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EXECUTIVE SUMMARY

The development of the Greater Kokstad Municipality (GKM) Local Economic Development (LED) Strategy and Implementation Plan was commissioned by the municipal Council and supported by the Department of Provincial and Local Government (DPGL) as part of Project Consolidate. To facilitate the strategy formulation process Kenako Development and Business Solutions (KDBS), a locally based company focusing on LED, strategy, research and project management were appointed.

The approach adopted by KDBS entailed undertaking a detailed economic profile as part of Phase 1 and the development of Strategies and Action Plan as Phase 2. The development of this document – the GKM LED Strategy and Implementation Plan - has been informed by Phase 1, stakeholders input and consultation which was facilitated through interviews and a stakeholder strategic planning workshop held from 21 to 23 August 2006.

Informed by the research, resource and asset profile, SWOT analysis and stakeholder input a vision for the GKM economic development was developed and is described below.

A Self Sustainable, Attractive And Vibrant Regional Centre To Visit, Live And Invest In.

The GKM's municipal target is to ensure the attainment of economic growth levels that are consistently higher than the national growth target of 6% and reduce unemployment to levels below 20% within the next five years.

The strategic positioning of GKM is to be an area of choice for investors and the best place to visit and settle in. This positioning is informed by the strategic location of GKM within the district and neighbouring municipalities such as

Umzimvubu, Matatiele, Ntabankulu and Mbizana. In addition, GKM enjoys a competitive advantage because of its relatively developed infrastructure. The existence of the railway line within the municipality gives it an added advantage because once rehabilitated it will ensure improved and efficient markets access.

Essential to the implementation of the strategy are a set of principles which are outlined below.

- Sustainability, Impact and Value For Money
- Poverty Reduction and Job Creation
- Equity and Community Empowerment
- Honesty, Integrity and Accountability
- Leadership and Good Governance
- Inclusivity, Co-operation and Partnerships

To achieve the vision and targets the following goals were identified.

- A holistic, vibrant and sustainable agricultural and forestry sector
- Market and Promote GKM as a Regional Economic Hub
- Develop GKM as a manufacturing and processing hub
- Enhance Enterprise and Community Development and Support
- Strengthen stakeholder participation to enhance co-operative governance
- Create a safe and secure destination that promotes tourism and settlements
- Human Capital Development

Linked to the each goal are a number of strategic objectives that were identified and aligned to strategies and action steps. The following are the strategic objectives identified.

1. To identify and develop a minimum of 5 000 hectares under new forestation by 2010.
2. To ensure that by 2010, 30% of agricultural land in GKM is redistributed to emerging PDI farmers.

3. To ensure agricultural enterprises (commodities) with potential for processing are expanded and their competitiveness enhanced.
4. To ensure that on an ongoing basis strategic land identified for commercial, industrial and residential development is made available in order to attract, expand and retain existing businesses.
5. To ensure that GKM is branded and promoted as a regional economic hub for the region.
6. To develop GKM as a secure municipal area that promotes tourism and settlement.
7. To ensure that appropriate skills that respond to industry requirements are developed as part of the economic regeneration process.
8. To galvanise stakeholders into a meaningful and participatory support unit for the municipality's LED Programme.
9. To strengthen municipal management and governance systems.
10. To facilitate the development of targeted support for community based enterprises.

The identified goals and projects are aligned to the National LED Framework as well as the Provincial Growth and Development Strategy (PDGS). Critical to the success of the LED Strategy and Implementation Plan will be the ability of the municipality to develop properly packaged project proposals. To achieve this the municipality will focus on building internal capacity and strengthen stakeholder participation.

1. INTRODUCTION AND BACKGROUND

The development of the Local Economic Development Strategy and Implementation Plan is an outcome of a deliberate effort by the Greater Kokstad Municipality (GKM) Municipal Council assisted by the Department of Provincial and Local Government's (DPLG) Service Delivery Programme (SDM) whose objective is to ensure the revitalization of the municipal's economy.

To realise this objective the services of a local service provider, Kenako Development and Business Solutions (KDBS) whose focus is local economic development, research and strategy formulation were utilised to facilitate the strategy formulation process. The mandate given to KDBS was to develop an economic profile for the municipality and facilitate the development of strategies and implementation plan.

The strategy formulation process was divided into two phases namely; Detailed Economic Profile as Phase 1 and GKM LED Strategy and Action Plan as Phase 2. This document, the GKM Strategy and Implementation Plan, is Phase 2 of the Local Economic Development strategy formulation process.

The economic profile, discussed in more detail in the Phase 1 GKM Economic Profile Report, identified key economic sectors for the municipal's economic revival and their relative contribution to both the municipal and district's economy were discussed. The report also discussed the socio economic profile of the municipality and potential bottlenecks to economic growth and development.

Informed by the economic profile discussed in Phase 1, inputs obtained through stakeholder consultations and stakeholder workshop this document discusses in more detail the strategic options that the municipality has chosen. The economic vision, principles, goals, strategic objectives and action plans are

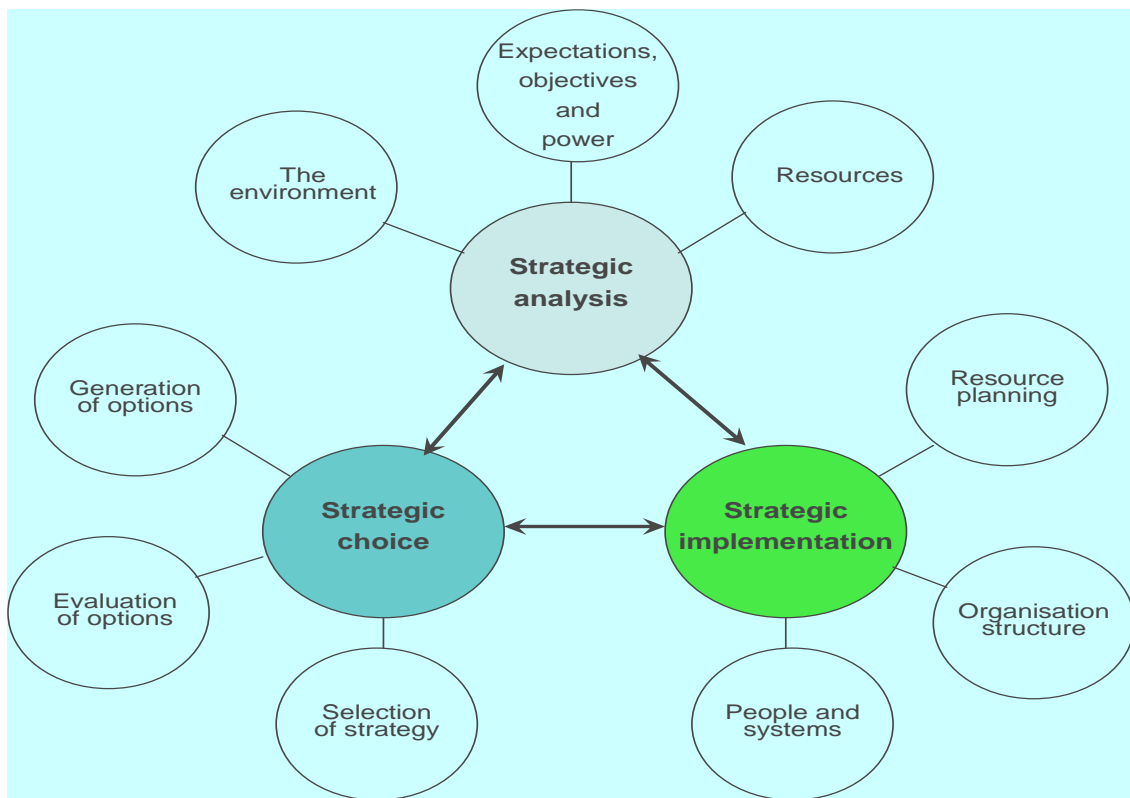
discussed. In addition the document makes key recommendation on areas where the municipality and local stakeholders should make emphasis on as part of the local economic development strategy implementation process.

2. APPROACH AND METHODOLOGY

2.1 STRATEGY PROCESS FLOW AND APPROACH

The approach adopted in the formulation of the strategy is described in figure 1 below.

Figure 1: Approach to GKM strategy formulation



A detailed environmental analysis was undertaken as part of Phase 1 of the GKM LED Strategy and Implementation Plan Report. This section discusses in more detail the strategic choices and the strategy implementation plan and is described as Phase 2 Report.

As part of Phase 2 the Greater Kokstad Municipality convened a local economic development strategic planning workshop that involved Municipal Councillors

and officials, local stakeholders representing organised business, farmers, non governmental organisations and representatives from the Department of Provincial and Local Government (DPLG) and other local government departments. The workshop was held on 21 to 23 August 2006.

The first day of the workshop was an induction of participants and covered the following main areas:

- Basic understanding of economic concepts and principles
- Understanding of the structure of the local and global economy
- Understanding of the linkages between National Programmes such as the Reconstruction and Development Programme (RDP), Growth Equity and Redistribution (GEAR) and the Accelerated and Shared Growth Initiative for South Africa (ASGISA)
- Understanding of the linkages between the Provincial Growth and Development Strategy (PDGS), the National Development Strategy and Integrated Development Plan (IDP).
- Social Community Infrastructure
- Community Resource and Asset Mapping

After the induction process delegates engaged in detailed discussions on the local economic development strategy formulation between 22 and 23 August 2006.

The approach adopted during the LED facilitation process entailed the appreciative inquiry approach which entailed engaging participants in transformational conversation. Participants engaged in the strategy process by participating in focused discussion groups, writing their thoughts or views and voting. This approach has insured the effective participation of all the delegates.

2.2 IDENTIFICATION OF AREAS OF GOVERNMENT INTERVENTION

Participants as part of the induction process and informed by their understand of the operational environment in Greater Kokstad Municipality were tasked to identify areas where there is a need for government intervention, reasons why government should intervene, and how. Table 1 reflects the outcome of the process.

Table 1: Areas Requiring Government Intervention

Area of Intervention	Why?	How?
<ul style="list-style-type: none"> • Agriculture tariffs 	<ul style="list-style-type: none"> • Help emerging farmers • Protect local farmers 	Increase tariffs in line with world tariffs.
<ul style="list-style-type: none"> • Skills development 	<ul style="list-style-type: none"> • Empower local communities to access employment opportunities and run their own businesses • Areas of focus: Small Industries, Agriculture, Marketing, Construction, Tourism, Entrepreneurship and technical skills 	<ul style="list-style-type: none"> • Training & development • Speed up process through effective implement of procedures and processes
<ul style="list-style-type: none"> • Fast-track funding & implementation of projects with time frames 	<ul style="list-style-type: none"> • To fast track and sustain projects 	<ul style="list-style-type: none"> • To identify key role players within the projects. • Build strong Project Management Capacity within the municipality
<ul style="list-style-type: none"> • Land reform programme 	<ul style="list-style-type: none"> • To enable communities access land and sustain 	<ul style="list-style-type: none"> • Sound agric policies • Restitution and

	<ul style="list-style-type: none"> themselves. Equity 	<ul style="list-style-type: none"> Secure Land Tenure Purchasing land to achieve 30% by 2014
<ul style="list-style-type: none"> Services and infrastructure 	<ul style="list-style-type: none"> Sustain economic development Improve community living conditions. 	<ul style="list-style-type: none"> Through effective municipal programmes.
<ul style="list-style-type: none"> Rail Rehabilitation 	<ul style="list-style-type: none"> Assist with new timber plant Improve competitiveness of local business 	<ul style="list-style-type: none"> Rehabilitate rail lines
<ul style="list-style-type: none"> Infrastructure development 	<ul style="list-style-type: none"> Encourage industry development 	<ul style="list-style-type: none"> Electricity, Roads, Sewerage
<ul style="list-style-type: none"> Land Availability 	<ul style="list-style-type: none"> Lack of available land 	<ul style="list-style-type: none"> Acquisition of land
<ul style="list-style-type: none"> Enterprise development 	<ul style="list-style-type: none"> Prevent production leaving area Value added products Job creation 	<ul style="list-style-type: none"> Government funding

It is evident from the deliberation in focus groups as reflected in Table 1 that there is a need to focus government intervention in GKM on:

- Service Delivery with a focus on poverty alleviation and community development.
- Skills Development is an important areas that was identified by the participants as requiring urgent attention in particular community development and enterprise support.
- Infrastructure Development including Rail Rehabilitation to encourage industry.

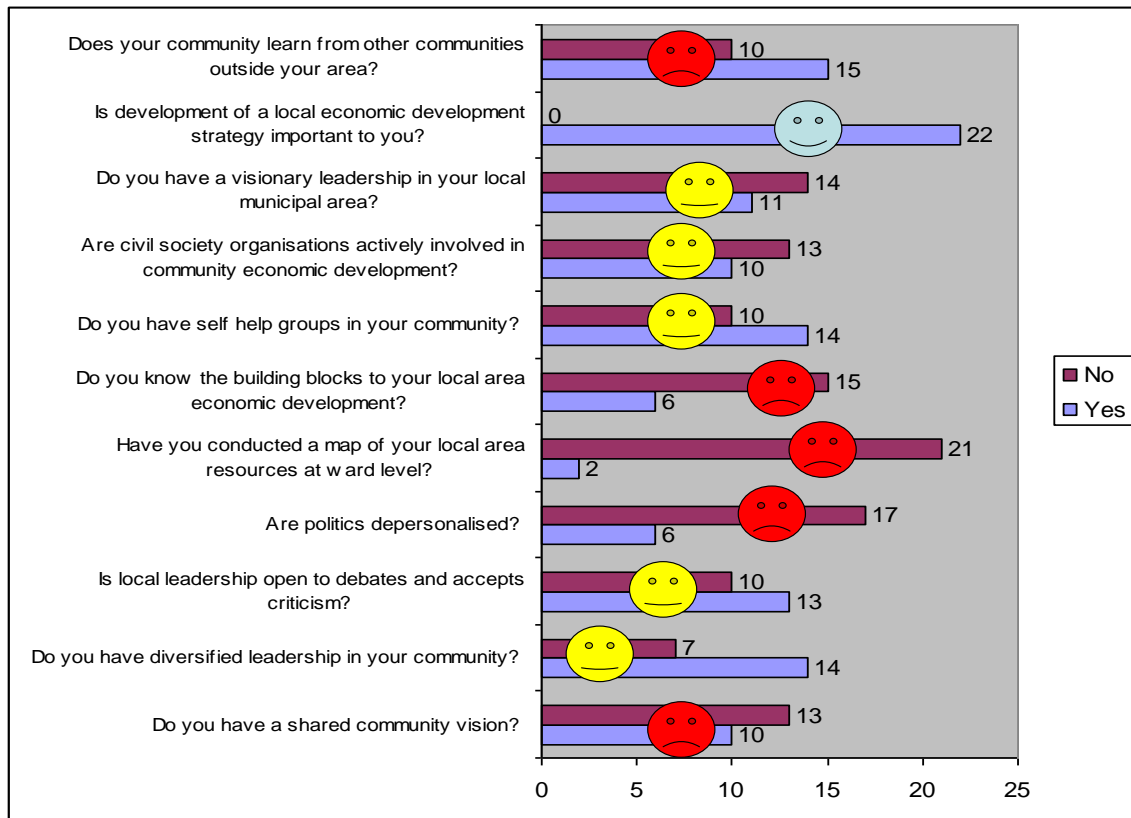
- Intervening to make land available for both investment and residential.
- Enterprise development and support to focus on value adding business opportunities.
- Tariffs to enable local business to compete in the global market space in particular with countries where protection of local industries remains high.

The areas identified above have also influenced the strategies that the GKM has developed.

2.3 KEY ISSUES ON CREATING ENTREPRENEURIAL COMMUNITIES IN GKM

As part of the induction process a questionnaire was developed to assess the state of entrepreneurial social infrastructure in the GKM. The outcome of the questionnaire from about 30 respondents is summarised in Figure 1.

Figure 1: ESI Questionnaire Results



The following are some of the observations.

- **Areas Requiring No Change**
 - Shared importance of developing community economic regeneration strategies
- **Areas Requiring Some Improvement**
 - Acceptance of criticism
 - Diversification of the leadership base of the community
 - Development of visionary leadership
 - Active involvement of civic society organisations in community economic development activities
 - Establishment and strengthening of community Self Help Groups
- **Areas Requiring Major Improvement and Attention**
 - Understanding of local and/or community resources and assets
 - Depersonalisation of politics
 - Development of a shared community vision
 - Learning experiences from one another – community visitations and local level study groups

3. GKM ECONOMIC PROFILE HIGHLIGHTS

This section highlights key issues identified in the economic profile document of the Greater Kokstad Municipality referred to as Phase 1. The economic profile is one of the building blocks to the GKM's LED Strategy and Implementation Plan.

3.1 GKM GROSS GEOGRAPHIC PRODUCT

Table 2 shows the Gross Geographic Product (GGP) of the GKM which shows the size of the local economy.

Table 2: Gross Geographic Product, Current Prices, 2003 (R1000)

	1999	2000	2001	2002	2003
Sisonke DM	1,009,373	1,065,239	1,167,535	1,342,650	1,434,466
GKM	347,540	375,536	418,209	491,062	535,602
Mt Ayliff	116,494	127,286	136,118	146,227	152,364
Ubuhlebezwe	416,817	433,038	480,195	548,771	577,537
Port Shepstone	2,170,396	2,388,508	2,648,652	2,917,465	3,160,828

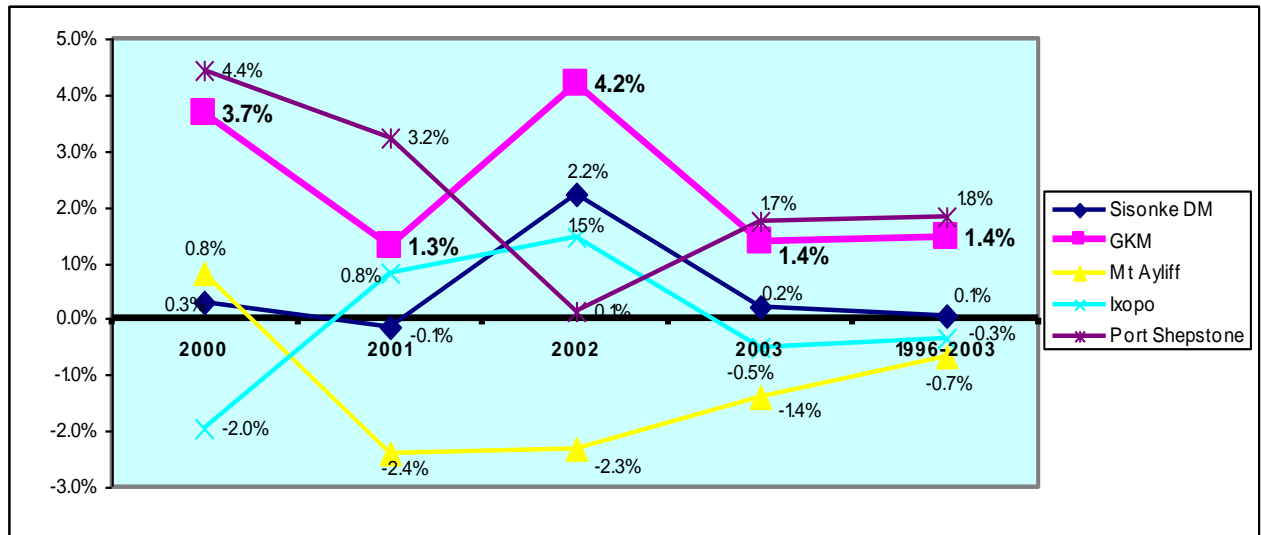
Source: Global Insights

The table shows that the size of the municipal economy as measured by the GGP grew from by 53, 7% from R348 million in 1999 to R536 million in 2003.

3.2 GKM ECONOMIC GROWTH RATE

Figure 2 below indicates that the GKM economic growth rate averaged 1.4% between 1996 and 2003.

Figure 2: GKM Economic Growth Rate



Only Port Shepstone grew faster than the GKM between 1996 and 2003 at 1.8%. The GKM economy experienced significant growth rates averaging 3.7% in 2000 and 4.2% in 2002. This inconsistency in economic growth indicates challenges regarding local economy’s ability to sustain higher growth rates.

Research which included interviews with stakeholders indicates that the average slow growth rate in GKM has been mainly due to the following:

- Lack of investment in agriculture the mainstay of the local economy. This low investment is as a result of uncertainty regarding land reform and reluctance of many farmers to invest in the long term. Another explanation linked to this is the disinvestment by established farmers to other growth sectors such as services and tourism.

- Declining manufacturing base. For over a long period of time the manufacturing sector in GKM has been declining with cheese factories no longer in existence,
- Lack of investment in new property development. The trend in Kokstad has lack of investment in new property development with only the existing property stock changing hands. This has resulted in higher property prices and limited investments as result of land not being released.

Clearly, the average growth rate of 1.4% is unacceptable for an economy experiencing more than 30% unemployment rates and still rising.

3.3 GROSS VALUE ADDED

Table 3 below indicates the Gross Value Added (GVA) share of each sector in the local economy with agricultural being the highest contributor followed by community services, trade and wholesale, finance, manufacturing, transport, electricity and construction.

Table 3: GKM GVA by Economic Sector, current prices (R1000)

	Agric ulture	Mining	Manu facturing	Electricity	Constr uction	Trade	Transp ort	Finance	Comm. services
Sisonke DM	321,854	0	124,217	24,016	20,114	206,965	67,779	153,790	353,939
GKM	116,556	0	22,691	16,293	8,146	105,073	21,096	85,953	110,456
Ubuhlebezwe	148,110	0	63,843	7,360	4,478	62,475	30,875	40,259	151,371
Mt Frere	15,138	0	4,628	302	6,001	48,410	3,574	11,778	144,762

Source: Global Insights

The picture above shows the importance of agriculture, trade and the services sector in the GKM economy.

3.4 GGP GROWTH BY SECTOR

Table 4 below shows the growth rate of each sector. Agriculture has experienced negative growth rates of 5.8% even though it remains the biggest contributor to municipality's GGP.

Table 4: Average Annual Growth by Sector, 2003

	Agricu lture	Min ing	Manufa cturing	Electr icity	Constru ction	Trade	Trans port	Fina nce	Comm unity services
Sisonke District Municipality	-6.1%		1.0%	1.0%	4.9%	2.7%	2.8%	6.4%	1.4%
GKM	-5.8%		1.9%	1.2%	6.4%	4.3%	5.5%	7.7%	1.4%

Sectors that have shown significant growth rates include finance at 7.7%, construction at 6.4% albeit from a very low base, transport 5.5% which is predominately informal and trade at 4.3% in 2003. The importance and growth of these sectors is evident in the role that GKM plays as a regional economic and services centre. With a population averaging 70 000 people the GKM economy is more than double size of the municipal economies such as Umzimvubu, Mbizana and Tabankulu.

3.5 GROWTH AND UNEMPLOYMENT IN GKM

Despite growth in most sectors the municipality has however experienced higher and rising unemployment rates. The following are some of the reasons for the continued unemployment in municipal area:

- Growing sectors such as Finance are not necessarily major employers and also require skills that the GKM cannot offer such finance, actuarial technicians, etc. This general structural problem (skewed labour supply not aligned to industry needs) coupled with lack of new investments in the agricultural sector, construction (which predominantly short term and

unsustainable) and declining manufacturing sector hampers local employment creation opportunities.

- There are more new job seekers than the market can absorb. This challenge is compounded by the fact that most people from the neighbouring municipalities tend to settle in GKM because of better prospects of finding employment than in generally depressed economies where they come from. Examples of this are evident in low cost income areas such as Shayamoya.

The importance of these sectors and their job creation potential is reflected in Table 5. Formal sector employment in the GKM once again indicates the importance of the agricultural sector followed by the trade, households, finance. The low employment in the manufacturing sector indicates the decline in the importance of the sector as an job creator in the GKM economy.

Table 5: Formal Sector Employment, 2003

	Agric ulture	Mining	Manufa cturing	Elect ricity	Constr uction	Trade	Trans Port	Fin ance	Comm- unity services	House holds	Total
Sisonke DM	10,558	0	988	55	144	2,935	369	928	4,429	3,143	23,550
GKM	3,654	0	227	26	82	1,233	95	481	1,233	1,320	8,353
Ixopo	3,466	0	409	21	4	749	134	259	1,617	629	7,288
Mt Ayliff	244	13	56	0	25	63	31	13	1,193	405	2,044

Source: Global Insights

The agricultural sector employed the highest number of people in 2003 with 3 654 employed followed by households (1 320), trade (1 233), community services (1 233), finance (481), manufacturing (227), transport (95), construction (82) and electricity (26).

It is important to note that despite the higher employment in the household sector the quality of jobs and wages paid remain a challenge notwithstanding the Department of Labour's Wage Determination for Domestic Workers. However its importance in providing many households with income cannot be undermined.

To resuscitate the GKM economy in a manner that enables it to create more jobs will require higher levels of growth in particular in the Agriculture and Manufacturing sector. This is mainly because of the potential and competitive advantage that the GKM has. Other important job creating sectors include Trade, Construction and the Services Sector.

3.6 INCOME LEVELS

The income levels in the GKM reflect both race and class income differences as reflected in the annual per capita income in Table 6.

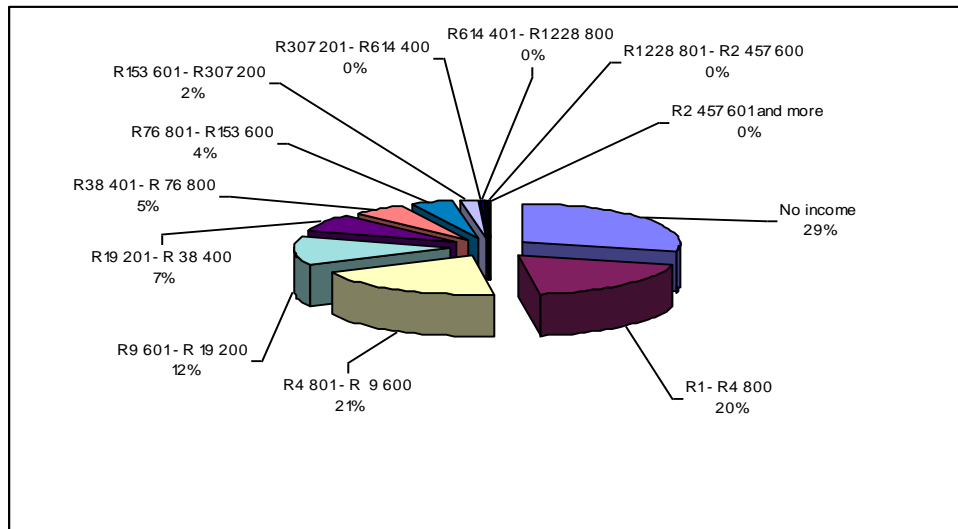
Table 6: Annual Per Capita Income, current prices, 2003

	Black	White	Coloured	Total
Sisonke DM	6,871	40,908	13,461	7,832
GKM	13,415	40,867	12,366	15,114
Ubuhlebezwe	6,194	52,294	16,698	6,800
Mt Ayliff	6,172			6,480

Source: Global Insights

Figure 2 below indicates that 29% of the population in GKM have no income, 20% earn between R1 and R4 800, 21% earn between R4 801 and R9 600, 12% earn between R9 601 and R19 200 and only 16% earn over R19 201 per annum.

Figure 2: Income Levels for GKM



Source: Statistics South Africa, 2001

These figures indicate a challenge to increase the income earning capacity of poor communities. To achieve this a number of options are available to the municipality. The choices mainly entail improving the productive use of resources located within the municipality and ensure that relevant skills are developed. Expanding and attracting new private sector investments is also an important strategy that the municipality should explore. This includes ensuring that there is a focus on establishing viable community based enterprises.

The municipal's comparative advantages are identified in the economic profile report as incorporating the following:

- A relatively good state of strategic infrastructure which requires urgent repairs, upgrading and maintenance. This includes rail and road transport infrastructure and electricity;
- A strong agricultural sector with existing farming expertise;
- Good strategic location of the municipality in comparison to its neighbours such as Umzimvubu, Matatiele, Ugu, Mbizana, and Qaukeni Municipalities;
- Availability of land; and

- Existing and growing retail, finance and services sector.

The following are identified as the main bottlenecks to the revitalisation of the municipal economy.

- Limited and lack of relevant skills;
- Slow process in the disposal of land for residential housing development and investment;
- Poorly maintained infrastructure – rail and roads;
- Poor leadership;
- Uncertainty in land reforming resulting in farmers not investing; and
- Limited funding.

4. SECTORAL AND INSTITUTIONAL SWOT ANALYSIS

This section analyses the strengths, weaknesses, opportunities and threats (SWOT) of various sectors in GKM.

4.1 AGRICULTURAL SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Availability of productive land • Availability of experienced farmers • Commitment of farmers to transfer skills • Water availability • Availability of markets • Conducive climate • Organised groups (commercial farmers) 	<ul style="list-style-type: none"> • Inaccessibility of water to small-scale farmers • Lack of cohesion • Lack of resources and support • Low skills levels of small-scale farmers
Opportunities	Threats
<ul style="list-style-type: none"> • Expansion potential • Government programmes (Agrarian reform) • Value-adding • Possible linkages to tourism (Agri-tourism) for trout fishing, camping & duck hunting) • Willingness for negotiation and forward planning. 	<ul style="list-style-type: none"> • Government policies, e.g. tariffs & subdivision • Theft • Natural disasters • Distrust • Negative sentiment

4.2 FORESTRY SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Availability of high quality land with forestry potential • Conversion of unproductive land into productive use • Labour intensive 	<ul style="list-style-type: none"> • Environmental issues inhibit accessibility • Long investment period • High capital investment • Water scarcity
Opportunities	Threats
<ul style="list-style-type: none"> • Job creation • Processing • Bio-fuel • Agri-tourism • Inter-cropping (Mushroom) • Diversified production (crafting by SMMEs) 	<ul style="list-style-type: none"> • Fires • Diseases (Sirex) • Water

4.3 MINING SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Mineral resources (Rock & Sand) • Closer to targeted markets 	<ul style="list-style-type: none"> • Low value Vs high cost • Transportation
Opportunities	Threats
<ul style="list-style-type: none"> • Brick making (soil blocks) • Portary clay • Availability of markets 	<ul style="list-style-type: none"> • Lincensing

4.4 MANUFACTURING SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Abundant raw materials: Milk, Timber, Beef, Rock & Sand. • Abundant labour • Effective marketing network • Large profit margins 	<ul style="list-style-type: none"> • Poor infrastructure • Low levels of skills • Long distance to the markets • Huge costs for infrastructure development • Lack of information e.g. incentives • High Services and rates • Co-operation
<ul style="list-style-type: none"> • Opportunities 	<ul style="list-style-type: none"> • Threats
<ul style="list-style-type: none"> • Establishment of a processing plant • Job creation • Penetrating untapped market 	<ul style="list-style-type: none"> • Perishability of some products • Rivalry from large companies • Dumping • Slow pace on infrastructure development

4.5 CONSTRUCTION SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Road network linking GKM • Diverse transportation system • Cross boundary (huge influx of traffic) 	<ul style="list-style-type: none"> • Lack of ranks or bus stops • Poor law enforcement measures • Non functional weigh bridge • Lack of modern technology for traffic control • Poor roads conditions
Opportunities	Threats
<ul style="list-style-type: none"> • Reviving rail system • Rehabilitation of weigh bridge for industry development • Job creation 	<ul style="list-style-type: none"> • Overloaded trucks • Reckless driving

4.5 TOURISM SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Close proximity to N2 • Adequate overnight accommodation infrastructure (Guest houses, lodges & B&Bs) • Nature reserve- tourist attraction • Train route • Tourism agriculture linkages • Fishing, hiking & hunting opportunities • Major retail outlets 	<ul style="list-style-type: none"> • Few tourist attraction facilities • Poor marketing • Inefficient information centres • Fragmented tourism industry

Opportunities	Threats
<ul style="list-style-type: none"> • Available government funding to improve tourism • Soccer world cup in 2010 • Craft market • Fishing, hunting & Bird route 	<ul style="list-style-type: none"> • Planned rerouting of N2 to the south coast • Inefficient resource utilisation • Poor marketing and promotional tools resulting in low economic returns

4.6 FINANCE SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Well established banking industry with about 7 banks • Strong retail or commercial sector • Relative high standard of service • Technologically advanced • Easily accessible 	<ul style="list-style-type: none"> • Lack of key personnel • Lack of capacity • No re-investment drive
Opportunities	Threats
<ul style="list-style-type: none"> • Room for expansion • Emerging commercial industry • Informal housing 	<ul style="list-style-type: none"> • Investors not interested in GKM

4.6 RETAIL/WHOLESALE SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Good Location • Good Infrastructure • High Accessibility • Corporate presence 	<ul style="list-style-type: none"> • Limited availability of commercial land • Ineffective law enforcement system • Influx of and uncontrolled foreign informal traders • Lack of facilities to support emerging traders • Lack of amenities for day visitors • Commercial/industrial rates are high • Service tariffs are high • Illegal foreign informal traders
Opportunities	Threats
<ul style="list-style-type: none"> • More land made available • Regional retail centre • Job opportunities 	<ul style="list-style-type: none"> • Drug trafficking

4.7 REAL ESTATE SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Availability of land • Increasing demand for land • Marketable land (prime) 	<ul style="list-style-type: none"> • Lack of bulk infrastructure • Cumbersome disposal of land processes • Lack of skilled labour • High property prices as a result of higher demand and limited supply of properties and land
Opportunities	Threats
<ul style="list-style-type: none"> • Release land for strategic investments • Attract investment • Income generation • Job creation • Enterprise development 	<ul style="list-style-type: none"> • Overloaded services or infrastructure • Loss of status as admin/centralised capital

4.8 INSTITUTIONAL AND GOVERNANCE SWOT ANALYSIS

Strengths	Weaknesses
<ul style="list-style-type: none"> • Council legitimacy • Organisational structure appointed by council • Availability of human resources • Established ward committees • Project Consolidate and support from DPLG • Developed policies • Adopted IDP and budget • Fiscal base 	<ul style="list-style-type: none"> • Lack of By –laws • Non-existence of communication strategy • Delays in filling of vacant posts • Lack of skilled labour force • Lack of capacity and training of ward committees and councillors • Poor co-ordination of Project Consolidate at National-Provincial and Local levels • Non existence of Led Unit & LED Representative Forum • Incapacitated council on IDP and budgeting • Poor quality of participation from stakeholders • High level of unemployment • Poor debt collection • Lack of functioning Land Use Management System (LUMS) • Poor Infrastructure & Maintenance Plan • Lack of a Human Resource Dev strategy
Opportunities	Threats
<ul style="list-style-type: none"> • Investment from private and external sources • Support from other Government Departments (grants & skills) • Stakeholder mobilisation • Strategic location of GKM. 	<ul style="list-style-type: none"> • Negative publicity • Deteriorating infrastructure conditions • Readiness of the municipality • Political instability • Loss of revenue due to underdevelopment of available land.

5. GKM ECONOMIC VISION, PRINCIPLES AND GOALS

Informed by the stakeholder input, economic profile and analysis an economic vision, principles, targets and goals were developed.

5.1 GKM ECONOMIC VISION

The development of the economic vision for the Greater Kokstad Municipality was informed by the following key themes that emanated from research and stakeholder engagement.

KEY THEMES

- Regional economic hub
- Value adding activities
- Retention of industries
- Expansion of industry
- Attraction of new enterprises
- Sourcing of resources
 - i. Skills
 - ii. Funding
 - iii. Infrastructure
- A strategic partner and good neighbour
- Sustainability and growing economic
- Reduced unemployment
- Equality
- Poverty Reduction

The economic vision for Greater Kokstad Municipality was defined and approved by delegates as follows.

GKM Economic Vision:

**A SELF SUSTAINABLE, ATTRACTIVE AND VIBRANT REGIONAL CENTRE
TO VISIT, LIVE AND INVEST IN.**

Linked to this vision are the municipality's broad economic targets to ensure that the economy grows at levels consistently higher than the average national growth target of 6% and reduce unemployment to levels below 20% within the next five years.

In setting these targets the municipality recognises that it has achieved in the past levels as high as 4.2% whilst the average five year growth has been 1.4%. The municipality also recognises that some sectors grew by more 6.6% while critical sectors such as agriculture and manufacturing experienced either negative growth or lower growth levels.

Consistent with this vision and targets the Greater Kokstad Municipality will position itself as a regional investment destination and place of choice for people to visit and settle in.

Discussed below are principles, goals and strategies that, if successfully implemented will ensure the attainment of the vision.

5.2 PRINCIPLE

Underlying the vision and implementation of the LED Strategy are a set of principles that will inform the approach, values and conduct of the Greater Kokstad Municipality and its residents and stakeholders.

- a) Sustainability, Impact and Value For Money
- b) Poverty Reduction and Job Creation
- c) Equity and Community Empowerment
- d) Honesty and Integrity

- e) Leadership and Good Governance
- f) Inclusivity, Co-operation and Partnerships
- g) Accountability

5.2 LED GOALS

The following are the local economic goals that the municipality has set for itself. These goals are informed by the statistical analysis undertaken by KDDBS, stakeholder input and an analysis of GKM assets and resources.

The following are the identified goals and targets.

- a) A holistic, vibrant and sustainable agricultural and forestry sector
- b) Market and Promote GKM as a Regional Economic Hub
- c) Develop GKM as a manufacturing and processing hub
- d) Enhance Enterprise and Community Development and Support
- e) Strengthen stakeholder participation to enhance co-operative governance
- f) Create a safe and secure destination that promotes tourism and settlements
- g) Human Capital Development

Linked to the goals are a number of strategic objectives, strategies and action plans that aim to bring reality to the realization of the economic vision. It is important for the municipality, residents, stakeholders and partners to always bear in mind that the attainment of the economic GKM vision will be a process. It will require commitment and passion from all those engaged in the process.

6. STRATEGIES AND ACTION PLAN

GOAL 1: A HOLISTIC, VIBRANT AND SUSTAINABLE AGRICULTURAL AND FORESTRY SECTOR	
Key Issues	<ul style="list-style-type: none"> • Land and Agrarian Reform (14% currently claimed and 16% targeted for finalisation by 2014) • Mentorship, support and partnerships with emerging businesses • Increased investments • Co-operation and collaboration among industry players • Environmental issues (permits, licenses, rezoning of land) • Access to markets • Existence of skills and knowledge • Food security • Protection of natural resources • Common vision
Strategic Objectives	<ol style="list-style-type: none"> 1. Identification and development of a minimum of 5 000 hectares under new forestation by 2010. 2. Ensure that by 2010, 30% of agricultural land in GKM is redistributed to emerging PDI farmers.

	3. Ensure agricultural enterprises (commodities) with potential for processing are expanded and their competitiveness enhanced.				
Strategies	Success Indicator(s)	Partners	Budget	Time Frames	Responsibility
1.1 Identification and mapping of land with potential for new forestry development.	<ul style="list-style-type: none"> Planting permits issued to land owners 	<ul style="list-style-type: none"> Private sector (SAPPI, SINGISI, MONDI, Land Owners) DWAF Department of Agriculture and 	(linked to the R1 million below)	Start November 2006 and review progress quarterly	<ul style="list-style-type: none"> LED Co-ordinator Farmers Association

		Environment			
2.1 Identify and map land for redistribution	<ul style="list-style-type: none"> • All farmers part of the identification process (Swartberg, Mount Currie and Bhongweni) • Unproductive land identified • Involvement of land claimants • Farms with land claims included • Partnerships and mentorship programmes with commercial farmers • New farmers 	<ul style="list-style-type: none"> • Commercial farmers • Land claimants • Department of Agriculture and Environmental Affairs • Department of Land Affairs and Land Claims Commission • Department of Housing 	R1 million (to be confirmed) Mapping (photography, etc.) Admin Travel Workshops/Meetings Project Packaging	24 Months (by September 2008)	<ul style="list-style-type: none"> • All farmers Associations • LED Co-ordinator • MR Elijah Mabuza

	<p>settled</p> <ul style="list-style-type: none"> • Classes of land mapped and grouped 				
<p>3.1 Review the study conducted by Gijima KZN on agri-processing potential in GKM</p>	<ul style="list-style-type: none"> • Research Study completed and stakeholders engaged • Commodities with potential identified • Enterprises to be involved identified • High impact programmes developed (business packaging, incentives, subsidies, by laws) 	<ul style="list-style-type: none"> • Gijima KZN • Farmers Association • Chamber of business • Small Enterprise Development Agency (SEDA) • Industrial Development Corporation (IDC)/ Development Bank of Southern Africa 	<p>Outcome of the study to inform the actual budget</p>	<ul style="list-style-type: none"> • Study completed by November 2006 • Finalise plan within 24 months (September 2008) 	<ul style="list-style-type: none"> • IDP and LED Manager

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	<ul style="list-style-type: none"> • Land for agro-processing identified • BBBEE involvement 	<p>(DBSA)</p> <ul style="list-style-type: none"> • Ithala • DTI • DLGTA • DED 			
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GOAL 2: MARKET AND PROMOTE GKM AS A REGIONAL ECONOMIC HUB					
Key Issues	<ul style="list-style-type: none"> • Corporate brands • Accessibility to markets and consumers • Existence of skills • Educational Centre • High Rates and Tariffs • Infrastructure backlogs 				
Strategic objectives	<ol style="list-style-type: none"> 1. Ensure that on an ongoing basis strategic land identified for commercial, industrial and residential development is made available in order to attract, expand and retain existing businesses 2. Ensure that GKM is branded and promoted as a regional economic hub for the region 				
Strategies	Success indicator(s)	Partners	Budget	Time frames	Responsibility

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1.1	Land Use Management System Policy to be finalised	Release land for development	GKM, DLA, DoA, DLGTA	Funded	End of 2007	IDP Manager
1.2	Develop a Growth and Retail marketing and Incentive Plan	<ul style="list-style-type: none"> • Dedicated incentive plan to attract investments developed • Licensing procedures and information easily accessible to investors • Review if the Rates and Taxes regime • New investment for GKM 	Chamber of Commerce, DTI, Private sector companies, SEDA, SACOB	R250 000	August 2007	CFO & LED Co-ordinator
						LED Co-ordinator

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<p>1.3 Develop a Maintenance Plan (Upgrade - extend- maintain infrastructure)</p>	<ul style="list-style-type: none"> • Infrastructure maintenance plan developed and budgets developed • Funding for critical infrastructure requirements such as electricification, roads, etc. 	<p>MIG, DoT, Public Works, SAASE</p>	<p>Part of Capital Budget (management to review)</p>	<ul style="list-style-type: none"> • On-going • Plan to be finalized by March 2007 	<p>Infrastructure Manager</p>
<p>1.4 Develop a marketing and investment brochure</p>	<ul style="list-style-type: none"> • Professional high level brochure indicated existing business, new opportunities and plans 	<ul style="list-style-type: none"> • Outsource and engage private sector • Linked to the envisaged investment conference 	<p>R400 000</p>	<ul style="list-style-type: none"> • March 2007 	<p>Mr Elijah Mabuza</p>

		in GKM and District			
GOAL 3: SAFE AND SECURE REGION THAT PROMOTES TOURISM AND SETTLEMENT					
Key Issues	<ul style="list-style-type: none"> • Agri-tourism • By-laws • Sector policing • Residential land • Infrastructure • Education • Heritage sites 				
Strategic Objectives	1. Develop GKM as a secure municipal area that promotes tourism and settlement				
Strategies	Success indicator(s)	Partners	Budget	Time frames	Responsibility
1.1 Develop a comprehensive Tourism Plan Strategy and ensure alignment with the district strategy.	<ul style="list-style-type: none"> • Functional Tourism Strategy • Focus of 	Agricultural sector, Commercial farmers,	R250 000	June 2007	LED Co-ordinator

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	strategy on key competencies – viz Nature Base Tourism and Agri Toursim	Tourism KZN, AMAFA Local Tourism Association				
1.2	Draw property plan and release land residential development.	<ul style="list-style-type: none"> Property plan exists. Release of residential land across income sectors 	Dept of Housing DLA, DoA, GKM.	Internal Funding	December 2006	IDP Manager
1.3	Ensure police visibility and enhance community policing	<ul style="list-style-type: none"> Visible policing Effective Community Policy Forums Reduced crime rate 	SAPS, SANDF, GKM, Organised business, Community, DoA.		2006 and on-going	Mayor and Municipal Manager

GOAL 4: HUMAN CAPITAL DEVELOPMENT						
Key Issues		<ul style="list-style-type: none"> • Audit existing skills base • Develop appropriate skills in line with industry requirements • Entrepreneurial skills • Leadership skills • Relevant and responsive institutions 				
Strategic Objectives		1. Ensure that appropriate skills that respond to industry requirements are developed as part of the economic regeneration process				
Strategies		Success indicator(s)	Partners	Budget	Time frames	Responsibility
1.1	Audit existing skills base within the GKM for both employed and unemployed people	<ul style="list-style-type: none"> • A skills data base for unemployed is exists • DoL engaged on skills database 	<ul style="list-style-type: none"> • Department of Labour • SALGA • DPLG 	R250 000	March 2007	Elijah Mabuza

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Engage DoL on existing skills database	<ul style="list-style-type: none"> • Updated skills database 	<ul style="list-style-type: none"> • Dept of Labour • DoE • FET Colleges • Relevant SETAs • SEDA • Organised business • Tertiary institutions 	R500 000	February 2007	LED Co-ordinator HRD officer Special Programmes Co-ordinator
1.3 Develop a training skills programme on targeted areas identified in the Skills Audit	<ul style="list-style-type: none"> • Training Plan • Implementation of targeted training programme 	<ul style="list-style-type: none"> • Department of Labour • SALGA • SETA 	Still to be determined	April 2007	<ul style="list-style-type: none"> • Municipal Manager • Human Resource Manager

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<p>Engage vocational training and institutions of higher learning to consider GKM for satellite campuses</p>	<ul style="list-style-type: none"> • Functioning satellite/ Educational institutions within Kokstad • 	<ul style="list-style-type: none"> • 			
<p>Influence existing and potential institutions to provide industry related training and qualifications.</p>	<ul style="list-style-type: none"> • Choice of industry responsive subjects/ courses 	<ul style="list-style-type: none"> • 			

GOAL 5: STRENGTHEN STAKEHOLDER PARTICIPATION TO ENHANCE CO-OPERATIVE AND CORPORATE GOVERNANCE					
Key Issues	<ul style="list-style-type: none"> • Common community vision • Mobilisation of stakeholders • Strong civic society organisations (Chamber of Business, Farmers’ Organisations, Co-operatives, Self help groups, NGOs & CBOs) • Municipal institutional capacity • Establishment of a LED Forum • Establishment of a Development Agency 				
Strategic objectives	<ol style="list-style-type: none"> 1. To galvanise stakeholders into a meaningful and participatory support unit for the municipality’s LED Programme 2. To strengthen municipal management and governance systems 				
Strategies	Success indicator(s)	Partners	Budget	Time frames	Responsibility

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1.1	Facilitate formal consultative and informative sessions about stakeholder participation	<ul style="list-style-type: none"> • Involvement of community members on decision making processes • Holding regular meetings for organised stakeholders • Adopted action plan for stakeholder participation 	<ul style="list-style-type: none"> • Civic Society Organisation • Organised business and agriculture • Government Departments 	R100 000	November 2006	LED Co-ordinator
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1.2	Facilitate establishment of consultative and advisory LED Forum	<ul style="list-style-type: none"> • LED Forum Established 	<ul style="list-style-type: none"> • Organised Business • Organised Farmers • SMME groups • Relevant NGO's • Services Organisations 	March 2007	R150 000	LED Co-ordinator
1.3	Conduct a feasibility study on the feasibility of establishing an Economic Development Agency	<ul style="list-style-type: none"> • Report on the feasibility of establishing an agency developed 	<ul style="list-style-type: none"> • DBSA • Industrial Development Corporation (IDC) • Gijima KZN 	April 2007	R350 000	Mr Elijah Mabuza

1.4	Creation of viable systems, procedures, plans & policies to maximise corporate governance compliance.	<ul style="list-style-type: none"> • Relevant compliance policies exist and are adhered to within the municipality • Council supports and complies to adopted policies and procedures 	<ul style="list-style-type: none"> • DPLG 	Internal	Ongoing review quarterly –	<ul style="list-style-type: none"> • Municipal Manager and • Mayor
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GOAL 6: ENTERPRISE, COMMUNITY DEVELOPMENT AND SUPPORT					
Key Issues	<ul style="list-style-type: none"> • Develop existing enterprises • Simulate new enterprises • Self-sustained community 				
Strategic Objectives	1. To facilitate the development of targeted support for community based enterprises				
Strategies	Success Indicators	Partners	Budget	Time frames	Responsibility
1.1 Engage the Small Enterprise Development Agency (SEDA) to support a comprehensive Small Medium and Micro Enterprises programme in GKM	<ul style="list-style-type: none"> • SEDA programme aligned to LED Strategy • Awareness on SEDA support programmes • Integrated support programme 	<ul style="list-style-type: none"> • SEDA 	None	November 2006	LED Co-ordinator

		and engagement between SEDA, municipality and LED Forum				
1.2	Identify and facilitate the training of community based existing enterprises including communities settled as part of the Land Settlement process	<ul style="list-style-type: none"> • Updated database of all existing enterprises • List of training needs of existing enterprises identified • Improved service and market access for existing 	<ul style="list-style-type: none"> • Organised Business • Gijima KZN • Ithala • Department of Labour (DoL) • SEDA 	R1 million for year 1	June 2007	LED Co-ordinator,

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	enterprises					
1.3	Link community based enterprises to the ASGISA's Jobs for Growth Programme	<ul style="list-style-type: none"> • A data base of community based enterprises established • Enterprises linked to Jobs for Growth • Home based women, youth and enterprises managed by people with disability targeted • Self sustained households 	<ul style="list-style-type: none"> • Independent Development Trust – Jobs for Growth Programme (Technical Unit) • National Development Agency 	R1 million	September 2007	LED Co-ordinator,
1.4	Encourage Emerging Traders Identify	<ul style="list-style-type: none"> • Strategically located sites identified for 	GKM, DLGTA, COC, SACOB, SEDA & Private		Linked to the marketing and promotional	LED Coordinator

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<p>suitable site for centre, Develop market square & create a property division</p>	<p>traders</p> <ul style="list-style-type: none"> • Infrastructure for SMMEs developed 	<p>sector.</p>		<p>strategies</p>	
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GOAL 7: ENHANCE THE GKM AS A MANUFACTURING AND PROCESSING CENTRE					
Key issues	<ul style="list-style-type: none"> • Position of GKM renders it a good choice for industry location • Existence of infrastructure and relative competitive advantages compared to neighbouring municipalities • Hans Merensky R1 billion investment proposal a positive sign that the municipality can build on. 				
Strategic Objectives	1. To ensure that GKM is location advantages are exploited by attracting manufacturing and value adding businesses				
Strategies	Success Indicators	Partners	Budget	Time frames	Responsibility
1.1 Identify goods and products that can be manufactured in GKM	<ul style="list-style-type: none"> • Link with the Gijima KZN Study that is currently being developed. • Value addition to local primary produce • New industries attracted 	<ul style="list-style-type: none"> • Chamber of Business • Farmers Associations • Relevant government department 	Funded	August 2007	Municipal Manager
1.2 Identify existing	<ul style="list-style-type: none"> • Industrial land 	<ul style="list-style-type: none"> • DPLG 			

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<p>and potential land targeted for industrial development</p>	<p>identified as part of the Land Use Management Plan</p> <ul style="list-style-type: none"> • Certainty for industrialist for relocation • Potential industry and business clusters linked to GKM competitive advantages developed • Infrastructure linked to identified land developed 	<ul style="list-style-type: none"> • Provincial Department of Local Government and Traditional Affairs (DLGTA) 			
<p>1.3 Training on the relevant skills needed</p>	<ul style="list-style-type: none"> • Linked to skills audit and training focusing on skills required by industry 	<ul style="list-style-type: none"> • DPLG • DLGTA • DoL 			
<p>1.4 Conduct a feasibility study for the establishment of</p>	<ul style="list-style-type: none"> • Feasibility Study undertaken • Suitable Sites for the Park identified 	<ul style="list-style-type: none"> • GKM • Gijima • Ithala 	<p>R350 000</p>	<p>January 2008</p>	<p>LED Co-ordinator</p>

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<p>an Integrated Industrial Park for emerging small manufacturers</p>	<ul style="list-style-type: none"> • Land provided if site found suitable • New value adding enterprises established and supported through a comprehensive support programme 	<ul style="list-style-type: none"> • DBSA • SEDA 			
<p>1.5 Develop promotional material</p>	<ul style="list-style-type: none"> • Part of GKM promotional strategy and linked to the investment conference 				<p>LED Co-ordinator</p>

7. ALIGNMENT WITH THE NATIONAL LED PERSPECTIVE

The table below reflects the alignment of the GKM Strategy and Implementation with the National LED Perspective.

National Perspective	GKM Perspective
<ul style="list-style-type: none"> • Unique Advantage of Local Economies 	<ul style="list-style-type: none"> • A manufacturing and processing hub • Market and Promote GKM as a Regional Economic Hub • A safe and secure destination that promotes tourism and settlements • A holistic, vibrant and sustainable agricultural and forestry sector
<ul style="list-style-type: none"> • Investing in Communities 	<ul style="list-style-type: none"> • Human Capital Development • Enterprise and Community Development and Support
<ul style="list-style-type: none"> • Intensify Enterprise Development 	<ul style="list-style-type: none"> • Enterprise and Community Development and Support
<ul style="list-style-type: none"> • Public Sector Leadership and Governance 	<ul style="list-style-type: none"> • Strengthened stakeholder participation to enhance co-operative governance\

8. IDENTIFIED GKM PRIORITY GROWTH PROJECTS

During the research and stakeholder engagement on the LED Strategy a number of immediate projects and programmes to drive economic growth and development were identified. Outlined below is a list of projects that require urgent attention. These projects have the potential to maintain the momentum built during the GKM LED Strategy formulation process. These projects vary in scale and stages of completion. Most of them will require packaging for funding.

Name of Project	Nature of Project	Responsibility
1) Industrial (Manufacturing) Development	<ul style="list-style-type: none"> • Feasibility Study on manufacturing and processing potential currently underway 	<ul style="list-style-type: none"> • IDP Manager
2) Development of Industrial Park	<ul style="list-style-type: none"> • Making available land and facilities for light industrial processing to existing and new industries. • Feasibility Study required on Industry Clusters needed 	<ul style="list-style-type: none"> • Mr Elijah Mabuza
3) Skills Development	<ul style="list-style-type: none"> • Undertake a skills audit in GKM and link with existing industries or businesses • Development of a skills data base and development plan linked to business and industrial development • Conduct a feasibility study on the establishment of a training centre linked to higher and further education training institutions 	<ul style="list-style-type: none"> • Mr Elijah Mabuza
4) Property and Land Development	<ul style="list-style-type: none"> • Establish a team that will fast track the release 	<ul style="list-style-type: none"> • Mr Elijah Mabuza

	<p>of land in line with the revised Spatial Development Framework and Land Use Management System.</p> <ul style="list-style-type: none"> • Ensure land release is linked to the LED strategy and encourages business development and job creation • Investigate the possibility of establishing a property division within or outside the municipality 	<ul style="list-style-type: none"> • IDP Manager • Planning Manager
5) LED Forum Establishment	<ul style="list-style-type: none"> • Ensure that a representative LED Forum is established • Facilitate the unity or merger of Local Tourism Organisations • Facilitate the unity or merger of Farmers Association. • Facilitate the establishment of one united and functioning local business chamber 	<ul style="list-style-type: none"> • LED Coordinator
6) Investment Attraction and Conference	<ul style="list-style-type: none"> • Develop a marketing brochure incorporating the LED strategy and action plan as well as the GKM resources and assets • Convene an Investment Conference before March 2007 	<ul style="list-style-type: none"> • Mr Elijah Mabiza
7) Land Reform	<ul style="list-style-type: none"> • Ensure that communities settled on the land use the farm productively by facilitating support, advice and funding where necessary e.g. development and functioning of the Kransfontein Farm 	<ul style="list-style-type: none"> • LED Co-ordinator
8) Enterprise Development and	<ul style="list-style-type: none"> • Engage SEDA for a comprehensive SMME 	<ul style="list-style-type: none"> • Mr Elijah Mabiza

Support	support programme in GKM including funding for research where relevant.	
9) Infrastructure Development	<ul style="list-style-type: none"> • Enhance and develop a roads maintenance programme and ensure funding is secured • Ensure good infrastructure is developed to identified new residential, business and industrial development • Ensure that all street lights are functional 	<ul style="list-style-type: none"> • Infrastructure Manager
10) Establish Market Stalls	<ul style="list-style-type: none"> • Investigate the feasibility of establishing new market stalls 	<ul style="list-style-type: none"> • LED Co-ordinator • Infrastructure Manager

9. CONCLUSION

The GKM LED Strategy and Implementation Plan has been developed as part of a process to ensure that local politicians and leaders, communities, partners and stakeholders are united in an effort to rejuvenate the municipality's economy. The vision that has been developed is compelling and will require commitment if GKM is to realise its vision of being a compelling place to visit, invest, and live in. This vision calls for action in efforts to attract industries, create jobs, build local capacity, create vibrant and diversified businesses that will ensure that indeed GKM is a preferred investment and location destination.

The actions that have been identified require that a dedicated team comprising municipal officials and communities is put in place to drive implementation. Without implementation the strategy will become useless and a waist of resources and effort.