



EDGE

Economic Development
& Growth in EThekweni



Issue 1
July 2011



The EDGE is an economic bulletin focusing on the statistics and issues relating to the economy at an eThekweni specific level, only covering brief points on the global and national context.

The aim of this bi-annual publication is to primarily inform stakeholders of the latest developments taking place in eThekweni



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Councillor Shabalala



An Experienced Councillor and Chairperson

The Honourable Deputy Mayor Councillor Nomvuzo Shabalala was among the first group of Local Government Councillors nominated in 1994 to serve on the Council to prepare for the first Local Government elections held in 1996. Elected in 1996 as a PR Councillor, she acted as Deputy Chair of the Executive Committee of the then South Central Council. She later chaired the Economic Development Committee for a brief period before being tasked with chairing the

Health Committee, and later served on the Metro Council as a Central Council representative. After the 2000 elections and the creation of a Unicity Council, she served as a ward Councillor before taking on the role of Deputy Chair of ECOD. She was then requested to Chair the Health, Safety and Social Services Committee until the elections held in 2006. From 2006 until the 2011 elections, she again served as the Chairperson of the Health, Safety and Social Services Committee and as a member of the Executive Committee.

Early Career

Having grown up in Clermont, she moved to Umlazi in 1990 upon marriage and presently resides in Chatsworth. Her work career began at the age of 18. Working and studying, she eventually became a bookkeeper at a firm of attorneys where she rapidly earned a reputation as a dedicated worker. Her passion for working with people came to fruition when she was employed by the Paper Wood and Allied Workers Union and later by the Catering and Allied Workers Union, where she worked

alongside the charismatic Problem Mkhize.

Early Political Activism

Prior to the unbanning of the ANC, she was a member of the Natal Women's Organisation affiliated with the United Democratic Front (UDF). As a member of the African National Congress and South African Communist Party, Councillor Shabalala has been mentored by, amongst others, Nozizwe Madlala-Routledge, the late Florence Mkhize and Theresa Mthembu (former Durban South Central Mayor). Having learnt valuable life skills from her predecessors, Councillor Shabalala provides guidance to many young women in the eThekweni African National Congress Women and Youth Leagues.

“With her wealth of experience, Councillor Shabalala will guide the ECOD”



Plans for ECOD

With her wealth of experience, Councillor Shabalala will guide the ECOD - now predominantly comprised of first time councillors - toward achieving local and national goals.

In an interview she outlined her work that lay ahead: "While South Africans had achieved political freedom, they had not achieved economic freedom. The eThekweni Metro is one of the most populous cities in the country but has very high unemployment".

Planned areas of focus:

- Promoting economic growth and reducing unemployment as she indicated is the national priority
- Creating Local Economic Development opportunities within communities
- Targeting strategic township nodes for redevelopment
- Fast tracking catalytic projects that play a critical role in job creation like Dube Trade Port and others
- Developing a safe, efficient and cost effective

public transport system that works for the poor

- Development of intermodal transport hubs, both as transport and economic nodes
- Creation of partnerships with the private sector and across communities
- Crafting the City's IDP for the next 5 years afresh in conjunction with Councillors, rather than by officials in isolation, as such plans have proven problematic during implementation at community level
- Fostering working partnerships among Councillors and Officials so that the problems of the city may be addressed, affirming the belief that as a Council and as a society, 'working together we can do more'
- Bringing about greater departmental integration so that plans may be crafted that speak together
- Capacitate the new Councillors for making well informed decisions, building relationships between Councillors and Officials, and building on the economic work that has already been done

Councillor Shabalala

The Honourable Deputy Mayor Councillor Nomvuzo Shabalala is a mother, politician, community leader, mentor and published poet. She will play an instrumental role in the development of the city. The inter-personal skills and dexterous abilities demonstrated in her rise to Deputy Mayor of eThekweni Municipality will surely be useful over the next five years as she leads the City's economic agenda towards economic growth, job creation and emancipation of the economically marginalised.

"she leads the City's economic agenda"



“first of many acquisitions of local retailers by multinational ones”

Global

In spite of a slowdown in global production and trade during the first and second quarters of 2011 - attributed to Japanese natural disasters and political turmoil in North Africa and parts of the Arab world - indications are that the global economy is expanding. Global growth is projected to remain strong from 2011 through to 2013. According to the World Bank, the 3.8% growth in 2010 is projected to slow to 3.2% in 2011 before growing to 3.6% in 2012 and 2013. High oil prices continue to contribute to high food prices negatively impacting low income groups. Oil prices reached a 31-month high of \$114.83 per barrel in May and there is concern that this may reach \$120 to \$140 by the end of 2012. Changes in the global economy have had significant impact on major companies throughout the world. Boeing, the world's largest aerospace



company, has said it received two orders in April this year compared with 98 in March.

There is a general consensus that if there are no more shocks to the global economy, the period of slow growth will be relatively short and that recovery will pick up steam again in the aftermath of austerity measures, Japan's natural disasters and high oil prices.

National

The Presidency released the findings of the National Planning Commission's diagnostic report during June 2011. The report identifies the major challenges facing the country into nine

themes. The commission will host public forums to discuss the vision statement and secure broad agreement and release a draft plan in October 2011 for setting out the key targets for 2030 (www.npconline.co.za).

First Quarter Growth

In the first quarter of 2011, the national economy grew by 4.8% primarily due to a recovery in manufacturing production. Manufacturing growth was influenced by increased production of petroleum, chemical products, rubber and plastic products, iron and steel, non-ferrous metal products, metal products and machinery



division and furniture. Other economic growth contributors include financial, real estate and business services. Wholesale, retail, motor trade, accommodation as well as the transport, storage and communication industry also contributed to growth.

Local Consumer Spending

Spending in the retail sector improved in the first quarter, but consumers are still heavily indebted and it is uncertain how consumer spending will pan out for the rest of 2011 given the high food prices and fuel/Eskom price hikes. The sector was recently given a boost with Wal-Mart's bid for Massmart (R16 billion stake), expected to be the first of many acquisitions of local retailers by multinational ones as South Africa is used as a springboard into the rest of the African continent.

New Trade Coalitions

The launch of the Free Trade Area (FTA) – Comprises 26 African countries over the next 3 years. This FTA will consolidate the existing FTAs:

the Southern African Development Community (SADC), the Common Market for Eastern and Southern Africa (Comesa), and the East African Community (EAC).

BRIC (Brazil, Russia, India, and China) Coalition – Joined in April 2011 in a bid to boost industrialisation and job creation. This coalition is also expected to impact positively on the local tourism industry as the number of tourists from the member countries stands at: 5.4 million from Brazil, 35 million from Russia, 12 million from India and 31 million from China.

Local Overview

Addressing global economic impacts, National Government's New Growth Path (NGP) 2010 has identified main economic development focus areas such as employment creation and the resources required to support economic development.

“The new R100 billion Dig-Out Port is anticipated to commence during 2015”

In response, the EThekweni Integrated Development Plan 2011/12 has aligned with the NGP, as well as other national policies including:

- Industrial Policy Action Plan 2011/12- 2013/14 (IPAP2)
- National Industry Policy Framework
- Long-Term Vision and Plan for the country
- Medium-Term Strategic Framework
- the Annual Programme of Action
- KwaZulu-Natal Provinces Provincial Growth and Development Strategy 2005.

Fulfilling the NGP Job Target

The annual national employment target of half a million jobs over the next ten years means that eThekweni's share equates to 36,000 jobs (EThekweni's employment presently comprises 8% of the national total).

Major projects in the pipeline for Durban are expected to contribute to the NGP job target over the next three to five years:

- The new R100 billion Dig-Out Port is



anticipated to commence during 2015. This is a large opportunity for the private sector to invest and become involved in the new port's operations

- Long-term development of the Durban-Gauteng Freight Corridor offers an integrated solution to the growing expansion requirements of the Durban - Gauteng freight network. This corridor will form the backbone of South Africa's freight transportation network facilitating economic growth in the Southern African region
- The Port expansion initiative is expected to continue attracting the most efficient trade vessels in the Southern Hemisphere, lowering transport costs for our shipping industry
- The five year Transnet R20.5 billion investment plan, unveiled during 2011, will improve capacity at the Durban and Richards Bay harbours

Local Data

EThekweni Municipality selected key indicators

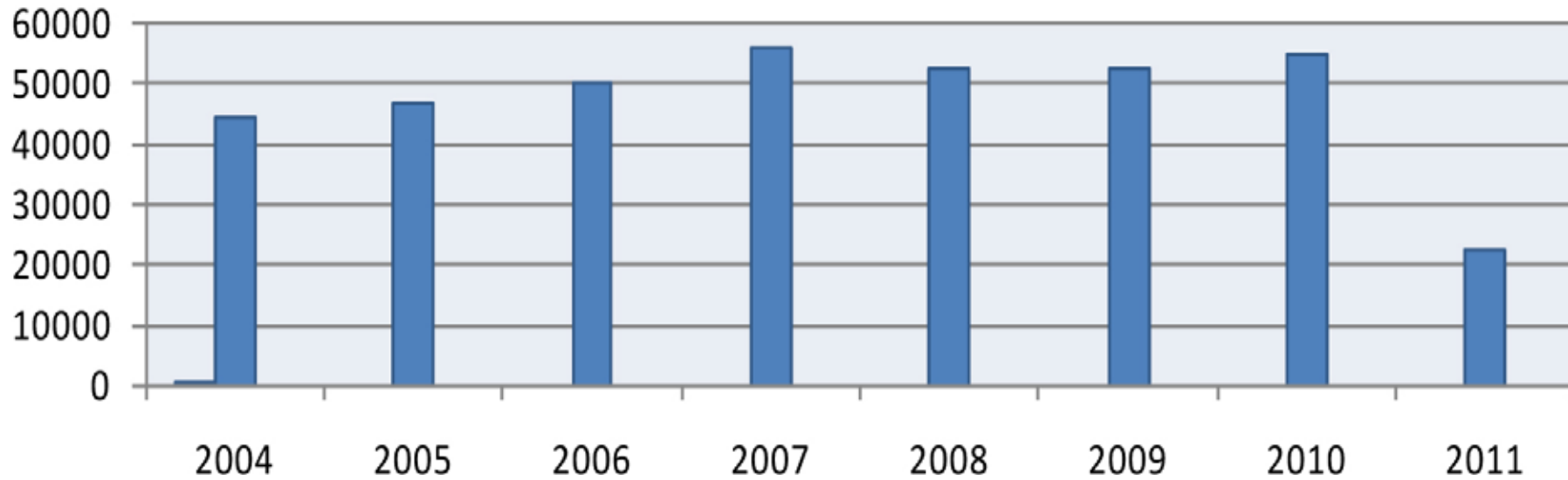
Indicators	2010
Gross Value Added (GVA)	R176,1 bn (Constant 2005 Prices)
Gross Domestic Product (GDP)	R196,4 bn (Constant 2005 Prices)
Gini Coefficient	0.62
Per Capita Income	R46, 214
GDP Average Annual Growth (2000-2010)	3.17%
Population	3,584,681
Geographic Area	2, 297km ²
Population Growth (2000-2010)	0,98%
Population Density	1,561 persons/ km ²
Number of people living with < \$2 per day	108,768
Number of households	903,562
Urbanization Rate	92.0%
Percentage of people in poverty	30.4%
Annual Per household income	R167,348
Human Development Index	0.66
Annual Disposable income	R105,494
Municipal Staff Employed	Permanent: 16 182 Temporary: 3 371
Unemployment Rate	20.5%
Annual Expenditure	R160,471,068 bn
Annual Retail Trade sales	R47,8 bn
Council Operating Budget: 2011/12	R23,4 bn
Council Capital Budget: 2011/12	R4,7 bn
Total Exports:	R37,2bn
Total Imports:	R56,4bn

Source:Global Insight/EThekweni Municipality



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Aircraft Movements 2004 - 2011 ('000)

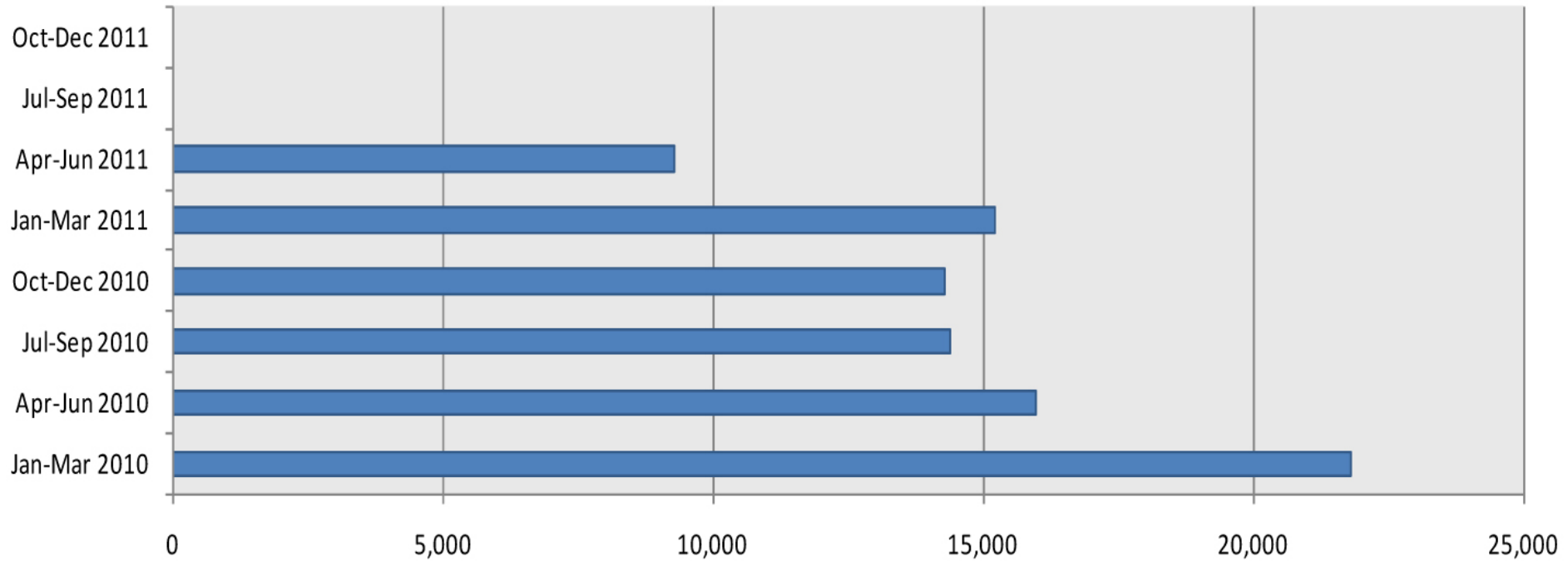


Source: Airports Company South Africa

This graph shows the amount of aircraft movements from 2004 to May 2011 which includes the data from the previous airport up until April 2010 and King Shaka International Airport from May 2010 onwards. The 2010 FIFA World Cup made a significant impact during June to July 2010 as is reflected in the graph.



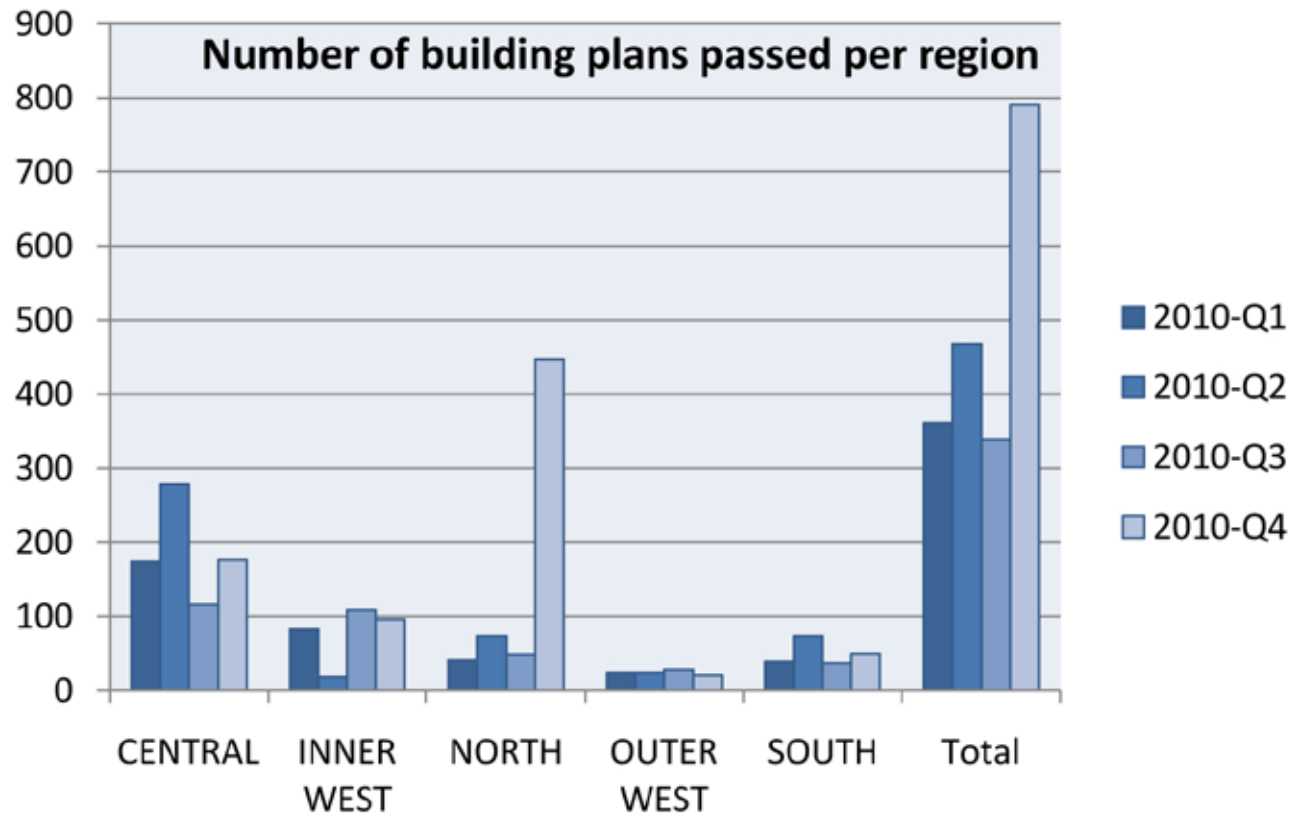
UIF 2010 - 2011



Source: Department of Labour

The number of UIF Claims in the eThekweni Municipal region has been decreasing since March 2010. This coincides with economic recovery from the global financial crisis in 2008/09, when the number of UIF claims increased as a result of job losses in many sectors of the economy.





Source: EThekweni Municipality: Corporate Policy Unit

The central region dominated the number of plans passed during 2010. Other regions were less significant with the exception of the north region in the fourth quarter of 2010. The new soccer stadium and related infrastructure probably attests to the high levels of building statistics for the central region.



Electricity Consumption 2009/2010

Category of Use	2009 Electricity Consumption (kWh)	2010 Electricity Consumption (kWh)	Percentage Change
Business and general	2,205,258,603	2,662,458,083	20,7
Private residence	2,900,914,449	2,826,464,091	-2,6
Pre-payment	738,475,562	774,714,890	4,9
Bulk	5,037,894,890	4,621,341,025	-8,3
Other: streetlight, traffic lights etc	37,677,922	39,678,620	5,3
Total	10,920,221,425	10,924,656,709	0,04

Source: EThekwini Municipality: Electricity Department

**Port of Durban Statistics – Cargo Handling Imports
in Q1:2010 and Q1: 2011**

Cargo	Q1: 2010 Imports (TEUs/Units)	Q1: 2011 Imports (TEUs/Units)	Percentage Change
Containerised cargo	293,447	308,177	5,1
Dry bulk cargo	863,333.8	1,075,395.5	24,6
Liquid bulk cargo	6,333,513.8	5,531,580.5	-12,7
Break-bulk cargo	153,567.7	323,104.9	110,4
Vehicles	53,120	61,551	15,9

Source: Transnet National Port Authority

**Port of Durban Statistics – Cargo Handling Exports
in Q1:2010 and Q1: 2011**

Cargo	Q1: 2010 Exports (TEUs/Units)	Q1: 2011 Exports (TEUs/Units)	Percentage Change
Containerised cargo	299,174	322,886	7,9
Dry bulk cargo	1,013,178.1	1,291,412.8	27,5
Liquid bulk cargo	707,293.1	664,532.5	-6,0
Break-bulk cargo	410,567.0	518,217.7	26,2
Vehicles	22,767	34,529	51,7

Source: Transnet National Port Authority





South Africa has set out on a new path of sustainable economic development and is ready to meet every obstacle ahead. As part of the process toward developing South Africa's Vision 2030, the National Planning Commission (NPC) recently released the Diagnostic report outlining nine key challenges South Africa faces in its efforts to reduce poverty and inequality.

“report has received praise from government and the private sector”

NPC Diagnostic Report

The report's objective is to create a long term vision and strategic plan that promotes economic growth and social equity. The report has received praise from government and the private sector for putting forward important policy considerations warranting closer examination of long standing issues confronting South Africa. The report has placed job creation as the foremost challenge and quality education as the second priority challenge.

Unemployment

The report argues that current low employment levels are direct contributors to the persistence of high levels of poverty and inequality. Labour force growth has outstripped employment creation with almost 60% of the unemployed population having never worked. The proportion of people below the poverty line has dropped slightly from 53% in 1995 to 48% in 2008, comparing unfavourably to other developing countries.

Modern Skills Shortage

As indicated by a survey on the unemployed South African population, the report points out a skills shortage for a modernising economy as another obstacle to growth. Though many factors are responsible for persistently high unemployment, most jobs are likely to be created in skills intensive sectors and the report echoes this deeply in the effects of skills shortages. The report also identifies high labour unit costs – the result of salary costs exceeding productivity costs - as another constraint to economic growth.

Economic Climate

An economic climate not conducive for small business growth is another important concern in the Diagnostic report. The resource intensive economy is seen as problematic and unsustainable as the country is beginning to experience the negative impacts of poor resource management. The transition to a low carbon economy while ensuring food security, creating jobs and raising competitiveness should remain a context within which we do business.

Employment Solutions

Attainment of the vision on economic goals, as acknowledged by the NPC Diagnostic report, is slowly being embedded by stakeholders through various programmes aimed at transforming the economy of South Africa. Job creation is being earnestly placed in the core of every government department, state owned enterprise, and private sector.

The launch of the Jobs Fund in February 2011 by the Minister of Finance is a step in the right

direction to bringing down persistently high levels of unemployment, and a further commitment to getting all actors to achieve the goals of the New Growth Path. The fund is targeted at established organisations with existing expansion plans in South Africa that offer good prospects for job creation. Its aim is to limit the scope of dependency and market distortion, as well as to support good ideas, investment and innovation. The R9 billion Jobs Fund targets the creation of 150,000 jobs in the next three years and is different from existing development financing instruments as it provides grants instead of loans.

“The R9 billion job fund targets the creation of 150,000 jobs in the next three years”

References

1. National Planning Commission. 2011. Diagnostic Report. Report presented to Parliament South Africa
2. National Treasury. 2011. Speech at the Launch of the Jobs Fund by Minister Gordhan





Automotive

Toyota to Broaden Local Production. Exciting times are ahead as Toyota SA will possibly begin to manufacture mini bus taxis at their locally based manufacturing facility in Durban. The Durban-based plant recently upgraded its facility and currently has the capacity to manufacture 220,000 vehicles per year. Discussions are still underway regarding the local production of these vehicles but if all goes well, both the Quantum and Ses'fikile taxis will be manufactured locally.

Metals and Engineering

Strikes returned as metal and engineering workers took to the streets in protest for higher wages. The workers, representing five trade unions, are asking for a 13% wage hike. The Steel and Engineering Industries Federation of South Africa (Seifsa) indicated that this was unaffordable for its members as the employers can only afford a wage increase of 7%. Unions were also calling for the ban of labour brokers, to which employers have responded stating that labour brokers are a key function on the industry. As an additional response by employers, as of the 6th July 2011, they have the option to lock their gates to striking employees and may allow only those employees who are willing to accept the Seifsa offer. This is not an industry wide procedure, but does provide employers with a legal option of 'locking out' striking employees. Currently, Seifsa represents more than 2,400 companies, employing roughly 60% of the industry's workforce

Chemicals

The chemicals industry in eThekweni is a significant sector employing approximately 23,000 people. It also serves as a supporting industry for many other major sectors in the region such as the textiles, clothing and leather goods, food, beverage, tobacco products, wood and wood products and electrical machinery and apparatus. In 2010, the fuel, petroleum, chemical and rubber products sector recorded a gross value added of R8,9 billion with a total remuneration of R5,9 billion.

The City is also home to two of the four major crude-oil processing refineries in the country - Sapref and Petronas, processing 180,000 and 135,000 barrels per day respectively.



Clothing and Textiles

The textiles industry is facing difficult times as it may be in danger of losing 6,400 jobs in South Africa, with KwaZulu-Natal being most affected. This is as a result of factories not meeting the terms of a minimum wage agreement. However, these orders to shut down factories cannot be issued until an appeal against a decision to allow non-compliant companies to phase in the minimum wage agreement has been heard



“textiles industry is facing difficult times as it may be in danger of losing 6,400 jobs”

Aviation

The Santaco Express, a new low-cost airline will be launched in South Africa in September 2011. The airline is owned by the South African National Taxi Council (Santaco). The airline would initially operate one or two flights a day between Lanseria in Gauteng to Bhisho in the Eastern Cape, and then to the Cape Town International Airport.

Santaco Express will be operated by Air Aquarius that will supply 100-seater aircrafts, together with the crew and aviation licenses. The first commercial flights will commence late November 2011.

1. Engineering News (www.engineeringnews.co.za)
2. Independent Online (www.iol.co.za)
3. Bloomberg (www.bloomberg.com)
4. Business Day (www.businessday.co.za)



RESEARCH FEATURE

Water Availability for Economic Growth

“Municipality has made significant in-roads in providing access to water for the poor”

EThekweni is South Africa's second most populous city and the Municipality has made significant in-roads in providing access to water for the poor, with about 1.3 million new connections in the last 10 years. Adding to this increased demand has been growth in business and normal residential development. A further contributor to water demand has been illegal connections resulting in a loss of 70,000 litres per day. Urgent action is required in order to address this problem.

The late Professor Kader Asmal, while still Minister of Water Affairs and Forestry, highlighted the potential for a water crisis in South Africa. With above average rainfall during winter and dams currently sitting at their highest winter levels, talk of a potential water crisis may seem hardly valid now. It should be noted however, that water security is so fundamental for the normal demographic growth of a city, as well as its

economic growth, that few pay enough attention to the catastrophic impact that water shortages could have on the economy.

EThekweni's Head of Water, Neil Macleod highlights that the acceptable risk of failure of water supply should be 1 in 50 years. The city is currently sitting on a 1 in 15 risk of failure. The problem lies, not as much in the supply of water from nature, but more in the construction of dams that capture and store water, and the infrastructure to ensure bulk distribution. He points out that the last dam was built in 1984 (Inanda dam) and the Department of Water Affairs and Forestry (DWAf) were due to commence construction on the new Spring Grove Dam in 2006, which would then become operational in 2008. Construction of the Spring Grove Dam has only commenced in 2011.

However, even when this dam becomes operational in 2013, it alone will not be sufficient

to meet growing demand. The planned raising of the Hazelmere dam wall which is aimed at increasing capacity will also be marginal in addressing the problem. In a statement, the DWAf said: "Investigations and studies into the further development of surface water resources are also being undertaken which include the Lower Thukela Bulk Water Supply Scheme, the Mkomazi River Transfer Scheme and the Mvoti River Development. As the building of dams and supply schemes are major undertakings that take time to get the required regulatory approvals, design and to implement, short- to medium-term measures like water conservation and water demand management (WC/WDM), the re-use of treated wastewater treatment works effluent and desalination of seawater are currently some of the measures available to the area to deal with potential shortages."

Macleod also pointed out that in terms of demand, the construction of the Mkomazi River Transfer Scheme only becomes economically justifiable in 2030. The problem lies in the intervening period between 2013 and 2030. In anticipation of the Spring Grove Dam, the Municipality in



RESEARCH FEATURE

Water Availability for Economic Growth

conjunction with Umgeni Water, have been developing the Western Aqueduct. In order to ensure bulk supply to the City's rapidly growing northern areas, which includes developments such as Cornubia and Dube Trade Port, the Municipality needs to also develop the Northern Aqueduct at a cost of approximately R600 million. Design work has been completed on this pipeline and preliminary indications are that the Municipality will give this development the green light. The Municipality has also undertaken a 17 point plan aimed at reducing the growth in water demand.

This includes, though is not limited to:

- A massive pipe replacement project at a cost of R2 billion in order to curb water-loss through pipe failure
- Installation of a Pressure Control System undertaken at a cost of R2 million which has resulted in an annual saving of R32 million in water loss
- Training of 10 SMME's in water harvesting
- Development of a 45 million litre waste recycling plant in the South which currently supplies industry.

The Municipality has also requested approval from DWAF for the construction of a desalination plant and a water recycling facility in the north to help meet growing demand. While public opinion has tended to be averse to recycling for drinking purposes, Macleod points out that this is an international practice in many first world countries. He also notes that due to sewage spills into the Umgeni River further up the catchment in areas like Msunduzi, the water that is treated and put back into the river system is of a higher quality than that which is initially extracted from the river. Macleod highlights that the one positive has been favourable climate conditions. He noted that the climate generally produced a cycle of 7 years which were wet, followed by a 7 year dry period. The 7 year dry cycle is overdue and when rainfall figures were very low in 2010 it was anticipated that the country was entering its 7 year dry cycle. However, the rainfall recorded thus far in 2011 has been far above average and has ensured that water restrictions were not, at this stage, necessary.

It is clear that meeting the challenge of ensuring water security for economic development and a growing population is a multi-faceted challenge that requires Local and National Government, businesses and households to work together toward a common purpose.

“water that is treated and put back into the river system is of a higher quality than that which is initially extracted from the river.”



KEY NEW INVESTMENTS IN THE CITY

BASF to build new dispersions plant in Durban, South Africa

Stemming from the assistance provided by eThekweni Municipality's Department Of Investment Promotion (previous known as DIPA), as well as the eThekweni Municipal and Business Leadership support, BASF will invest in a new, upgraded dispersions plant in Durban. The new plant will produce acrylic dispersions mainly for the coatings and construction industry. The facility will benefit from local availability of raw materials and proximity to key customers who serve South Africa and Sub Saharan Africa's fast-growing markets. Production is scheduled to begin in the second half of 2012.

South Africa is the largest market for dispersions in Sub-Saharan Africa. "With this new facility, we are well positioned to support our customers' growth in South Africa and its neighbouring countries providing BASF's quality, service and reliable supply" said Christoph Hansen, Senior Vice President of Dispersions for Adhesives and Construction Europe. With its portfolio of specialties, BASF can help customers move towards more environmentally friendly technologies such as reduced Volatile Organic Compounds (VOC) and products free of alkyl

phenol ethoxylate (APEO). This investment reflects BASF's focus on participating in the strong growth markets in emerging Africa.

"As part of our Durban investment promotion and ongoing support for the Durban Chemical Cluster, we are pleased to welcome a more expanded, formal BASF manufacturing base in our City. This substantial FDI (Foreign Direct Investment) by the world's leading chemical company, plus the more still desired, is essential for us to meet the growth and job targets sought by all", said Russell Curtis who runs the City's Department.

BASF "The Chemical Company"

BASF is the leading global supplier of raw materials for the coating and paint industry. The division's Dispersions and Pigments combine all BASF offerings towards this industry. The portfolio encompasses pigments, resins, dispersions and a broad range of additives such as light stabilizers and photo initiators. Further end-use industries include construction materials, adhesives, and printing and packaging. This portfolio is focused on environmentally friendly systems, such as low-VOC water-based coatings.

BASF South Africa has been doing business for more than 40 years and also acts as the regional hub to Sub-Saharan Africa. The BASF Group in South Africa consists of six companies with locations in Johannesburg, Port Elizabeth, Cape Town, plus a world-class automotive emission catalysts production site in Port Elizabeth. The new Durban facility will now add to this competitive footprint.

BASF is the world's leading chemical company: "The Chemical Company". Its portfolio ranges from chemicals, plastics, performance products and agricultural products to oil and gas. As a reliable partner BASF creates chemistry to help its customers in virtually all industries to be more successful. With its high-value products and intelligent solutions, BASF plays an important role in finding answers to global challenges such as climate protection, energy efficiency, nutrition and mobility. BASF posted sales of about €63.9 billion in 2010 and had approximately 109,000 employees as of the end of the year. BASF shares are traded on the stock exchanges in Frankfurt (BAS), London (BFA) and Zurich (AN).

Durban Automotive Cluster

The Durban Automotive Cluster (DAC) held its 2011 Annual General Meeting (AGM) on the 2nd June 2011. The AGM consisted of thought provoking presentations on issues pertaining to the regional and global automotive industry. Dr. Timothy Sturgeon, a Senior Research Affiliate at the Massachusetts Institute of Technology Industrial Performance Centre and Co-organizer of the Global Value Chains Initiative, was one of the keynote speakers. He offered insight into Regional Competitiveness Issues in a Changing Global Context: Emerging Trends in the Automotive Industry.

Recognition awards were presented to ten DAC member firms by Economic Development Unit of eThekweni Municipality, acknowledging member firms for their selfless contribution, commitment to industry development and inspiring others towards this shared vision.

The Durban Chemicals Cluster (DCC) recently hosted an Anti-Competitiveness Behaviour Workshop with Sue Collier: Director at Garlicke & Bousfield Inc. as the guest presenter. The aim of this initiative is to gain a greater understanding of the Competition Act and its latest developments. The workshop was a great success, covering essential issues such as an Overview of the Competition Act and Restrictive Practices, New sections introduced by Competition Amendment Act, Cartels, Complex Monopolies and Liability of Directors



Durban Chemicals Cluster

KwaZulu-Natal Clothing and Textiles Cluster

The KwaZulu-Natal Clothing and Textiles Cluster (KZNCTC) has successfully enabled funding for 7 of its members through the Clothing and Textiles Industry Competitiveness Programme and the Production Incentive Scheme.

The KwaZulu-Natal Clothing and Textiles Cluster (KZNCTC) is a long established cluster, funded by the eThekweni Municipality's Economic Development Unit (EDU), KZN Department of Economic Development and Tourism (KZNDEDT), member firms and donor funding.

eThekweni Maritime Cluster

The eThekweni Maritime Cluster (EMC) recently held their Annual General Meeting and Strategic Planning Session. With the appointment of Mr Basil Ndlovu as Chief Executive Officer, the EMC is currently gearing towards the implementation of their programmes. This is in relation to port infrastructure planning and development, maritime industry enterprise development, maritime logistics, benchmarking and competitiveness,



skills development and training, maritime health, safety and environment, boat and shipbuilding repairs, and maritime industry promotion.



Creative Industries

EDU, the Durban Film Office (DFO) and Trade and Investment KwaZulu-Natal (TIKZN) have begun to explore the development of an integrated Creative IT Enabled Services (CITES) for the fashion, film, animation and music sectors. A study mission was conducted to FICCI Frames in Mumbai, India in order to look at the creative industry model and establish links in the animation sector for the

project. The partnership agreement is currently underway.

KwaZulu-Natal Fashion Council

The fashion industry has a newly established KZN Fashion Council (KZNFC), jointly funded by the KZNDEDT and eThekweni Municipality's EDU. The Council was officially launched in March 2011 and consists of a number of key programmes, including a Business Management Enterprise Programme in partnership with the University of KwaZulu-Natal's (UKZN) Leadership Centre. The KZNFC has also collaborated with the Natal Fashion Fusion Project, which fuses fashion and craft, and has facilitated access to finance sharing workshops for designers.

“three of the top ten students in the country were from KZN.”

KwaZulu-Natal Tooling Initiative

The KZN Tooling Initiative (KZNTI) currently has 75 students in a pilot programme for Toolmaker apprentices. This is an international programme where students take an online examination linked to the United States of America. All students enrolled on the programme have passed their first online examination for 2011. In 2010, three of the top ten students in the country were from KZN. Furthermore, the KZNTI has introduced short courses at the Tooling Centre of Excellence which have been accredited and certified by Merseta. To further enhance their services to the Tool making industry, the KZNTI has, in conjunction with Merseta, established a helpdesk at the KZNTI office. This is to aid Tool making companies in their application for Merseta grants. The KZNTI has developed a training programme for smaller tool rooms on Business Development and will endeavour to begin the rollout of the programme to Small, Medium, and Micro Enterprises within the Tooling sector. The KZNTI, together with the United Nations Industrial Development Organisation (UNIDO), have completed benchmarking exercises on 15



companies in an effort to assist these companies to identify their gaps and develop programme to close these. Through UNIDO, the KZNTI is also sending information to KZN companies regarding the localization initiatives of Transnet and Eskom.

EThekwini Waste Materials Recovery Industry Development Cluster

The Waste Materials Recovery Industry Development Cluster has created 55 jobs in this new sector with an expectation to reach 120 jobs by the end of 2011. The current focus of the cluster is to secure funds to create an additional 1,000 new jobs in the next two years.

The cluster is also working on several projects, including low cost housing using compressed earth blocks and builders' rubble, polystyrene diversion and pelletizing, several recycled material composite manufacturing facilities, waste collection projects, composting opportunities, establishing e-waste systems and community development projects.



KwaZulu-Natal Furniture Cluster

EDU has appointed a service provider to establish a regional furniture cluster. Currently, a business plan for the cluster is being developed and an Interim Board has been set up to guide the process. The cluster will assist in the growth of the industry.



PROFILE ON ECONOMIC PROJECTS

Mpumalanga Town Centre: Launch of Phases Two and Three



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PROFILE ON ECONOMIC PROJECTS

Mpumalanga Township is a rural settlement situated in the Outer West Region of the eThekweni Municipality between Hammarsdale and Cato Ridge. It is on the municipal periphery, approximately 50 kilometres from Durban's CBD and is identified as a rural node with a regional function along the N3 Corridor in the Municipality's Rural Development Framework Plan. The purpose of rural nodes is to address poverty and bring integrated development into areas which, historically, received little government support.

Approximately 120 hectares of land has been identified for the Mpumalanga New Town Centre development. This land currently falls under the ownership of the Ingonyama Trust Board (ITB) and will be jointly developed by eThekweni Municipality in partnership with Eris Property Group which holds a lease from the ITB.

Phase one, which commenced in January 2010 consisting of R30 million bulk infrastructure to unlock land in the town centre, has been completed. This will allow for various mixed use developments to follow. The 36 week project,

funded by the Neighbourhood Development Partnership Grant (NDPG), has laid the foundation for the R200 million investment by Eris Property Group towards the provision of a 18,000 square meter retail shopping centre. This will be the first facility to be established in the town centre.

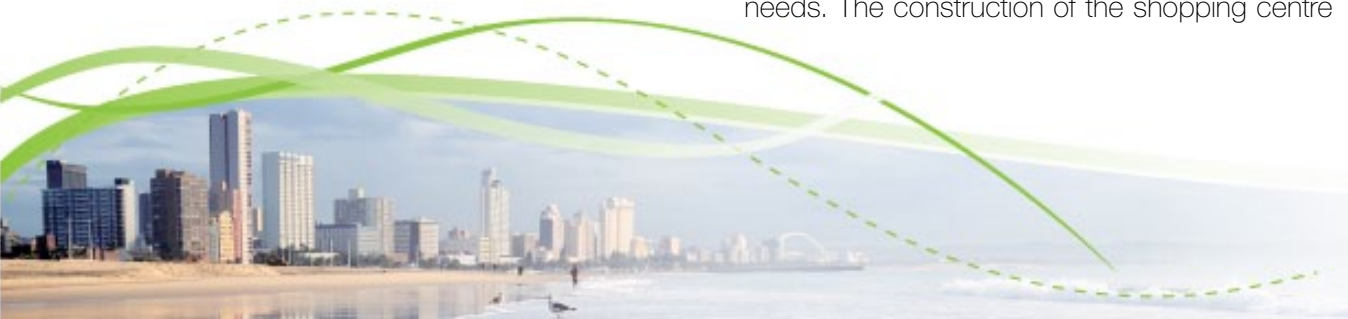
“substantially increase much needed retail offering in the Mpumalanga and Hammarsdale communities.”

The retail shopping centre is to be provisionally known as the Mpumalanga Mall and will comprise a mix of both national and local retailers. It will substantially increase much needed retail offering in the Mpumalanga and Hammarsdale communities. These communities in the past have had to travel to Pietermaritzburg, Pinetown or Durban for their household and retail shopping needs. The construction of the shopping centre

was scheduled to commence in July 2011 with the start of retailer trading to occur in October/November 2012. Eris Property Group is currently in the process of leasing space within the Mpumalanga Mall.

The planning for Phase two of Mpumalanga New Town Centre has also now commenced and will lay the foundation for the development of government facilities, public transport infrastructure and new housing units catering for low and middle-income population groups. A further grant allocation of R12 million from the Department of Co-operative Governance and Traditional Affairs has been made available in terms of the KZN Corridor Funding Programme to assist with further road and infrastructure services. The development of this infrastructure is nearing completion.

Phase two will see a further investment of R45 million by way of the development of consolidated public and social facilities together with the development of integrated GAP housing over a three to five year period. The latter will be undertaken by Eris Property Group in the form of



PROFILE ON ECONOMIC PROJECTS

1,500 bondable housing units at various pricing levels together with 256 RDP units.

It is anticipated that the following public investment will occur subject to completion of negotiations and business plans with respective government departments:

- New Metro Police Station
- Municipal Customer Care Centre (Sizakala) which will accommodate various government service departments, including a library
- Social welfare one stop centre – Public park with sport and recreational facilities, new railway station integrated with nodal transport interchange, health facilities, small trader facilities and Metro Fire Station

Phase three will consist of 350 low income subsidy housing units being implemented by eThekweni's Housing Unit.

Through the combined efforts and cooperation of National Treasury, the eThekweni Municipality, the Department of Co-operative Governance

and Traditional Affairs, the Ingonyama Trust Board and the private sector, the Mpumalanga New Town Centre Project strives to create an environment that is conducive to economic growth and investment, thereby improving the economic and social well being of the greater Mpumalanga communities.

The project falls in line with government's plan to speed up service delivery and develop township and underprivileged areas into fully functional, viable economic hubs. The development will create new energy and stimulate business job creation and economic opportunity for the community in the area. The positive feature of such development projects is the sound partnerships that the eThekweni Municipality shares with the private sector and other spheres of government. The Mpumalanga Development follows other successful projects such as Bridge City, KwaMashu Town Centre Development and the Umlazi Mega City.

For more information contact Mr Peter Gilmore, Project Manager, on 083 378 8737.
Email: gilmorep@durban.gov.za





“DFM - to raise the visibility of projects from the African continent”

Durban FilmMart raises African film profile

Twenty African projects (10 feature films and 10 documentaries) will be pitched to leading international financiers, sales agents, co-producers and funding organisations from North America, Europe, Asia and Africa at the Finance Forum of the second Durban FilmMart (DFM), from the 22nd to 25th July 2011.

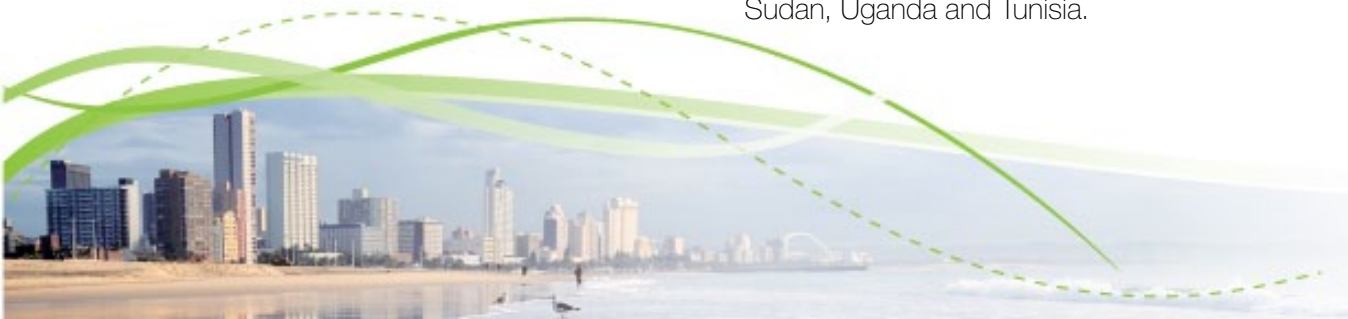
DFM is a joint venture between the Durban Film Office (DFO) and the Durban International Film Festival (DIFF), created to raise the visibility of projects from the African continent and to create networking opportunities with potential co-producers and other industry players.

Some 126 qualifying projects were submitted in 2011, a significant increase from the 76 qualifying projects in 2010. 12 of these projects were selected to participate in the Finance Forum. Submissions came from 22 African countries including Algeria, Benin, Cameroon, Democratic Republic of the Congo, Egypt, Kenya, Ivory Coast, Morocco, Nigeria, Rwanda, South Africa, Sudan, Uganda and Tunisia.

Awards presented at the DFM are judged by a panel selected by the awarding organization: The Hubert Bals Fund. Once again the Hubert Bals Fund continues its active support of African filmmaking communities and three selected projects will be handed out a Hubert Bals Fund Award for the most promising film project.

“We are excited that this year includes some PUMA.Creative Catalyst Awards, which will be adjudicated by a team led by the Channel 4 BRITDOC Foundation producers, Beadie Finzi and Elise McCave,” comments Peter Rorvik, Director of the Centre for Creative Arts (University of KwaZulu-Natal). The Channel 4 BRITDOC Foundation will hand over some PUMA.Creative Mobility Awards and take part in the mentoring sessions and in panels at the Co-production Forum. In addition, IDFA and the Jan Vrijman Fund will offer accreditation and accommodation at IDFA 2011 for two selected documentary projects.

Durban FilmMart and the Dubai Film Market will also be working together to increase access of North African Arabic countries to both markets.



It is anticipated that the Durban FilmMart will act as a valuable feeder stage in bringing African projects to CineMart, IDFA, Dubai and other established co-production markets across the globe.

Durban FilmMart 2011 Producers Forum Programme

- The Durban FilmMart 2011 programme comprises three strands: Finance Forum, Producers Forum and Africa in Focus
- Twenty selected projects (10 fiction features and 10 documentaries) will attend pre-arranged one-on-one meetings with potential financiers in the Finance Forum, assisted by International Film Festival Rotterdam's CineMart. The documentary aspect of the Finance Forum will include the pitching of projects to a panel of commissioning editors co-ordinated in association with the International Documentary Festival of Amsterdam (IDFA)
- The Producers Forum encompasses four days of master classes, seminars and

workshops on film finance, marketing, distribution, project packaging, co-production, new media, and other topical issues

- The Africa in Focus component offers wide-ranging seminars and panel discussions featuring local and international filmmakers and industry experts with special focus on African Initiatives
- Participation in the Finance Forum is restricted to the selected projects. Participation in the Producers Forum, DFM networking sessions, Africa in Focus programmes, and access to films in the Durban International Film Festival is open to all accredited DFM delegates.

DFM 2011 Lead Experts in attendance this year

Juliane Schulze will present a session on Film Finance Fundamentals. She is a Senior Partner at Peacefulfish, a strategic media consulting company based in Berlin, specializing in content financing and particularly in developing innovative financial solutions for audiovisual

projects. As Executive Advisor she has extensive cross-industry knowledge, covering feature film, internet and mobile content. She advises international production companies as well as public institutions and works on several projects for the European Commission and MEDIA.

Peter Broderick will present on Distribution Techniques and will provide a guided tour of the worlds of "Crowdfunding and Crowdsourcing". He is President of Paradigm Consulting, which helps filmmakers and media companies design and implement state-of-the-art distribution strategies. A key player in the growth of the ultra-low budget feature movement, Broderick has become one of the most influential advocates of digital moviemaking.

Hetty Naaijken-Retel Helmrich founded Scarabee Films, which specializes in high-quality creative documentaries, short films and features. Her productions have been repeat winners at both the IDFA and Sundance. Naaijken-Retel Helmrich works with broadcasters including NPS, VPRO, AVRO (Netherlands); HBO, PBS, and VRT (Belgium), Arte (France/Germany), TV 7 and



France 3 (France) and Télévision Suisse Romande (Switzerland) amongst others. Naajkens-Retel Helmrich will present on Documentary Finance Wizardry.

The Durban Film Office (DFO) is the film-industry development arm of the City of Durban, mandated to position Durban as a world-class film production destination and facilitator for the development of the local film industry. The DFO drives activity and development in the sector in order to boost tourism, job creation and the development of core skills and SMME's in the region. The organization is also actively seeking and creating opportunities for setting the benchmark as the leading authority in the field in South Africa.





Financial Institutions Sign MOU with EThekweni Municipality

Access to Finance has been cited as one of the significant challenges faced by small, medium and micro enterprises (SMMEs) around the world. It was based on this challenge that the Access to Finance Programme commenced in the Municipality approximately 6 years ago with one initiative with a single financial institution. There were 14 SMME beneficiaries at that point in time. The overall impact of the programme was limited. A few years ago, eThekweni's Business Support Unit (BSU) had undertaken an Expression of Interest, calling on all financial institutions to come forward to partner with BSU for the purposes of supporting SMMEs.



“key financial institutions to support small and emerging businesses.”

SMMEs have always highlighted that financial institutions did not understand their needs and have indicated how difficult it was to access finance. The eThekweni Municipality's Business Support, Tourism and Markets Unit has signed Memorandums of Understanding (MOU) with key financial institutions to support small and emerging businesses. This is an indication that financial institutions are willing to listen and assist. The Unit was also responsible for developing an Access to Finance strategy in order to understand both sides of the challenge. It is through deepening that understanding that the Unit has managed to understand both the demand and supply side challenges and currently sees their role as bringing the two together in order to overcome such challenges and increase the understanding of both SMMEs and financial institutions.

The Unit has already signed MOUs with First National Bank (FNB) and ABSA Bank and has implemented those agreements. The Unit praised both ABSA and FNB for entering into that partnership. KwaZulu-Natal MEC of Finance, Ms Ina Cronje, was the key note address celebrating that historic occasion for the Municipality. This is considered a milestone in that nine financial institutions have now pledged to work with the Municipality to address financial challenges for the SMMEs. This relationship will allow the SMMEs to connect with Corporate Banks and development financial institutions of South Africa to create more dependable SMMEs.

The institutions that will be signing up to assist the SMMEs are: Standard Bank, Nedbank, GroFin, Regent, Old Mutual, Business Partners and Albarakha Bank.

Financial institutions have taken this bold step of entering into a partnership with the public sector in supporting SMMEs - the engines of economic growth. Together they will contribute to the national economic objectives of job creation and economic growth.



The EDGE aims to capture topical and current issues and present information that assists decision-makers. While it is not possible to predict all the features that will be presented in the next issue, there are some planned topics that it will cover.

These include:

- Dube Trade Port, growth prospects
- Focusing on Electricity and Industrial Growth
- EThekweni Petro-Chemicals Industry and the Cleaner Fuels 2 Programme
- Overview of the Aviation Industry

The Bulletin will also provide the latest available data on the key economic indicators and tourism figures.

The EDGE is produced by the eThekweni Economic Development Unit (Policy, Strategy Information and Research department). To provide feedback or queries please email Aurelia Albert on AlbertA@durban.gov.za Tel: 031 311 4015

