

Cape Agulhas Municipality

**Approved by Council on
27 October 2009**

Resolution 188/2009

Local Economic Development Strategy

CONTENTS

	Page
GLOSSARY OF TERMS	3
EXECUTIVE SUMMARY.....	4
BACKGROUND	5
CHAPTER 1: LED IN CONTEXT	7
1.1 Definition of Local Economic Development	7
1.2 Roles and Responsibilities of LED	7
• National Government	7
• Provincial Government	8
• Local Government.....	8
• Private Sector.....	9
1.3 Legislative and policy guidelines for LED	10
• The Constitution	10
• Accelerated and Shared Growth Initiative of South Africa (ASGISA)	11
• Joint Initiative on Priority Skills Acquisition (JIPSA)	12
• National Spatial Development Perspective (NSDP)	13
• Western Cape Growth & Development Strategy: Ikapa Elihlumayo	13
• Micro Economic Development Strategy (MEDS).....	14
CHAPTER 2: LED STRATEGY DEVELOPMENT PROCESS & STAKEHOLDER ENGAGEMENT	16
2.1 Process of developing the LED Strategy.....	16
2.2 Engagement with stakeholders in the respective economic sectors	18
2.3 Expected Results	25
CHAPTER 3: SNAPSHOT OF THE CAPE AGULHAS ECONOMY	26
3.1 Brief Economic Overview of Cape Agulhas Economy	26
3.2 Profiles of the towns in Cape Agulhas.....	27
• Bredasdorp.....	27
• Arniston/Waenhuiskrans	28
• L'Agulhas & Suiderstrand	29
• Struisbaai	30
• Napier	31
• Elim	32
• Proteem & Klipdale.....	33
3.3 Economic Sector Analysis.....	33
• Agriculture	33
• Tourism	36
• Manufacturing	41
• Construction	42
• Government	43
• Finance & Business Services	43
• Wholesale, Trade, Catering & Accommodation	44
3.4 Economic challenges faced by the local economy	45
3.5 Strengths for the development of the local economy.....	45
CHAPTER 4: STRATEGIC OBJECTIVES.....	47
4.1 Growing of the major economic sectors with comparative advantage.....	47
4.2 Natural Resource Economics.....	54
4.3 Construction	55
4.4 Trade Promotion.....	56
4.5 Enterprise Development.....	58
4.6 Increased Economic Participation	59
4.7 Youth Economic Empowerment	59
4.7.1 The Role of Municipalities in economic empowerment of youth.....	60
4.7.2 The role of private sector and state owned enterprises.....	60

4.8	EPWP Job creation portal	61
4.9	2010 FIFA World Cup.....	62
4.10	Safety & Security	65
4.11	Sustainable Development	66
4.12	Institutional Capacity	70
4.13	Skills Development Programmes	71
CHAPTER 5: DEVELOPMENT PROPOSALS		74
5.1	Bredasdorp.....	74
5.2	Arniston/Waenhuiskrans	74
5.3	Struisbaai	75
5.4	L'Agulhas & Suiderstrand	75
5.5	Napier.....	76
5.6	Elim	76
5.7	Protem & Klipdale	76
CHAPTER 6: GOALS, STRATEGIES & PROJECTS.....		77
6.1	Development Strategy.....	77
6.2	List of Projects (Annexure 1).....	82
CHAPTER 7: IMPLEMENTATION OF THE LED STRATEGY.....		83
7.1	Monitoring & Evaluation.....	83
CONCLUSION.....		84

GLOSSARY OF TERMS

ABI	Agulhas Biodiversity Initiative
ASGISA	Accelerated and Shared Growth Initiative for South Africa
BAWSI	Black Association for Agriculture Sector
BKB	Boeremakelaars (Koöperatief) Beperk
CAM	Cape Agulhas Municipality
CPF	Community Policing Forum
CTRU	Cape Town Routes Unlimited
EPWP	Expanded Public Works Programme
FIFA	Federation International Football Association
FTE	Fulltime Equivalent
GDRP	Gross Domestic Regional Product
IDC	Industrial Development Corporation
IDP	Integrated Development Plan
JIPSA	Joint Initiative on Priority Skills Acquisition
LED	Local Economic Development
MEDS	Micro Economic Development Strategy
NGO'S	Non Governmental Organisations
NSDP	National Spatial Development Perspective
NYEES	National Youth Economic Empowerment Strategy
NYDA	National Youth Development Agency
ODM	Overberg District Municipality
OICG	Overberg Integrated Conservation Group
OTB	Overberg Toetsbaan
PDI	Previously Disadvantaged Individual
PERO	Provincial Economic Review an Outlook
PGDS	Provincial Growth and Development Strategy
PMS	Performance Management System
PVA	Public Viewing Area
RED DOOR	Real Enterprise Development
RTLCL	Regional Tourism Liaison Committee
SAHRA	South African Heritage Resources Agency
SALGA	South African Local Government As
SASSA	South African Social Security Agency
SDF	Spatial Development Framework
TB	Tuberculosis
TEP	Tourism Enterprise Programme
TFDC	Test Flight and Development Centre
UN	United Nations
WTO	World Trade Organization

EXECUTIVE SUMMARY

The primary objective of developing this LED strategy is to create a conducive environment for all the relevant stakeholders to pool resources and expertise in order to create a significant number of decent sustainable job opportunities in all the economic sectors. This constitutional responsibility has become even more urgent in the current climate of the global economic downturn, which has already sunked its teeth in our local economy and resulted in major job losses in various sectors. This has also brought about a more strategic focus on ensuring job retention versus the creation of new jobs. Our strategy should also illustrate how this region is going to contribute towards the national job creation target of 500 000 job opportunities as well as the economic growth target of 6%

A core component of human development is to empower the local community to participate in the local economy in order to take charge of their own destiny and lessen the dependency on the social safety net provided by government and the relevant strategic partners. This is essentially the objective of an LED strategy with a pro-poor focus but also to strengthen the existing businesses. Skills development in the region is lacking far behind as had been indicated in the Integrated Development Plan (IDP) of Cape Agulhas Municipality and subsequent to this strategy it is essential that all the relevant stakeholders embark upon a comprehensive skills development programme. The skills development programme should essentially be directed to address the skills shortages required in the major economic sectors to ensure a market driven approach and to ensure the successful implementation of the LED Strategy.

The roll out of this strategy should also be done in a sustainable manner, meaning that the resources in the Cape Agulhas region should be optimally utilised as a catalyst for economic growth but not to the detriment of the environment. We should strike a balance to ensure that our future generation should also be in a position to utilise similar resources to address their socio-economic needs.

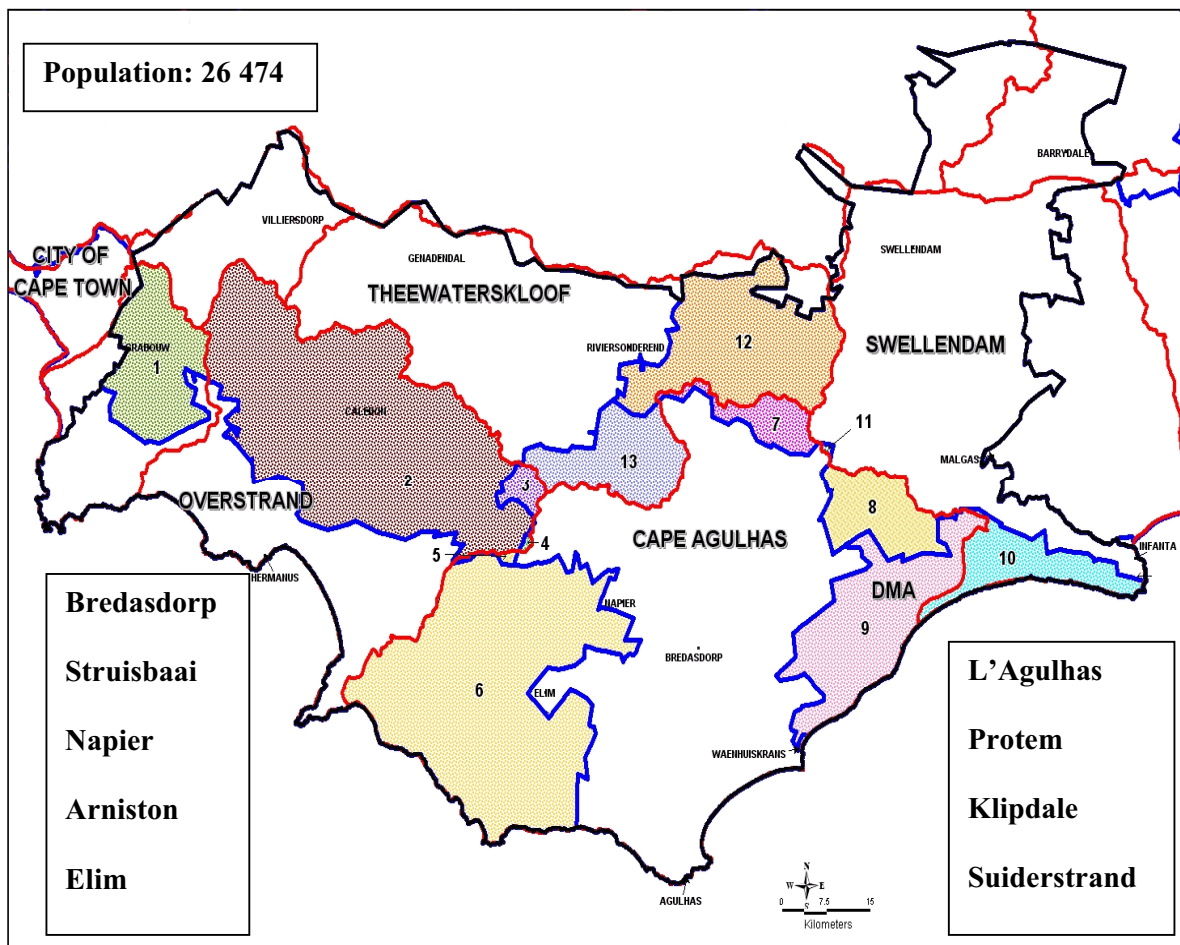
Cape Agulhas Municipality also comprises of so called fishing communities which is currently suffering the brunt of reduced fishing quotas and diminishing marine

resources seriously compromising their livelihoods. This strategy will also propose alternative development proposals for those communities.

BACKGROUND

Cape Agulhas Municipality is one of four local municipalities, which form part of the bigger Overberg District as per the Demarcation Act. The Cape Agulhas municipal area is the third biggest geographical area of the district and comprises a radius of approximately 2 411 km². A distinct geographical feature of the Municipality is that is located at the southern-most tip of the Western Cape Province, South Africa and the African continent and it is also located at the point where the Indian and Atlantic oceans meet.

Illustration 1: Map of Cape Agulhas Municipality in the context of Overberg district



The following towns and settlements form part of the jurisdiction of Cape Agulhas Municipality:

- Bredasdorp
- Napier
- Struisbaai
- Waenhuiskrans/Arniston
- Elim
- L'Agulhas
- Klipdale
- Protem
- Suiderstrand

Bredasdorp is the main economic centre of the Municipality and is also the town where the main office of the Cape Agulhas Municipality is situated.

Cape Agulhas Municipality had a total population of 26 474 in 2006 which constitute 12,8% of the total population of the Overberg district. This actually confirms that Cape Agulhas is the smallest municipality in the district in terms of population size. Similar to other rural municipalities, Cape Agulhas also experiences common challenges such as skew patterns of wealth distribution, relatively high levels of unemployment and crime. The economy of Cape Agulhas Municipality grew at an average growth rate of 5.46 % between 2004 and 2005 but despite this relatively positive economic growth it is quite evident that not all sectors of society share in the benefit resulting from this. In fact it seems that the gap between rich and poor is actually widening. One of the objectives of this strategy is particularly aimed at increasing the participation of emerging entrepreneurs in the mainstream economy and to bring the first and second economy closer together.

CHAPTER 1: LED IN CONTEXT

1.1 Definition of Local Economic Development

The definition of Local Economic Development can be derived from the responsibility, which the Constitution of South Africa places on local authorities to become more developmental organs of state. The Constitution states that municipalities “*must facilitate social and economic development...*”

A number of definitions for LED had been developed over the last couple of years but it all boils down to the fact that LED is not **a thing that you do, but rather a way that you do things** in order to stimulate economic growth in the local economy. It can be regarded as a strategic approach to take people from poverty to empowerment over a period of time. LED can also be defined as a strategic process by which public, private and community stakeholders within a specific area such as Cape Agulhas manage their shared resources, institutional capacity and social capital on a partnership basis with the objective to promote economic growth, create sustainable jobs and improve the quality of life of all residents in that area of jurisdiction.

1.2 Roles & responsibilities of LED

Not one sphere of government can really reach the objectives of Local Economic Development in a particular region on its own. Strategic partnerships and a culture of LED amongst all the relevant stakeholders is a fundamental requirement to really stimulate the local economy. The roles of the different strategic partners in LED can be summarised as follows;

- **National Government:**
 - Provide the overarching legislative and regulatory framework for LED
 - Maintain inter-governmental relationships between the relevant government departments and development institutions
 - Provide funding and other resources for the planning and implementation of LED

- Monitor the outcomes and impact of LED initiatives

- **Provincial Government:**
 - Ensure proper alignment of LED initiatives with the relevant development programmes
 - Strengthen the capacity of local government to plan and implement LED
 - Provide funding and technical resources for the planning and implementation of LED
 - Disseminate information to municipalities and other institutions regarding LED
 - Continuous monitoring and evaluation of the outcomes and impact of LED initiatives
 - Co-ordinate networking platforms for LED and other development practitioners to engage on a regular basis

- **Local Government:**

Municipalities are strategically placed at the coalface of development and are best positioned to facilitate the successful implementation of LED initiatives in partnership with the relevant strategic partners. Municipalities also have the necessary resources such as land, infrastructure, basic services, procurement muscle and the by-laws to facilitate access to economic opportunities and create a conducive environment for investors to do business in their areas of jurisdiction. The responsibility of Cape Agulhas Municipality in terms of LED includes:

- Ensure that socio-economic development is prioritised within the municipal IDP
- Establish capacity within the municipality to drive and facilitate LED
- Establish an LED forum and emerging business chamber to mobilise efforts and resources of the relevant stakeholders around a shared vision
- Constantly identify sustainable economic opportunities
- Provide support for community initiatives in terms of LED
- Include all relevant stakeholders in the planning processes for LED
- Establish sectoral linkages and clustering of economic activity
- Create an enabling environment for business development and access to economic opportunities

Cape Agulhas Municipality has already taken the lead to engage all the relevant stakeholders and collectively develop a strategic approach to stimulate the local economy. The policies and programmes of the Municipality have also been structured in such a way to create a conducive environment and provide incentives which will lure private and public investors to the area. The Municipality shares the notion of bringing more businesses to the area without compromising the feasibility of the existing businesses which will lead to increased Direct Foreign Investment, valuable job creation and ultimately boosting the local economy. Up to now, investment and development had taken place in the region spontaneously in the absence of an LED Strategy, such as the Spar Mall, Langezandt, etc. It would be very interesting to determine what the socio-economic impact of those developments had on the local economy since their inception.

- **Private Sector:**

Government can obviously not plan or implement LED effectively if the private sector, which is normally the key drivers in a local economy, is not included in such development processes.

- Active engagement in the development planning processes of government and development institutions
- Ensure increased economic participation to all sectors of society

- Provide sectoral insight in LED initiatives
- Support a “buy local” and “employ local” campaign
- Active participation in to established LED forum and emerging business chambers

1.3 Legislative and policy guidelines for LED

The following legislation and policy frameworks clearly pave the way for Cape Agulhas Municipality to wear the baton for LED in the region:

- **The Constitution**

Section 152 of the South African Constitution gives an outline of the objectives of a local authority as follows:

- i. to provide democratic and accountable government for local communities*
- ii. to ensure service provision to communities in a sustainable manner*
- iii. to promote social and economic development*
- iv. to promote a safe and healthy environment, and*
- v. to encourage the involvement of communities and community organizations in the affairs of local government.*

In essence this section of the Constitution gives municipalities the mandate to promote social and economic development within their respective municipal boundaries. The White Paper on Local Government suggests clear responsibilities to local authorities in terms of their LED mandates to further strengthen this mandate:

- i. To support marketing and investment initiatives in the order to attract economic opportunities to their localities.*
- ii. To assist small businesses by supporting enterprise development services in their respective localities.*
- iii. To identify economic growth sectors and provide support to these growth sectors in order to expand them.*
- iv. Ensure skills development does occur and that this skills development is tailored to suite local needs.*

Section 26 of the Municipal Systems Act of 2000 clearly states that the IDP of a local municipality must include its LED objectives. The abovementioned legislative and policy frameworks provide the LED strategy of a municipality its legal status and compel the municipality to drive LED in its area of jurisdiction. However, this should not be construed to expect that the municipality should provide jobs and create business enterprises. It gives municipalities the mandate to create an enabling environment that would ensure that LED does take place. Through creating this enabling environment investment will be unlocked, enterprises development will flourish and therefore jobs will be created.

- **Accelerated and Shared Growth Initiative of South Africa (ASGISA)**

ASGISA owes its existence to the Millennium Development Goals that were adopted at the United Nations Millennium Development Summit of 2000. The summit agreed to the following goals which are commonly referred to as the Millennium Development Goals:

- i. Eradication of extreme poverty
- ii. Receive universal primary education
- iii. Promote gender equality and empower women
- iv. Reduce child mortality
- v. Improve maternal health
- vi. Combat HIV/Aids, malaria and other diseases
- vii. Ensure environmental sustainability
- viii. Develop global partnerships for development

The South African government took these goals and formulated what is now known as ASGISA. This presidential initiative aims to half unemployment and poverty by the year 2014 and has the primary objective to move the South African economy into a significantly higher growth trajectory of 6-8% by 2014, enhancing job creation as well as increased economic participation over the medium to long term. The Overberg and Cape Agulhas contributes to this objective by underpinning the vision and strategic objective of the Western Cape's shared growth thrust of iKapa Elihlumayo.

Although the government is supposed to be the main driver of ASGISA, in order for the objectives of ASGISA to be satisfactorily met, a sustained collaboration is required between government, business, civil society and organised labour. These partners are expected to provide sustained strategic economic leadership to be in a position to steer the process of achieving the goals of ASGISA and in doing so achieve the Millennium Development Goals. The essence of LED is beautifully captured in the statement from the ASGISA policy document that is quoted below,

“ Our vision of our development path is a vigorous and inclusive economy where products and services are diverse, more value is added to our products and services, cost of production and distribution are reduced, labour is readily absorbed into sustainable employment, and new businesses proliferate and expand”.

This statement actually means that local partnerships will ensure that increased economic participation is enhanced and in doing so products would be processed locally and this would ensure that local people gets employment opportunities and local businesses increased and are able to expand. ASGISA aspires to achieve its goals through:

- i. Ensuring balanced economic growth
- ii. Infrastructure investment
- iii. Develop sector strategies
- iv. Skills development and education
- v. Eliminating the second economy
- vi. Macro –economic issues
- vii. Governance and institutional interventions

• **Joint Initiative on Priority Skills Acquisition (JIPSA)**

Critical skills shortages in particular economic sectors will have to be addressed in order to meet the goals of halving unemployment and poverty by 2014. In an attempt to accelerate skills development the government introduced JIPSA, which have the sole objective to speed up skills development through identifying critical skills shortages and then develop means to develop those skills. The initiative is a partnership between government, the private sector, civil society and labour organizations. The initiative will use retired experts, former students who are

unemployed, people with skills from other countries via targeted learnerships in order to ensure skills transfer does take place. Trainees will also be sent to other countries in order to obtain specialised skills. CAM certainly supports this initiative because of the skills shortages that exist within its municipal area.

- **National Spatial Development Perspective (NSDP)**

The National Spatial Development Perspective is a national government strategic document that is geared towards setting parameters that will ensure that the spatial planning ensures optimum usage of the geographical space at our disposal. The document planners agree that no two areas are the same in terms of economic output and this therefore dictates that resource allocations should be done in a manner that take cognisance of these economic differences between areas. Therefore the NSDP aims to create a framework where higher economic growth areas are prioritised in terms of resource allocation in order to ensure that these areas continue to grow. Areas that show a decline in economic growth would receive resources that would encourage turn-around strategies. It implies that resources would be allocated to areas with higher growth potential to maximise the benefit from such growth whilst areas that are showing lower economic growth would be encouraged to invest in other economic sectors with better growth potential. Therefore it is critical to have clear knowledge and understanding of the local economy in order to identify new economic opportunities.

This would enable economic development planners to be in a position to know which sectors demonstrates significant growth patterns in a particular geographical location to ensure planning is more streamlined and resources are not wasted on a sector that is not working in a particular locality. This would eliminate wasteful expenditure on a sector that does not grow or investment is made in a false economy within a certain locality. The perspective endeavours to eliminate the historic basis of resource allocation aims to increase the economic basis for allocation of resources between different areas.

- **Western Cape Growth & Development Strategy: Ikapa Elihlumayo**

The Western Cape Provincial Government took a pro-active step in developing its own Provincial Growth & Development Strategy (PGDS) in 2004 encompassing the

shared vision of Ikapa Elihlumayo (Growing the Cape). The strategy carries a mandate of all the stakeholders of the province to define shared growth and integrated development targets and objectives until 2014. The following strategies can be regarded as base strategies of the overarching Ikapa Elihlumayo vision:

- i. The Macro Economic Development Strategy (MEDS)
- ii. Provincial Spatial Development Framework (PSDF)
- iii. Strategic Infrastructure Plan (SIP)
- iv. Human Capital Development Strategy (HCDP)
- v. Social Capital Strategy (SCFS)
- vi. Scarce Skills Strategy (SSS)
- vii. Integrated Law Reform Project (ILRP)
- viii. Sustainable Development Implementation Plan (SDIP)

The key growth and development targets that were identified by the strategic partners that were involved in the planning process of the PGDS includes:

- i. 100 000 sustainable jobs by the year 2014
- ii. R5 billion Foreign Direct Investment in priority sectors by 2008
- iii. Comprehensive support and supply chain opportunities to SMME's
- iv. 120 000 Expanded Public Works Programme (EPWP) jobs

The PGDS lays a platform for municipalities in the Western Cape such as CAM to be in a position to develop its LED objectives and goals to the attainment of these key principles that will ensure accelerated and shared growth.

- **Micro Economic Development Strategy (MEDS)**

The MEDS is one of the most relevant iKapa Elihlumayo based strategies that were developed by the Western Cape government and is a culmination of intensive research of the economic sectors that are prevalent in the Western Cape. The research identified thirteen sectors that are prevalent in the Western Cape and these sectors were prioritised in terms of the growth potential as well as the impact it could have in terms of job creation and the ability to attract investment into the province.

This process also highlighted the cross cutting themes like job creation and enterprise development.

The main objective of developing the MEDS was to ensure that the relevant economic sectors are identified and investment and resources are directed to those particular sectors that have the potential to demonstrate significant growth in a particular locality. It also aims to ensure that there is a more economically focussed Provincial Spatial Development Framework in place, which will also enhance the process of spatial planning at a local level. Therefore it is very important to identify the relevant sectors in the Cape Agulhas Municipality and these sectors would have to be prioritised according to the growth potential and ability to create sustainable jobs as well as the abilities to attract investment. The sectors which have been highlighted in red in the diagram below illustrate the economic sectors prevalent in Cape Agulhas municipal area:

Table 1.1: MEDS Sectors prevalent in Cape Agulhas

MEDS SECTORS		
Priority Sectors	Significant Sectors	Watch-list Sectors
Oil and Gas	Agriculture & Agri-processing	Fishing & Aquaculture
Business Process Outsourcing/ Call Centers	Cultural/creative Industries	Financial Services
Information & Communication Technology	Craft	Electronics
Tourism	Film	
	Metals and Engineering	
	Clothing and Textiles	
	Fishing & Aquaculture	
MEDS CROSS CUTTING THEMES		
Workforce Development Innovation and Design Biotechnology SMME BBBEE		

CHAPTER 2: LED STRATEGY DEVELOPMENT PROCESS & STAKEHOLDER ENGAGEMENT

2.1 Process of developing the LED Strategy

This is the first time that Cape Agulhas Municipality has embarked on the development of an LED strategy for the whole Municipal Area. However, a number of socio-economic studies had been conducted by provincial government departments and private consultants, which provide some information of an economic nature to at least determine the economic character of the region.

Especially during the LGMTEC engagements with the relevant departments of Provincial and National spheres of government it has always been a critique against the overall performance of Cape Agulhas that no LED Strategy was in place. This actually shadowed the other aspects of excellent performance of the Municipality. This and the fact that the Council did not want to do economic development initiatives on an *ad hoc* basis prompted Cape Agulhas Municipality to develop a comprehensive LED Strategy in house. This will be a significant cost saving factor as well as build the capacity of the officials of the municipality significantly to refrain from reliance on consultants. The Manager: LED of CAM will coordinate the strategy development process and will ensure maximum participation by all the relevant stakeholders.

Cape Agulhas Municipality intends to adhere to the National LED Framework by developing a Local Economic Development Strategy and Action Plan. The development of the Local Economic Development Strategy will require a compilation of already existing information, efforts and inputs made by local stakeholders. A core component of the strategy development process will be an extensive participation exercise to allow communities to provide input in the strategy. Overall the strategy development process will need to foster partnerships with all relevant economic stakeholders to integrate and align all ongoing initiatives and to obtain valuable access to their expertise, experience and financial resources.

Good practice has proofed that LED should always be guided by a clear comprehensive strategy which forms an integral part of any municipality's planning

process and is one of the sector plans of the IDP. The strategy will form a component of a broader district-wide economic strategic plan. The time horizon for an LED strategy shall typically be between five and ten years and includes annual action plans and reviews and essentially will be aligned with relevant national, provincial and local programmes in the interest of stimulating the economy.

The LED Strategy of the Cape Agulhas Municipality shall form the basis of assessing and determining a proper local development framework that will enable both private and public stakeholders to collectively engage in a well coordinated fight against poverty, while at the same time facilitate growth in the local economy.

The development of the Cape Agulhas Municipality LED Strategy therefore, should appreciate existing programmes and should seek to add value and plug existing economic leaks and gaps in the local environment while thrusting the local economy onto a higher growth path in line with the overarching vision of the Cape Agulhas Municipality IDP vision and objectives.

Notwithstanding the above, the Municipality has however been operating without a clear and proper strategic framework to guide the design, implementation and monitoring of LED interventions. It is for this primary cause, that a shared blueprint to achieve IDP, MEDS and ASGISA objectives in CAM has now become vital.

It is proposed that a phased approach be used in developing the strategy, which is in line with the Guidelines for LED Strategies published by the Department of Economic Development & Tourism in the Western Cape.

- **The Outline of the Process**

Cape Agulhas Municipality shall develop a systematic scope of work and terms of reference for the strategy, broken down into five phases as follows:

Table 2.1: Process Plan for development of LED Strategy

Phase	Activities	Timeframes
Phase 1	<ul style="list-style-type: none"> Orientation of relevant officials and councillors in respect of the economic character of the region Conduct desktop research out of various source documents of economic development studies done of the area Compilation of economic profile of the municipal area 	Done
		Done
		Done
Phase 2	<ul style="list-style-type: none"> Determine the key economic drivers in the region Determine the respective growth sectors and the performance of growth Engagement with the sector specialist within those growth sectors 	Done
		Done
		Done
Phase 3	<ul style="list-style-type: none"> Identify the respective stakeholders to participate in the LED strategy development process (Government, Business, Organised Labour, Civil Society) Interactive workshops with relevant stakeholders to determine strategic development interventions Convert strategic interventions into sustainable project proposals Alignment of project proposals to policy frameworks such as SDF Interventions should also include rural development 	Done
		Done
		September 2009
Phase 4	<ul style="list-style-type: none"> Development of a strategic framework document 	September 2009
		September 2009
Phase 5	<ul style="list-style-type: none"> Target setting linked to Monitoring & Evaluation System (PMS) 	October 2009

2.2 Engagement with stakeholders in the respective economic sectors:

The approach to the promotion of LED rest on the fundamental pillar of effective strategic partnerships and therefore an initial round of consultation with the relevant stakeholders in the major economic sectors had already been conducted in the form of one-on-one sessions with the following intention:

- To identify the relevant key stakeholders in the respective economic sectors that need to be engaged
- To comment on the proposed process for the development of the LED Strategy
- To provide sectoral insight on the data captured in the draft Municipal Economic Profile and strategy
- Indicate what the stakeholders in a particular sector would expect from the strategy development process

Table 2.2: Input from relevant stakeholders in respect of LED strategy

SECTOR	ORGANISATION	EXPECTED OUTCOMES
Commercial Business	Cape Agulhas Business Chamber Managing Director of Floraland	<ul style="list-style-type: none"> • Establishment of Cape Agulhas LED Forum • Private business owners are willing to provide insight on business development strategies • Strengthening existing business • Strengthening strategic partnership with municipality • Representative of CAM to attend activities of Business Chamber • Access to business opportunities at OTB & Overberg Air Force Base • Campaign to lure more industrial investors to the area • By-laws for start up businesses to be applied more strictly • Establishment of an entrepreneurial culture amongst local community • Assist with mentoring of start up entrepreneurs • More preference to be given to local businesses when municipality or government departments award procurement opportunities • Facilitate the process of accelerating the proposed Overberg Airport Development • Incentive programme for businesses which create a significant amount of jobs (eg, tax rebates, reduced services tariffs, etc) • Regular maintenance of infrastructure in industrial area

SECTOR	ORGANISATION	EXPECTED OUTCOMES
		<ul style="list-style-type: none"> • Government to assist with skills development programmes • Include business owners in Disaster Management Plans
Emerging Business	Rrett's Enterprises	<ul style="list-style-type: none"> • Reviving of Cape Agulhas Emerging Business Chamber • Facilitate access to Commercial Business Chamber • Rezoning applications for operating businesses from home to be promoted • Establishment of a business hive facility for start up businesses (Incubator concept) • Access to business opportunities for local entrepreneurs at the municipality, government depts and commercial businesses • Less stricter regulations to be applied for starting up of businesses • Access to business opportunities resulting from 2010 FIFA World Cup event
Tourism	Cape Agulhas Tourism	<ul style="list-style-type: none"> • More aggressive marketing campaign in respect of the Most Southern Tip of Africa Icon Development • Accelerate the transformation process of the tourism industry • Marketing campaign for main tourist attractions and events (eg: Wine Routes, Agri-tourism, etc) • Maximum optimisation of tourism benefits resulting from 2010 FIFA World Cup • Facilitate a process to accelerate signage applications with RTL • Skills development programmes for entrepreneurs in hospitality industry and tour guides • Support SALGA's campaign to filter down tourism levies to District Municipalities • Advocate for responsible tourism which underpins the principles of Sustainable Development

SECTOR	ORGANISATION	EXPECTED OUTCOMES
		<ul style="list-style-type: none"> • Upgrading of infrastructure and basic service delivery (eg: Public toilets in strategic tourist hotspots) • Involvement from relevant stakeholders in research of ABI in respect of the economic potential of Eco-tourism in Cape Agulhas
Safety & Security	Bredasdorp Community Police Forum	<ul style="list-style-type: none"> • Programmes to educate community regarding the impact of crime on tourism and investment potential • Awareness programmes against drug and alcohol abuse • CAM representatives to be more involved in activities of CPF's • Moral Regeneration Programme to be introduced
Informal Trading	Cape Agulhas Informal Traders Forum	<ul style="list-style-type: none"> • Consultation with informal traders regarding the demarcation of trading areas • Develop a policy and criteria for the issuing of trading permits which give preference to local traders • Improve Law Enforcement of illegal traders especially over weekends • Allow mobile trading permits to also be converted to stationary permits • Enter into contracts with individual fresh fruit & vegetable traders to supply the nutrition centres with fresh produce
Fishing Communities	Waenhuiskrans/Arniston Fishing Union	<ul style="list-style-type: none"> • Updated economic profile of fishing villages with clear indication of the development potential of those areas • Introduce sustainable LED projects with significant job opportunities • Improve the worsening crime situation in Arniston • Programmes to combat drug abuse, prostitution and teenage pregnancies • Educate community regarding the negative impact of poaching

SECTOR	ORGANISATION	EXPECTED OUTCOMES
		<p>on the marine resources</p> <ul style="list-style-type: none"> • No banks available in Arniston
Public Transport	Bredasdorp Taxi Association	<ul style="list-style-type: none"> • Taxi Owners and vehicles have increased beyond the 12 vehicle stands permitted by Cape Agulhas Municipality • Consultation with Taxi Owners when demarcating taxi stands via SDF process • Proper interchange with under roof pick up points which is accessible and convenient to most commuters • Put up taxi infrastructure at Zwelitsha which have been removed • Put up an office for taxi owners and the Association in the form of a well resourced container • Investigate the tendency of taxing vehicles that transport people to other towns/provinces
Health Services	<p>Otto du Plessis Hospital</p> <p>Bredasdorp Clinic Services</p>	<ul style="list-style-type: none"> • Facilitate adequate resources for provincial hospital and the respective clinics in each town • Facilitate the improvement of the ambulance services to especially the rural communities • Municipality to support HIV/Aids, TB initiatives from the respective government depts and NGO's • Accelerate the processes of establishing retirement villages and frail care centres
Organised Labour	Cosatu	<ul style="list-style-type: none"> • Labour federations to be included in the development agenda of the area • LED projects must be able to provide decent employment opportunities • Will oppose any attempts to privatise municipal and government services • More vigorous attempts to enhance skills development of all employees • Local entrepreneurs to be given preferences for municipal, government and private business contracts

SECTOR	ORGANISATION	EXPECTED OUTCOMES
Women Empowerment	Women in Construction Programme	<ul style="list-style-type: none"> • Municipality and government to assist with the objectives of this provincial government initiative • Provide opportunities for women in the construction industry • Assist BAWSI with the objectives of improving the lives of women living on farms • LED initiatives must clearly illustrate the principle of women empowerment in the projects initiated • Skills Development Programmes for women • Facilitate access to funding for women owned businesses
Agriculture	Agri Mega	<ul style="list-style-type: none"> • Acknowledge that Cape Agulhas is the biggest barley producing district in South Africa and also one of the biggest wool producers in the country • Utilise the very lucrative sheep, wool and dairy industries to start value adding businesses • More strategic focus on improving the potential of Agri-tourism in this region • Consider applications for Agri-tourism such as BKB Wool Route for funding or facilitate funding for such initiatives from relevant government departments • Shift the tourism focus away from holiday makers only who come to visit the local beaches and tap into other tourism opportunities • Awareness of the value of the only Shipwreck Museum in the country • CAM representative to serve on Board of Trustees of museums • Explore the economic potential of ostrich farming taking cognisance of the risk of avian flu • Establishment of processing plants which can add value to the produce of the region (eg: fish, meat, textiles, wheat, wool, etc)

SECTOR	ORGANISATION	EXPECTED OUTCOMES
		<ul style="list-style-type: none"> • Investment strategies in emerging farming initiatives • Ensure the sustainability of local events with high economic impact such as Agri Mega, Foot of Africa Marathon and Overberg Horse Show • Optimal utilisation of AgriMega Park for LED • Establishment of a technical training facility similar to Boland College • Campaign to buy local (Cape Agulhas) • Facilitate the application for a licence to operate an Overberg Community Radio Station

Ultimately, the Cape Agulhas Municipality requires a credible and practical LED Strategy which should invariably:

- Formulate a clear economic vision for Cape Agulhas Municipality;
- Set out a clear economic development framework for the municipality and its strategic partners;
- Identify high impact areas to ensure meaningful growth and employment;
- Develop mechanisms to exploit local competitive and comparative advantages;
- Propose a streamlined LED service delivery model for Cape Agulhas Municipality;
- Strengthen existing LED initiatives and interventions;
- Prioritize the development of key and high growth economic sectors;
- Define clear institutional roles and capacities between municipality and relevant partners;
- Have proper monitoring & evaluation mechanisms in place;
- Mobilise partnerships and resources effectively

2.3 Expected Results

The Cape Agulhas Municipality expects the following results from the process;

- Unification of local stakeholders towards a single economic vision and plan;
- Commitment by the municipality and stakeholders to a clear economic framework;
- Empowerment of municipal officials and stakeholders to ensure continuity;
- Improved networking and partnerships between municipalities and other strategic partners;
- Mobilised resources to support the implementation of the LED Strategy.



CHAPTER 3: SNAPSHOT OF THE CAPE AGULHAS ECONOMY

3.1 Brief Economic Overview of Cape Agulhas Economy

Cape Agulhas has a population of 26 484 (*Source: CAM IDP, 2009*) with an urban population of 83.2% and 16.8% residing in rural areas around the towns. This constitutes the smallest population of all the other municipalities in the Overberg District. The Cape Agulhas municipal area is the third biggest geographical area in the Overberg District. The 2004/2005 statistics indicate that Cape Agulhas is currently the third biggest contributor to the economic growth and GDP of the district at 14.2%. As is often the case, the economic activities are regarded to be the driving force behind this municipal area's growth.

The economic attributes and local resources are crucial to the economic opportunities and wealth that is offered by the area. Unfortunately there are also high levels of income inequalities, skewed patterns of ownership and abject poverty in Cape Agulhas. This situation highlights the lack of involvement of local inhabitants in the local economy.

The economy is well diversified with wholesale and retail trade, primary agriculture and agro-processing, fishing and aquaculture, and financial and business services making significant contributions to the local economy. The leading sectors in Cape Agulhas are agriculture and agro-processing, eco-tourism, fishing and mari-culture, financial and professional services and the construction industry.

Diversification of the agricultural sector has led to substantial improvement and growth in exports of wine products, olives, and cut flowers in Cape Agulhas. Overall, the tourism industry is taking a strong lead in the various sectors in Cape Agulhas. The preservation of the natural resources and conservation of sensitive areas plays a key role in eco-tourism and includes places like De Hoop Nature Reserve, the coastline, Agulhas Plains and various nature conservancies.

Mari-culture and the processing of marine products like abalone, mussels, and seaweed, has the potential to become a very lucrative industry for the area. This

provides valuable natural resources which can be harvested and processed for commercial use and can be converted into a financially viable economic opportunity with multiple business ventures.

The relatively slow-paced Cape Agulhas economy still has a lot of potential for further expansion of the agro-processing sector, eco-tourism, and small-scale manufacturing businesses to contribute to the growth of bigger businesses and the leading sectors.

Unemployment is fortunately not highly dependent on seasonality compared to other regions in the Overberg and stays fairly stable through out the year and is estimated between 14-18%. According to the socio-economic survey that has been conducted randomly by Urban Econ in 2008, 15.8% of households in Cape Agulhas have no income and a significant 48% of households survive only on social grants from the Department of Social Development and SASSA.

Similar to most other rural towns there also exist a big gap between the rich and the poor in the Cape Agulhas region and this also contributes to a relatively limited skills resource in particular industries. This fact is also pertinent along racial lines with the white population earning approximately seven times more than the poorest household amongst the black population.

3.2 Profiles of the towns in Cape Agulhas

- **Bredasdorp:**

Bredasdorp is centrally located within the context of the municipal boundary in the southernmost region of the African continent at the intersection of the R316 (which runs between Caledon and Arniston) and the R319 (which runs between Agulhas/Stuisbaai and Swellendam. It is also the economic hub of the Cape Agulhas region and is home to the biggest concentration of urbanised population within the municipal boundary. Michiel van Breda, the first mayor of Cape Town, established Bredasdorp, South Africa's first "dorp", in 1838. Van Breda and another leading personality, Pieter Voltelyn van der Byl, could not agree where the church should be built. As a result, two churches were built, and two

towns, Bredasdorp and Napier, were established in 1838 (Cape Agulhas Tourism Bureau, 2001). All essential services are available in Bredasdorp. The establishment of Denel's Missile Test Range and the SA Air Force's Test Flight and Development Centre (TFDC) in the mid-eighties near Waenhuiskrans/Arniston, and the movement of the Overberg District Municipality's Head Office to Bredasdorp, accelerated the development of the town.

The moderate Mediterranean climate and limestone soil is favourable for livestock farming; some of the best merino studs are found in this area. Wheat, barley, oats, canola and dry land lucerne are also cultivated. Many Strandveld farmers generate a substantial income from the export of wild flowers and provide employment to many people.



A number of historic sites have been identified in Bredasdorp: the Anglican Rectory and Hall, Renosterkop Farm, Mountain View (Kreupelhout Drive), and Springfield Farm and the Shipwreck Museum. The old white milkwood tree, situated on the Renosterfontein farm, is reputed to be between 600 and 1 000 years old, and is regarded as the largest identified example of the species. The Heuningberg Nature Reserve is situated south of Bredasdorp, which is home to more than 270 protected plant species. At least 6 species are found only on the Heuningberg range, e.g. the Bredasdorp Lily (*Cytanthus guthriei*) and the pincushion (*Leucospermum heterophyllum*).

- **Arniston / Waenhuiskrans:**

The fishing village of Arniston/Waenhuiskrans is situated near the southernmost tip of Africa, approximately 24 km southeast of Bredasdorp. Fishermen prior to 1820 occupied the bay in which

Arniston/Waenhuiskrans is situated and they called it Kassiesbaai. The name of the village was derived from a British ship, the Arniston, which ran ashore in this bay in 1815. Waenhuiskrans refers to a large cavern that can only be reached during low tide. Older inhabitants claim that the cavern is big enough to have a wagon and a span of oxen turn in it. Kassiesbaai, a well-known and attractively restored fishing village and a national monument in its entirety, is situated at Arniston/Waenhuiskrans.



The rugged coastline of the continental shelf dominates this unique fishing hamlet with its relatively closely-knit population. Three archaeological areas of importance are found near Struispunt in the Waenhuiskrans Nature Reserve. There is a caravan park, a post office-restaurant and a number of seaside chalets that can be rented. The Arniston hotel, built in 1935, has been expanded, renovated and refurbished over the past 14 years. This is also one of the fishing villages suffering from the rationalisation of the fishing quotas resulting into increased unemployment, economic inactivity and subsequently lead to a number of other social challenges.

- **L'Agulhas and Suiderstrand :**

L'Agulhas is the southernmost town on the African continent. A cairn marks the official position of the southern most tip of Africa and it is at this longitudinal point that the Atlantic and Indian Oceans officially meet. The town of L'Agulhas developed around the famous lighthouse at Cape Agulhas, which is the country's second oldest lighthouse - dating back to 1848. The lighthouse is fully functional and houses the only lighthouse museum in Africa. It is not clear how L'Agulhas got its name: one theory holds that the early Portuguese seafarers gave it this name because at

this point the needles in their compasses were unaffected by magnetic deviation and bore directly upon the true poles of the earth. Another theory is that it was named after the rocks that project from the surf offshore - like needles waiting to pierce the hull of any stray ship.

Suiderstrand is widely regarded as an extension of the town of L'Agulhas and is situated approximately 10km west from this panoramic coastal town. Suiderstrand mostly consist of a number of holiday homes along the beach and makes use of all public facilities and services of L'Agulhas. The town has developed fairly recently when high income earners settled in this tranquil seaside village to either retire or use it as a second home during leisure time. It consist of 324 erven of which 77% has been occupied up to the end of 2008

- **Struisbaai**

Struisbaai, only a few kilometres from L'Agulhas, is renowned for its pristine 14 km beach, which is the longest uninterrupted stretch of white sandy beach in the southern hemisphere. There is also some debate as to the origin of the name 'Struisbaai'. Some believe it means 'strawbay' referring to the fishermen's cottages that were originally built of straw. Others claim the name 'Struisbaai' is derived from the Dutch *vogelstruijs* or ostrich, which roamed the area. According to legend, Struisbaai is named for the size of its beach, which is an Old Dutch word for "huge".

Struisbaai is very popular for aquatic sports. Its convenient harbour facility offers boat owners the lure of deep-sea fishing. The harbour was recently deepened and a new jetty constructed, replacing the original, which was built in 1859.

Major attractions include fishermen's cottages at Hotagterklip and the Limestone Church,



which are all National Monuments. The route to Struisbaai skirts around the Karsriviervlei and Soetendalsvlei, which is the largest natural body of fresh water in South Africa. Struisbaai was also crowned the town of the year in 2006. Struisbaai is the other town in Cape Agulhas which comprise of some kind of economic hub and is renowned as a sought after tourist destination.

- **Napier:**

Napier is situated 58 km from Caledon and 16 km from Bredasdorp off the N2 on Route 316. Napier originated because of differences between two well-known personalities, Mr Pieter van der Byl and Mr Michiel van Breda who could not agree on where a church should be situated in the district. Neither would give way and thus in 1838 two villages were established, Napier and Bredasdorp. Napier was named after the governor of the Cape at the time, Sir George Napier.

Agriculture is the predominant economic activity of the Napier area with grain farming dominating this industry; wheat, barley and canola are the primary crops cultivated. This region is one of the most important wool producing areas in the country and champion merino sheep, which provide wool as well as meat, are the predominant small livestock of the area. Dairy and beef cattle farming are also practiced on a large scale. The climate is also favourable for vegetable farming (e.g. sweet potatoes).

The wild flower export industry has grown vastly. In addition there are a number of small industries and a significant number of inhabitants work in the construction industry. Recently various artists have made Napier their home, and their work is for sale at local businesses and at some studios. Napier is also a very popular place for retired people to live once they have retired. Major attractions include the Kakebeenwa Monument (in memory of the



Ossewa Trek) and the Dutch Reformed Church, which was declared a National Monument in 1978 as well as the only sundial in the province located at the municipal offices built by Danie du Toit in 1965.

- **Elim:**

The Elim mission station was founded in 1824 and is predominantly inhabited by members of the Moravian Church. On 12 May 1824 Bishop Hallbeck of the Moravian Church acquired the 2 570 ha farm Vogelfontein (bird fountain) from Johannes Schonken. On Ascension Thursday, 12 May 1825, the name was changed to Elim (which means *palm trees*). The mission station was established around the original farmhouse built in 1796 by a Huguenot named Louis du Toit.



The church became the pivot of the settlement and is the only monument to commemorate the freeing of the slaves in 1834. The entire town has been declared a national monument and has also been identified as a historic site.

The church has the oldest working clock in South Africa (more than 250 years old) and one of the most popular draw carts of Elim is its largest wooden waterwheel in South Africa.

Elim also features a slave monument dedicated to the emancipation of slaves on 1 December 1938. The Geelkop Nature Reserve near Elim is renowned for the rare dwarf Elim Fynbos and is home to more than 200 plant species, of which 13 are on the Red Data Species List.

The vegetation of Geelkop comprises mainly Elim Fynbos and Acid Sand Fynbos. Some wetland vegetation and Renosterveld remnants are also found in the area.

- **Klipdale and Protem:**

The construction of a railway line to the settlements of Klipdale and Protem and the grain elevator in the area contributed to the establishment and growth of these two settlements. With the completion of the railway line from Cape Town, via Sir Lowry's Pass, to Bredasdorp early in this century, a branch railway



line was built from Klipdale (north of Napier) to a station called Protem. Protem or '*pro tempore*' means "for the time being or temporary" and it functioned as a railway halt. The extension of the railway line further into the Overberg was planned, but to date nothing has realised (Cape Agulhas IDP, 2002).

3.3 Economic Sector Analysis

- **Agriculture**

Agriculture still employs the most people and is therefore the most important economic sector in the region even though its contribution towards the GDRP has decreased from 18% to 15.4% in 2005. Diversification of the agricultural sector has led to substantial improvement and growth in exports of wine, olives, and dried flowers in Cape Agulhas. This region is commonly renowned as a sowing-grazing zone where different crops of grain and livestock farming activities are being practised. In the latter years vegetable farming has also taken effect and some of the vegetable crops produced include potatoes, pumpkin, cabbage, onions and squash. Farmers in the region have to distinguish if they wish to enter into cattle farming for meat processing purposes or dairy processing activities. The milk that is produced on dairy farms is mostly supplied in bulk to the processing plants of Nestle (Mosselbay, Robertson) and Parmalat (Bonnievale, Ladismith). Research conducted by Department of Agriculture suggests that dairy farming has shown a steady increase and has nearly doubled its output in the Cape Agulhas region in the last eight years. This was mostly as a result of highly profitable export prices and an increasing demand for value added dairy products on the market.

Another oilseed product that has a lot of potential for local farmers is canola which attract relatively high prices as a sought after commodity due to its high level of protein in cake form, usage as a vitality cooking oil as well as its medicinal value. Cape Agulhas region is also known as one of the leading wheat producing areas in South Africa, which also poses a particular challenge to the agricultural sector because of the high risks involved in wheat crops. Wheat is particularly vulnerable to severe weather conditions such as hailstorms and droughts as well as the volatility of the wheat prices on the international commodity markets. Even though the prices of wheat has declined steadily over the past years the input costs have remained high which obviously result in lower return on investment for farmers. Similarly to other regions the agriculture sector faces tough competition on the international export market, which is made more difficult to compete with other countries, which receive subsidies from their respective governments.

In 2006 it was estimated that 48.3% of all agricultural land were under cultivation of various agriculture products. The under mentioned table illustrates the values and percentage contributions of the important agriculture activities of the Cape Agulhas region in 2001.

Table 3.1: Contributions of various agriculture activities in Cape Agulhas

SECTOR	VALUE R million	PERCENTAGE
Small stock		
Wool	72.8	8.02
Mutton	52.7	5.80
Large stock		
Milk	347.6	35.27
Meat	52.9	5.82
Small grain		
Barley	133.0	14.64
Wheat	88.6	9.76
Oats	1.8	0.20
Canola	30.9	5.18
Irrigation crops		
Long-term crops	120.1	11.20
Vegetables	38.7	4.16
Total	939.1	100

(Source: Department of Agriculture Southern Cape Regional Development Plan)

Mixed farming activities (livestock and grain crops) dominated agriculture in Cape Agulhas and contributed 98% to total agricultural turnover in 2003. Some minor

contributions were made by other sub-sectors such as agricultural services (1%); fruit, nuts and beverage crops (0.3%); forestry (0.3%) and animals (0.3%). The diversification of the agricultural sector is very evident in the Cape Agulhas regions. The numerous natural disasters and declining wheat markets resulted in a steady move to wine and olive farming by some farmers. The economies of areas like Bredasdorp, Napier and Elim are still primarily driven by the intensive grain farming and livestock practices.

The Bredasdorp area is known for its quality wool and mutton. Ostriches have been an integral part of the Bredasdorp region for the past decade. Single pairs are often stocked together with sheep to combat stock theft. The birds are also plucked on farms and processed at the Bredasdorp and Oudtshoorn abattoirs.

L'Agulhas is the most important production area in the Cape line-fish industry. However, the fish industry is experiencing problems with decreasing catches. The controversial allocation of fishing quotas left fishermen on the Agulhas coast with limited line-fishing opportunities.

Emerging farming as an attempt to transform the mainstream agricultural industry is also very vibrant in the Cape Agulhas region although it is still in its infancy stage. Some challenges to accelerate the transformation process are the availability of suitable agricultural land with adequate water. A clear Land Reform Strategy for Cape Agulhas will have to be developed which will focus on improving the access to land for agricultural purposes at an affordable price. This will have to be done in conjunction with the relevant programmes of Dept of Land Affairs and Department of Agriculture. A stronger focus will also need to be adopted to develop the skills amongst our previously disadvantaged youth and women in effective agricultural practises. The Department of Land Affairs has recently embarked on a district wide process of Area Based Planning, which will pave the way to draft a comprehensive Land Reform Strategy in order to expedite the process of reaching the 30% national target for transferring of agricultural land to black farmers.

- **Tourism**

The tourism industry is a very important sector for the Cape Agulhas area. As the southern-most tip on the African continent, the region has a lot to offer tourists. The key characteristics of the area that promote tourism are natural resources and conservation areas, the coastline and beaches, and historical monuments and places.

The De Hoop Nature Reserve and the Agulhas Plains give tourists the opportunity to experience the variety of fynbos species and birdlife in the area. Coastal areas like L'Agulhas with the characteristic Lighthouse, and Arniston/ Waenhuiskrans with its cultural historical value are a big draw card to visiting tourists. Elim is another fascinating cultural heritage site very popular to tourists.

Accommodation offered in the area also contributes to the revenue created by the tourism industry. The tourism-related sub-sector of accommodation and restaurants made a fairly small contribution of 7% towards total sector turnover. Within the sub-sector, accommodation dominated with a 55% share. It is estimated that a tourist spend on average between R750 – R1000 per day and mostly on accommodation, food & beverages, leisure activities and souvenirs. The average stay per tourist in the area is approximately 1-2 days. The Cape Agulgas region has experienced a slight decline in the number of tourists that visited the area in the past 3 years and it can be reflected as follows:

2006/07	-	76 899 tourists
2007/08	-	75 516 tourists
2008/09	-	70 594 tourists



Even though a more aggressive marketing strategy has been put into effect to increase the number of tourists to the area and also to try to keep them here for a longer period of time, the global economic downturn certainly had a negative influence on these efforts.

The tourism economy in the area is growing and three main routes in the area are very important infrastructural assets that facilitate the growth of this sector of the local economy. The R316 from Caledon to Arniston, which flows through agricultural

landscapes, the rolling hills of the rûens and the Agulhas Plain, has become an important scenic route connecting increasing numbers of tourists from the N2 to the coast. Other scenic routes include the R319 from Bredasdorp to Struisbaai, the coastal road through L'Agulhas to Suiderstrand and the Agulhas National Park where some of the district's distinctive landmark structures like the Hotagterklip cottages and the striking Agulhas lighthouse tower are found. The R317 to Gansbaai will increase the importance of this route to tourism, but fears have been expressed that increasing traffic volumes using the historic Church Street in Elim will in the long term have a negative impact on the quality of life in the mission station and ultimately negatively impact on its character (*Cape Agulhas Spatial Development Framework – Annexure C, 2005*). Council should also consider the upgrading of the Ouplaas road leading to the De Hoop Nature Reserve. In the current condition it actually makes the reserve relatively inaccessible to the public and obviously limits its economic potential as a tourist destination.

The tourism industry in Cape Agulhas is relatively diversified and the following aspects of tourism are prevalent:

- Nature Based Tourism (unique fynbos and other fauna & flora species, etc)
- Adventure tourism (paintballing, mountain biking, quad biking, horse riding, river kayaking, etc)
- Marine Tourism (whales, fishing, De Hoop marine conservation area, etc)
- Family Holidays (beaches & play parks)
- Agri Tourism (wool route, wine farms etc)
- Wine Tourism
- Cultural & Heritage Tourism (Lighthouse, Elim, shipwrecks, etc)
- MICE (Conferences, events, teambuilding, etc)
- Business Tourism
- Events tourism (Foot of Africa marathon, Overberg Air Show, Eco Expo, Napier Patatfees, Agri Mega etc)

The Cape Agulhas region is already established as a world renowned tourist destination and has a number of attractions which is already quite popular amongst domestic and foreign tourists and include the following:

Table 3.1: Various tourist attractions in Cape Agulhas

Type	Tourist attraction
Nature Reserves:	<p data-bbox="548 449 1382 764">Agulhas National Park: Situated in the Agulhas Plains at the southernmost tip of the African continent, where the Atlantic and Indian Oceans officially meet. The park offers visitors some great hiking and driving trails and the coastline is dotted with shipwrecks, and the bird life is exceptional, with a choice of fynbos, wetland and coastal birds. The pinnacle feature of the park is its Cape Agulhas Lighthouse, which houses the only lighthouse museum in Africa.</p> <p data-bbox="548 827 1382 1142">De Hoop Nature and Marine Reserve: With seven different ecosystems, this is where an abundance of wildlife is found as well as various species of indigenous fynbos and birdlife. One also finds the largest concentration of Southern Right whales along the South African coast from July to November each year. Koppie Alleen is one of the many panoramic picnic sites in the reserve and also one of the best land-based whale watching sites in the world.</p> <p data-bbox="548 1205 1382 1425">De Mond Nature Reserve: The mouth of the Heuningnes River forms a spectacular estuary which is home to rare bird species including Damara Tern, Giant Tern and Black Oystercatcher as well as some unique fynbos. Also a popular angling spot for fishermen/women.</p> <p data-bbox="548 1488 1382 1709">Heuningberg Nature Reserve: Overlooking Bredasdorp, this reserve is a sanctuary for large varieties of Erica and Protea species. It is also the home of the beautiful and rare red Bredasdorp lily, which blooms in April and May. Popular for scenic hiking trails from 2-15 km, with panoramic views.</p> <p data-bbox="548 1772 1382 1900">Geelkop Nature Reserve: This reserve, meaning ‘yellow hill’ derives its name from the mass of yellow flowering plants (mainly <i>Leucadendrons</i>), which cover the hill during spring. The reserve</p>

Type	Tourist attraction
	spans approximately 450 hectares in size and activities include a half day hiking trail and a circular drive with superb views.
Heritage Sites:	<p>Elim: Elim is the pinnacle of Cape Agulhas' cultural heritage and hosts a number of nice tea gardens from its own home-grown tea products. Elim hosts the old Moravian Church which have been declared a natural heritage site as well as the Geelkop Nature Reserve. Renowned for fascinating fynbos floral kingdom and also well established wine cellars such as Wolvengat and Strandveld.</p> <p>Kassiesbaai: This is quaint fishing village of at Arniston, which bodes well for lifestyle tourism where tourists can experience an authentic experience of the local fisherfolk. The entire village has been declared a National Heritage Site which implies that relevant legislation protects every building. Another unique feature is Waenhuiskrans cave, which is only accessible at low tide.</p>
Hiking Trails:	<p>Spookdraai: The entrance to L'Agulhas is guarded by Spookdraai (Ghost's corner). Legend has it that many years ago a ship floundered in the bay and the only survivor, a beautiful young woman with exquisite slender hands washed up on shore. She made her way to a cave in the mountains and later died there. Her spirit is not at rest, since with her warm and friendly personality, she still visits nearby guesthouses from time to time. More gruesome, is the story of a man decapitated in an accident, whose headless corpse has also been seen wandering around the Spookdraai area. The hiking trail, which is well signposted from the entrance to L'Agulhas, can be completed in less than 2 hours.</p> <p>Grootberg: This trail around the summit of the Grootberg, southeast of Napier, offers the hiker a unique opportunity to see a large variety of fynbos species and birds along a clearly marked route. There are spectacular views of the flat Agulhas Plain with its fascinating wetland system to the south and the rolling hills of the</p>

Type	Tourist attraction
	<p>Ruggens to the north.</p> <p>De Hoop Whale Trail: The ultimate hiking experience, the 5 day Whale Trail meanders through the breathtaking De Hoop Nature Reserve, where the fragrance of the fynbos intermingles with salty sea air. The 54km trail is renowned for its diverse fynbos vegetation, magnificent dunes and whale-watching opportunities.</p>
Museums:	<p>Cape Agulhas Lighthouse Museum: This Museum, opened in 1994, is the only one of its kind in Africa. It offers a graphic account of the development of lighthouses through the ages and visitors can view photographs of all 56 South African lighthouses, together with a map showing the exact position of each one. The history of the Cape Agulhas Lighthouse is dealt with in detail, including the design of the building, the centenary in 1949, its restoration in the 1980s and the re-opening in 1988. The 150th anniversary of the Lighthouse, celebrated on 1 March 1999, coincided with the launch of the Agulhas National Park. The top of the Lighthouse tower is reached by climbing 71 steps, offers a panoramic view of the sea, the southernmost tip of Africa and the meeting place of the two oceans.</p> <p>Shipwreck Museum: This fascinating and historic museum is a must see for all visitors to the area. Founded in 1975, it specialises in shipwrecks along the South African coastline, and contains some incredible showpieces specific to the Overberg region. It illustrates the stories of the eight shipwrecks which have provisionally proclaimed as monuments; they are the famous Birkenhead (1852), Clyde (1874), Jessie (1829), Nicoban (1783), Joanna (1682), Brederode (1785), N. Sognora do Los Milagros (1686) and le Centaur (1750).</p> <p>There are three sections in the museum: The Independent Church now converted into the Shipwreck Museum, which houses cannons, figureheads, chinaware, coins, bells, buoys and other objects</p>

Type	Tourist attraction
	<p>salvaged from wrecks along our coast. The old Parsonage, a typical Strandveldhuis (Overberg Home) furnished with articles collected from coastal houses and other trivia salvaged from various wrecks. The Audrey Blignault Room is also housed inside the museum which pays homage to this Bredasdorp writer. Another intriguing feature is the Old Coach House, across the garden, which exhibits old carts, two horse drawn hearses and a splendid old fire engine.</p> <p>Rose Boats and Toy Museum: A delightful experience for kids and parents alike, the toy museum is home to a wonderful collection of old toys and trains. These boats are beautifully made in the old tradition, driven by the powerful copper and brass Rose Boats cyclic flush steam (pop-pop) engine.</p>

- **Manufacturing**

Manufacturing is another important economic driver of the Cape Agulhas region and is best situated to absorb lower- and semi-skilled labour of which there is an oversupply. The manufacturing sector in Cape Agulhas employs approximately 15% of the economically active labour force. This sector's contribution to exports is critical for sustainable high economic growth even though the weaker Rand makes it difficult for this industry to perform at its peak on the international markets. The manufacturing industry is not very diversified and mostly centres around the support industry for agriculture and metal & machinery industry as well as the electrical machinery sector.

From the under mentioned table below it can be clearly determined which sub-sectors of the manufacturing sector in Cape Agulhas are mostly dominant eg: the furniture manufacturing industry. Apart from the fact that the manufacturing sector contributes the most towards the GDP of the district (19.5%) it has also demonstrated significant growth of 5% in 2004-2005.

Table 3.3: Manufacturing activities in Cape Agulhas, 2005

Manufacturing Sub-Sector	Contribution To Turnover %
Food, beverages and tobacco	13%
Textiles, clothing and leather goods	4.1%
Wood and paper; publishing and printing	4.6%
Petroleum products, chemicals, rubber and plastic	6.9%
Other non-metal mineral products	3.4%
Metal, metal products, machinery	21.3%
Electrical machinery and apparatus	22.5%
Radio, TV, instruments, watches and clocks	8.1%
Transport Equipment	0.1%
Furniture and other manufacturing	16.0%
Total	100.4%

(Source: SEPLG Overberg District 2007)

Most of the sub-sectors contributed towards the overall growth rate of the manufacturing sector, except for the food, beverages and tobacco sub-sector, which has shown a decline of 5.9% from 2004-2005. This decline was ironic if compared to the positive growth in this sub-sector in other municipal areas of the Overberg District.

Kapula Candles is one of the success stories in the manufacturing industry, which is a candle manufacturing company, situated in Bredasdorp. The company currently produces about 250 000 candles per month, each one crafted and decorated by hand. The candles are made from top-quality imported wax, wick and pigment. The factory currently occupies 4 buildings, and runs with a staff of over 200 permanent employees, all of who are people from the local community. Kapula Candles export their products to the USA, Japan, Australia, New Zealand and Europe. Through an international partnership, Kapula Candles also opened a branded retail outlet and a gallery in Berlin, Germany.

- **Construction**

The construction sector in Cape Agulhas is also expanding strongly as is the case in the district and the Western Cape province as a whole. The sector has illustrated growth by 4.3 % during 2004-2005 and performed even better in 2006 by an estimated 5.7%. This can be attributed to a steadily decrease in the interest rates promulgated by the SA Reserve Bank recently. The construction industry is also expected to be one of the leading growing sectors country-wide because of all the infrastructure upgrades and the construction of new stadiums for the 2010 FIFA World Cup. The depreciation of the Rand exchange rate versus other major international currencies makes it attractive for foreigners to invest in property in areas such as Suiderstrand, Napier and Struisbaai.

If the approval of building plans is used as an indicator to determine the performance of the construction sector in Cape Agulhas one can safely say that this sector is demonstrating positive growth in the region. From 2008 Cape Agulhas Municipality had approved building plans to the value of approximately R 200m, which is significantly higher than the years prior to that. The construction industry does not feature high on the list of main contributors to the regional economy but it provides decent sustainable job opportunities to 6.8% of the people in Cape Agulhas. The fact that the construction industry is booming is generally an indication of a growing local economy. The construction of at least three shopping malls in Bredasdorp and upmarket residential developments in the coastal towns such as Suiderstrand and Struisbaai is testimony to this phenomenon.

- **Government**

Bredasdorp has recently become home of the district offices of a number of Provincial and National Government Departments, e.g.: Land Affairs, Agriculture, etc. The fact that the Overberg District Municipal offices and Cape Agulhas Municipality is located in Bredasdorp, proved to have a meaningful impact on the local community in terms of job creation and procurement opportunities. Government services contributed 12.5% towards the GDP of Cape Agulhas and increased by 3.47% from 2004-2005.

- **Finance & Business Services**

This sector has become the third largest contributor (14%) towards the GDP of Cape Agulhas and has demonstrated positive growth of 5.7% from 2004-2005. This growth can largely be attributed to the positive spin off's from the booming tourism industry in the region. This sector employs 18.3% of the economically active labour force in the Cape Agulhas region.

- **Wholesale, Trade, Catering & Accommodation**

During 2005 it had been recorded that this sector is the second largest contributor towards the Cape Agulhas economy at a rate of 17.4%, which is significantly higher than the 12% in 1995. This illustrates growth of 7.19% from 2004-2005, which is a direct result from positive growth of the tourism industry in the region. It is also noted that despite this relatively significant growth in the sector it has not really resulted in growth in the employment statistics of this sector. In fact it is noted that most sectors have shown a decline in employment except for the manufacturing sector, which stagnated. It is a notable concern that sectoral economic growth does not necessarily result into growth in employment.

The emergence of franchises has positively influenced the productivity of especially the retail & trade industry. Although it has not necessarily meant more jobs, because a franchise will keep its employment requirements to the bare minimum in order to generate more profits. Leading businesses in this industry, especially the large retailers have played a significant role to make the supply chain more accessible to emerging businesses.

Figure 3.1 Cape Agulhas LM sector contribution to GDP, 1995 and 2005

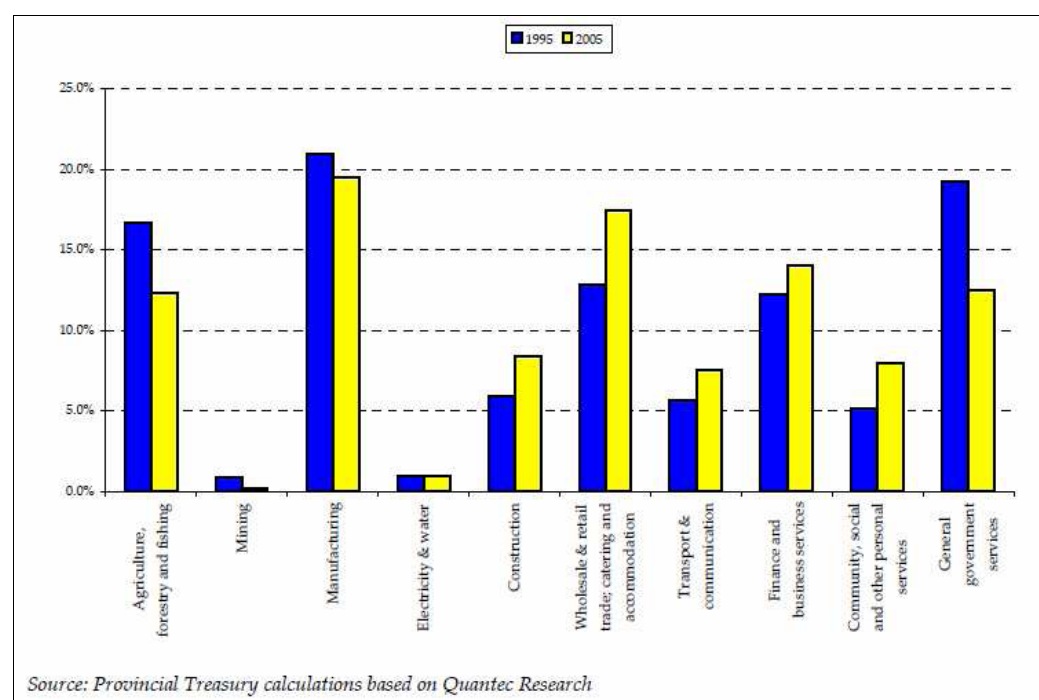


Figure 3.4: Cape Agulhas LM sector contribution to GDP and growth, 2005

Industry	GDP 2005, Rm	Growth 2004 - 2005	Percentage contribution to Overberg District, 2005
Agriculture, forestry and fishing	63.7	1.20	1.8
Mining	1.0	-0.56	0.0
Manufacturing	100.4	5.00	2.8
Electricity & water	4.9	2.88	0.1
Construction	43.2	15.54	1.2
Wholesale & retail trade; catering and accommodation	89.9	7.19	2.5
Transport & communication	38.8	7.29	1.1
Finance and business services	72.4	5.07	2.0
Community, social and other personal services	41.1	8.38	1.1
General government services	64.3	3.47	1.8
Total	515.9	5.46	14.3
GDP @constant 2000 prices (Rm)			

Source: Provincial Treasury based on Quantec Research data

3.4 Economic challenges faced by the local economy

- Unemployment
- Largely dependent on agriculture

- Limited available natural resources
- Not situated on major national routes (N2)
- Relatively high skills shortages
- Lack of tertiary training institutions
- Limited access for marginalized communities to enter the main stream economic opportunities
- Spatial segregation of communities where marginalized communities are normally located away from central business districts

3.4.1 Strengths for the development of the local economy

- One of the biggest producers of agricultural products in the country and the continent
- Sought after Tourism destination
- Abundance of natural resources and picturesque natural features
- Relatively stable political environment
- Strong entrepreneurial culture
- Good infrastructure
- Availability of bulk basic services

CHAPTER 4: STRATEGIC OBJECTIVES TO STIMULATE ECONOMIC GROWTH

4.1 Growing of the major economic sectors with comparative advantage

Unemployment and job creation present key challenges to Government and Cape Agulhas Municipality because it is only through equitable job creation that the problems of poverty and inequality can be addressed on a sustainable basis. The Provincial Economic Review & Outlook (PERO) of the Western Cape illustrates that the province's economically active population increased by 343 000 individuals in 2006 which represents an average increase rate of 2.3% of people that is able to work. The comparison in the Overberg and then subsequently Cape Agulhas can be regarded as reflecting similar tendency. This puts even further pressure on Government and the municipality because the job opportunities for job seekers had not grown as much. This simply means that although the economy is growing at a relatively small margin the number of job opportunities created in this economy is not adequate to absorb new entrants to the job market.

One of the objectives of Cape Agulhas is to ensure that positive growth takes place in the local economy and create a conducive environment for businesses to sustain itself in a competitive arena. Comparative advantage refers to the ability of one business entity or industry to produce quality products at a lower cost and with greater efficiency than another entity. It will therefore be logical to put a strategy in place on how to improve the comparative advantage of business entities operating in the major economic sectors of Cape Agulhas.

Agriculture: Agriculture is primarily the main economic sector within the economy of Cape Agulhas of which wheat, barley and canola farming as well as livestock farming are the predominant economic activities within this sector. This type of agricultural activities ironically are also very high risk and can very easily result in miss crops in the cases of severe draught or hail storms on the other extreme. The competitive nature of this industry on the export market as well as the mechanisation of the processing of the products has already resulted in significant job losses. It is therefore important to diversify the economy of Cape Agulhas even more to alleviate the dependency on agriculture.

The business entities in this sector also need to improve its comparative advantage by applying more innovative farming methods and marketing strategies to improve its competitive edge in the international market arena. If these businesses grow it will have to improve its capacity to produce higher volumes and subsequently result into more jobs being created. Most of the farm owners are shareholders of Overberg – Agri who also takes responsibility for the marketing of their respective products and services.

Another challenge facing the agriculture industry in Cape Agulhas is the availability of good quality water for irrigation purposes. A number of dams are situated in the area but the water of not all the dams is suitable for irrigation purposes. Cape Agulhas falls in a winter rainfall season with average rainfall patterns of 375 - 665 mm per annum of which 60% of the rain falling between April – September. A strategic intervention between the Municipality, Overberg Agri and the respective irrigation boards needs to be developed to ensure that the water capacity of the region is adequately addressed in the long term. The inadequate quotas issued to individual farmers also limits the further expansion of the agriculture industry and it is inevitable that the quotas be increased as well as distributed more equitably. Other challenges in the agriculture industry include:

- Fluctuation of currency exchange rates
- High start up capital required (labour, fertiliser prices increases drastically)
- Relatively high interest rates on loan capital

Transformation of the agriculture industry needs to be accelerated by initiating more emerging farming initiatives. The Area Based Planning (ABP) of the Department of Rural Development and Land Affairs in conjunction with the Overberg District Municipality will make suitable land available for PDI farmers to enter commercial agriculture in a sustainable manner. This will also improve the challenging situation of food security in rural areas as well as create jobs for more local people. It is however common knowledge that the farming activities in the Cape Agulhas region is not very labour intensive and subsequently not a big generator of job opportunities. Mentorship programmes for new entrant farmers are critical for the success of creating financially viable farming enterprises. Currently only two emerging farming

projects has been accredited by Department of Rural Development & Land Affairs and registered at the Overberg District Assessment Committee (ODAC), namely Agri-dwala (Napier) and Spanjaardskloof. The stakeholders serving on ODAC needs to explore potential LRAD projects in Cape Agulhas more vigorously in order to come closer of the national target of transferring 30% of agricultural land to PDI ownership. Due to the limited availability of land and the extreme natural elements it should also be pursued to introduce the concept of tunnel farming which is showing great success at Elim.

It is quite evident that the diminishing marine resources and the limited allocation of fishing quotas are having a negative effect on the socio-economic fabric of such communities, especially in Arnsiton/Waenhuiskrans and Struisbaai. The municipality in conjunction with other government departments, private sector and community organisations are constantly searching for alternative economic opportunities to sustain the livelihoods of those communities. Some of the initiatives include the establishment of financially viable aquaculture initiatives such as abalone and fresh fish farming as an alternative for the marine fishing industry. The municipality needs to expedite the applications for land for such proposals and also ensure that adequate provision for aquaculture projects is made in the review of the Spatial Development Framework of the municipality.

Manufacturing: One of the major challenges for the manufacturing industry particularly in the Cape Agulhas region is the steep increase in agriculturally based food prices. A study done by the World Trade Organisation (WTO) in 2006 confirmed that food manufacturing sectors such as canning, dairy, beverage & tobacco, distilleries & wineries, grain products and animal feeds are most likely to be negatively affected by price increases in the agricultural sector. Further more the results from the abovementioned study confirm that the price increases in primary agricultural products would contribute to higher cost of living, particularly for coloured and African households in rural areas. The reason for this is the commonly known fact that the lower income households spend more of their income on food (especially primary agricultural products). That is why the manufacturing sector needs to be more innovative in the products that are manufactured locally and

instead of focussing on the export market, which is highly competitive it must shift its focus to products, which is in demand in the domestic market

Tourism: A team of consultants has drafted a comprehensive Integrated Tourism Development Plan in 2005. This tourism plan has highlighted the key tourism features within the municipal area and also suggests some initiatives on how to ensure the positive growth of the tourism industry. One of the distinctive tourist attractions which have the ability to become the single most branding item of the region is the southern –most tip of the African continent. A competition is currently underway and facilitated by WBH to invite proposals for an icon development at the site. The proposals is illustrated in a report prepared by a team of consultants under the leadership of Planning Partners dated May 2009. This report highlights the significance of the southern-most tip of Africa as the one phenomenon in the Cape Agulhas region that has the potential to become a tourist attraction of international standing. If this beacon is appropriately developed as an iconic landmark and properly marketed it holds tremendous economic advantages for the region as a whole. It must however be taken in consideration that any type of development around the southern-most tip must embrace the ecological sensitivity of the immediate vicinity.

One of the challenges that the tourism industry faces across the Western Cape is the fact that transformation of the tourism industry is taking place at a snail's pace. There are currently four official tourist information offices in the Cape Agulhas Region, located in Napier, Elim, Bredasdorp and L'Agulhas. (There is an unofficial office in Arniston Harbour, which we are working together with DEAT to formalise). The Bureau employs 6 full time staff, 3 of which are from previously disadvantaged communities and all of them have recently undergone a process of performance evaluation, in order to improve their performance and efficiency in their respective jobs.

Apart from the staff, the bureau is made up of an executive committee, and members (tourism related products such as guesthouses, restaurants and retailers). As of the 2008 AGM, our executive committee is reflecting the demographics of this area in the sense that 57% of the committee members are from previously disadvantaged

communities. Councillor Margaret Smal also represents CAM on the executive committee, and no financial decisions may be taken without a councillor present at a meeting of the executive committee.

Of the bureau's 146 members, there are currently only 11 (7.5%) that are from previously disadvantaged backgrounds. The reason for this low percentage is that there are a very limited number of black owned tourism businesses in our region. In an attempt to change this dynamic, Cape Agulhas Tourism (CAT) is actively searching for individuals who are looking to start tourism related businesses and assisting them with business plans via RED Door, and tourism training via Cape Town Routes Unlimited (CTRU) and Tourism Enterprise Programme (TEP).

To encourage these PDI businesses to then join the bureau, we waive the initial joining fee, and the annual membership fee is discounted by 50%. There are two instances currently where no membership fee at all is being paid, and the members are receiving full member benefits (Kassiesbaai Guesthouse and Willeen's Restaurant). Discounted advertising rates are also given in the annual Regional Tourism Guide. PDI members Hotagterklip Padstal (Struisbaai), Tirzah's B&B (Bredasdorp) and Kersgat Guest Farm (Elim) were recently given the opportunity of going to Indaba in Durban with CAT at no charge to themselves. Local Kassiesbaai artist Raymond Lawrence also attended the Indaba with Overberg Tourism.

Training sessions are often organised by CAT in conjunction with other organisations such as CTRU, RED Door, DEAT, etc and PDI members are encouraged to participate at no cost.

Projects currently being undertaken by CAT to assist with the establishment of and encourage more PDI tourism businesses include the following:

Hotagterklip BBBEE Project: This project is a partnership between CAT, CAM, ODM and other private sector stakeholders, which endeavours to assist and mentor a group of previously unemployed ladies from Struisbaai North, in establishing a tourism info office, restaurant, craft shop/ cultural centre and B&B at the Hotagterklip Huisies in Struisbaai.

Art and Craft evenings and exhibitions at the CAT offices: CAT has held two of these exhibitions at the Bredasdorp Info office to date. Local artists and crafters from previously disadvantaged communities have the opportunity to display their work in the Info Office. All items are for sale, and proceeds go directly to the crafters themselves. Some of the artists are present to meet with guests and tourists from the area. The evenings have been successful with several sales being made. Future such exhibitions are planned on a regular basis, with entertainment from choirs and children's play groups from the local communities. At the moment, several local artists and crafters work is on permanent display at the Bredasdorp info office, but CAT has a tender in for the rental of the APO Hall in Bredasdorp. CAT would love to see this venue being used as a permanent studio for artists and crafters to create in, where tourists can come and watch the artists at work, and buy work directly from them. The local info offices would also sell any work produced here, and all proceeds would go to the artists and as a result back into the community.

The following strategic interventions by all the relevant stakeholders in the tourism industry will ensure that the economic potential of this sector will be maximised and must be pursued to stimulate economic growth:

- A single branding for the Cape Agulhas area needs to be developed. It is suggested that the area be branded as "Southern most point"
- Introduce an icon development at the southern-most point, which integrates with the lighthouse. This development should create vibrancy for tourists with curio shops, local arts & craft market, informal vendors and live entertainment. The parking facilities for tour busses at the southern-most tip and lighthouse requires some improvement (SANParks)
- Whale watching licence(s) – A black owned company has been established in Struibaai which is ready to provide a service for boat based whale watching, but our area does not have a single licence, whereas in the Gansbaai area approximately eight licences have been issued.
- Improve standard of hospitality service in restaurants, shops and filling stations in the area

- Improve facilities for tour busses at Southernmost Tip and Lighthouse (SANParks)
- Improve standard of roads infrastructure leading to major attractions such as – De Hoop, De Mond, Elim, etc. (CAM)
- More public toilet facilities for tourists at strategic locations (CAM)
- Get Bredasdorp train station open and establish a train tour from Cape Town through Overberg to Southernmost station in Africa (CAM & CAT)
- CAM to invest more money in marketing of the area. At the moment the funds allocated to CAT do not cover running expenses of info offices, which leaves very little funds available for marketing initiatives. Although CAM currently funds the attendance to Indaba, other trade shows such as Getaway and even international ones like ITB and London Travel Market. No good having wonderful infrastructure and service here if international tourists are not aware of it.
- Redirect the target market focus to attract more domestic tourists
- Manage the existing tourists site better to make it more marketable and presentable
- Explore the potential of agri-tourism by implementing the BKB agri-tourism route
- Encourage better networking between different tourism product owners
- Hospitality training for all employees and entrepreneurs in the tourism industry
- Review the land use planning policies of the municipality to make it easier for PDI entrepreneurs to enter the main stream tourism economy
- Increase the economic benefit of the regional festivals for local people especially during off peak season
- Improve the road signage to strategic tourism destinations in Cape Agulhas. Road signage must also be put up along the N2 from Cape Town International Airport right down to the Eden District. It would also be advisable to compliment the current Afrikaans signs with English ones.

4.2 Natural Resource Economics

The biodiversity of especially the Agulhas plain is another unique feature of this region, which can be utilised as a catalyst to stimulate the economic growth of the region. Properly managed eco-tourism holds great potential as an economic incentive for conservation, especially with regard to job creation. This area is home to a large number of exceptional indigenous flora species of which fynbos and renosterveld are the most valuable. The biodiversity of the Agulhas Plain is not only restricted to terrestrial ecosystems, but the marine, estuarine, coastal and island biodiversity has also been identified as extremely conservation-worthy by SANparks. Certain threatened birds species such as the Black Oystercatcher, *Hematopus moquini* and the Damara Tern, *Sterna balaenarum* are some of the notable unique species in this habitat.

However there are some serious challenges facing the natural ecosystems which include uncontrolled and sporadic agricultural practises, alien plant invasion (Australian wattles) and coastal resorts as well as urban developments in ecologically sensitive areas. Most of the land is currently under private ownership and is mainly utilised for commercial agricultural purposes and also fairly expensive should SANparks wish to buy this land for conservation.

One of the greater economic benefits of the natural resources on the Agulhas Plain is the abundant variety of wildflower species. Until 1938 there were no restrictions on picking fynbos flowers from the veld and in those days it was mainly sold to flower sellers of Cape Town. International markets then opened for this industry in the 1970's and a small group of about 20 entrepreneurial farmers in the Western Cape took advantage of this export opportunity. In 1989 it was estimated that the wildflower industry was worth R30 million and provided jobs to approximately 12 000 people. The most recent estimates indicate that the industry is worth R149million and employs approximately 25 000 people. This boom has actually brought another dimension to the equation that wild flowers are now being cultivated as an agricultural commodity with much stricter quality standards being applied to improve the competitiveness on the international market.

Although the cultivation of fresh flowers is also being practised in the area it seems that the dried flower industry is more prevalent in Cape Agulhas. The reason for this trend is the fact that a lot more value can be added locally to fynbos dried flower products than fresh flowers. It is estimated that labour cost to a farmer for a single protea wild flower is approximately R3.50 per unit but that same unit can be sold on the export markets of Germany and the UK for at least R52.00. Because of the high value and the lesser dependency on weather patterns and seasonality of the fynbos products it bodes very well for Cape Agulhas to invest more in the conservation of biodiversity of the natural environment and improve the comparative advantage of this industry.

4.3 Construction

The construction sector performed quite well during 2004-2005 and this performance is likely to increase with all the construction activity in the run up to the 2010 FIFA World Cup event. The one factor that needs to be addressed is the skills shortages that exist in this sector. Most of the construction workers are low skilled or semi-skilled and very little skills are available particularly in this region in the highly skilled management level of construction. Construction companies will be the first ones complaining about the limited training that is being conducted in the construction industry. The other challenge is that if a bricklayer for instance has been sufficiently qualified, no further training is being done or being refreshed after a number of years to keep track of the new methodologies in building technology and alternative building materials. Very little incentives for companies are available for training provided to their employees. The relevant councillors have already engaged with local construction contractors to refrain from employing foreigners from other African countries to the detriment of local labour.

CAM has assisted the construction contractors in the area to organise themselves in a contractors forum and have started dialogue to ensure that the municipality provide sufficient access to business opportunities for local contractors within its procurement capabilities. The municipality has also facilitated a process with accredited service providers from Department of Transport & Public Works to provide intensive training

to especially emerging contractors in respect of registration of their businesses, tender procedures, costing of tenders and administrative procedures. This will ensure that the playing field will be levelled to compete for procurement opportunities from the municipality or other government departments.

4.4 Trade Promotion

An estimated R62m worth of goods were exported from the municipal area in 2003 i.e. about 11% of the exports of the whole district. It could be noted here that, although the Cape Agulhas manufacturing sector plays a relatively large role on a district level, the sector is not really export-focussed. The table below illustrates the main export goods from Cape Agulhas Municipality:

Table 4.1: Cape Agulhas Exports, 2003

Product Category	% Contribution
Plants, flowers, bulbs, etc.	70%
Fruit & nuts	1%
Vegetable planting materials, other vegetables	2%
Cosmetics, essential oils	8%
Soap, waxes, washing preparations	18%
Ceramics	1%
Total	100%

(Source: SARS Customs & Excise database)

Important export trends since 1996 include an almost six-fold increase in exports from R11m in 1996 to R60m in 2003 with a significant increase in the number of types of manufactured products exported (e.g. ceramics, cosmetics and even a small amount of wine and beer). The main export product category (plants, flowers and bulbs) increased almost fourth-fold from 1996 to 2003. The rest of the export momentum is from new products being exported as illustrated in the table above. Trade promotion of the main economic sector, agriculture, is still critical to the continued growth of the area.

4.5 Enterprise Development

Cape Agulhas already has a vibrant SMME sector, which is an important component of any regional economy because it employs local labour and increases the local buying power. Around the world, small businesses are a big part of the global economy. In developed countries small businesses contribute up to 60% to GDP but in South Africa it only contributes about 25% to GDP. Part of the reason for this is that compared to many similar developing countries like Brazil and India, the survival rate of small businesses in South Africa has been relatively low. So has the culture of entrepreneurship.

Small business support services are in big demand; but historically, these have often been fragmented. In some areas there has been a lot of duplication of services, while in others, especially in the rural areas, there have been no support services at all. The RED Door advice centres have been established to co-ordinate support services and make sure they are easily available, when and where they are needed. This provide start up enterprises with valuable access to a one-stop-centre where SMMEs and individuals are able to access business information; receive business support, access to government and private sector tender opportunities, a resource facility, access to the relevant business training/capacity building, etc. A close working relation already exists between the Overberg RED Door centre in Hermanus and the LED unit of Cape Agulhas Municipality. This will further be enhanced by the intended establishment of a satellite RED Door office within the Cape Agulhas region, which is certainly justified by the number of clients from this area. CAM has already identified serious capacity constraints amongst entrepreneurs and NGO's that want to enter into a business venture or an LED project, but do not have the capacity to write their own business plans or project proposals. A service provider will be appointed to provide intensive training which will focus on empowering these entrepreneurs with the necessary skills to draft business plans/project proposals, basic business skills training and financial management.

Another aspect of enterprise development is the prevalence of informal trading in the 2nd economy. The type of activities that forms part of the informal economy includes:

- hawkers

- spaza shops
- shebeening
- domestic workers, etc

Although this informal sector in the context of Cape Agulhas is not regarded as a very vibrant industry that has the potential for large-scale job creation, it is also contributing to the economy as a whole. It is estimated that the informal economy provides 6% of employment contribution in Cape Agulhas. South Africa has already earned the stigma that for a developing country it does not have a vibrant culture of entrepreneurship amongst local people. That is why particularly people from other African countries identified this gap and has flocked to South Africa to optimise the benefit from informal trading. This is particularly pertinent in rural areas outside the Cape Metro of which Cape Agulhas is one of those regions. Local entrepreneurs normally regard the Zimbabweans, Somali's, Nigerians, etc as a threat but do not necessarily take up the opportunities that the informal trading market offers.

CAM has assisted the stakeholders in the informal trading to organise themselves in a hawkers forum and has started dialogue to improve the economic infrastructure required for this purposes. Also to iron out challenges with the issuing of informal trading permits and stands, effective law enforcement as well as access to market opportunities.

4.6 Increased Economic Participation

A major portion of entrepreneurs in Cape Agulhas still find it extremely difficult to enter the mainstream economy and the issue of Black Economic Empowerment is barely visible. The lack of business knowledge related to product development, marketing and management is still a huge limitation for communities and individuals to participate in the local economies. This strategy will certainly place considerable impetus on levelling the playing field and creating opportunities to broaden the base of economic empowerment and increased participation in the local economy.

As a strategic intervention to accelerate increased economic participation for local entrepreneurs the municipality is reviewing its policies and regulations, which might make it difficult for especially PDI's to enter the mainstream economy. Very few PDI tourism and hospitality industry entrepreneurs and especially guesthouse and B&B owners from Kassiesbaai in Arniston had access to promotion and marketing exposure via the websites and other marketing materials of Cape Agulhas Tourism. The main reason for this was that the entrepreneurs could not adhere to the statutory town planning and land use requirements applicable to guesthouse and B&B owners. It was simply too expensive and time consuming to undergo these procedures which hampered them to compete with their conventional counterparts in an already competitive hospitality industry.

CAM has embarked on a strategic intervention to allow these entrepreneurs to apply for a temporary land use departure especially with the vision on the looming 2010 FIFA World Cup, which will certainly lure scores of international and domestic tourists to the Cape Agulhas region. Lifestyle tourism has increasingly become a niche market and people will certainly want to experience a night or so in an authentic fisherman's village of which Kassiesbaai bodes perfectly as a unique destination. Other incentives from the municipality is to develop policy frameworks which offers some rebates in terms of services tariffs and securing land and other assets available to lure more economic investment to the area.

4.7 Youth Economic Empowerment

Out of the 26 474 people residing in the Cape Agulhas municipal area 38.8% falls under the youth category between 16– 35 years. This is also the category that suffers the worst socio-economic challenges in our communities such as the high rate of unemployment, abject poverty, substance abuse and more importantly a lack of access to business opportunities. As a result of this it is assumed that the youth in our communities are also most likely to resort to criminal activity, be exposed to HIV/Aids infection and teenage pregnancies in order to sustain themselves.

Although National Government has recently established a new Ministry in cabinet, which focuses on the empowerment of youth, women and people living with disabilities, this objective can only be reached if an effective partnership is forged with other strategic partners such as municipalities, private sector stakeholders and NGO's. The merging of the Umsobomvu Youth Fund and the National Youth Commission into the newly established National Youth Development Agency provides a catalyst for the economic empowerment of youth in our country and will provide much needed access to finance for youth entrepreneurs.

The draft National Youth Economic Empowerment Strategy that is conducted on a partnership basis between Department of Trade & Industry and the Western Cape Department of Economic Development & Tourism suggest some strategic interventions on how municipalities and private sector stakeholders can meaningfully contribute to pave the way for youth entrepreneurs to enter the mainstream economy.

4.7.1 The roles of Municipalities in economic empowerment of youth:

- To promote and support youth economic empowerment in Cape Agulhas Municipality
- To develop youth economic empowerment policies, strategies and programmes aligned with the NYEES
- To mainstream youth in all the core LED and IDP programmes in CAM
- To establish youth desks initially at the Overberg District Municipality to co-ordinate and facilitate youth economic development activities
- To establish partnerships with the private sector, youth organisations in its endeavour to achieve youth economic empowerment
- To implement, monitor and report progress to the Western Cape Department of economic Development & Tourism in respect of youth economic empowerment

4.7.2 The role of private sector and state owned enterprises:

- To promote and support youth economic empowerment in the private sector

- To develop youth economic empowerment programmes that support the NYEES
- Private companies are encouraged to provide a minimum of 30% procurement opportunities and enterprise development support and corporate social investment to youth enterprises which can be claimed from the BBBEE Codes of Good Practise and sector codes
- To enter into PPP initiatives aimed at supporting the economic empowerment of young people
- To encourage companies and state owned enterprises to support and partner with youth business formations in programmes (e.g. business mentorship, training, technical skills, etc) aimed at empowering young people
- To reflect progress on supporting youth economic empowerment in their own annual reports and information technology data that can be available to the public

4.8 EPWP Job creation portal

The second phase of the Expanded Public Works Programme (EPWP) has recently been rolled out by the Department of Transport & Public Works with the strategic objective to create approximately two million fulltime equivalent (FTE) job opportunities countrywide. This is a concerted effort from government to contribute towards the Millennium Development Goals by halving poverty and unemployment by 2014. The prescribed formula for a FTE has been determined as follows: 230 workday continuously for 1 person or 115 workday continuously for 2 persons. The Western Cape Department of Transport & Public Works has adopted a amended its EPWP programme to make room for 100-day job opportunities and has set itself the target of creating 11 523 100-day job opportunities for the 2009/2010 financial year. An incentive programme for municipalities has also been built into this programme by which provincial government pays R50 per workday per job opportunity back to municipality who embark on similar initiatives. This money can then be utilised to either create more jobs or sustain the existing jobs for a longer period of time.

Cape Agulhas Municipality has registered a job creation initiative with the EPWP of Department of Transport & public works, which have been launched on 01 September 2009. The target of the municipality is to employ 1600 local people with various levels of skills in their infrastructure development, maintenance and cleaning programmes until February 2010. This will significantly contribute towards reducing the rate of unemployment in Cape Agulhas. An employment portal has been created within the municipality who will be providing local labour as the need arises within the projects of the various directorates of the municipality. The placement of people on the various employment projects will be consciously done in the following manner to be in line with the strategic objectives of the national and provincial government programmes to accommodate the designated vulnerable groups in our communities: 60% women, 38% youth and 2% of people living with disabilities. The local EPWP programme of Cape Agulhas Municipality will be implemented as per the under mentioned schedule:

Table 4.2: Implementation schedule of CAM Expanded Public Works Programme

MONTH	JOB OPPORTUNITIES	TOTAL WORKDAYS	AVERAGE WORKDAYS
August 09	53	653	12.3
September 09	54	1 044	19.3
October 09	85	1 690	19.8
November 09	94	1 894	20.1
December 09	123	1 823	14.8
January 10	125	1 094	8.7
TOTAL	534	8 198	15.3

4.9 2010 FIFA World Cup™

The hosting of the 2010 FIFA World Cup has been allocated to the African continent and particularly to South Africa for the first time since the inception of this auspicious international tournament. The kick off for this tournament is scheduled for 11 June 2010 and like the rest of the African continent and South Africa; similar paramount expectations of this event also exist with the inhabitants of Cape Agulhas. Local people expect that this event will be the gateway to highly profitable economic opportunities and employment. An onus therefore rest upon Cape Agulhas

Municipality and other strategic partners to ensure that such opportunities do not pass by the entrepreneurs and community of Cape Agulhas.

It is estimated that thousands of jobs will be created and the sectors that will derive most benefit from this event include tourism, transport, construction, hospitality & catering and trade & retail. Judging from the resounding success of the previous FIFA



World Cup held in Germany in 2006 it is anticipated that approximately 400 000 international visitors can be expected to enter the shores of South Africa during the football spectacle. Not all the people will be able to watch the games live at the stadium venues and that is why a number of Public Viewing Areas will be made available to accommodate the spill over fans. The concept of the fanparks had been inherited from the Germany event and proved to be very popular amongst local and foreign football fanatics as well as people who just want to join in the festive atmosphere, which is normally associated with such an event.

The Western Cape Government has taken the liberty of allocating a provincially supported PVA to each of the five districts outside of the Cape Town Metro. One of these PVA's will be hosted in Cape Agulhas at the Bredasdorp Sport Complex with the following objectives:

- Putting up of giant outdoor viewing screens and sound stages
- Create the opportunity for local community to experience the 2010 FIFA World Cup event close to where they live
- Create a vibrant festive atmosphere with live entertainment in a close and secure environment
- Create a soccer themed tourist destination for visitors who want to see more of South Africa than Cape Town

In essence this event will provide multiple economic opportunities to individual local entrepreneurs who will be rendering various services towards the PVA but it will also attract scores of visitors who will be contributing towards the local economy as a whole. The municipality will also embark on a number of curtain raiser events prior to

the actual 2010 FIFA World Cup such as a local street football tournament to create some kind of awareness and hype amongst local people who are conventionally rugby or cricket enthusiasts.

Apart from the upgrading of the Bredasdorp Sport Complex, CAM will also initiate other initiatives to ensure that the economic benefit derived from the 2010 FIFA World Cup event for local entrepreneurs will be optimised. One of such initiatives is to host a big outdoor expo on the L'Agulhas camping site where local entrepreneurs can exhibit various kinds of locally manufactured goods and services to tourists who will in any event visit the various tourism destinations in Cape Agulhas. It is also envisaged that some of the international teams participating in the event will be arriving at the Overberg Airforce Base and then transported to Cape Town and other base camps. The reason for this is for protecting the privacy of the soccer players and also to ease the traffic congestion expected at the Cape Town International Airport. If this will materialise it also bodes very well for the local economy especially if considering how many people and media staff will be travelling to our region just to catch a glimpse of their international soccer celebrities.

A Local Organising Committee is in the process of being appointed to steer the planning and processes to ensure that this indeed happens. This steering committee will have the following mandate,

- i. Ensure the relevant sectors are identified and supported.
- ii. Ensure sustainable partnerships are developed and maintained between CAM, business, labour and civil society

The office of the Executive mayor of CAM will be co-ordinating the activities of the LOC and will ensure that it develops strong relationships with stakeholders that include:

- ODM Disaster Management Unit
- Cape Agulhas Tourism
- Cape Agulhas Business Chamber
- Public Transport Associations

- Emergency Services
- SAPD
- Soccer Fraternity

This would enable the CAM to position itself in a manner that it will be able to respond proactively to opportunities that will emerge from the 2010 FIFA World Cup and maximise the economic legacy of this event in the region. Some of the most notable business opportunities that could emerge from hosting a Public Viewing Area include:

- i. Sound and audio visual businesses
- ii. Accommodation
- iii. Catering businesses
- iv. Transport
- v. Volunteers & sports ambassadors
- vi. Translation services
- vii. Tour guides
- viii. Pubs & mini sports bars
- ix. Selling of official 2010 FIFA World Cup apparel and memorabilia)
- x. Events management opportunities

In the words of former president Kgalema Motlanthe, ensuring a legacy for 2010 is not the sole responsibility of Cape Agulhas Municipality and government. It is time for all South Africans – even those that do not traditionally watch and play soccer, to do their bit to ensure that the rest of the world view Cape Agulhas and South Africa in an entirely different light when they leave our shores in 2010.

4.10 Safety & Security

The lifeblood of a vibrant local economy is investment and if Cape Agulhas endeavours to be a haven for potential investors a collective effort needs to be exercised to ensure a safe & secure environment. Crime in Cape Agulhas is often very area specific. The single biggest criminal activity, which has given the area a very infamous status, is the poaching of marine resources, and specifically abalone. Other criminal activities flow from this very highly organised criminal activity.

Drug abuse (predominantly Tik) and drug trafficking are rife in towns and are closely related to gang activities and poaching. The relatively few violent crimes (e.g. assault, rape and murder) are mainly reported in areas such as Bredasdorp, Struisbaai and Napier. Recently housebreaking and theft has emerged as a priority crime in Arniston/Waenhuiskrans. The SAPD in conjunction with the Community Police Forums also needs to pay special attention to ensure the safety of tourists visiting the region. One can imagine the devastating effect it would have on the industry if international tourists fall victim to violent crime in Cape Agulhas. This will mean that the implementation of any LED strategy will be negatively influenced if one cannot secure the safety and security of the people who we rely on to invest in the local economy.

4.11 Sustainable Development

Cape Agulhas Municipality has already pledged its support to the principles of sustainable development and illustrated its sensitivity towards the conservation of the environment. Although there is not currently an official within the municipality assigned the responsibility of environmental management, most of the officials try to conduct all developments and projects in a sustainable manner, which would either enhance or minimise the impact on the natural resources of the area. A proposal has been submitted to DEAT to explore the possibility of utilising alternative energy sources for the affordable housing development in Napier as well as the housing development planned for Bredasdorp such as solar power. Another initiative is the recycling of solid waste, which is already implemented with great success where households are encouraged to do separation of recyclable waste material at source.

The municipality are collectively always searching for opportunities within their daily operations to do things in a sustainable way and also how to minimise the carbon footprint of delivering services. An economic benefit might also arise to put up internal monitoring and advisory structures, which will allow community, and business entities to claim back carbon credits from the relevant government authorities. It is always advisable to ask the following questions, when delivering a service or implement any development: What are the desired outcomes? Can the same outcome be achieved by doing it differently? What is the most practical and cost

effective way of doing it? How can the impact on the environment be minimised? A practical contribution towards the environment would be if CAM, government departments and private sector stakeholders start with a conscious campaign to buy local. By doing this the carbon emissions from long distance transport would be significantly minimised and subsequently would result in less negative impact on the environment. On some of the private farms initiatives are underway to do testing on the possibility of generating energy from wind as well as biomass.

There are huge potential to introduce the concept of renewable energy sources in the Cape Agulhas region. Consumers are using energy services for cooking, lighting, agricultural processes; water pumping, refrigeration and transport on a daily basis. The demand for energy services is likely to increase with population growth and developmental imperatives. There are buyers and sellers of energy types such as electricity, LP gas, and firewood. Liquid fuels such as diesel, petrol and paraffin are traded continuously. Almost all of these energy carriers are derived from primary energy sources, which are, located elsewhere. The benefits of the economic activity, which relies on this 'imported' energy, are exported from the area virtually in their entirety. A key exception to this dependency and external focus related to energy is firewood – the activity that trades in products of the lowest added value.

It should be possible with a small amount of desktop research to produce a reasonable estimate of the Rand value of expenditure on energy services (excluding liquid fuels) on the Agulhas Plain. This financial cost is both an expense and a source of risk to the local economy of the region, due to security of supply, price volatility and environmental impacts. This cost also represents a significant opportunity in terms of provision of energy services at a local level, which would produce a multiplier effect in the local economy. In developing a long term vision for a green energy economy for Cape Agulhas, the feasibility of spending this money locally, where it will have very significant stimulatory effects, must be considered.

Clearly, there is an existing market for energy services – lighting, refrigeration, heating for cooking, heating of water etc. The buyers of electricity for use in electrical appliances for the provision of energy services in this market need to consider explicitly a number of factors as follows:

- Buying electricity from Eskom, which is supplied from distant, large and centralised, generating installations means that the price is completely beyond the control of the buyers who are passive price takers. The 31% electricity price hike announced in June 2009 is only the first of a series of large hikes that Eskom will use to fund the increasing costs of operation and the associated large increase in its generating capacity.
- The wholesale and retail pricing of electricity are currently not accurate reflections of the realistic long-term marginal cost of electricity supplied to a customer's meter because the pricing does not include many environmental and societal costs that result from large-scale coal-fired generating operations and in some cases may not reflect the inefficiencies or losses of power that are a consequence of long distance transmission.
- Eskom's capacity increase is predominantly for coal-fired generating capacity. On a planet where climate change is set to become an increasingly pressing issue, there must be significant risk of a carbon penalty being added to the electricity price at some time in the future through a mechanism that forces Eskom to internalise some or all of the environmental costs which it currently externalises/ignores.

There is a risk of interruption of supply, particularly unpredictable interruption which we commonly refer to as power cuts. This is a phenomenon of many large electricity supply networks that use a centralised rather than distributed generating model. There are significant costs associated with interrupted supply for some buyers who therefore invest in assuring their supply by purchasing of standby generators.

A paradigm shift in conventional thinking needs to occur. Residents of the Agulhas Plain currently buy energy (electricity) but what they are actually interested in is an energy service, for example hot water flowing out of the appropriate tap or lighting at the flick of a switch. If the local population began to think of themselves as the buyers of the service rather than the buyers of the energy (electricity) and owners of the converting technology that delivers the desired service (Eskom powered electric geysers), then the shift to an alternative energy economy would be greatly facilitated.

Discussions on the subject of green power or green energy services amongst non-specialists often become confused because it is assumed that converting to green power means the green power buyer must undertake the funding of the investment in generating capacity. It is worth noting that buyers for power or customers for energy services can be separated entirely from generators and distributors of green power, as is the case with Eskom and its existing customers. If a market demand for energy services can be demonstrated by, for example, a contractual commitment to buy a certain volume of services consuming green power at a determinable price as soon as the green power becomes available, then this contract can be converted into a fundable business opportunity. For example, if the town of Bredasdorp was prepared to commit contractually to buy a fixed volume of green power, then the supplier of the service (hot water and lighting for example) could elect to finance, own and operate a solar water geyser and solar generating panel at every building in the town. The town would only pay the green supplier for the power delivered that saved purchasing from Eskom. There is no reason why this should not eventually meet 100% of the town's electricity requirements.

Clearly, a shift to green energy services will spawn a range of new business opportunities at different levels from small entrepreneurial installers of renewable energy hardware to new companies taking responsibility for providing substantial volumes of green energy services. A steering committee has recently been established which will form an additional cluster of ABI which will co-ordinate the following activities:

- Commission desktop research using the available demographic information to provide a working estimate of the size of the market for energy services in Cape Agulhas.
- Run an educational campaign on green energy service possibilities including a number of scenario workshops for various local communities.
- Find some demonstration examples that can be established quickly with appropriate feedback loops so that within a period of 24 months there is solid information on which to base further decisions and there

are local people who are able to share their experience. One opportunity that should not be missed is Elim's need for increased access to energy services. The potential of meeting these developmental needs with more sustainable 'green' energy services rather than by contracting with Eskom to increase the capacity of the electricity supply line to Elim must be explored.

4.12 Institutional Capacity

The Council and management of Cape Agulhas Municipality are fully supportive of development and determined to increase capacity for economic development and other developmental objectives. A Local Economic Development (LED) unit was established recently, which provide adequate capacity to implement to implement this LED strategy and give effect to the strategic objectives of the municipality in terms of LED. However LED projects have been implemented on an adhoc basis.

An LED forum as well as an emerging business chamber will be established to forge effective partnerships with all the relevant strategic partners. This forum will provide an opportunity to municipal officials and councillors to engage in a valuable network of skills and knowledge in different sectors of the economy and also broaden the pool of resources required for implementation. A general critique against most municipalities is that it's bureaucratic procedures makes it very difficult for private sector developers and entrepreneurs to secure land, apply for land use planning procedures or obtaining approval for proposed developments in a relatively short space of time. CAM also needs to explore how the legal and policy requirements of such procedures can be conducted in a more effective and efficient manner in order to make it more investor friendly.

The council has also resolved to apply for funding from the Industrial Development Council to establish a Local Economic Development Agency for Cape Agulhas. The objective of such development agency will be to complement the capacity of the municipality to implement macro-economic catalyst projects. A separate business entity will be formed with grant funding from IDC with its sole mandate to accelerate implementation of collectively determined macro-economic development projects.

Some of the projects that will be handed to this LED Agency to first determine their feasibility include:

- Accelerate the implementation of the Overberg Airport development
- Determine how assets from the municipality (e.g. holiday resorts, land, etc) can be optimally utilised for economic development and BBBEE
- Private medical centre development in Struisbaai
- Utilising renewable energy sources at the Elim dairy
- Explore opportunities to establish effective PPP's as vehicles for implementation of LED initiatives
- Golf estate developments in Bredasdorp and Agulhas
- Private hospital development in Struisbaai
- Retirement villages in Napier and Bredasdorp

- Tourism train route from Somerset West to Most Southern station in Bredasdorp in conjunction with Theewaterskloof Municipality
- Aquaculture initiatives such as abalone farming
- Agri-mega Park for multiple farming activities
- Hydroponics Project

4.13 Skills Development Programmes

Statistics SA on a municipal level does not provide statistics of skills levels of the labour force in its traditional format. In the traditional format it is possible to link different occupational categories with skills categories, i.e. professionals are highly skilled labour, sales workers are semi-skilled etc.

In the table below skills categories were assigned to different levels of education as some proxy of skills levels per sector instead. Note that adult illiteracy refers to the adult population (20+) - people not having attained a level of education higher than Grade 6 (previously Standard 4). In the table below illiteracy refers to the employed having no schooling and having some primary education. The intention of Department of Education to convert the Napier High School into a Technical Skills

training Centre will also go along way to establish market driven skills on a local level. It will also contribute towards the local economy by providing indirect and direct job opportunities.

The table indicates that the agriculture and construction sectors have the highest illiteracy rates of 44% and 28%. Unfortunately both these sectors experienced low employment growth from 1996 and 2001. This situation means a high unemployment impact on the unskilled labour force in the Cape Agulhas Municipal Area. The service sector, as the largest employer in Cape Agulhas, has a strong bias towards medium and skilled labour, i.e. about 57% of total employment. The high growth trade, catering and accommodation sector has a bias towards semi-skilled and medium-skilled labour whereas another growth sector, finance, is a large employer of medium and skilled labour.

Table 4.3: Skill levels of the employed in Cape Agulhas, 2001 (Source: Stats SA)

Sector	% Unskilled – Semi-Skilled				% Medium Skilled	% Skilled
	No school	Some primary	Complete primary	Some secondary	Complete secondary	Matric & Higher education
Agric, Forest & Fishing	11%	32%	14%	23%	12%	8%
Mining & Quarrying	0%	44%	0%	33%	22%	0%
Manufacturing	2%	14%	9%	36%	28%	11%
Electricity & Water	0%	10%	20%	38%	26%	6%
Construction	5%	23%	14%	45%	11%	2%
Trade & Catering	3%	12%	10%	40%	28%	8%
Transport, Communication	3%	14%	15%	29%	28%	12%
Finance, Real Estate	1%	5%	4%	18%	40%	32%
Services	2%	9%	6%	26%	30%	27%
TOTAL	5%	19%	11%	31%	21%	13%

The increasing number of the unemployed people in the area is either very low skilled or have experience of farm work where people have been evicted. These individuals are now forced to find alternative work but do not have the educational background or skills to find permanent employment. This poses a serious challenge for the unemployed to participate in economic changes and growth that is bound to happen as the economy expands and other sectors start to grow.

Currently the skills of the labour force base do not match the required positions that will be available as developments and business opportunities become a reality. An intervention in adult literacy and higher education must be made in order for the youth and the unemployed to benefit from the economic opportunities.

CHAPTER 5: DEVELOPMENT PROPOSALS

5.1 Development proposals per town

A package of development proposal has been identified via an extensive engagement with all the LED stakeholders in Cape Agulhas and is mentioned per town area below. It is essential that these proposals be aligned with the IDP of the municipality as well as the SDF in order to ensure strategic spatial planning for such initiatives and the allocation of resources from the MTEF budget of Cape Agulhas Municipality and other funding investment from strategic partners.

Table 5.1 Development proposals per town

Town & Description	Strategic Development Proposals
<p>Bredasdorp: Bredasdorp is regarded as the regional service centre of the Cape Agulhas Municipal area and enjoys a number of comparative advantages due to its central location. It is also the economic hub of the region and home to most Government institutions and public facilities. The predominant economic activities of the town include agriculture, manufacturing, tourism, business, financial and retail services.</p>	<ul style="list-style-type: none"> • Integration of communities to improve access to businesses and public facilities • Promote industrial development especially in the agri-processing industry • Introduce emerging farming initiatives • Promote agri-tourism initiatives • Recycling projects • Convert station premises into a multi-purpose business development centre • Improve the public transport system • Provide infrastructure for informal trading in CBD • Upgrade and optimal utilisation of Heuningberg Nature Reserve • Golf course development
<p>Arniston/Waenhuiskrans: The Cape Agulhas Spatial Development Framework of Cape Agulhas describes this as a typical coastal town with a relatively dominant fishing community. A unique holiday destination with unique natural resources with its main economic activity centring around Mari culture and tourism.</p>	<ul style="list-style-type: none"> • Redevelopment of the harbour Precinct • Promote integration of communities with sensible infill residential development • Optimise the tourism potential of this historical fishing village • Improve the access to the beach front and Waenhuiskrans cavern by means of pedestrian walkways • Kiosk development linked to upgraded ablution facilities for tourists • Improve access to business development infrastructure

Town & Description	Strategic Development Proposals
	<ul style="list-style-type: none"> • Aquaculture initiative such as abalone farming and mushrooms • Processing plant for marine products • Accelerate the development of the airport at the Overberg Airforce Base
<p>Struisbaai: Struisbaai with its silky beaches and vibrant small boat harbour is regarded as the premier coastal town and most sought after tourist destination in the Overberg District. Rich people generally use this panoramic location to establish a second holiday home away from home. Its primary economic activities include tourism, Mari culture and the construction industry is also booming.</p>	<ul style="list-style-type: none"> • Integrating the North Struisbaai community with the town area • Development of tourism oriented facilities such as a boutique hotel and other recreational facilities • Promote retail development in the CBD • Upgrade the harbour precinct development • Upgrade beachfront as main tourist attraction • Support the activities and potential expansion of Hot-Agter-Klip farmstall project • Conservation of the natural resources
<p>L'Agulhas and Suiderstrand: L'Agulhas is a typical holiday town and already a world-renowned tourist destination. It has the unique feature of being the southern most urban settlement on the whole African continent. The iconic southern most tip linked to the famous lighthouse has the ability to attract large numbers of foreign and domestic tourists which will stimulate the local economy significantly. Its strategic location within the rich wild flower floral kingdom adds to the bio-diversity of the town. Suiderstrand can be regarded as a leapfrog development of mostly low density holiday homes along the beach less than 10km from L'Agulhas.</p>	<ul style="list-style-type: none"> • Development of the iconic southern most tip linked to a comprehensive marketing strategy in close collaboration with SANParks • Development of recreational facility at beachfront which includes a tidal pool and boardwalks to the beach • Boat launching pad for private boat owners • Accelerate the Golf Estate Development and brand it as most southern golf course on African continent • Conservation of the Agulhas National Park • B&B's to be promoted in Suiderstrand area • 100% occupation of small holding units in Suiderstrand • Gradually developing Suiderstrand closer to L'Agulhas
<p>Napier: The rural character and tranquil atmosphere of the town makes it particularly preferable as a retirement</p>	<ul style="list-style-type: none"> • Emerging farming initiatives • Promote the cultural historic heritage as a tourism attraction

Town & Description	Strategic Development Proposals
<p>village. The primary economic activity is agriculture, but also some tourism activities exist.</p>	<ul style="list-style-type: none"> • Urban renewal strategy of the CBD • Infrastructure for informal trading in CBD • Development of retirement villages • Development of arts & craft centre • Improve public transport system especially to and from Bredasdorp
<p>Elim: This predominantly Moravian cultural historic settlement has tremendous tourism potential as a result of the fact that the whole town has been declared by SAHRA as a cultural heritage site</p>	<ul style="list-style-type: none"> • Improved integration of Elim community with the rest of Cape Agulhas • Upgrading of the basic infrastructure and services • Optimal cultivation of community gardens • Optimal utilisation of the abundance of fynbos and other wildflower species as economic commodities • Optimising the tourism potential of cultural heritage of Elim (e.g. repairing and marketing of the unique wooden waterwheel) • Retaining of the rural historic character of the town • Optimising the agricultural potential of the available land • Introduce feasible viticulture (wine producing) • Establishment of charcoal manufacturing plant with REAF funding • Revive LED projects such as Dairy project, Disposable Nappy Factory, Sewing project, Mushroom project, etc
<p>Protem/ Klipdale</p>	<ul style="list-style-type: none"> • Emerging farming projects • Introduce periodic markets linked to mobile government services • Introduce the concept of Agri-villages to private farm owners

CHAPTER 6: GOALS, STRATEGIES AND PROJECTS

Table 6.1 *Development Strategy*

DEVELOPMENT STRATEGY			
FOCUS AREA: AGRICULTURE			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Improved water capacity for irrigation purposes	<ul style="list-style-type: none"> - Audit of existing water sources - Determine the water supply requirements for the next 20 years - Identify additional water sources - Increase the water quotas to individual farmers and also improve the equitable distribution of water rights to emerging farmers 	<ul style="list-style-type: none"> - Workshop between CAM, Overberg Agri, Irrigation Boards, etc to ensure that Adequate water supply is available for irrigation purposes 	<ul style="list-style-type: none"> - Cape Agulhas Municipality - Overberg Agri - Irrigation Boards - Farm Owners
Transformation of Agriculture industry	<ul style="list-style-type: none"> - Accelerate the access to suitable agricultural land to more PDI farmers - Engage in district-wide Area Based Planning - Mentorship Programmes to emerging farmers 	<ul style="list-style-type: none"> - Identify more opportunities for commercially viable emerging farming opportunities - Mentorship programmes for New entrant farmers - Increase the amount of CASP applications to Dept Of Agriculture 	<ul style="list-style-type: none"> - Dept of Land Affairs - Dept of Agriculture - CAM - Casidra - Emerging farmers - Commercial farmers
Innovative farming techniques	<ul style="list-style-type: none"> - Introduce new proven farming methodologies 	<ul style="list-style-type: none"> - Tunnel farming projects with increased production yield - Planting of seedlings in tyres 	<ul style="list-style-type: none"> - Dept of Agriculture - CAM - Emerging farmers
FOCUS AREA: AQUACULTURE			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Alternative economic activity in struggling fishing	<ul style="list-style-type: none"> - Introduce financially viable aquaculture initiatives in Arniston & Struisbaai 	<ul style="list-style-type: none"> - Establishment of abalone farms in Arniston & Struisbaai - Fresh water fish farming 	<ul style="list-style-type: none"> - CAM - Dept of Economic Development: Aquaculture unit

communities		Project - Mushroom farming	- Marine & Coastal Management - SALGA Aquaculture Working group - Aquaculture entrepreneurs
FOCUS AREA: TOURISM			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Transformation of the tourism industry	<ul style="list-style-type: none"> - Establish a database of PDI entrepreneurs in the tourism industry - Promote the benefits of membership to local tourism bureaus to those entrepreneurs - Adjust policy of CAT to make membership more accessible and affordable to PDI entrepreneurs - Provide maximum marketing exposure via CAM website 	<ul style="list-style-type: none"> - Increase the number of PDI entrepreneurs in the tourism industry - Promote the benefits of membership to local tourism bureaus to those entrepreneurs - Adjust policy of CAT to make membership more accessible and affordable to PDI entrepreneurs - Mentorship programme with commercial tourism businesses - Provide maximum marketing exposure via CAM website 	<ul style="list-style-type: none"> CAM CAT Dept of Economic Development & Tourism CTRU PDI tourism entrepreneurs Commercial tourism businesses RED Door TEP
Branding Cape Agulhas as a tourism destination	<ul style="list-style-type: none"> - Improve the competitiveness of Cape Agulhas region as tourist destination - Improve the service in the hospitality industry 	<ul style="list-style-type: none"> - Intensive training to improve the service delivery of all sectors in the hospitality industry - Aggressive marketing strategy to brand region as "Southern-most Point" - Updated database of unique tourism features of Cape Agulhas region - Improve standard of roads infrastructure to improve connectivity with other tourism regions 	<ul style="list-style-type: none"> CAT CAM Overberg Tourism Tourism related businesses CTRU ABI/SANParks

Maximise the economic potential of biodiversity	<ul style="list-style-type: none"> - Clearly define the economic potential of the unique biodiversity features of Agulhas plain - Promote eco-tourism potential - Improve the economic potential of agri-tourism 	<ul style="list-style-type: none"> - Conduct study of the eco-tourism potential of Cape Agulhas - Upgrading of conservation areas & reserves - BKB agri-tourism route 	<p>CAM</p> <p>CAT</p> <p>ABI</p> <p>SANParks</p> <p>Agri Mega</p>
Maximising the economic potential of local and regional events	<ul style="list-style-type: none"> - Utilise the events that takes place in the region as a catalyst for local economic development - increase the inclusiveness of all sectors of society in the events - ensure that local entrepreneurs benefit from the economic opportunities 	<ul style="list-style-type: none"> - Conduct an audit of all the events taking place in the region - streamline the annual events calendar in CAM - Identify all the economic opportunities resulting the various events - Invite all sectors of society to become involved in the organising of events - procure local for all services & goods required for events 	<p>CAM</p> <p>Business Chamber</p> <p>Events organisers</p> <p>CAT</p>
FOCUS AREA: CONSTRUCTION			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Skills Development in construction industry	<ul style="list-style-type: none"> - Improve skills of contractors in construction industry - Roll out of EPWP projects to enhance job creation - Social investment from mining companies 	<ul style="list-style-type: none"> - Training workshops for construction contractors to improve access to business opportunities - Introduce community development projects for funding from mining companies as part of their social investment programme 	<p>NHBRC</p> <p>CAM</p> <p>Dept of Public Works & Transport</p> <p>Mining Companies</p> <p>Dept of Minerals & Energy</p> <p>Construction contractors</p> <p>Cape Agulhas Contractors Forum</p>

FOCUS AREA: ENTERPRISE DEVELOPMENT			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Promote a culture of entrepreneurship	<ul style="list-style-type: none"> - Create an awareness amongst local people of the benefits of self employment - Improve the financial viability of start up businesses - Improve access to finance for start up businesses 	<ul style="list-style-type: none"> - Awareness campaign to increase the number of start up businesses - Access to finance and business planning via RED Door and SEDA - Workshop for entrepreneurs to draft their own quality business plans and project proposals - Mentorship programmes with commercial businesses - Maximise opportunities for start up businesses in main stream economy 	CAM RED Door SEDA Business Chamber Emerging businesses
Informal trading	<ul style="list-style-type: none"> - Improve the economic benefit of informal trading - Provide infrastructure for informal trading 	<ul style="list-style-type: none"> - Create institutional capacity to improve the conditions for informal trading in CAM - Improve the law enforcement component of informal trading 	CAM Cape Agulhas Hawkers Forum
FOCUS AREA: INCREASED ECONOMIC PARTICIPATION			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Accelerate BBBEE	<ul style="list-style-type: none"> - Increase the opportunities for Broad Based Black Economic Empowerment - Develop policies to implement the various sector charters for BBBEE - Adjust policies to improve access for PDI entrepreneurs to enter main stream economy 	<ul style="list-style-type: none"> - Conduct an audit of all BBBEE opportunities in the various economic sectors - Establish a database of all the BEE entrepreneurs which can convert the opportunities into viable business enterprises - Provide the economic infrastructure for BBBEE - Conduct workshops in the various sectors on empowerment opportunities 	CAM Business Chamber PDI entrepreneurs DED&T Empowerment Unit

		- implement respective BEE charters per economic sector	
Investment promotion	<ul style="list-style-type: none"> - Develop strategies to lure investment to the region - Red Tape Reduction Strategy 	<ul style="list-style-type: none"> - Utilise assets to lure investors to Cape Agulhas - Incentive scheme for investors in term of tax rebates and reduce services tariffs - Effective and efficient land use planning regulations and procedures - Improve institutional capacity to assist with investment promotion 	<p>CAM</p> <p>Investors</p> <p>Business Chamber</p> <p>SALGA</p> <p>Dept of Trade & Industry</p>
Youth Economic Empowerment	<ul style="list-style-type: none"> - Promote enterprise development amongst youth, women and people living with disabilities - improve the capacity of youth entrepreneurs - improve access to finance for youth entrepreneurs 	<ul style="list-style-type: none"> - Increase the number of youth owned businesses - improve access for youth owned businesses to economic opportunities - Workshops and learnerships for youth entrepreneurs - Invite NYDA to workshop their different programmes to local youth entrepreneurs 	<p>CAM</p> <p>NYDA</p> <p>DED&T</p> <p>RED Door</p> <p>Youth entrepreneurs</p>
FOCUS AREA: SAFETY & SECURITY			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Safe & Secure environment for all citizens and visitors	<ul style="list-style-type: none"> - Strategy to improve the safety situation in Cape Agulhas - Mobilise community stakeholders to partner with SAPD to combat crime 	<ul style="list-style-type: none"> - Identify hotspots for violent crimes particularly aimed at targeting tourists - Awareness programme for vulnerable groups to be more alert to criminal intent, eg older people staying alone - Increase capacity of SAPD to demonstrate more effective visible policing - Awareness programmes on impact of drug & alcohol abuse on crime 	<p>CAM</p> <p>SAPD</p> <p>Dept of Justice</p> <p>CPF's</p> <p>CAT</p> <p>NGO's</p>

		- Improve capacity of CPF's	
FOCUS AREA: SUSTAINABLE DEVELOPMENT			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Sustainable Development	<ul style="list-style-type: none"> - Minimise the negative impact on the environment - Reduce carbon footprint of services and products 	<ul style="list-style-type: none"> - Introduce projects to generate electricity from alternative energy sources - identify opportunities to apply renewable energy sources, e.g. Integrated Human Settlements - Buy local campaign to reduce carbon emissions from transporting goods 	<ul style="list-style-type: none"> CAM ABI Dept of Minerals & Energy Eskom
FOCUS AREA: SKILLS DEVELOPMENT			
OBJECTIVE	STRATEGY	PROJECT	STAKEHOLDERS
Skills Development	<ul style="list-style-type: none"> - Strategy to develop market related skills development programmes - Improve numeric & literacy levels 	<ul style="list-style-type: none"> - Skills development programmes in various economic sectors - Conversion of Napier High School in Technical Skills Centre - Introduce ABET programmes 	<ul style="list-style-type: none"> CAM Dept of Education

6.2 List of LED projects

Attached (**Annexure 1**) is a list of LED projects, which are currently underway, or is planned in the various towns of Cape Agulhas:

CHAPTER 7: IMPLEMENTATION OF THE STRATEGY

The development of an LED strategy will be a futile exercise if it cannot be implemented effectively. That is why a new developmental approach towards local government needs to be adopted where a commitment to really facilitate LED in the region features high on the strategic agenda of Cape Agulhas municipality. The following phase of this strategy development process has to be to conduct proper feasibility studies on the projects that have been prioritised and secure the necessary financial and other resources to implement such projects. The LED forum has to be established to institutionalise the partnership between all the relevant stakeholders which is essential to make this strategy work. At this forum the clear roles and responsibilities must be clarified to ensure accountability from all the strategic partners. Especially the stakeholders in the private sector who are predominantly the drivers of the local economy have a critical role to play in this regard. Private businesses can identify opportunities to promote SMME development and create back to back linkages with other businesses in the area which can inevitably facilitate growth in the local economy. A culture of co-operation needs to be fostered between all three spheres of Government in terms of LED as well as on a local government level between neighbouring local municipalities and the Overberg District Municipality. These networks will be an important resource for maximising the potential benefit that might arise from investment to the Cape Agulhas region.

7.1 Monitoring and Evaluation

The notion of... *“one can only manage which one can measure”* applies to the implementation of the Cape Agulhas LED strategy. The LED section of the municipality will facilitate the process of exploring all possible avenues to secure resources for the LED projects identified mostly from external funding institutions. It will also submit funding proposals for inclusion in the budget of the municipality. The projects that will be budgeted for internally will obviously form part of the SDBIP of the municipality and form part of the Performance Management System of the office of the Municipal Manager where the function of LED is institutionally located. This first LED strategy will be reviewed on an annual basis to evaluate the impact thereof and also to direct the strategic vision of the relevant stakeholders. As funding

resources are being secured for particular LED projects and programmes it will be included in a detailed implementation plan which will be converted into measurable Key Performance Indicators and implementation champions will be linked to each project. The LED forum will also have a monitoring role in terms of the effective implementation and continuous improvement of the Cape Agulhas LED strategy.

CONCLUSION

This strategy is a culmination of an interactive engagement process between Cape Agulhas Municipality and a number of relevant stakeholders who have taken the ownership of effectively pooling resources, knowledge and expertise to stimulate the local economy. It paves the way to identify key economic opportunities in the relevant economic sectors which can be utilised as catalysts to accelerate economic growth. Such growth will contribute significantly towards the creation of sustainable jobs, increased participation in the mainstream economy and ultimately improve the livelihoods of all the people of Cape Agulhas. One of the fundamental requirements for the success of the strategy is the prioritisation of the strategic interventions into a clearly defined implementation plan linked to the allocation of adequate budgetary and other resources required from the relevant stakeholders.