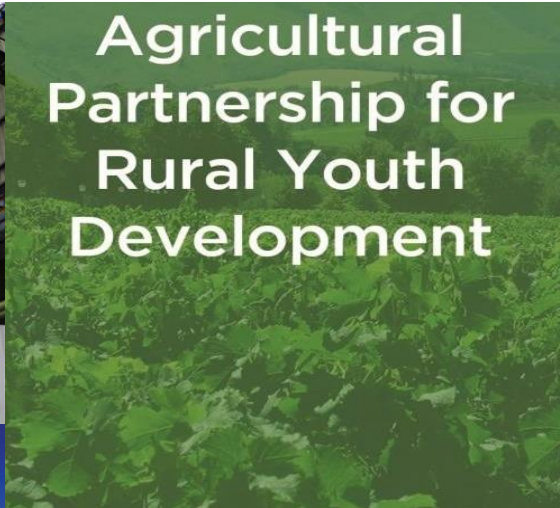


MSUNDUZI MUNICIPALITY: INDUSTRIAL DEVELOPMENT STRATEGY

Msunduzi IDP
Representative
Forum



02 March 2018,
Council
Chambers, City
Hall, 1st Floor



Final Industrial Development Strategy: Overview



Presentation outline



1. Project overview
2. Strategy and content and format
3. Main matters considered
4. Key requirements from Industry
5. Land supply and demand analysis
6. Industrial Vision
7. Strategies: Roles and responsibilities
8. Prioritisation model
4. Monitoring and evaluation
5. Strategy tables
6. Implementation: Strategic roles and responsibilities
7. Conclusion and brief overview of the Investment attraction brochure



Project overview

1. Situational analysis

- Provincial, Regional and local economic context
- Consideration of the PDGS, PGDP, GVA contribution per sector, Labour per sector – Identification of main sectors

2. Sectoral analysis

Assessment of key industries through the administration of a questionnaire, analysis of employment and growth analysis, concentration and diversification levels, competitive advantage analysis and review of application process

3. Potential analysis

Growth path for key sectors, including catalytic projects, growth part and potential projects per sector

4. Land Supply and demand analysis

Review mapping of all industrial land in Msunduzi, recording on GIS, preparation of Excel spreadsheet of all land, determining supply and demand and sectoral needs in respect of land

5. Project Prioritisation model

Developed a prioritisation model to rank the 108 goals identified in respect of the 6 strategies

6. Monitoring and Evaluation Matrix

Developed of monitoring and evaluation tables and criteria

Development of Draft Strategy

Industrial Investment attraction brochure



Strategy content and format

Overall structure



Section A Background and context

- Introduction: purpose, municipal role in industrial development, objectives, methodology
- Context: Policy and Spatial
- Phases of the Project and key findings (summary)

Sections
1 - 3

Section B Industrial Strategy

- Spatial and land strategy
- Infrastructural and service support
- Incentives
- Sectoral strategies

Section
4

Section C Implementation

- Strategic Roles and Responsibilities (summary)
- Monitoring and evaluation

Sections
5 - 6



1.1 Project purpose

The purpose of this project is to **formulate a Local Industrial Development Strategy** based on identified **development needs, opportunities, competitive and comparative advantages** to inform and guide the Msunduzi Municipality to facilitate development, **unlocking industrial development potential, encourage private sector investment and create economic development and job opportunities** for the poor.

1.2 Municipal role in Industrial Development

Industrial development is a function of private sector initiative. However, the private sector requires input from the public sector to create an enabling environment.

Municipal role: Public infrastructure and services, Industrial infrastructure (industrial development zones, Transportation and access, Strategic spatial planning, Zoning, Land availability, Partnership formation, Policies and programmes, Catalytic projects, Greening etc)



1.3 Objectives

The project essentially seeks to:

- **Identify and quantify the Industrial Development opportunities in the main economic priority sectors**, including the main economic sectors in Msunduzi, i.e., Aluminium, Forestry, Agriculture, Leather processing, Information Technology and other possible sectors,
- **Consider methods to encourage business growth and capitalising on the location of Msunduzi** on the N3 Durban – Johannesburg corridor
- **Develop a framework plan to strengthen Foreign Direct Investment opportunities in the Msunduzi municipal area.**

Industrial focus



- Aluminium
- Leather and footwear
- Agri-processing
- Forestry and timber
- Logistics
- ICT
- Electronics and engineering
- Construction

Informants: Main matters considered

Industrial development informants:

1.1 Locational quotient - comparative analysis or location quotient demonstrates the relatively more competitive production

1.2 Tress Index: Level of concentration of diversification – 47 (midway)

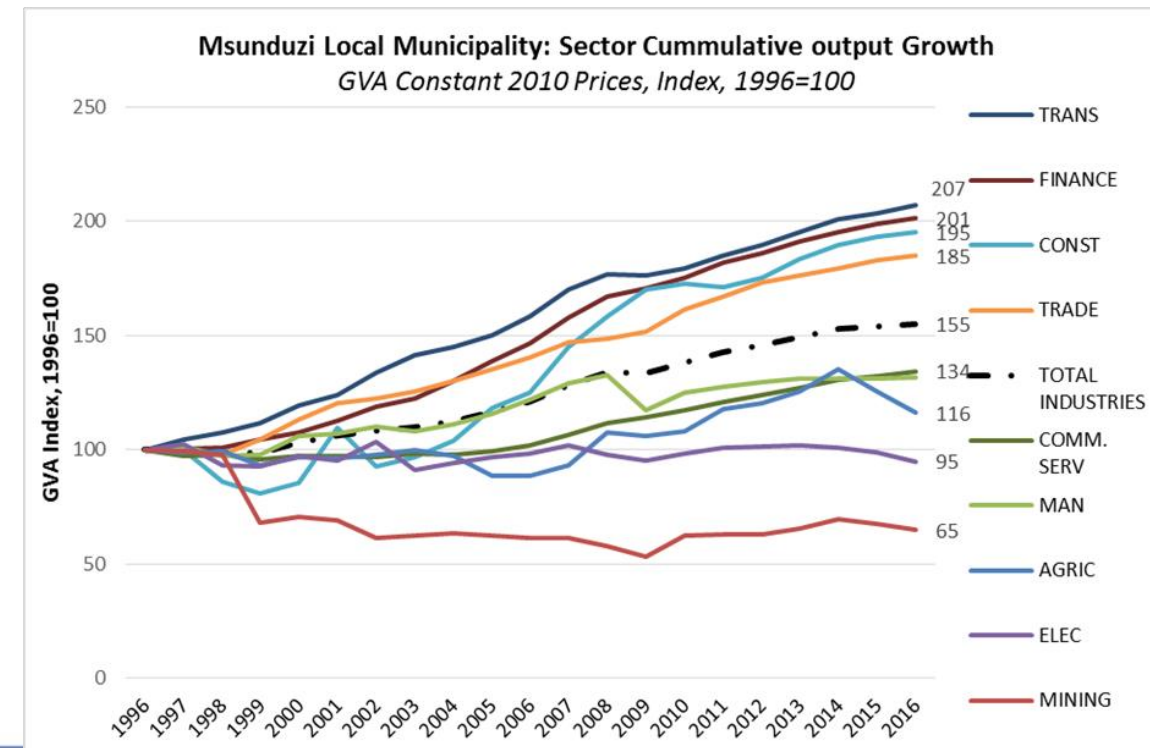
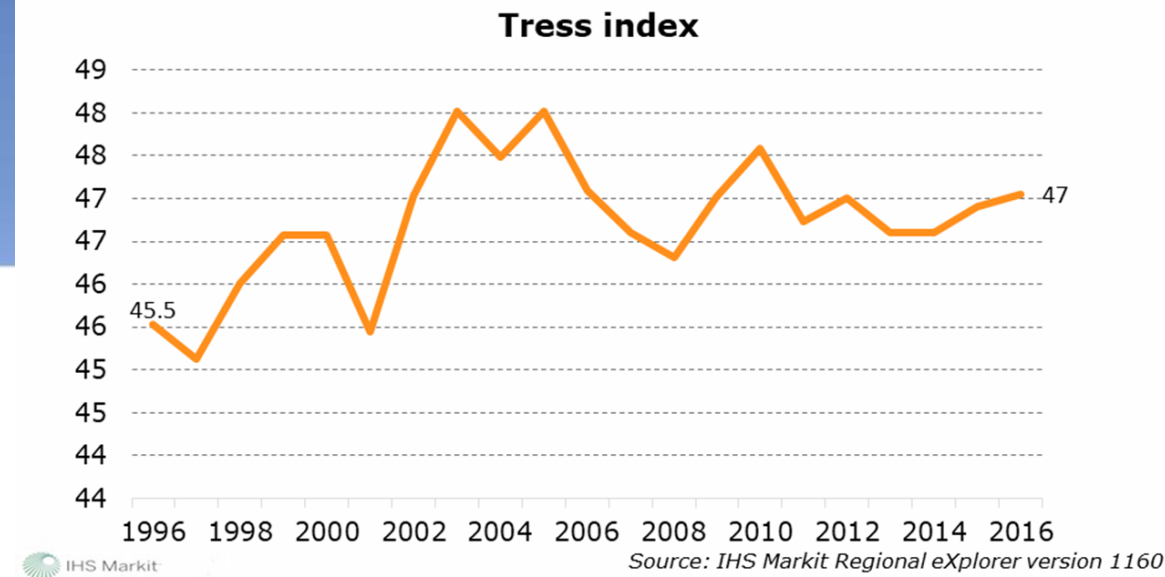
1.3 Employment analysis

1.4 Possible opportunities – agricultural processing, Aluminium beneficiation, the Techno Hub, Leather Hub, the Automative Hub, Timber, Electronics etc

1.5 Land availability and related infrastructure services

1.6 Greening of industry: Water conservation, renewable energy (solar power etc), water conservation, recycling (green processes -Aberdare/Leather) & green products

1.7 Catalytic projects: Provincial and local





Key requirements from Industry

Importance of services and infrastructure



Improved service infrastructure
Cleaner operational environment
Better road and transport access (internal and external)

Land and spatial issues



Access to flat land
Provision of land by Msunduzi in line with SDF recommendations.
Access to high value agricultural land close to agri-businesses

Human resources



Need to attract skilled labour
Attract scientists
Funding for research and development

Fundamental issues



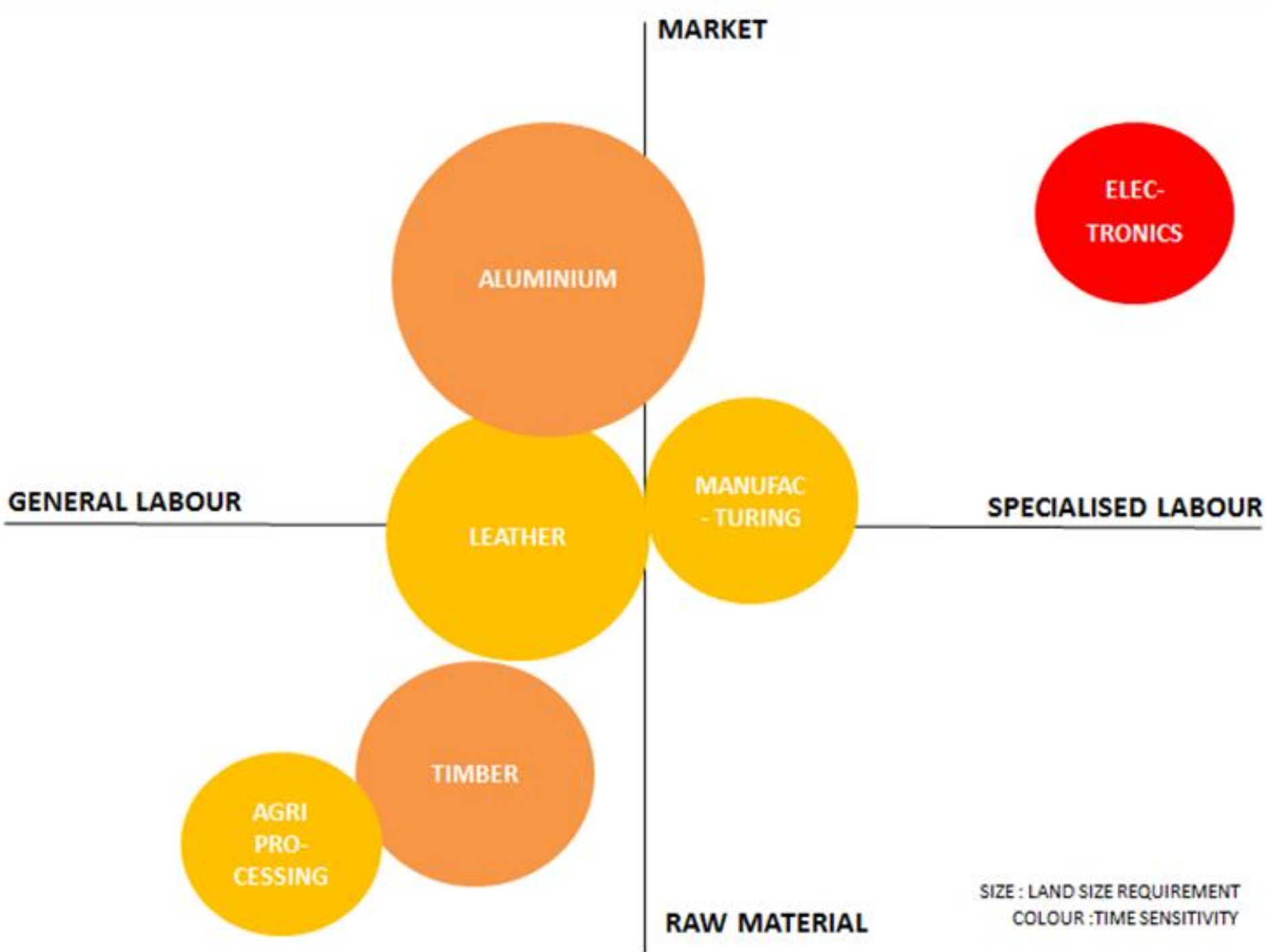
Stable electricity supply
Reliable water supply

Human resources



Re-establish working relationship with municipality
Streamline application processes
Industrial health dashboard introduction

Locational preferences



Potential projects following production analysis



Sector	Project Name
Agriculture	Agri-processing
	Agricultural extension
	Aquaculture
	Compost from waste
	Feedlots and abattoirs
Manufacturing	Aluminium Beneficiation Programme
	Establishment of SEZ
Airport Precinct	Airport development
	Hotel at Airport
	Techno-Hub
Leather	Leather Hub
Automotive	Automotive Hub
Forestry / Timber	Manufacture of furniture
	Housing and social infrastructure provision



Land supply and demand



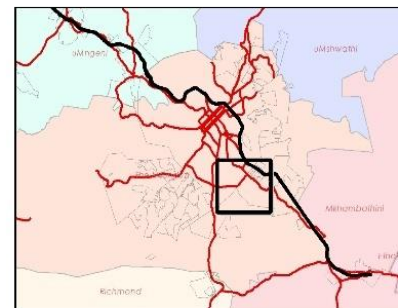
INDUSTRIAL DEVELOPMENT STRATEGY

MKONDENI

LEGEND

- Projects
- Airfields
- N3
- Main Roads
- Railways
- Main Rivers
- Wetlands (2010)
- Towns
- Cadastral
- Industrial Boundary
- MUNICIPALITIES 2016
- INDUSTRIAL STATUS:
 - AIRPORT
 - DEVELOPED INDUSTRY
 - FUTURE INDUSTRY
 - INVADED INDUSTRY
 - GENERAL INDUSTRY (TO BE REZONED)
 - VACANT INDUSTRY
 - VACANT BUILDING
- INTERCHANGE UPGRADES:
 - Ohrtmann Road Interchange
 - Market Road Interchange
 - New access road to Airport
- TOWN PLANNING:
 - AGRICULTURE
 - BUSINESS
 - CHURCH
 - CONSERVATION
 - EDUCATION
 - FUTURE COMMERCE
 - FUTURE TOURISM
 - GARDEN LOT
 - GOVERNMENT
 - MALL
 - MUNICIPAL
 - OPEN SPACE
 - OTHER
 - RAILWAY
 - RESIDENTIAL

LOCALITY:



PREPARED BY:

Isikhungusethu Environmental Services (Pty) Ltd



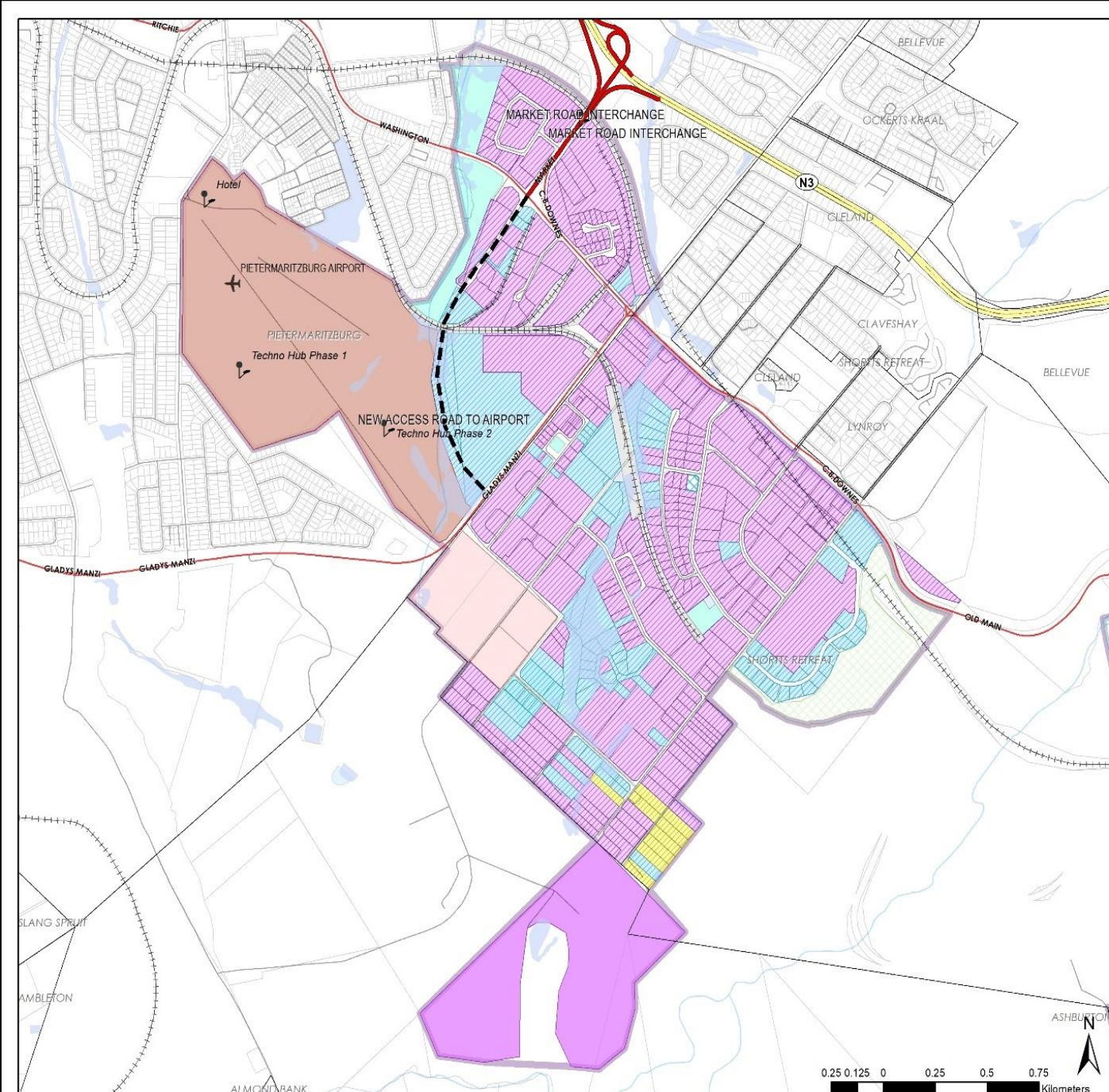
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JANUARY 2018

PREPARED FOR:



Mapping of all industrial areas in Msunduzi



Land supply and demand

[3]



Industrial Precinct	No of Ha	No of sites	Serviced	Access to N3	Ownership
Ashburton	256	78	75	Yes	Info avail
CBD	0.234	2	2	Yes	Info avail
Mason's Mill	79.4	50	TBD	Yes	Info avail
Mkondeni	88	110	110	Yes	Info avail
Northern Area	41.19	15	15	Yes	Info avail
Edendale/ Shenstone	24.7	10	TBD	Yes	Info avail

[1]. Recording of all land parcels
[2]. Identification of vacant sites

TOWNCODE	TOWN	SG21CODE	PARCEL_NO	PORTION	REM	ZONE	DEVELOPED	AREA	OWNER	AREA(M2)
NOFT0000	WILGEFONTEIN 869	NOFT00000000086900129	869	129		GENERAL INDUSTRIAL	DEVELOPED			25252.53
NOFT0000	WILGEFONTEIN 869	NOFT00000000086900240	869	240		GENERAL INDUSTRIAL	VACANT		THE MSUNDUZI MUNICIPALITY	254699.68
NOFT0000	VAALKOP & DADELAFONTEIN 885	NOFT00000000088500019	885	19	REM	UNKNOWN	VACANT			490358.85
NOFT0000	VAALKOP & DADELAFONTEIN 885	NOFT00000000088500300	885	300		GENERAL INDUSTRIAL	FUTURE			192610.10
NOFT0000	VAALKOP & DADELAFONTEIN 885	NOFT00000000088500356	885	356		FUTURE INDUSTRIAL	DEVELOPED			363653.00
NOFT0000	VAALKOP & DADELAFONTEIN 885	NOFT00000000088500622	885	622		FUTURE INDUSTRIAL	VACANT			117503.36
NOFT0000	VAALKOP & DADELAFONTEIN 885	NOFT00000000088500905	885	905		UNKNOWN	VACANT			998965.96
NOFT0000	LAMONTS VALE 1210	NOFT000000000121000018	1210	18		UNKNOWN	DEVELOPED			4040.38
NOFT0000	WILLOW 16454	NOFT000000001645400000	16454	0		GENERAL INDUSTRIAL	DEVELOPED		PROVINCE OF KWAZULU-NATAL	42742.13
NOFT0000	ALMOND BANK 18092	NOFT000000001809200001	18092	1		RESIDENTIAL	DEVELOPED			17322.04
NOFT0000	ALMOND BANK 18092	NOFT000000001809200002	18092	2		RESIDENTIAL	DEVELOPED			16085.15
NOFT0089	EDENDALE	NOFT00890000003600000	36	0	REM	GENERAL INDUSTRIAL	DEVELOPED			5778.76
NOFT0089	EDENDALE	NOFT00890000003600002	36	2		GENERAL INDUSTRIAL	VACANT			23593.96



Strategies

Implementation: Strategies and roles



STRATEGY		DETAILS	RESPONSIBILITY	TIMEFRAME	COST IMPLICATIONS	CURRENT STATUS	
SPATIAL AND LAND SUPPORT	1	Principal Goal	To ensure that there is sufficient land for industrial growth in <u>Msunduzi</u> in the short- medium and long term				
	1.1	Land release for industrial development	<ul style="list-style-type: none"> • Short term release of 60.7 ha of land • Identification of additional municipal land suited to industry • Identify subsequent land parcels to make up the remainder of the land required for industry, according to the SDF, for the medium to long term. 	Municipality	Short term – to meet current demand.	No cost implications	<i>Being implemented</i> 30.589 ha being released through public tender in <u>Mkondeni</u> , <u>Shorts Retreat</u> , <u>Imbali</u> and <u>Skhumbuzo Ngwenya</u>
	1.2	Zone land appropriately for industrial land use	<ul style="list-style-type: none"> • Amend the current Town Planning Scheme to reflect the new integrated zones proposed in the SDF, namely: <ul style="list-style-type: none"> ○ Industrial zone (cumulative industrial zone) ○ Logistics and business parks ○ Agri-business and commercial 	Municipality	Short term	Operational costs (rezoning advertising and comments process)	<i>Envisioned: although the Scheme is always under preparation as dynamic document</i>
	1.3	Include spatial component in	<ul style="list-style-type: none"> • Develop interactive system for tracking industrial land – current land, land demand 	Municipality	Short term	Cost implications of	<i>Envisioned</i>



Project priority model

Priority model [1]

		Benefits			Complexity	
		Contribution to Strategy	Implementation period	Job creation	Financial requirements	Implementation risks
Weight		25%	25%	15%	25%	10%
Point Allocation	1	Low contribution to Strategy	> 5 Years	Low contribution	> R 5 million	High implementation risks
	2	Medium contribution to Strategy	3 to 5 Years	Medium contribution	R 2 to 4 million	Medium implementation risks
	3	High contribution to Strategy	1 to 2 Years	High contribution	R 1 to 2 million	Low implementation risks
	4	Critical contribution to Strategy	> 1 Year	Very High Contribution	<R 1 million	Insignificant implementation risks

Priority Model : Results

[1]



A. Spatial and land support: ensure that there is sufficient land for industrial growth in Msunduzi in the short, medium, and long term

1. Release of 60.7 ha of land for industrial use
2. Zone land as recommended in 2015 SDF
3. Market the Ibhubesi light industrial park in order that it reaches its full capacity

B. Bulk infrastructural support: ensure that there is sufficient capacity in the bulk infrastructure to meet both current and future demands: energy, water, road access, waste removal

1. Liaise with SANRAL to expedite the decision on the location of the by-pass route.
2. Securing an adequate supply of water for current and future needs.
3. Stormwater upgrades to prevent damage to infrastructure with anticipated increase in the number and intensity of severe weather events with climate change.
- 4. Improving Electricity supply to Industry.**



C. Integrated catalytic projects: implement catalytic projects that are planned, and where they are already underway, monitor progress

1. SANRAL - 8 planned interchanges from the N3.
2. IRPTN project
3. Industrial and logistics activities across the city into the proposed main logistics system linked to the SIP2 corridor along the N3.

D. Industrial sectors: provide support to industrial sectors

1. 2017 industrial incentives policy.
2. The Aluminium Beneficiation Initiative (ABI)
3. The marketing of the proposed automotive hub.



E. Protective environmental and social measures: ensure there are sufficient environmental and social protection in place to minimise, preferably prevent, negative impacts from industry on surrounding natural environment and on neighbouring communities, and to mitigate the negative effects of climate change

1. Ensuring that the planning of any industrial zones takes into account the EMF zoning.
2. Ensuring the zoning of precautionary 30 m buffer areas around sensitive environments
3. The **third priority is to develop partnerships with industry to strive towards a carbon neutral city.**

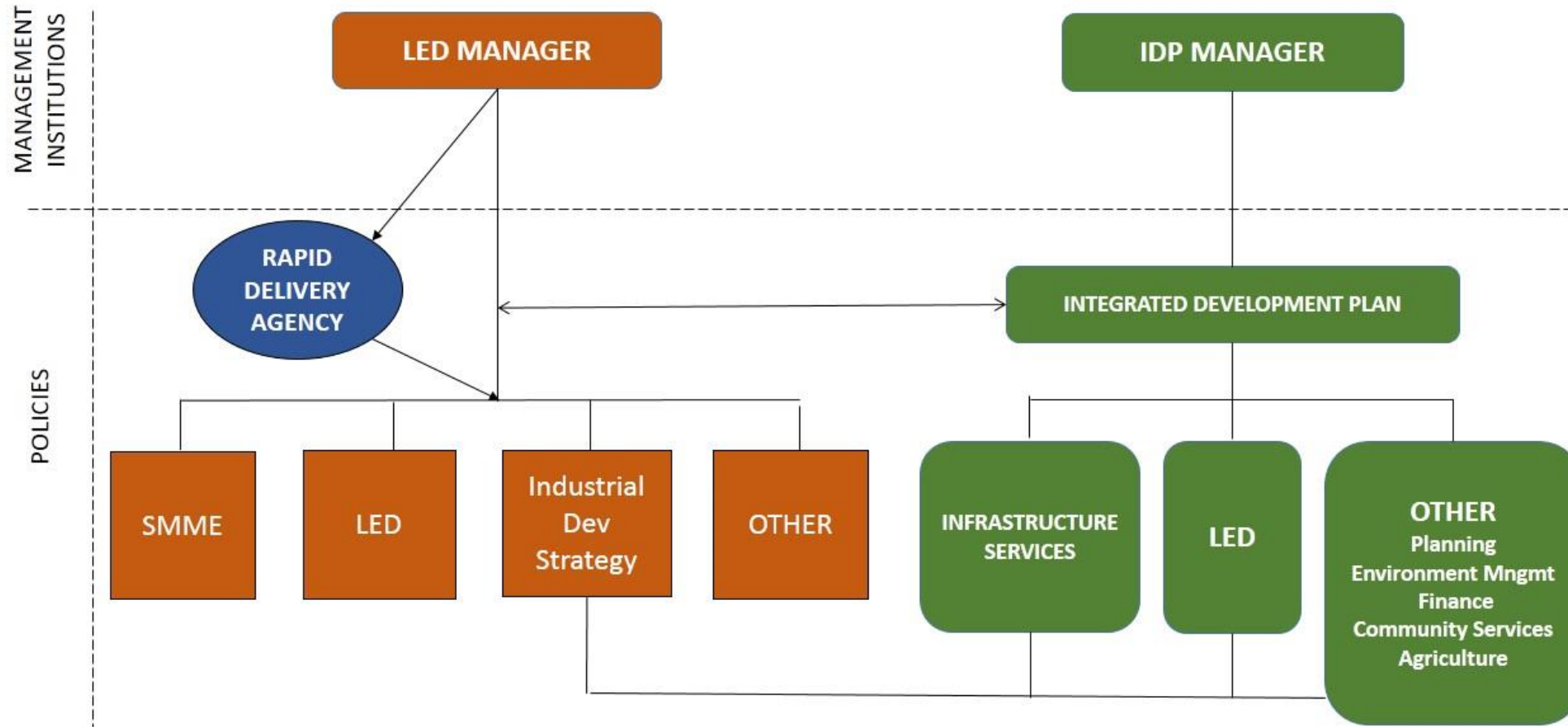
F. Institutional support: provide institutional support and improve communication between public and private sectors with respect to industrial development

1. Re-establish regular meetings between the municipality and the Business Chamber.
2. Working with the Economic Policy and Advisory Committee to review various aspects of industrial development, including industrial incentives and municipal tariff structures for industry.
3. Organising industry into sectoral clusters so that industry can more effectively interact with both EDTEA and the municipality and international clients.



Implementation model linked to IDP

Implementation model: Linked to IDP



Integration into and alignment with IDP



2. BULK INFRASTRUCTURAL SUPPORT

RANK	PROJECT #	PROJECT DESCRIPTION
Project 2.0		Ensure that there is sufficient capacity in terms of bulk infrastructure to meet both current and future demands: energy, water, road access, waste removal
1	Project 2.5	Liaise with SANRAL regarding expediting decision on location of by-pass route (following due EIA process)
2	Project 2.3	Liaise with DWAS re securing sufficient water supply for current and future needs (dams); Ensure City has sufficient storage capacity (water towers and bulk reticulation); Protection of water sources from pollutants through planning and environmental controls; Non-revenue water reduction projects: ensure regular monitoring and maintenance prevents water loss
3	Project 2.12	Stormwater upgrades: This is critical in order to be able to cope with the likelihood of increasing, and higher intensity storm events due to climate change, as well as to prevent damage to road infrastructure through inadequate stormwater management.
4	Project 2.13	Upgrade of infrastructure to facilitate Technology Hub
5	Project 2.1	To ensure retention of existing industries and capacity to attract new industry undertake the following: electrical infrastructure upgrade; Resolve staffing and capacity issues in the electricity department to ensure sufficient capacity to manage and operate electricity grid; Ensure appropriate maintenance and repair on electrical facilities and networks – sub-stations etc
6	Project 2.2	Where possible, partner with industry to ensure key electrical installations are maintained and updated

In the current IDP

Not in the current IDP

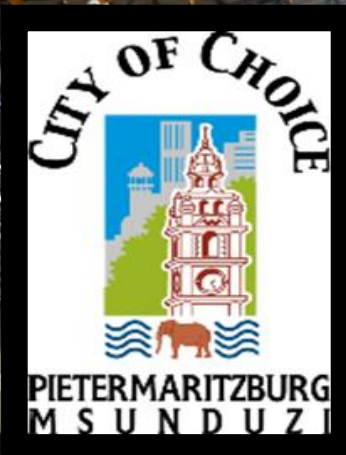
In the current IDP

Not in the current IDP



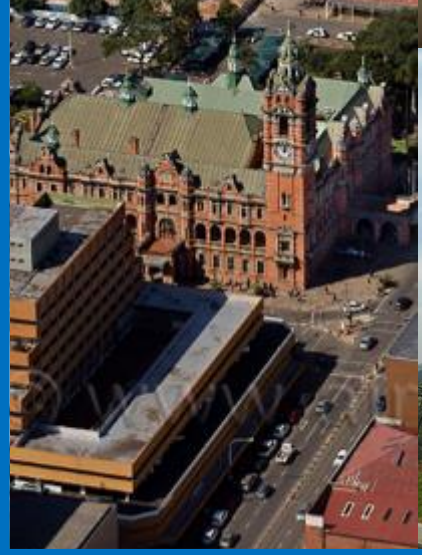
Industrial Investment Brochure

Agricultural
Partnership for
Rural Youth
Development



INVESTING IN MSUNDUZI'S INDUSTRIAL FUTURE

2018



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Preface

A City Development Strategy was developed in 2015 and identified six strategic city-wide outcomes for its Vision 2030:

A well serviced city

An accessible, connected city

A clean, green city

A friendly, safe city

An economically prosperous city

A financially viable and well governed city

The Msunduzi 2017 LED Strategy provided the framework for acting as a catalyst to drive economic development and create an enabling environment for business.

This Industrial Development Strategy provides a third leg of this drive to create a dynamic, investor friendly city through strengthening partnerships with the business and industrial sector, providing incentives to attract investors to the city, making sure that our current industries are given the support they need, and through public and private sector cooperation, find ways to take advantage of the strategic location of the city and the municipality to enable industrial and employment growth; a growth that acknowledges that we are in the 4th industrial revolution, seeking to ensure that it takes care of both the human and natural environment and looks to a greener 21st Century.

Vision for Local Economic Development

The 2017 Local Economic Development Strategy sets out the following Vision for Msunduzi

“The vision of Msunduzi Municipality is of a globally competitive metropolitan city of choice which capitalizes on its strategic location, environment, cultural heritage and educational facilities in creating a choice quality of life for all, whilst actively creating an enabling environment for local economic development directed towards economic growth, prosperity, alleviation of poverty and job creation.”¹



Industrial development vision



Msunduzi aims to see its industrial sector grow so that it remains the engine that powers the local economy, and that it does so with particular regard to providing dignified and safe work for its residents, and that the industrial and business sector stakeholders partner with the municipality in striving for a carbon neutral industrial future which takes into account the critical need to prevent further climate change, and to ensure that there is protection of the environment – the people, the flora and fauna that make up the local ecosystems for a truly sustainable future.

Six strategic programmes to achieve this vision

The Industrial Development Strategy identified six broad strategic programmes, each with a number of projects, to assist in achieving the vision:

- Spatial issues and land availability
- Infrastructural and service support
- Integrated catalytic projects
- Industrial sector support
- Protective environmental and social measures
- Institutional support

Summary and conclusion



Hurdles	Opportunities	Catalytic projects	Current support initiatives
<ul style="list-style-type: none"> - Budget allocations - Timing and progress with SANRAL Interchange upgrades - Stable electricity supply (Critical) - Improved liaison between the Chamber of Commerce and Industry 	<ul style="list-style-type: none"> - Agri-processing opportunities and youth employment - Aqua-farming support by DEATEA - The development of a world class aviation industry at the Techno Hub - A virtual SEZ in respect of the Aluminium Sector - Development along the R56 - Development of the ICT HUB to become a SMART City 	<ul style="list-style-type: none"> - The Leather Hub - The Automotive Hub - The virtual SEZ - Improved interchanges to Msunduzi from the N3 - Establishment of the Msunduzi Economic Policy and Advisory Committee 	<ul style="list-style-type: none"> - Release of industrial land by Msunduzi Municipality - Negotiation regarding gas pipeline use - Growth in the leather and shoe industry in Pietermaritzburg - Improvements in respect of Pietermaritzburg Electricity Infrastructure - Development of the Leather and Automotive Hub in the Edendale complex

Questions and way forward

*Siyabonga
Thank You*