweni Metro).

MAP 5.3: CONDITIONS IN THE UMBILO AND UMHLATUZANA RIVER CATCHMENTS



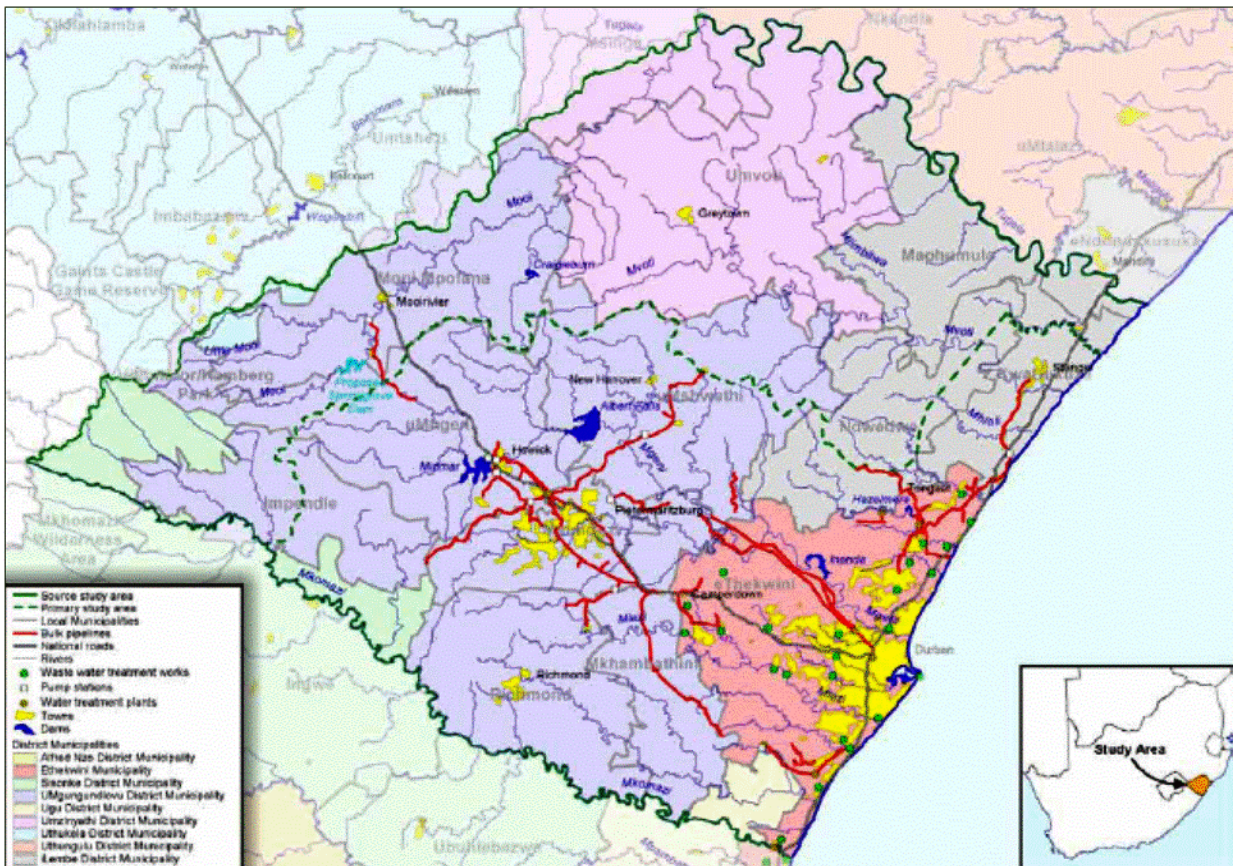
Source: eThekweni Metro



5.3. ECOSYSTEM RESOURCE LINKAGES

The fact that every aspect of modern life in eThekweni is dependent on the ability of the uMngeni, Mooi and Umkomazi River systems to deliver water has been discussed above and is the crux of the ecosystem linkages that exist between this coastal metro and its inland neighbours. As already shown there are many engineering solutions, both in place and in planning, that are contributing to reduce the dependence on these linkages (see figure below). However, these are all extremely costly and without the assurance of supply that can be provided from well-maintained catchments, they are also unsustainable.

MAP 5.4: ECOSYSTEM LINKAGES EXISTING BETWEEN COASTAL METRO AND INLAND NEIGHBOURS



The above figure is an extract from the reconciliation strategy where the existing bulk water distribution infrastructure can be seen in red. What is missing from this figure is the planned infrastructure in the Umkomazi River system, but once this is on line, it will also be channelled into the uMngeni system to augment its ability to provide assurance of supply.

Other aspects that relate to ecosystem linkages that are of relevance to eThekweni are the movement of undesirables such as impurities or effluent and alien invasive plants down the natural drainage lines. An obvious example of the latter is the water hyacinth that is increasingly placing the Duzi canoe marathon under pressure. The prevalence of this aquatic weed is symptomatic of a number of dynamics which negatively impact on the integrity of the natural capital linkages. The natural flow of the uMngeni River system has been drastically changed due to the demand for the supply of water. Four major impoundments are in place including the Midmar -, Albert Falls -, Nagel - and the Inanda Dams. With the exception of the latter, the other three are all in the uMgungundlovu District which highlights the vulnerability of eThekweni to whatever happens upstream.

5.4. THE RESILIENCE OR VULNERABILITY OF ECONOMIC DRIVERS AND THE OPPORTUNITIES AND CONSTRAINTS TO GROWTH

It is very difficult to isolate economic drivers that are specific to eThekweni as it is the economic capital of the Province and thus is a driver of the economies of other Districts and even Provinces. This situation is particularly true when considering the role of the Durban Harbour. In order for there to be a meaningful assessment of this topic, it would be necessary to engage with the various economic drivers directly and to facilitate a corporate ecosystem review with each one of them. The tools are available to do this so if the resources can be secured, this valuable exercise would add significant value to a provincial economic strategy. However, in the absence of this, an indication has been provided here through the provision of some discussion on the opportunities and constraints that are relevant to major retailers, banking and financial services, petroleum companies, agri-processing, and tourism.

For more detail see Annexure B.



6. FINDINGS AND RECOMMENDATIONS

6.1. CORE FINDINGS

The economic landscape of eThekweni, from both a sectoral and spatial perspective, has over the past two decades undergone significant changes. These changes have to a large extent been brought about by strategic public and private sector investments in the City. It is noted that pre-1994 and even through the 1990s eThekweni was viewed as an industrial economy with key industries established in the South Durban Basin. In 2010 the tertiary sector represented more than 70% of the gross value added to the economy, confirming the dominance of this sector.

Key investments that supported the growth of the tertiary sector included the decentralisation of retail to areas such as the Pavilion and the Gateway, the large scale commercial developments on La Lucia Ridge to the north and decentralised offices to the west of Durban which catered for growing and new companies, the Durban North and Umhlanga Ridge developments offering residential opportunities close to job opportunities, the various 2010 Soccer World Cup related initiatives, the construction of the Moses Mabhida Stadium, and the move of the international airport to the north. The establishment of the Riverhorse Valley “industrial” area further strengthened the logistics and warehousing sector as well as the services sector in the northern regions of eThekweni.

The eThekweni Municipality also focused its efforts over the past decade on transforming the colonial and apartheid spatial structure of the city through the development and/or upgrading of commercial and service centres in nodes in previously disadvantaged areas. Thus they created further opportunities for the growth of the tertiary sector in the Municipality.

Although the eThekweni region has seen the strengthening of the tertiary sector, including transport and logistics, the manufacturing sector has not experienced similar expansion. This was partly the result of economic conditions, but from the assessments it is also evident that comparatively limited effort has been made over the past 20 years to pro-actively grow the industrial economy of the region.

6.2. A CHANGING SPATIAL ECONOMIC DEVELOPMENT STRUCTURE

A number of key changes in the spatial economic features of the eThekweni Municipality must be acknowledged before recommendations are considered:

- Over the past two decades the spatial focus of development has shifted from the central and western areas to the northern areas of eThekweni. To date this shift has not involved large scale manufacturing, but specifically residential and commercial development. With the establishment of the DubeTradeport the transport and logistics sector to the north of eThekweni has also been strengthened.

- The much anticipated development of the western corridor, including Cato Ridge and Shongweni local areas, have not as yet materialised although a number of planning initiatives undertaken to date support the development of this corridor. Of specific importance is the establishment of a dedicated freight transport corridor in the western corridor. The importance of this corridor was, however, highlighted in the 2012 State of the Nation address of the President.
- The much discussed establishment of the Dig-Out Port on the old Durban International Airport site has the potential to transform the South Durban Basin into a 21st Century industrial area and will establish opportunities in the automotive sectors, the chemical products sectors and others. This will potentially provide the impetus for the redevelopment of the various industrial estates in the area. The planning undertaken for the Back-of-Port precinct will further support this.

The above three spatial economic features, either already have (in the case of the north) or have the potential to impact on spatial economic development in neighbouring Districts and municipalities, viz. the iLembe, Umgungundlovu and Ugu Municipalities.

6.3. RECOMMENDATIONS ON GOVERNMENT INTERVENTIONS

6.3.1. SUPPORT ECONOMIC DRIVERS

Facilitate further initiatives around the established economic drivers and support the establishment of new (or as a first step confirming the potential impact of those drivers). The identified and potential drivers are reflected on the diagrams overleaf.



DIAGRAM 6.1: ETHEKWINI ECONOMIC DRIVERS

ECONOMIC DRIVERS		CERTAIN DRIVER	POSSIBLE DRIVER	UNCERTAIN
COMPANIES / SECTOR	Company	To be further investigated (potentially Toyota, SAPREF Refinery, Engen Refinery, Unilever, major agri-processors,)		
	Sector/Sub-sector/Cluster	Motor vehicle manufacturing Petrochemical Industry Food and beverages Service industries Tourism / entertainment Construction		
DEVELOPMENTS	Strategic Developments	Umgeni Springfield Improvements Sibaya Recreational Node Moses Mabhida Stadium Durban Beaches Promenade	Town Centres (KwaMashu, Mpumalanga, Isipingo, Durban Inner City and Point, Bridge City)	Mixed Use Nodal Improvements (Greater Pinetown, Umlazi Nodes, City Wide Regeneration, North Coast Road, Phoenix and INK,
	Supporting Facility	Cornubia New Town Tongaat / Dube New Town		

Key to text colours: Green = established / Orange = partially established / Red = Concept



DIAGRAM 6.2: ETHEKWINI ECONOMIC DRIVERS (CONTINUED)

ECONOMIC DRIVERS		CERTAIN DRIVER	POSSIBLE DRIVER	UNCERTAIN
INFRASTRUCTURE	Special Economic Zones	Dube Tradeport Riverhorse Valley Industrial Development (Bartletts, Hammarsdale, Shongweni, North Coast Road) Back of Port Improvements Port Improvements Point Development		
	Link Infrastructure	City-wide Fibre Optics Specialised Freight Routes Camperdown-Port Freight Route		
	Other Infrastructure	Western Aquaduct Northern Aquaduct	Waste Water Treatment Works (Phoenix, Hammarsdale)	

Key to text colours: Green = established / Orange = partially established / Red = Concept

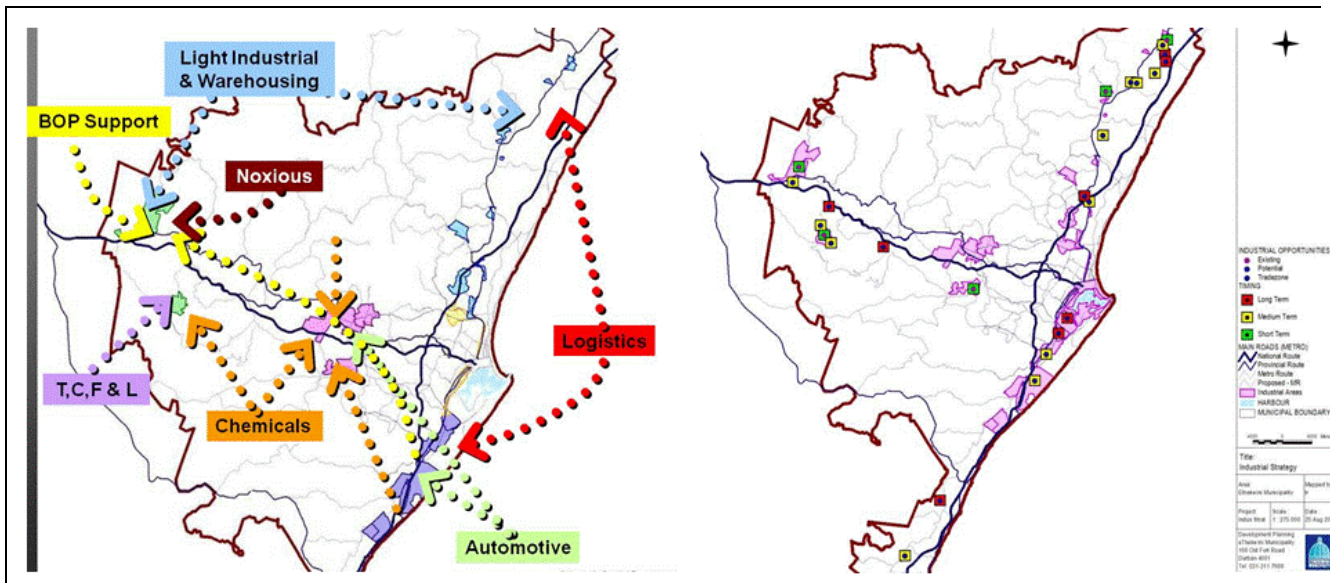


6.3.2. PLAN FOR LONG TERM GROWTH

Substantial planning has over the past decade been done for the development or re-development of the South Durban Basin and areas to the west and north of eThekweni. It is important that those plans be further engaged with and that planning for the long term growth be focused on:

- The strengthening of the tourism sector in central, northern, southern and western regions of eThekweni;
- The identification and packaging of opportunities for future industrial development in all areas of eThekweni (eThekweni Municipality prepared an Industrial Development Strategy in 2009 that can serve as the basis for such planning) – see maps below;
- The continued restructuring of the colonial and apartheid spatial structure of eThekweni to provide equitable access to economic opportunities (to this end substantial work has been done by eThekweni and this should be built on).

DIAGRAM 6.3: EXTRACTS FORM THE ETHEKWINI INDUSTRIAL SPATIAL STRATEGY (2009)



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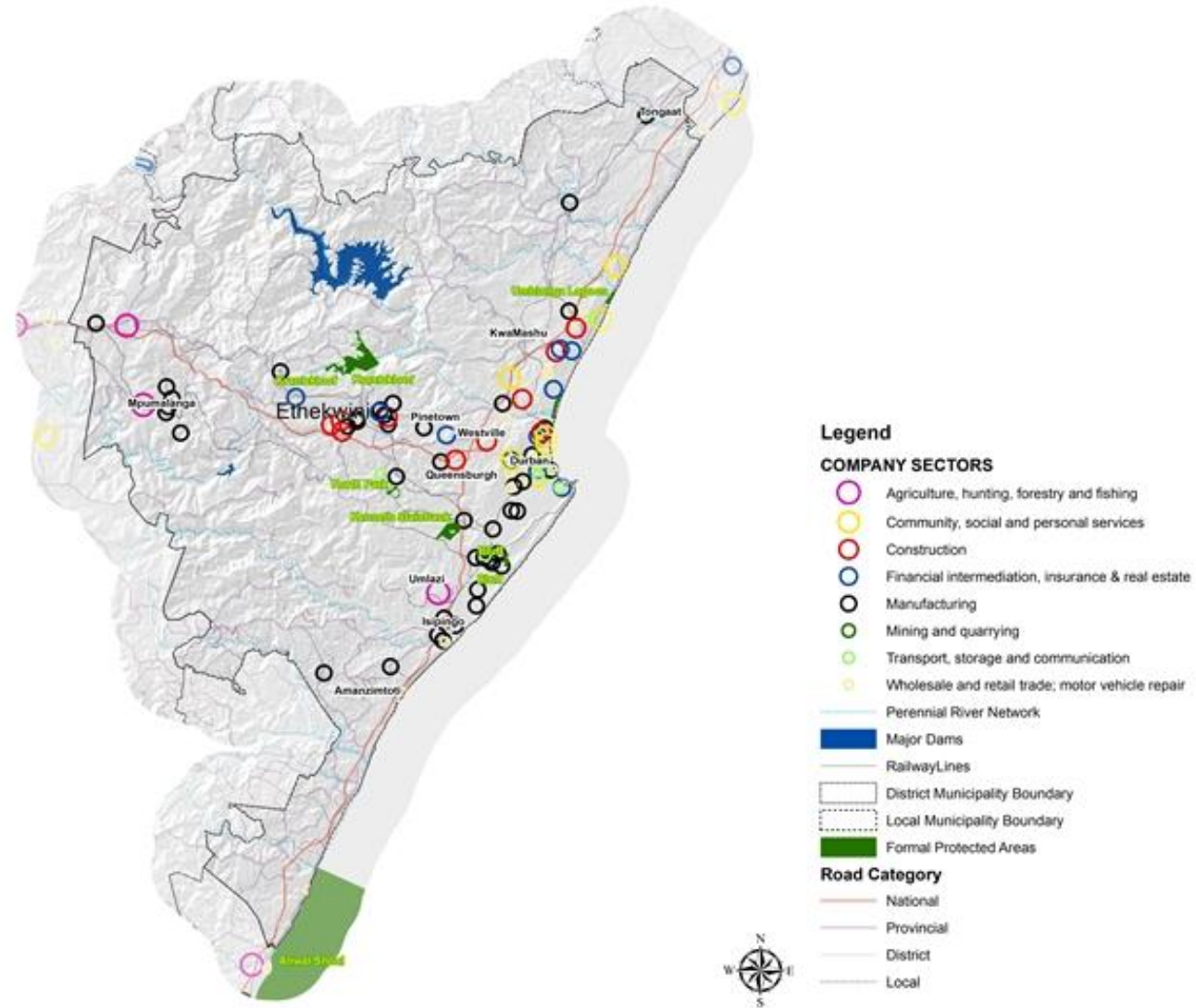
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ANNEXURE A: ETHEKWINI DISTRICT - COMPANY DISTRIBUTION BY SECTOR IN LOCAL MUNICIPALITIES



LIST: COMPANY DISTRIBUTION IN PROVINCIAL AND LOCAL MUNICIPALITIES

COMPANY NAME	LOCAL	PRODUCT CATEGORY
PROVINCIAL FOCUS		
Alexander Forbes	eThekwini	Financial Services
BP(service stations)	eThekwini	Fuel and oil retail
Enforce	eThekwini	Security Services
Engen(service stations)	eThekwini	Fuel and oil retail
Eskom	eThekwini	Electricity
First National Bank	eThekwini	Financial Services
Gooderson Leisure Corporation	eThekwini	Tourism Accommodation +
Group 5 Coastal	eThekwini	Oil
Hirsch	eThekwini	Electric Goods Retail
Industrial Development Corporation	eThekwini	Development funding
Ithala Development Finance Corporation	eThekwini	Financial Services
KZN Growth Fund	eThekwini	Development funding
KZN Tourism	eThekwini	Tourism Development Support
KZNonSource	eThekwini	Call Centre Services
Mhlathuze Water	eThekwini	Water Provision
Nedbank	eThekwini	Financial Services
Pep Stores	eThekwini	Clothing retail
Pick 'n Pay	eThekwini	Retail
Protea Hotels	eThekwini	Tourism Accommodation +
SA Homeloans	eThekwini	Financial Services
Sanlam	eThekwini	Financial Services
Sasol	eThekwini	Fuel and oil retail
Sharks Board	eThekwini	Community Services



COMPANY NAME	LOCAL	PRODUCT CATEGORY
Shell(service stations)	eThekwini	Fuel and oil retail
South African Broadcasting Corporation	eThekwini	Electronic Media
Southern Sun	eThekwini	Tourism Accommodation +
Spar Group	eThekwini	Retail
Standard Bank	eThekwini	Financial Services
Sun International	eThekwini	Tourism Accommodation +
Talisman Plant and Tool hire	eThekwini	Tool hire
Three Cities	eThekwini	Tourism Accommodation +
Total	eThekwini	Fuel and oil retail
Trade and Investment KZN	eThekwini	Business Support
Tradepoint South Africa Durban	eThekwini	Trade opportunities
Transnet Pipelines	eThekwini	Gas and Fuel Transport
Umgeni Water	eThekwini	Water Provision
LOCAL MUNICIPALITY		
AA Van Lines	eThekwini	Transport Services
ABE chemicals	eThekwini	Water Proofing Products
Adapt IT	eThekwini	IT services
ADT Security	eThekwini	Security Services
Afripack	eThekwini	Packaging Products
Afrox	eThekwini	Industrial Gas
Airports Company SA	eThekwini	Travel Services
Altech UEC	eThekwini	Electronic Equipment
Apollo Tyres	eThekwini	Tyres
ARB Electrical	eThekwini	Electric Goods Wholesalers
Astrapak	eThekwini	Packaging Products



COMPANY NAME	LOCAL	PRODUCT CATEGORY
Ballito net	eThekwini	Property Services
Bat Centre Trust	eThekwini	Tourism Services
Bearing Man Group	eThekwini	Engineered components
Beier Albany & Company (Pty) Limited	eThekwini	Non Woven Fabrics
Broll Property Group	eThekwini	Property Services
Buckman Laboratories	eThekwini	Chemical Products
Catering Supreme	eThekwini	Catering
Chemical Specialities	eThekwini	Surface Coatings
Chemspec	eThekwini	Paint
Clover - Durban	eThekwini	Dairy Products
Conlog	eThekwini	Specialist building services
Corobrick	eThekwini	Bricks and paving products
Crayvalley Resins S.A.[Akema Group]	eThekwini	Resins
Damelin	eThekwini	Education
Dano Textile Industries	eThekwini	Textiles
Defy - Durban	eThekwini	White Goods
DRG Outsourcing	eThekwini	HR Services
Dube Tradeport	eThekwini	Transport Services
Durban University of Technology (DUT)	eThekwini	Education
East Coast Radio	eThekwini	Electronic Media
Edison Power Group	eThekwini	Electrical Installation
Educor	eThekwini	Education
eLan Group	eThekwini	Property Development
Engen Petroleum	eThekwini	Petroleum Products
Erbacon Investment Holdings Limited	eThekwini	Construction Services



COMPANY NAME	LOCAL	PRODUCT CATEGORY
eThekwini Hospital and Heart Centre	eThekwini	Medical Services
Flavourcraft	eThekwini	Food Products
Flowcrete	eThekwini	Specialist Flooring
Garden Court Umhlanga	eThekwini	Tourism Accommodation +
Grinaker	eThekwini	Construction Services
Grindrod Limited	eThekwini	Transport Services
GUD Filters	eThekwini	Filters
Henry Vale cc	eThekwini	Hardware
Hilton Hotel	eThekwini	Tourism Accommodation +
Hirsch	eThekwini	Electric Goods Retail
Hosaf	eThekwini	Polyester Staple Fiber
ICC Durban	eThekwini	Conferencing
Ikhayelihle Cleaning Services	eThekwini	Cleaning Services
Ilembe Technologies	eThekwini	IT services
Improchem	eThekwini	Chemical Products
Independent Newspapers	eThekwini	Publishing
JB Property Developers.	eThekwini	Construction Services
JT Ross	eThekwini	Construction Services
KZN Oils	eThekwini	Oil
KZN Resins	eThekwini	Resins
Liviero Building	eThekwini	Construction Services
Lotus FM	eThekwini	Electronic Media
Macbean Beier Plastics	eThekwini	Plastic Products
Masonite	eThekwini	Timber Board
McCarthy Limited	eThekwini	Automobile retail



COMPANY NAME	LOCAL	PRODUCT CATEGORY
Mediterranean Shipping Company	eThekwini	Transport Services
Megaphase	eThekwini	Road Signs
Melki Civils and Plant Hire	eThekwini	Construction Services
Metair Group	eThekwini	Automotive Components
Midas	eThekwini	Automotive Components
Midas Durban North	eThekwini	Motor Accessories
Mondi Merebank	eThekwini	Paper Products
Moses Mabhida Stadium	eThekwini	Entertainment
Mpilende Foods	eThekwini	Food
MTT Structures	eThekwini	Design
Mzansi Electronics	eThekwini	Fencing
Nampak	eThekwini	Packaging Products
NCP Alcohols Pty Ltd	eThekwini	Chemical Products
NCS Resins	eThekwini	Resins
NPC Cimpor	eThekwini	Cement
NPC Cimpor	eThekwini	Concrete
Paradigm Container Management	eThekwini	Containers
PFK Electronics	eThekwini	Electronics
Point Development Company	eThekwini	Property Services
PPC Cement	eThekwini	Cement
Price Waterhouse Coopers	eThekwini	Financial Services
Protea Hotel Edward	eThekwini	Tourism Accommodation +
Rainbow Chicken Limited	eThekwini	Chickens
Riverside Hotel	eThekwini	Tourism Accommodation +
Rivertex Chemicals (Pty) Ltd	eThekwini	Chemical Products



COMPANY NAME	LOCAL	PRODUCT CATEGORY
Ropes and All	eThekwini	Ropes
SAB Miller	eThekwini	Beverages
Safmarine	eThekwini	Transport Services
Santova Logistics Limited	eThekwini	Transport Services
Sanyati Holdings Limited	eThekwini	Construction Services
Sappi	eThekwini	Timber
Sesalos	eThekwini	IT services
Shell and BP South Africa Petroleum Refineries (SAPREF)	eThekwini	Petroleum Products
Shepstone & Wylie	eThekwini	Legal Services
Sibaya Casino and Entertainment Kingdom	eThekwini	Food and Entertainment
Siemens	eThekwini	Electronic Equipment
Sika South Africa	eThekwini	Chemical Products
Southern African Shipyards (Pty) LTD	eThekwini	Ship Building
Southern Sun Elangeni	eThekwini	Tourism Accommodation +
Sparkport Pharmacy Group	eThekwini	Medical Retail
Stedone Homes	eThekwini	Property Services
Stefanucci Stocks KZN	eThekwini	Construction Services
Sun Coast Casino	eThekwini	Entertainment
Sunchemicals	eThekwini	Ink Manufacturing
Tala Private Game Reserve	eThekwini	Wildlife Tourism
Thirstywhale	eThekwini	Food and Entertainment
Toyota	eThekwini	Vehicle Manufacturing
Trans Natal Meat	eThekwini	Meat Processing and Trading
Tropicana Hotel	eThekwini	Tourism Accommodation +
Ukhozi FM	eThekwini	Broadcasting



COMPANY NAME	LOCAL	PRODUCT CATEGORY
Unilever	eThekwini	General Manufacturing
University of KZN	eThekwini	Education
uShaka Marine World	eThekwini	Tourism Attraction
Videovision	eThekwini	Multi-media
Wakefields	eThekwini	Property Services
Wardkiss Paint & Hardware	eThekwini	Hardware
WBHO Construction	eThekwini	Construction Services
Wiehahn Construction	eThekwini	Construction Services



ANNEXURE B: ECONOMIC DRIVERS AND THE ENVIRONMENTAL OPPORTUNITIES AND CONSTRAINTS TO GROWTH

RETAILERS – OPPORTUNITIES AND CONSTRAINTS

OPPORTUNITIES	CONSTRAINTS
<ul style="list-style-type: none"> ▪ Embrace the opportunities inherent in the ‘green economy’ in terms of; <ul style="list-style-type: none"> ○ Ensuring that their own operations are sustainable, and ○ Offering products and services that meet the objective of the development of a ‘green economy’. ▪ Engage with agencies that promote sustainability and enhance operational efficiencies which will reduce operating costs while providing marketing benefits. ▪ Collectively put pressure on the relevant provincial government agencies to enhance the condition of the province’s natural capital to increase resilience and decrease vulnerability. 	<ul style="list-style-type: none"> ▪ Increasing operating costs based on the increasing costs of accessing potable water. ▪ Infrastructure failure due to flood damage resulting in transportation limitations for the movement of stock as well as the inability of staff to get to work. ▪ Increased staff sick leave due to increasing health problems related to water quality issues. ▪ Increased costs of imports and exports through the Durban Harbour through increased costs associated with Transnet having to invest more in dredging sediments and managing water quality problems. ▪ Limits to growth due to current levels of over-exploitation of natural capital and increased value of that which remains untransformed.

BANKING AND FINANCIAL SERVICES – OPPORTUNITIES AND CONSTRAINTS

OPPORTUNITIES	CONSTRAINTS
<ul style="list-style-type: none"> ▪ Embrace the opportunities inherent in the ‘green economy’ in terms of; <ul style="list-style-type: none"> ○ Ensuring that their own operations are sustainable, and ○ Offering products and services that meet the objective of the development of a ‘green economy’. ▪ Engage with agencies that promote sustainability and enhance operational efficiencies which will reduce operating costs while providing marketing benefits. ▪ Collectively put pressure on the relevant provincial government agencies to enhance the condition of the province’s natural capital to increase resilience and decrease vulnerability. ▪ Ensure the integration of sustainability principles in to developments through insisting on full risk assessment and sustainable management in all development funding applications 	<ul style="list-style-type: none"> ▪ Failure to understand the risk that depleted natural capital places on the sustainability of developments increases the risk associated with the financing of such. ▪ Failure to embrace the need to engage with the ‘green economy’ will result in lost marketing benefits as well as increased operating costs. ▪ Financing un-sustainable developments.



MANUFACTURING – OPPORTUNITIES AND CONSTRAINTS

OPPORTUNITIES	CONSTRAINTS
<ul style="list-style-type: none"> ▪ Emergence of the green economy presents an abundance of new technology that can assist manufacturing plants to become more efficient and sustainable. ▪ Sustainable operations offer improved marketing profiles that provide a competitive advantage. ▪ Reduced operational footprint in terms of energy, water and waste will increase the lifespan of manufacturing operations. 	<ul style="list-style-type: none"> ▪ Declining access to water of an adequate quality. ▪ Reduced water quantity decreases systems ability to dilute manufacturing related effluents and increases the risk of liabilities. ▪ Reduced catchment integrity increases the risk of flooding for those manufacturing plants adjacent to large systems like the uThukela. ▪ Agri-processing plants are vulnerable to declining productivity associated with unsustainable farming practices. ▪ Movement of processed goods is dependent on the absence of flood damage to the many river crossings, either moving north to Richards Bay or south to eThekweni. The loss of catchment integrity in the inland sections of the District, as well as in uMgungundlovu and uMzinyathi, places this infrastructure at increased risk.

PETROLEUM COMPANIES – OPPORTUNITIES AND CONSTRAINTS

OPPORTUNITIES	CONSTRAINTS
<ul style="list-style-type: none"> ▪ Off-set impacts emanating from the off-shore buoy on the marine and coastal environment by investing in conservation projects of equal or greater value than the damaged that has been caused in the past and that could be caused in the future. Such conservation projects should be directly related to the enhancement of natural capital capacity to deal with potential spillages from this facility. ▪ Invest in R&D associated with alternative and renewable energy generation. ▪ Invest in technologies that ensure that all externalities from the refining process are internalised. 	<ul style="list-style-type: none"> ▪ The predicted impacts of climate change, particularly the rise in sea level and an increased occurrence of extreme weather events increases the vulnerability of the off-shore buoy and the position of the refineries. ▪ Road and rail routes are vulnerable to extreme weather events which have the potential of disrupting the distribution of petroleum products. To a certain extent, the NMPP may also be compromised if the crossing of drainage lines has not been sufficiently adequate to ensure no damage during times of flooding. ▪ Increased awareness of the environmental externalities associated with the production and use of petroleum products especially if this sector continues to drive ‘business as usual’.



AGRI-PROCESSING – OPPORTUNITIES AND CONSTRAINTS

OPPORTUNITIES	CONSTRAINTS
<ul style="list-style-type: none"> ▪ Embrace the opportunities inherent in the ‘green economy’ in terms of; <ul style="list-style-type: none"> ○ Ensuring that their own operations are sustainable, and ○ Offering products and services that meet the objective of the development of a ‘green economy’. ▪ Engage with agencies that promote sustainability and enhance operational efficiencies which will reduce operating costs while providing marketing benefits. ▪ Collectively put pressure on the relevant provincial government agencies to enhance the condition of the province’s natural capital to increase resilience and decrease vulnerability. 	<ul style="list-style-type: none"> ▪ Increasing operating costs based on the increasing costs of accessing potable water. ▪ Infrastructure failure due to flood damage resulting in transportation limitations for the movement of stock as well as the inability of staff to get to work. ▪ Increased staff sick leave due to increasing health problems related to water quality issues. ▪ Increased costs of imports and exports through the Durban Harbour through increased costs associated with Transnet having to invest more in dredging sediments and managing water quality problems. ▪ Limits to growth due to current levels of over-exploitation of natural capital and increased value of that which remains untransformed.

AGRICULTURE – OPPORTUNITIES AND CONTRAINTS

OPPORTUNITIES	CONSTRAINTS
SUGAR	
<ul style="list-style-type: none"> ▪ Job creation through natural capital restoration work, particularly regarding the eradication of alien invasive plants, reclamation of wetlands, and natural rehabilitation of soils, i.e. reinstating the organic matter content. ▪ The removal and rehabilitation of areas currently under unpermitted plantations. ▪ The release of water, previously consumed by plantations, to alternative uses (including the ecological reserve) downstream, especially estuaries. ▪ Through the introduction of more sustainable operations, agro-chemical loads leached into river systems will decline. ▪ Decreased production costs through the implementation of sustainable farming principles. ▪ Improved marketing opportunities through association and implementation of sustainable farming programmes. 	<ul style="list-style-type: none"> ▪ Unsustainable change to natural soil characteristics, e.g. loss of nutrients, loss of soil fauna, change in chemical composition and structure, leading to the loss of opportunities for alternative productive land use and rehabilitation potential. ▪ Upstream water reduction activities, i.e. timber and sugar plantations, are placing constraints on downstream capacity for economic expansion. ▪ Stream reduction decreases dilution capacity of river systems and therefore exacerbates downstream water quality issues which translates into increased health risks and treatment costs. ▪ Reduced water quantity limits downstream abstraction opportunities. ▪ Increased sediment loads from cleared compartments and road networks resulting in loss of natural capital integrity. ▪ No further land available for expansion of the industry.



OPPORTUNITIES	CONSTRAINTS
TIMBER	
<ul style="list-style-type: none"> ▪ Job creation through natural capital restoration work, particularly regarding the eradication of alien invasive plants. ▪ The removal and rehabilitation of areas currently under unpermitted plantations. ▪ The release of water, previously consumed by plantations, to alternative uses (including the ecological reserve) downstream. 	<ul style="list-style-type: none"> ▪ Unsustainable change to natural soil characteristics by timber species, e.g. loss of nutrients, loss of soil fauna, change in chemical composition and structure, leading to the loss of opportunities for alternative productive land use and rehabilitation potential. ▪ Upstream water reduction activities, i.e. timber plantations, are placing constraints on downstream capacity for economic expansion. ▪ Stream reduction decreases dilution capacity of river systems and therefore exacerbates downstream water quality issues which translates into increased health risks and treatment costs. ▪ Reduced water quantity limits downstream abstraction opportunities. ▪ Increased sediment loads from cleared compartments and road networks resulting into loss of water storage capacity in downstream raw water storage and reticulation systems. ▪ No further land available for expansion of the industry – closed catchment.
LIVESTOCK (primarily cattle on extensive natural pastures)	
<ul style="list-style-type: none"> ▪ Sustainability certification increasingly required by retail outlets provides livestock farmers with an opportunity to enhance the marketability of their products. ▪ Extensive livestock farming is the land use that is most compatible with biodiversity conservation which provides opportunities for recognition for sustainable practices through the KZN Stewardship Programme. ▪ Extensive livestock farming provides a landscape that is conducive to tourism and with many such farms being in close proximity to the uKhahlamba Drakensberg Park, favourable marketing opportunities are present. ▪ This land use has the least impact on the potential for the delivery of ecoservices and farmers can market these to consumers to substantially increase the revenue that can be earned from their land, e.g. sale of watershed services, carbon storage, access to genetic material, etc. 	<ul style="list-style-type: none"> ▪ The only constraints that are imposed on the livestock farmers are those created by themselves through the implementation of unsustainable land use practices such as overstocking and the injudicious use of fire as a management tool. ▪ Directly related to the above is a loss of land cover integrity which predisposes the land to alien plant infestations. ▪ However, even the best managed properties are impacted by alien invasive plants and collaborative efforts are required eradicate these.



OPPORTUNITIES	CONSTRAINTS
DAIRY	
<ul style="list-style-type: none"> ▪ Generation of energy from waste, e.g. biogas. ▪ Rural nature of the operation lends itself to a diversification through the introduction of farm-based tourism opportunities. ▪ Enhanced operation efficiencies lend themselves to recognition and certification thus providing improved marketability and access to discerning and sustainable markets 	<ul style="list-style-type: none"> ▪ Reduced access to water for irrigation of pastures as well as for the milking process through the loss catchment integrity. ▪ Potential liability for impacts on water quality downstream of farm based on the leaching of agro-chemicals from irrigated pastures, as well as from the dairy operations themselves, i.e. eutrophication.
COMMERCIAL CROPS (Irrigated and dryland)	
<ul style="list-style-type: none"> ▪ Job creation through natural capital restoration work, particularly regarding the eradication of alien invasive plants, reclamation of wetlands, and natural rehabilitation of soils, i.e. reinstating the organic matter content. ▪ The removal and rehabilitation of areas currently under unpermitted crops. ▪ The release of water, previously consumed by crops, to alternative uses (including the ecological reserve) downstream. ▪ Through the introduction of more sustainable operations, agro-chemical loads leached into river systems will decline. ▪ Decreased production costs through the implementation of sustainable farming principles. 	<ul style="list-style-type: none"> ▪ Access to water through reduced catchment integrity upstream of farms. ▪ Loss of arable land through accelerated erosion and the spread of alien invasive plants. ▪ Reduced soil fertility through excessive crop production leading to a reduction in productivity and increased operating costs. ▪ Reduced water holding capacity of the soil due to unsustainable farming practices
SUBSISTENCE AGRICULTURE	
<ul style="list-style-type: none"> ▪ Carefully selected portions of Ingonyama Trust land which have the potential to support both subsistence and small holder commercial production. ▪ The high levels of unemployment need to be converted into high levels of occupation related to food production, processing and marketing. ▪ The enhancement of current communal land management systems by introducing value to different types of land use (PDA). ▪ Well managed communal lands will present an attractive landscape that has the potential to host a variety of tourism operations, e.g. the Umgano Project. 	<ul style="list-style-type: none"> ▪ Communal tenure and unplanned land allocation systems. ▪ Concentration of existing subsistence agriculture and settlement activities within inappropriate locations, e.g. wetlands and flood plains. ▪ Poor land use practices leading to accelerated soil loss, the spread of alien invasive plants and the loss of natural capital. ▪ The overriding cultural significance of the cultural value of livestock which prevents sustainable management thereof with resultant over-grazing and associated impacts.



TOURISM – OPPORTUNITIES AND CONSTRAINTS

OPPORTUNITIES	CONSTRAINTS
<ul style="list-style-type: none"> ▪ Environmental accreditation programmes such as the ‘Blue Flag Beach’ programme offers significant benefits by acting as an added attraction to a market that is becoming increasingly aware of environmental issues and standards. ▪ Reinstate natural capital along the coastline such as dune, flood plain and estuarine vegetation to increase the diversity of attractions and the resilience of the coastline and associated infrastructure. 	<ul style="list-style-type: none"> ▪ The coastline has been significantly transformed by linear urban development and has lost much of natural features which cause the loss of appeal and well as increased vulnerability to extreme weather events. ▪ The concentration of industry, commerce and residential developments along the coast and rivers increases the threat of water quality issues and the loss of tourism revenues. ▪ Unchecked land transformation and degradation continues to impact on catchment integrity with resultant loss of watershed services and reduced viability for the maintenance of standards required to meet accreditation standards. ▪ Predicted climate change related impacts such as the rise in sea level and increased incidents of extreme weather events places significant constraints on both existing and potential new tourism infrastructure.
OPPORTUNITIES	CONSTRAINTS
<ul style="list-style-type: none"> ▪ Proximity to the uKhahlamba Drakensberg Park World Heritage Site. ▪ Linkages with Lesotho through the Maloti Drakensberg Transfrontier Project and the Maloti Drakensberg Route. ▪ The bulk of the landscape still untransformed or hosting agricultural activities which lend themselves to an aesthetic appeal for a diversity of tourism attractions. ▪ Extreme topography, clean air and relatively clean water make the area attractive to major sporting events such as the Drak Challenge and the Sani2Sea. ▪ Cultural Heritage features such as the Reichenau Mission add to the diversity of attractions. 	<ul style="list-style-type: none"> ▪ Unsustainable land management outside of the uKhahlamba Drakensberg Park World Heritage Site quickly reduces the quality of natural capital and its ability to deliver ecoservices such as clean water. ▪ The virulent spread of alien invasive plants. ▪ Cross-border crime detracts from an enabling and attractive environment to accommodate tourism activities and operations.



GOVERNMENT – OPPORTUNITIES AND CONSTRAINTS

OPPORTUNITIES	CONSTRAINTS
<ul style="list-style-type: none"> ▪ The application of NRM and EPWP (Extended Public Work Programme) funds to address threats to natural capital integrity such as the eradication of alien invasive plants and the restoration of erosion gullies, thus generating ‘green jobs’. ▪ The creation of an enabling environment for and facilitating the implementation of green technologies such as rain water harvesting and biogas generation for both disadvantaged communities as well as commercial operations. ▪ Increased ability to deliver basic services through improved condition of natural capital and the delivery of ecoservices such as clean water, increased winter base flows, reduced flood risk, access to medicinal plants natural building material and fuel wood. ▪ Decreased health risks through improved catchment integrity as discussed above, as well as improved air quality. 	<ul style="list-style-type: none"> ▪ Local government capacity in terms of natural capital management. ▪ Limited cooperative governance capacity required across local government boundaries, across Depts. as well as across sectors. ▪ The virulent spread of alien invasive plants. ▪ Unsustainable land use practices that dominate the District. ▪ Cross-border crime, primarily the theft of livestock places this land use in jeopardy and in danger of being replaced by more unsustainable options, as well as impacting on tourism and sound natural capital management.

MINING - OPPORTUNITIES AND CONSTRAINTS

OPPORTUNITIES	CONSTRAINTS
IDWALA CARBONATES	
<ul style="list-style-type: none"> ▪ The mine has the opportunity of engaging with upstream land owners and users with a view to improving catchment integrity that will increase winter base flow in both river systems and decrease potential liability from pollution caused by storm water runoff from their site. 	<ul style="list-style-type: none"> ▪ Loss of catchment integrity upstream from their operation makes them vulnerable to flooding considering their position immediately adjacent to and within the floodplain for the Umzimkulwana River. ▪ Close proximity to the mouth of the river system increases the risk of liability for water quality issues associated with their operations. ▪ The loss of riparian vegetation translates into the loss of an important buffer between their operations and the river.

