

**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting : 24 June 2015)**

**2.
HIGH LEVEL LOCAL ECONOMIC DEVELOPMENT (LED) STRATEGY REVIEW**

**2/R
S Madikane
25 May 2015**

(028) 313 8066

Corporate Head Office

1. Executive Summary

The purpose of this report is for Council to do a high level review of its Local Economic Development (LED) Strategy.

2. Service Delivery and Budget Implementation Plan - IGNITE

Economic Development and Tourism

3. Compliance with Strategic Priorities

Provision of democratic, accountable and ethical governance
Promotion of tourism, economic and social development

4. Delegated Authority

None

5. Legal Requirements

None

6. Background/Discussion/Evaluation/Conclusion

The current LED strategy was approved by council in 2005 as a 15 year strategy. The municipality has grown leaps since then and has achieved positive economic growth through the years.

Over the past few months the Directorate: Local Economic Development engaged, with the, Executive Mayor, the Chair of the Portfolio Committee: Finance and Local Economic Development, the Municipal Manager and all Councillors regarding the review of this strategy given the new growth patterns and the need to up our game to maintain shared economic growth in the area.

**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting : 24 June 2015)**

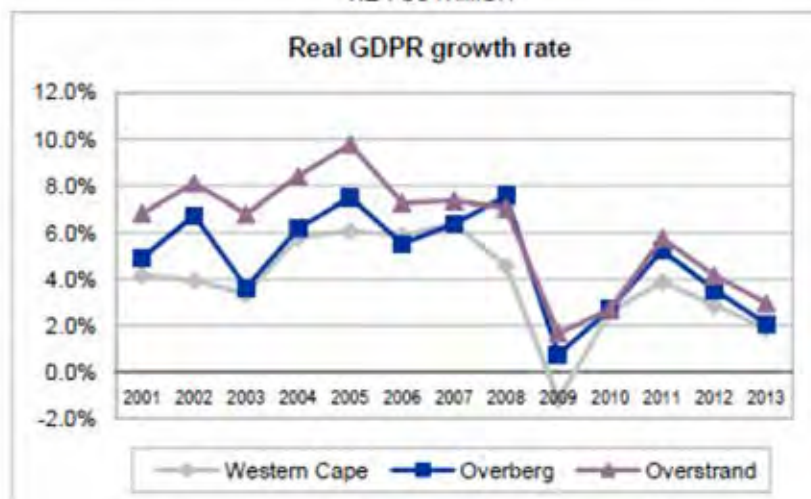
The Overstrand economy grew in tandem with that of the district and province. Over the past years the municipality's performance outperformed many municipalities in the province.

New economic statistics and improved socio-economic profile information emerged in the 2011 census and guide our planning.

The proposed high level review is as contained in the presentation made to Councillors on 21 April 2015 and which is attached as Annexure A. After the in-principle approval of same, the revised document will be submitted to Council for final approval.

ECONOMY

Regional Gross Domestic Product 2013 (2005 constant prices)
R2 766 million



7. Financial Implications

Municipal capital and operational budget.

8. Staff Implications

None

9. Comments from other Departments, Divisions and Administrations

None

10. Annexures

Annexure A: LED Strategy Review Presentation

**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting : 24 June 2015)**

RECOMMENDATION TO THE COUNCIL:

that the High Level Economic Development strategy review be approved in principle and the revised document be submitted to Council for final approval.

RESPONSIBLE OFFICIAL :

S MADIKANE

TARGET DATE FOR IMPLEMENTATION :

1 JULY 2015

107a

**AGENDA of the
Portfolio Committee : Finance & Economic Development
17 June 2015
(Also the agenda for the Mayoral Committee Meeting : 24 June 2015)**

**2.
HIGH LEVEL LOCAL ECONOMIC DEVELOPMENT (LED) STRATEGY REVIEW**

**2/R
S Madikane
25 May 2015**

(028) 313 8066

Corporate Head Office

**THIS MATTER SERVED BEFORE THE JOINT PORTFOLIO COMMITTEE ON
17 JUNE 2015, WHICH COMMITTEE RECOMMENDED AS FOLLOWS:**

RECOMMENDATION TO THE COUNCIL:

that the High Level Economic Development strategy review be approved in principle and the revised document be submitted to Council for final approval.

RESPONSIBLE OFFICIAL : S MADIKANE

TARGET DATE FOR IMPLEMENTATION : 1 JULY 2015

ECONOMIC DEVELOPMENT STRATEGIES

“STRATEGIES AND APPROACH
THE OVERSTRAND EXPERIENCE “

April 2015

Economic Development and Tourism
Directorate



*Annexure A
1/14*

Our Guiding Principles

- ▶ Our efforts must be linked to current economic realities;
- ▶ Must be people focused and mobilizes social capital;
- ▶ Socio economic focus must increase income flow to create jobs and alleviate poverty;
- ▶ Co-operate with other spheres of government agencies and NGO's;
- ▶ Market functioning and promote competitiveness;



Cont...

- ▶ Support entrepreneurship, SMMEs and targeted procurement
- ▶ Build partnerships with local business community;
- ▶ Innovative and creative response ;
- ▶ Network , listen to know what is happening;
- ▶ There is need for business owners to hold the economy as much as a need for entrepreneurs to propel the economy forward;



It is our understanding that ...

“The primary responsibility of a municipality is to meet the basic needs of the people .”



4/16

Specifically the Directorate seeks to ...

- ▶ Establish an environment (whether directly or indirectly) that will create jobs and alleviate poverty in a sustainable manner ;
- ▶ Engage actively with spheres of government and partners in addressing socio-economic challenges ;
- ▶ Cooperate and align policies and programmes (to make legal sense of our interventions);
- ▶ Do not operate in a vacuum and assume that external processes are irrelevant to the municipality; (participate at Salga, district and Provincial level)



ECONOMIC QUESTIONS ?

- Is this economic advancement shared?
- Is it addressing inequality ?
- Is it producing sustainable and worthy jobs ?
- Does it make fundamental changes into the majority of the peoples lives ?
- Are all localities attractive for investment?
- Do we have sufficient skills to boost the local economy ?
- Is the creation of a conducive environment support and real?
- What are the drivers and levers?



POLICY ENVIRONMENT

- ▶ Redress the imbalances *(Focus on supporting and aligning budgets to uplift the poor and previously disadvantaged)*
- ▶ Introduction to legislative directive *(BBBEE, procurement, focus on the previously disadvantaged and not taking anything away from the advantaged)*



Key Pièces of Legislation relevant to LED

- ▶ The Constitution (1996) which recognizes the importance of local government in economic development through the following statement...

“ A municipality must structure and manage its administrative and budgeting and planning processes to give priority to the basic needs of the community , and to promote the social and economic development of the community.”



Legislation

- The White Paper on Local Government (1988) which introduced the concept of “developmental local government” , defined as ;

“Local government committed to working with citizens and groups within the communities to find suitable way to meet their social , economic and material needs , and improve the quality of their lives.”



LED as one of the Key Performance Areas

- ▶ Interrelated and dependant on the others such as...
 - Municipal transformation and organizational development
 - Basic service delivery
 - Municipal viability and management
 - Good governance and public administration

It promotes a Strategic Approach to the development of local communities and shift away from the narrow municipal interests focused only on government inputs into ad hoc projects



In understanding the above context –What approaches do we use to respond to this ?

- ✦ Focus on Early Childhood Development
 - Introduction to LED and entrepreneurship in schools – could be curriculum or an extra mural activity
 - Grade 9 to prepare for subject choice in grade 10;
 - Kleinmond proposed High school to include entrepreneurship;
 - Investigate learnerships and entrepreneurship training;
 - Learnership opportunities for Boland student;

Rationale: Capacity Building and Educational Advancement



•Consultative Sessions and Engagements

- Benefits of PACA , BBBEE initiatives in stimulating the economy
- Government incentives for economic growth and survival
- Recognising the informal economy
- Funding support
- Memorandums of understandings (commitment to support local initiatives)

Rationale : 1. Broadening participation in economic development and growth
2. Facilitate access to resources



Training and Information Dissemination

- Market driven initiative need to be implemented
- Financial control and management

- Ability to make informed decisions

- Access networks and build social capital
- Co-operative training and accessing resources / conflict resolution strategies

- Improve knowledge base
 - SARS , CIPC , CIBD, Municipal Supply Chain procurement etc.

Rationale: Identify and address the skills gap in communities to participate in economic development



PARTNERING WITH THE PRIVATE SECTOR

- ▶ Dialogue with the private sector for cooperative engagement;
- ▶ Support innovative projects promoting inclusiveness;
- ▶ Red Tape reduction mechanisms to encourage business growth;
- ▶ Engage in participatory approaches such as PACA to ensure bottom up development;
- ▶ Make strong links with other spheres of government including agencies to benefit locals;
- ▶ Implementation of legislation and alignment of strategic objectives to achieve same outcomes;



At the end of this presentation we should note the following Developmental LED strategies

- ▶ 1. Focus on and promote Community-based economic development
- ▶ 2. Establish and create Linkage
- ▶ 3. Enhance Human Capital development
- ▶ 4. Provide and maintain Infrastructure and municipal services
- ▶ 5. Leak plugging in the local economy
- ▶ 6. Retaining and expanding local economic activity



Conclusion

This is a “Good practice with a holistic and integrated approach , process orientated with good and relevant partnerships .

It is municipal driven (not controlled), proactive and dynamic !!

