
ETHEKWINI MUNICIPALITY
INDUSTRIAL LAND STUDY AND
LAND STRATEGY
DEVELOPMENT

INDUSTRIAL LAND STRATEGY
1G-10205

The Planning Initiative Team

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CONTENTS

INDUSTRIAL LAND STRATEGY.....	1
1 Introduction	1
2 Context of the Industrial Land Strategy	3
2.1 Policy Context.....	3
2.2 The Reality of Supply and Demand.....	3
2.3 Current Spatial Pattern	4
2.4 Previous Spatial Industrial Strategy 2009.....	6
2.5 Key Issues - Constraints to Industrial Land Development	6
3 The eThekwinI Industrial Land Development Strategy	7
3.1 Goal and Key Objectives.....	7
3.2 Principles of an Industrial Land Strategy.....	7
3.3 Role of Local Government.....	8
3.4 Three Primary Strategies.....	8
INDUSTRIAL LAND IMPLEMENTATION PLAN.....	10
4 Industrial Land Development Strategies and Actions	10
4.1 STRATEGY 1: Adopt a Decisive, Facilitative Business and Political Culture including Exemplary Urban Management.....	10
4.1.1 Bold decision making and a Common Municipal position generated by Strategic Leadership	10
4.1.2 Increased Communication between the Municipality and Developers and Marketing the Municipality as a Port and Industrial City.....	12
4.1.3 Exemplary Urban Management	14
4.2 STRATEGY 2: Proactive Infrastructure Delivery	15
4.2.1 Prioritize Catalyst Projects To Catch Up Delayed Delivery – Strategic Decision Making Team	15
4.2.2 Fast Track Approvals of key/critical Infrastructure Projects for Brownfield and Greenfield priorities	15
4.2.3 Proactive Forward Planning to identify bulk infrastructure projects that will be needed to service industrial areas	15
4.3 STRATEGY 3: Innovation, Research and Development	15
4.3.1 Maintain and Develop the GIS database as an Information and Management tool for the Municipality and the Private Sector.....	16
4.3.2 Information Communication Technology (ICT) Capacity	16
4.3.3 Funding and Delivery Mechanisms for Bulk Infrastructure.....	17
4.3.4 Land Use Schemes and Act 70 of 1970 Applications	17
4.3.5 Support and Promote Green Industrial Development and Environment Research.....	17
5 Key Spatial Interventions	19
5.1 Brownfields Intervention	19

5.1.1	Introduction	19
5.1.2	Prioritizing Areas for Brownfields Interventions	20
5.1.3	Decisive Business and Political Culture and Exemplary Urban Management	26
5.1.4	Lever in additional private investment into the Inner City Industrial Areas	27
5.1.5	Build Local Partnerships in Urban Management Processes	27
5.1.6	Proactive Infrastructure Delivery	28
5.1.7	Innovation, Research and Development.....	28
5.2	Greenfields Interventions	29
5.2.1	Introduction	29
5.2.2	Prioritizing Areas for Greenfields Intervention	30
5.2.3	Decisive Business and Political Culture and Exemplary Urban Management	37
5.2.4	Proactive Infrastructure Delivery	37
5.2.5	Innovation, Research and Development.....	37
5.3	The Spatial Application of the Strategies by Planning Region and Industrial Suburbs.....	38
6	Institutional Responses and Financial Issues.....	47
6.1	Institutional Responses For Accelerated, Lower-Priced Industrial Land And Delivery.....	47
6.1.1	Doing Nothing and Market Interventions	47
6.1.2	Joint Ventures (JVs)/Public Private Partnerships (PPPs)	48
6.1.3	A Municipal Land Company.....	49
6.1.4	Third Party Facilitation.....	50
6.2	Institutional Conclusions and Recommendations	51
6.3	Financial Considerations	51
7	Conclusion and Recommendations.....	54
8	References.....	55
	Appendix A: Draft eThekwini Industrial Development Strategy 2012 UrbanEcon	56
	Appendix B: Extract from Economic Development Strategy.....	59
	Appendix C: Existing and Future Identified Industrial Areas	60
	Appendix D: Business Retention and Expansion Programme	64
	Appendix E: Urban Improvement Precincts and Special Rates Areas (SRA).....	66
	Appendix F: Urban Development Zones	67
	Appendix G: Institutional Options Discussion	69
	Appendix H: Application Time Frames.....	73

Tables

Table 1: Project Phasing and Broad Tasks.....	2
Table 2: Durban Port TEU Capacity	22
Table 3: Summary of Extent of Industrial development Proposed In the Spatial Development Plans for the eThekwini Municipality by Planning region	29
Table 4: Industrial Land Strategy by Planning Region and Suburb	38
Table 5: Possible Institutional Responses	47
Table 6: Edmonton Municipal Land Development Enterprise Financial Projections.....	53

Figures

Figure 1: Industrial Land Study and Land Development Strategy Project Components	1
Figure 2: Existing Zoned and Proposed Industrial Land As Per Approved Spatial Development Plans.....	5
Figure 3: Proposed Framework for an Industrial Land Development Strategy	9
Figure 4: Interaction between Internal and External Processes and various Forums	14
Figure 5: Extract from the Industrial Database (2014) GIS Arc Reader Output	16
Figure 6: Brownfields areas for Municipal intervention	21
Figure 7: Port and New Dig-Out Port.....	22
Figure 8: Clairwood and Jacobs Brownfields Redevelopment Opportunities	23
Figure 9: Mobeni Isipingo Brownfields Redevelopment Opportunities.....	24
Figure 10: Inner City Brownfields Redevelopment Opportunities	25
Figure 11: Brownfields Redevelopment Opportunities in Pinetown	25
Figure 12: Existing and Future Industrial Areas with Integration Zones and Dashboard Projects.....	31
Figure 13: Tongaat Dube Local Area Plan (Northern Urban Development Corridor 2011).....	34
Figure 14: Cato Ridge Local Area plan (November 2010 from Outer West Spatial Development Plan)	35
Figure 15: Back of Port Land Use Structure	36
Figure 16: Extent of the Existing and Future Industrial Areas Proposed in the Spatial Development Plans of eThekwini Municipality.....	61
Figure 17: Proposed Areas of Industrial Development as Per Spatial Development Plans.....	62
Figure 18: 2014 UDZ Area and ward boundary in the eThekwini Inner City Area.....	68

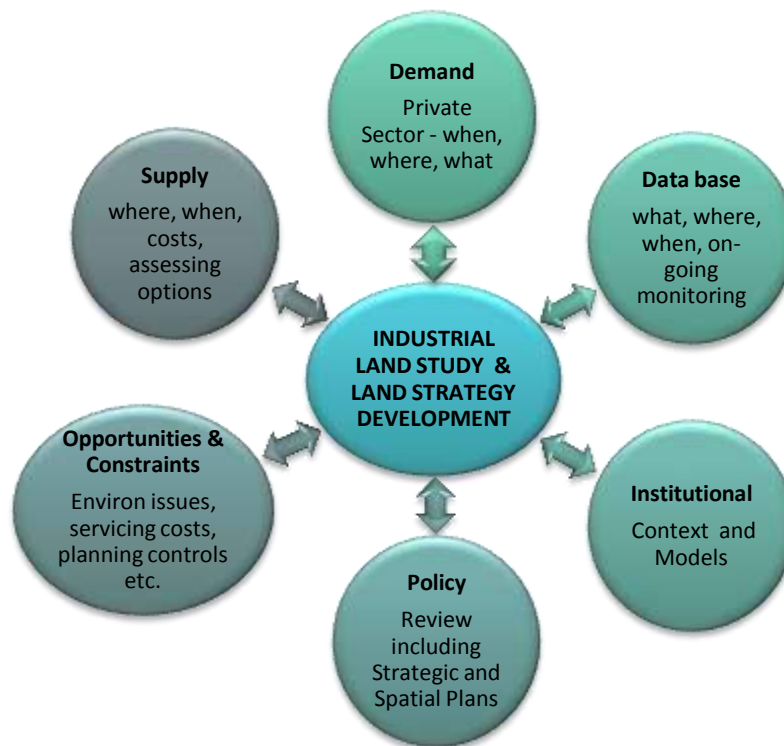
INDUSTRIAL LAND STRATEGY

1 INTRODUCTION

Against a back-drop of development challenges and economic realities, the eThekweni Municipality determined that it was appropriate to undertake an Industrial Land Study and prepare an Industrial Land Development Strategy which is up-to-date and considers current market demands and trends. The lack of adequate information on industrial land was identified as a key barrier to facilitating investment in Durban and unlocking growth. The local mandate for growth requires that the Municipality develop an Industrial Land Strategy and to this end, the eThekweni Economic Development and Investment Promotion Unit appointed The Planning Initiative team in 2013 to prepare an Industrial Land Study and Industrial Land Development Strategy for the Municipality. The project focusses on both demand and supply-side side information, analysis and proposed management interventions and strategies for releasing industrial land.

This project consisted of a number of phases as set out in Table 1. This report details the Industrial Land Strategy as part of Phase 3 which sets out Municipal Land Development Strategy to release or facilitate the release of appropriate industrial land that meets the demands of the eThekweni market. The elements that have contributed to the development of the strategy are illustrated in the diagram that follows:

FIGURE 1: INDUSTRIAL LAND STUDY AND LAND DEVELOPMENT STRATEGY PROJECT COMPONENTS



The strategy has been developed through engagement with the Municipality, project Steering Committee meetings and engagement with the Private Sector via interviews and two wider stakeholder forums held at the Moses Mabhida Stadium on 14 November 2013 and 14 March 2014.

The project has also delivered a comprehensive GIS database with mechanisms for updating data so that the Economic Development and Investment Promotion Unit, as well as other Municipal Departments may use this as a tool to reflect on changes over time, and to provide information to the public. The database includes information on:

- Existing zoned industrial land
- Vacant zoned industrial land
- Footprint of industrial building digitised from aerial photography for 2002, 2007 and 2012
- All land identified in the Municipal package of plans for industrial development or business parks that would include industrial development
- D'MOSS and rivers
- Bulk services
- Road and rail network
- Property size and municipal valuation

Using this database, as well as desk top research, the study has produced the following reports:

- Phase 1: Policy and Institutional Review Volume 1, September 2013
- Phase 1: Policy and Institutional Review Volume 2, September 2013 (Appendix to Volume 1 which provides a summary of relevant policy documents and research)
- Phase2: Demand and Supply Side Research Results, March 2014
- Phase 2: Land Study Analysis, March 2014 (analysis based on the research results)
- Phase 2: Task 6 Industrial Case Study Review, March 2014

The contents of these documents form the basis of the strategy detailed in the sections that follow and should be read in conjunction with this report.

TABLE 1: PROJECT PHASING AND BROAD TASKS

Phase	Task	Reports
1. Inception	<ul style="list-style-type: none"> • Information Collection 	<ul style="list-style-type: none"> • Inception Report, August 2013 and addendum, April 2014
2. Review	<ul style="list-style-type: none"> • Policy Review • Institutional Model Review • Industrial Demand Assessment • Industrial Supply Assessment • Review of Supply and Demand • Implement studies of alternative areas or methods 	<ul style="list-style-type: none"> • Phase 1: Policy and Institutional Review Volume 1, September 2013 • Phase 1: Policy and Institutional Review Volume 2, September 2013 • Phase2: Demand and Supply Side Research Results, March 2014 • Phase 2: Land Study Analysis, March 2014 • Phase 2: Task 6 Case Study Review, March 2014
3. Strategy Development	<ul style="list-style-type: none"> • Framework Development • Strategy Development • Institutional Models • Implementation Plans 	<ul style="list-style-type: none"> • Conceptual Framework, March 2014 • Industrial Land Strategy, implementation plans and institutional models • Monitoring and Evaluation Framework
4. Closeout	<ul style="list-style-type: none"> • Closeout Report 	<ul style="list-style-type: none"> • Closeout report

This report is broken up into two main sections as summarised below:

- THE INDUSTRIAL LAND STRATEGY
 - Section 2 which examines the factual and policy context background for the Strategy
 - Section 3 which sets out the land strategy itself
- THE INDUSTRIAL LAND IMPLEMENTATION PLAN
 - Section 4 which details the actions to implement the strategies
 - Section 5 which details the spatial implementation priorities in Brownfield and Greenfield areas
 - Section 6 which explores some institutional responses and financing issues for the strategy

2 CONTEXT OF THE INDUSTRIAL LAND STRATEGY

2.1 POLICY CONTEXT

The research undertaken to date indicates that there is a highly developed policy and strategy environment that is intended to guide and direct industrial development. In terms of the policy and strategies, job creation and investment promotion are key priorities at all levels of government.

The 2014 budget speech by Minister Pravin Gordhan reiterated Governments commitment to the National Development Plan to create jobs and eradicate poverty through economic growth. In his speech the Minister emphasised

- Accelerated public Infrastructure investment including increased grants to local government for water, sanitation, energy and environmental functions;
- The preparation of new spatial plans for cities and the implementation of the Integrated City Development Grant which is key to unlocking development by strengthening long term city planning and encouraging private sector investment;
- Support for Special Economic Zones and Manufacturing Incentives through the Industrial Policy Action Plan; and
- The National Infrastructure plan through the Strategic Integrated Projects
 - SIP 2: Durban-Free State-Gauteng Logistics and Industrial Corridor
 - SIP 7: Integrated Urban Space and Public Transport Programme

He noted that **“Government will continue to provide an enabling environment for businesses to grow and create employment” by removing constraints and implementing regulatory improvements.**

Within the eThekweni context, the Economic Development Strategy follows the national and provincial lead in emphasising economic growth for enhancing job creation, poverty alleviation and rates generation.

Spatially the *Integrated Development Plan and Spatial Development Framework* (including its associated package of plans) emphasises the need for integrated city growth and densification to maximise the use of services and minimise travel times. This is being further developed through the National Government requirement for new city spatial plans and the *Integrated City Grant Funding* requirements for the preparation of a *Built Environment Performance Plan* which includes the identification of Integration Zones within the Municipality where funding for economic growth will be directed.

Within this context Durban is facing increased competition from large scale infrastructure investments in other African Port Cities as well as growth of other African countries (Kenya for example) and the challenge is to retain the role of Durban as a sea and air port gateway to Africa with the requisite logistics infrastructure, and grow job creation opportunities in Durban on the back of this investment.

2.2 THE REALITY OF SUPPLY AND DEMAND

The research highlights that there is a perceived shortage of land for industrial development within the eThekweni Municipality and that there are long lead times before development commences.

However, the database developed indicates that:

- There is vacant zoned industrial land within the Municipality however, it largely consists of single sites dispersed amongst the existing industrial areas and, other than in the Outer West (where there is still some large pieces), it can assumed that this is not satisfying market demand (poor location, lack of access, affected by D’MOSS, etc.)

- There are some 1,400 ha's of land identified for future industrial use (3,500 Gross of which it is assumed 40% is developable) and some 200 ha within future business park development (total 2500 of which 40% may be developable and 20% may be used for industry) that needs to be zoned and serviced to address the demand.

Demand appears to be in the region of 30 – 45 ha's per annum, although latent demand may be in excess of this if land was readily available. This is demonstrated through the rapid sale of Cornubia as an example.

The nature of the demand is more difficult to determine. Sectors that are currently growing are warehousing and logistics, whilst overall manufacturing rate of growth has been declining. However, the latest Rode report notes that with respect to

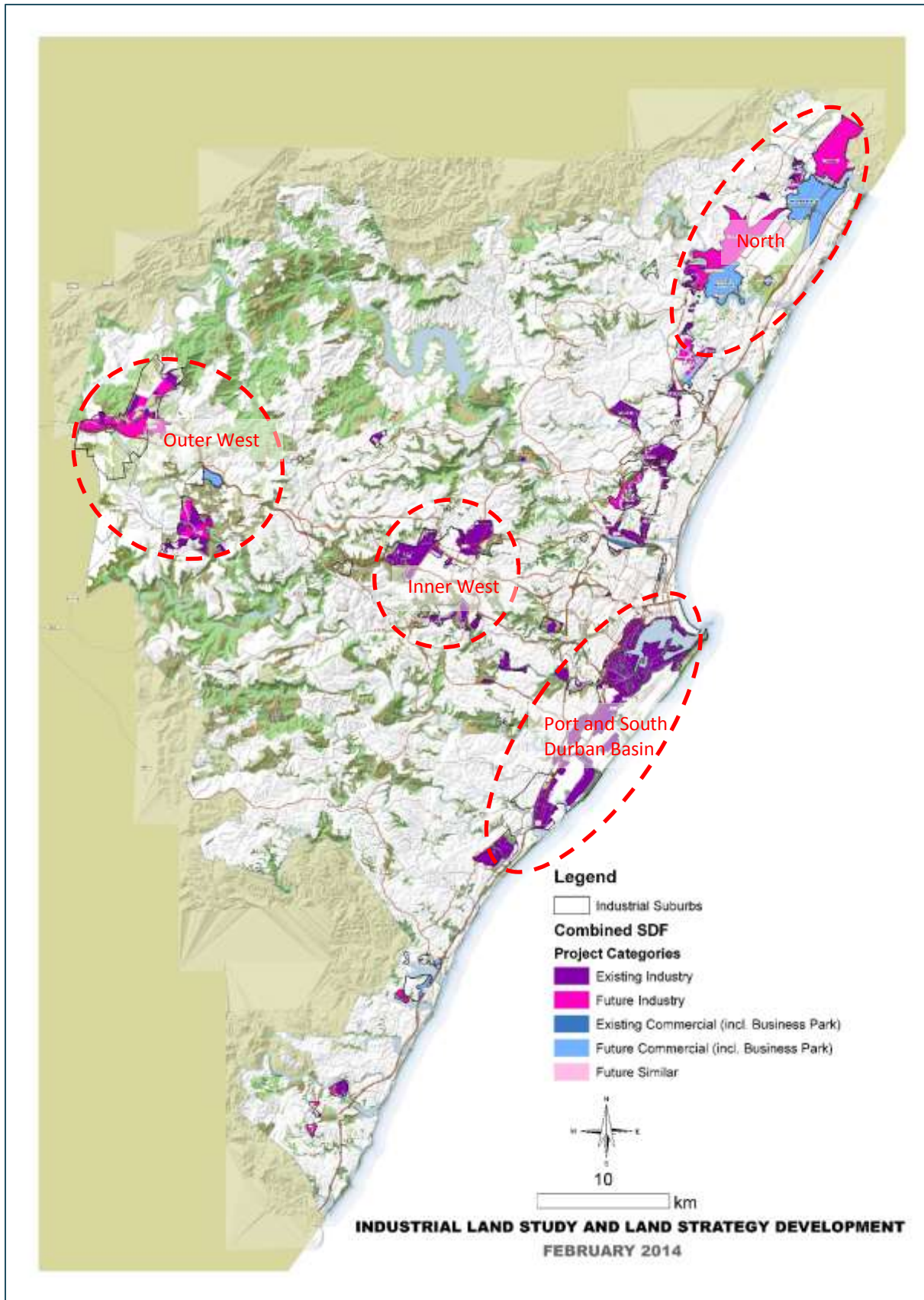
“industrial rentals, the growth in Durban has been heating up, so much so that in recent quarters this city has been showing the strongest growth amongst the major industrial regions. During the fourth quarter of 2013, prime industrial rentals in Durban were up by an impressive yearly rate of 9%. This can be compared with rentals on the East Rand, which showed growth of only 5%. In the Central Witwatersrand and the Cape Peninsula, rental growth of 2% was recorded, while in Port Elizabeth there was no growth. For now, conditions in the manufacturing sector remain “challenging”. This naturally places a lid on the demand for industrial space and might keep rentals growing at moderate rates. Rand weakness has the potential of making S.A. goods internationally more competitive – but only for the time being, until inflation catches up.”

2.3 CURRENT SPATIAL PATTERN

The current spatial patterns and plans within the municipality reflect the following:

- Port and South Durban Basin – historically this was the first industrial area to be developed. Much attention is now being given to the area as a result of the need to expand the port and improve access
- Inner West – this was the second clustering to be developed. It is historically an important industrial hub and has consolidated over time.
- Outer West – this area has gained attention recently being on the eThekwini-Gauteng corridor. Recent developments show an increased demand for sites in the area which appears to be growing.
- North – the northern area has always had some industrial development however it has been relatively small in the overall picture. It has now been identified for extensive growth with the New Airport and Dube TradePort including a much bigger cargo terminal than previously available in eThekwini.

FIGURE 2: EXISTING ZONED AND PROPOSED INDUSTRIAL LAND AS PER APPROVED SPATIAL DEVELOPMENT PLANS



2.4 PREVIOUS SPATIAL INDUSTRIAL STRATEGY 2009

This strategy was prepared for the Development Planning and Management Unit. The supply analysis focused on zoned industrial land and planned areas at the time. The analysis of demand was largely sector based. The strategy was based on three scenarios which hinged around whether the dig out port would happen or not. This decision has now been made. The EIA is now in progress and the questions are now focused on what form it will take and when.

The three key strategies arising out of the scenarios were:

1. Unlock existing zoned areas – Hammarsdale and Mpumalanga
2. Reorganize key industrial sites – Back of Port
3. Unlock new opportunity areas – DTP and Cornubia

The purpose of the strategy outlined in this report is to build on the 2009 study and move this strategy forward to a new level.

2.5 KEY ISSUES - CONSTRAINTS TO INDUSTRIAL LAND DEVELOPMENT

The following Key Constraints were identified in the stakeholder engagement process held on 14 November 2013:

- Red tape/ regulations/ delays/ pro-active planning/ approach – planning too reactive/ need bold decisions plus EIAs/ Act 70 of 1970
- Bulk infrastructure costs / limited municipal finance / developers contributions / Lack of para-statal and infrastructure costs
- Relationship between developers and municipalities
- Lack of co-ordination between departments
- Land price – too high / in the hands of a few / needs reducing
- Rates and financial incentives
- Investor confidence and global economic forces/ macro-economic conditions
- Project management and marketing

The team have distilled these into two main issues

1. Greenfields: *“Time to Market”* - The time of delivery of land to the market. The business cycle from when a Board of Directors decides to invest in a new project or an upgrade, to when they want to go live on the investment appears to be in the region of two years. The land cycle, including identification of land, planning processes and approvals, and provision of bulk infrastructure on the other hand appears to be in the region of 8 to 10 years (Appendix H). The gap is not tolerable for the market and needs to be reduced.
2. Brownfields: *“Policy of the Small”*- Urban management, Crime and grime, Investor aftercare, Repackaging of areas and overall maintenance needs to be addressed.

3 THE ETHEKWINI INDUSTRIAL LAND DEVELOPMENT STRATEGY

A strategy sets out to achieve a particular outcome / goal or objectives. To be useful the strategy should be focused on ensuring that a few specific issues are addressed that will shift the way investment in industrial land is happening, rather than aiming to be comprehensive and address all “ills”. Based on the issues raised during engagement and the research results, one primary goal and two key objectives for the Industrial strategy have been developed.

A set of principles for the land development strategy to follow have been developed and building on these, three primary strategies have been identified as set out below.

3.1 GOAL AND KEY OBJECTIVES

The proposed goal of the strategy is as follows:

The eThekweni Municipality will be a proactive facilitator of industrial land development, in order to build confidence in the market to invest in Durban and contribute towards economic growth and job creation.

The proposed key objectives of the land development strategy are to

- manage existing industrial land in order to retain and grow existing investment, and to
- facilitate the delivery of an adequate “ready for market” land bank

Land that is “ready for market” would imply that the land is

- Zoned for industrial use and bulk services are available; and
- Ready for developers to platform and provide the internal road network and infrastructure required.

3.2 PRINCIPLES OF AN INDUSTRIAL LAND STRATEGY

The principles upon which the land development strategy should be based were developed through a workshop with the Project Steering Committee members and were derived as follows:

An industrial land development strategy should be

- Driven in the first instance by an interest in the expanded employment opportunities that can be made available through industrial and warehousing land development and subsequent use.
- Long term in orientation i.e. the provision of land for Industrial Growth is obviously a key component of this picture and is addressed in this strategy. The identification, servicing, obtaining development rights and release of industrial land is a lengthy process thus a land strategy needs to have a long term horizon of 20 to 30 years.
- Robust, complex and diverse to take into account the dynamics of the industrial market. Given long lead in times for land release, land that will address the demands of a range of sectors should be the focus of the strategy – by the time it comes onto the market, growth patterns may well have changed.
- Proactive in intent, acknowledging the role of the private sector and government sector investments as central to economic growth.
- Innovative in approach and proposals.
- Based on Institutional integration – between different levels of government and different departments within the Municipality.
- Focused on Integrating industrial land use with other land uses to reduce travel times where possible i.e. efficient and more sustainable city development.
- Acknowledging the increase in national and global city integration.

- Focused on clustering industrial activities to achieve economies of scale and create efficient backward and forward linkages.
- Economically, environmentally and socially sustainable acknowledging that trade-offs and mitigation is part of this process.
- Based on a systems approach that acknowledges the larger picture of the city's development and the unpredictable, interactive and interdependent nature of industrial development within the city system.
- Aimed at minimising the time to market i.e. the time taken to release land for development.
- Aimed at improving the efficiency of municipal processes.
- Aimed at building on existing initiatives where possible.

3.3 ROLE OF LOCAL GOVERNMENT

Currently a key role of the municipality relates to being the regulator of land use and provision of bulk services within the Municipality. Historically, the Municipality also fulfilled a role as developer of industrial land and partner with the private sector in development. The municipality has played a developer role in a variety of partnerships, related to the development of South Durban Basin, Kingsmead Office Park, Springfield, Pinetown and Riverhorse Valley, with differential institutional models. The Municipality is also a significant general land owner in eThekweni Municipality and in addition to roads, open space and related municipal land holdings, they also own industrial land.

The developmental mandate of government suggests that the role needs to be expanded to that of development facilitator, as well as regulator and bulk service provider. The success of Public Private Partnerships in the past suggest this development strategy should not be completely discounted, although the option may be limited in scope under the new Public Finance Management Act. This should be picked up in future under research and development and is discussed in more detail in Section 12.

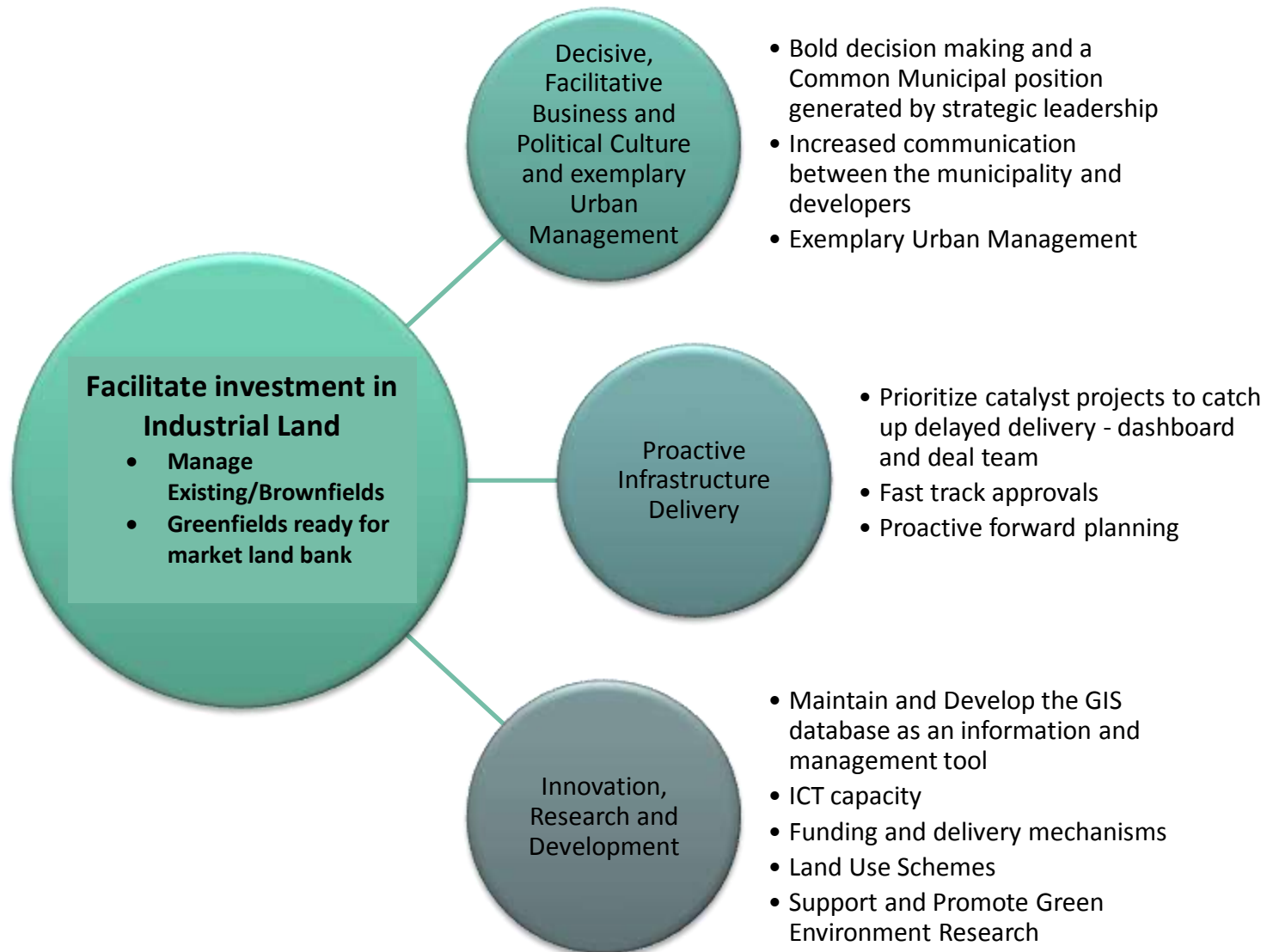
3.4 THREE PRIMARY STRATEGIES

Based on the analysis of existing supply and demand and the issues currently constraining industrial land development, the project has focused on the key areas that need to be addressed to move the Municipal role in industrial land facilitation from "business as usual" to a new approach that will result in significant change and impact on industrial land development.

Three primary areas of Intervention or Strategies have been identified around which the facilitation of Industrial Land Development should be arranged (Figure 3):

1. Decisive Business and Political Culture including exemplary Urban Management Practices
2. Proactive Infrastructure Delivery
3. Innovation, Research and Development

FIGURE 3: PROPOSED FRAMEWORK FOR AN INDUSTRIAL LAND DEVELOPMENT STRATEGY



INDUSTRIAL LAND IMPLEMENTATION PLAN

4 INDUSTRIAL LAND DEVELOPMENT STRATEGIES AND ACTIONS

Three primary strategies have been identified to activate a new approach to industrial land development in eThekweni:

1. Decisive Business and Political Culture including exemplary Urban Management Practices
2. Proactive Infrastructure Delivery
3. Innovation, Research and Development

This section outlines the objectives of each strategy and the actions required to implement them. Section 5 then explores how the strategy should be actioned from a spatial perspective, whilst Section 6 explores institutional and financial issues further.

It is suggested that the actions recommended be taken forward to the Municipal restructuring process and the Best Practice Commission investigations and findings, and built into these processes.

4.1 STRATEGY 1: ADOPT A DECISIVE, FACILITATIVE BUSINESS AND POLITICAL CULTURE INCLUDING EXEMPLARY URBAN MANAGEMENT

Increased certainty in the business and political culture was identified in the internal and external engagement processes as key elements that can assist the facilitation role of eThekweni Municipality to redevelop industrial land, to better manage existing industrial land and facilitate the release of new industrial land. The objective of this strategy is therefore to provide clear strategic direction, create certainty in the business and political environment, and improve urban management in order to build confidence in the market to invest in Durban and contribute towards economic growth and job creation.

4.1.1 BOLD DECISION MAKING AND A COMMON MUNICIPAL POSITION GENERATED BY STRATEGIC LEADERSHIP

1. Establish/reinforce a **Strategic Decision Making team** at DCM level to guide policy, planning and project decisions. This could form a mandate of the existing DCMs forum.
 - The purpose of this team will be to provide clear strategic direction and decisions to be followed by all departments
 - Promote an attitude of “how can we approve this application/development responsibly” rather than “what is wrong with this application from the outset.”
 - Chaired by the Municipal Manager
 - Build on the existing deal team concept
 - Attended by DCMs and Heads of Departments
 - All departmental Heads to be responsible for taking plans and strategic projects to this meeting to obtain decisive guidance
 - Mechanism for feeding decisions down to the municipal teams to be put in place to guide departmental decisions
 - Departments should also feed information up to this team to ensure that strategic decisions are made on an informed basis and within the constraints of the Municipality and legislative requirements
 - Decisions made by this team do not take away the mandates of various departments and obviously cannot override statutory requirements, however clear strategic

guidance will assist in prioritizing city decision making and this team will provide a forum where key projects may be discussed, processes agreed and resolutions made.

2. Establish an **Inter-Departmental Approval Team** for development applications - planning, environment, transport and infrastructure as key departments
 - The purpose of the team will be to provide an interdepartmental forum to discuss and make decisions to assist in overcoming the silo effect of large departments within the complex city structure
 - Chaired by the Planning and Development Management Department.
 - All applications for industrial development (rezoning, scheme amendments, special consent applications, EIAs) to be brought to this forum for discussion so that the views of all departments are heard and discussed in the context of the SDF, SDPs and any other policy documents. This is required to promote integrated decision making and avoid the current situation of silo decision making that often results in conflicts in decisions between departments.
 - Planning and Development Management Department must play a mediation and decision making role within the context of strategic direction from the DCM level and the SDF and not just coordinate departmental comments.
 - Strategic guidance to be taken from the Strategic Decision Making team.

3. **Improve Systems, Facilitate and Fast Track Approvals**
 - The purpose of this action is to Improve time frames of approval process for Planning Applications
 - The one-stop-shop/Information centre (team) (recommended in 4.1.2 (2) below) to be capacitated with
 - Clear diagrams of who has to be consulted on an application
 - List of contact names and numbers – they need to be tasked with updating this every 6 months to keep it current
 - Detail the application and circulation process clearly.
 - Economic Development Investment Promotion Unit to become part of the circulation process.
 - Make information of land and existing development rights accessible on the Website.
 - Once an application is submitted Planning Officers tasked with an application must circulate and follow up with Departments and report back to the applicant every two weeks – a written record of this communication to be kept.
 - If the Planning department are of the view that a development over an amount to be agreed should be refused this must be referred to the DCMs forum before a recommendation is made to Council.
 - Applications for Industrial Development should include the socioeconomic benefit of the development as well as an estimate of the costs of infrastructure required.

4. Appoint **Project Facilitators** (internal personnel or consultants appointed eThekwini) to assist developers through the approval processes and unlock blockages on strategic projects.

- To be appointed by DCMs forum once an in principle decision has been made to explore the merits of a project further.
 - Ideally these facilitators should report into the One-stop-shop facility to concentrate the knowledge base and co-ordinate different projects and priorities. If this is not feasible the project facilitators must meet together on a regular basis under the auspices of this one-stop-facility to share information, ideas and prioritise.
 - Project facilitators to arrange and administer regular project meetings/developer forums with the private sector developer to discuss and resolve project specific issues.
 - Project Facilitators to track and monitor EIA, Planning and Infrastructure applications for major projects as part of a data base. This information should then be used to understand where delays are occurring and where the Municipality may or should assist, if at all. (This could possibly feed into updating the Durban Investment Dashboard).
 - Track and monitor the Department of Agriculture approval in terms of the Subdivision of Agricultural Land Act No 70 of 1970 within three month time period.
5. Elevate the **role of the Spatial Development Framework (SDF)** as reviewed in the context of the Built Environment Performance Plan and Integrated City Development Initiative and associated package of plans to **an Integration tool** and create a common spatial vision and policy for the City in order to achieve integration between departments
- Every DCM should have a copy of the SDF and SDPs in his/her office, and every planning, infrastructure and economic department should have a copy of the SDF in its boardroom.
 - Publish all approved spatial plans on the web-site.
 - Present spatial plans at a regular Developers forum.
 - Implement a regular revision and updating process.

4.1.2 INCREASED COMMUNICATION BETWEEN THE MUNICIPALITY AND DEVELOPERS AND MARKETING THE MUNICIPALITY AS A PORT AND INDUSTRIAL CITY

1. eThekweni **Strategic Developers Forum**
- With KZN Growth Coalition, SAPOA, Chamber of Commerce and Industry, private developers active with the development in the Municipality and representatives of the Industrial Clusters with representatives of DCMs (Economic Development and Planning; Human Settlements and Infrastructure; Finance) and the Chair or Deputy Chair of ECOD
 - To meet four times per year to resolve strategic issues, and present and discuss future planning and opportunities and any relevant research and innovation work undertaken.
 - Could be administered by Investment Promotion Agency as the first link with developers.
 - Various departments such as Framework Planning, LUMS and Infrastructure Departments to attend to give presentations and answer questions.
 - Build on the existing initiative that Development Management and Planning have with the Chamber of Commerce.

2. Establish a **Specific Department** to become the **first port of call** for developers / “One-stop-shop” that adopts an integrated approach to projects

There are many places a developer may commence interaction with the Municipality on a proposed development project – at a strategic level such as the Municipal manager or DCMs or Politicians, with Planning or Infrastructure or Architecture or with the infrastructure departments. All of these interactions are valid and should continue, however, it would be useful to have a port of call that developers could be directed to once initial interaction has occurred to increase communication, information sharing and co-ordination. A specific department should be identified to perform this role who would:

- Direct developers to the Strategic Developers Forum
- Ensure that Forum is set up and runs
- Take projects to the Strategic Decision making team and the Interdepartmental Approval team
- House a Directory of processes that developers should follow
- House a Directory of Departments that developers should interact with

3. Establish **eThekwini Operational Developer Forums** specific to large Investment Projects

- With Private Developers to discuss project and operational issues and for the Municipality to communicate their plans and processes.
- To be set up and run by the Project Facilitator appointed to a project.
- To meet as required to deal with project issues.
- DIPA could request establishment of these forums or may be requested at strategic deal making team level.
- In addition to project issues also use these meetings to share information on the supply and demand for industrial land.
- Share the status of existing and planned Bulk Infrastructure related to Industrial Land.

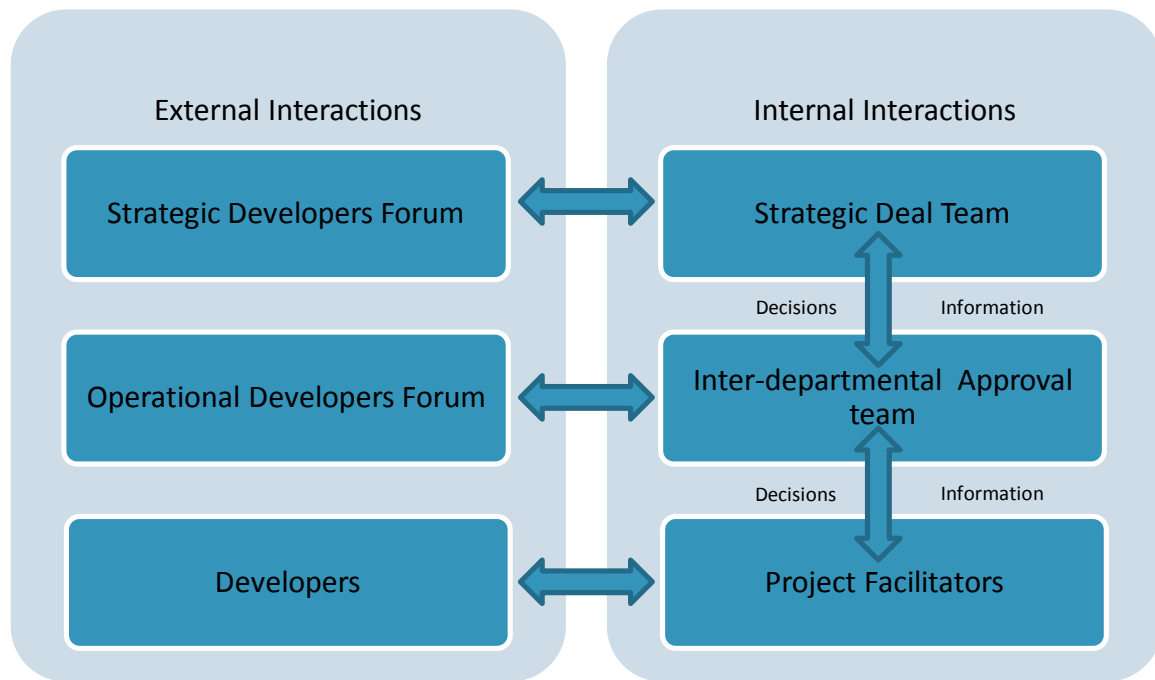
4. **Marketing and Branding** of eThekwini as a **Port City** and an **Industrial Hub** managed by an appropriate Department and Increasing the profile of Industrial land planning and release i.e. sharing of information

Instruments to achieve this include:

- Municipal web-site
- Municipal newspaper - EzaseGagasini Metro
- EDGE publication
- Other forms of media – newspapers and radio
- Ensuring spatial plans are available on the web-site
- Publish information on demand and supply of industrial land
- Providing Information on City budgets and commitments

The interactions between the various forums proposed in Strategy 1 are illustrated in the Figure that follows:

FIGURE 4: INTERACTION BETWEEN INTERNAL AND EXTERNAL PROCESSES AND VARIOUS FORUMS



4.1.3 EXEMPLARY URBAN MANAGEMENT

Ongoing investor aftercare is as important as land release and development. New industrial areas are typically managed through Management Associations set up to ensure a high standard of development and seem to be well accepted by the market. However the Municipality must continue to play their role of service provision and maintenance in these areas.

Urban decay and aging infrastructure in existing industrial areas are more difficult to address but imperative for retaining investment and attracting new investment. Various mechanisms have been explored over time including the Business Retention and Expansion programme (Appendix D), Urban Improvement Precincts and Special rates areas (Appendix E). These are discussed more fully under the Brownfields implementation plan however at a strategic level the following are proposed:

1. Greenfields areas should be encouraged to establish management associations
2. Consider the role of area based management and industrial estate managers further
3. In areas that have been identified for brownfields redevelopment, build on the Business Retention and Expansion strategy – specifically to set up urban improvement precincts where possible or appoint industrial estate managers to develop the programme for each area
4. Radically improve the system of reporting faults and response to this. Possibilities include an area based system (e.g. South Industrial Basin) or through Industrial Estate Managers located within the local area and easily contactable through well-known channels.

4.2 STRATEGY 2: PROACTIVE INFRASTRUCTURE DELIVERY

A key finding of this study was that the major cause of delay in industrial land release is often lack of infrastructure delivery either due to approval delays, lack of funding or lack of forward planning. A primary objective of the land development strategy is therefore proactive delivery of infrastructure to firstly manage existing industrial land in order to retain and grow existing investment, and secondly to facilitate the delivery of an adequate “ready for market” land bank.

4.2.1 PRIORITIZE CATALYST PROJECTS TO CATCH UP DELAYED DELIVERY – STRATEGIC DECISION MAKING TEAM

1. The priorities identified in the Greenfields spatial strategy in section 10 should become the focus on the Strategic Decision Making team – using the Dashboard information and DCM/Deal making team
2. DIPA or an appropriate department should be empowered to drive the projects.
3. Through the assigned Department, Project facilitators should be appointed and empowered to facilitate approvals and work across departments to fast track delivery.
4. Approvals must be fast tracked through the interdepartmental approval team.
5. Contentious issues or decisions should immediately be taken back to the Strategic Decision Making team for resolution within the regulatory framework.
6. Budgets must be realigned through the Strategic Decision Making team to address the priorities.

4.2.2 FAST TRACK APPROVALS OF KEY/CRITICAL INFRASTRUCTURE PROJECTS FOR BROWNFIELD AND GREENFIELD PRIORITIES

1. Promote clarity on zoning by providing existing zoning and planned new area information on the Municipal GIS website.
2. Make the infrastructure delivery process explicit to inform investment decisions and choices.
3. Establish the Interdepartmental Approval forum to drive decision making.
4. Use DIPA and the project facilitators to drive project processes.

4.2.3 PROACTIVE FORWARD PLANNING TO IDENTIFY BULK INFRASTRUCTURE PROJECTS THAT WILL BE NEEDED TO SERVICE INDUSTRIAL AREAS

1. Prioritise Greenfields and Brownfields developments so that delivery can be directed to the appropriate areas.
2. Senior management decisions need to feed through the organization using the structures suggested in strategy 1.
3. Place all approved SDFs and SDPs on the Municipal web-site.

4.3 STRATEGY 3: INNOVATION, RESEARCH AND DEVELOPMENT

The primary objective with respect to this strategy is for the Municipality to become a learning, growing and smart city through reflection on existing practice and innovation through research and development that will provide a step-change in current industrial land development practices and facilitation of the industrial land development process.

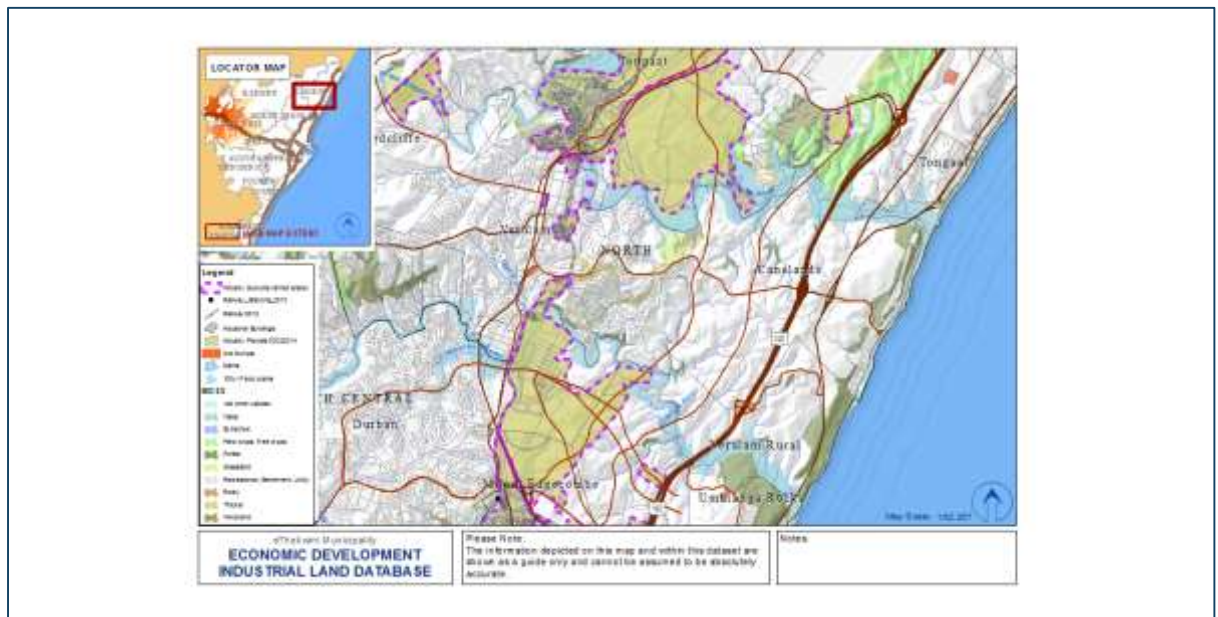
Research projects should be directed through and appropriate research unit such as the EDIPU Research Division, MILE, Office of the City Manager etc. The key outcome, however, should be to ensure that the research is fed into practice and is not research for research sake.

4.3.1 MAINTAIN AND DEVELOP THE GIS DATABASE AS AN INFORMATION AND MANAGEMENT TOOL FOR THE MUNICIPALITY AND THE PRIVATE SECTOR

Investment risk can be reduced by the certainty on the timing and location of public investment decisions. The EThekweni Municipality Industrial Land Study and Land Strategy Development (2014) has produced a database of key GIS based information on industrial areas, municipal plans and land related information. The project includes proposals on the updating protocol and procedures for adding new data, such as the Built Environment Performance Plan with the framework for targeted infrastructural spending in eThekweni Municipality.

1. Place the database on the website
2. Identify who will manage and update this. It is suggested that an individual in the EDIPU Research division with a knowledge of GIS and Geography be appointed to manage the GIS database. The actual updating would then be undertaken by Corporate GIS with input from the Development Planning GIS division. As the work stream develops this management arrangement may be amended if required. The updating process is elaborated on in the Industrial Land Strategy Monitoring and Evaluation Report.
3. EDIPU to ensure spatial plans prepared by the Framework Planning Unit are made available on the Municipal web-site.

FIGURE 5: EXTRACT FROM THE INDUSTRIAL DATABASE (2014) GIS ARC READER OUTPUT



4.3.2 INFORMATION COMMUNICATION TECHNOLOGY (ICT) CAPACITY

Through the research and stakeholder engagement process it is evident that industrial development relies extensively on Information Communication Technology to conduct business. Understanding this sector is thus key to growing industrial development and increasing the competitive advantage of Durban.

To this end the Information Communication Technology and Electronics (ICT&E) sector has been identified by the Economic and Investment Promotion Unit as a key sector for further research. This should be extended to research what ICT capacity is required by Industrialists to ensure rapid international connection.

This could also be placed on the EDIPU research agenda.

4.3.3 FUNDING AND DELIVERY MECHANISMS FOR BULK INFRASTRUCTURE

Given the backlog in bulk infrastructure provision and the key role this plays in industrial land release, alternative Funding and Delivery Mechanisms for Bulk Infrastructure need to become a focus for research e.g. the Design, Build Fund and Operate model for provision of Bulk Infrastructure should be explored further.

This could also be placed on the EDIPU research agenda or spearheaded through the Engineering Services Cluster.

4.3.4 LAND USE SCHEMES AND ACT 70 OF 1970 APPLICATIONS

Land Use Schemes are the primary mechanism for managing industrial land development. It is therefore imperative that current practices are reflected on and reviewed where necessary. The actions should include the following:

1. Make the new Schemes available on the Council website
2. Initiate a project to Review the overly complex range of industry and related zones and make recommendations on a revised approach. Where possible, zoning should be kept as general as possible to facilitate the development of a range of industrial uses, however, the management of externalities will require additional regulations in some instances. Within this exercise, attention should also be given to the impact of more frequent heavy vehicle usage with “just-in-time” technology and the increased size of vehicles on existing and future industrial areas. The increased need for truck stops and holding areas also requires attention.
3. Communicate the planning process for acquiring development rights on the website
4. Actively pursue a regional Act 70 of 1970 release of land from the Department of Agriculture to avoid project delays especially in areas where Greenfield development has been prioritised.

4.3.5 SUPPORT AND PROMOTE GREEN INDUSTRIAL DEVELOPMENT AND ENVIRONMENT RESEARCH

1. Use the current Strategic Environment Plan preparation and research to develop a regional approach to environmental mitigation and off-sets within the confines of the Environmental regulatory environment. This needs to be clearly aligned with the SDF, SDPs and the Local Area and Functional Area Plans to avoid complications of site-by-site mitigation and off-sets which are not ultimately sustainable. This should provide greater certainty for developers on “no-go” areas, areas where careful planning will be required to address environmental issues, and areas where strategies are in place to allow development to proceed given the outcome and recommendations of the SEP.
2. Support strategies for offsetting CO² emitted by the rehabilitation of regional eco-systems;
3. Reduce energy use in the building and transport sectors;
4. Support renewable energy choices where the production does not increase greenhouse gases;
5. Integrate the above with the proposed forthcoming eThekwin Eco-Industrial Park initiative in the Cornubia area, drawing upon lessons from international best practice, especially in port cities;
6. Pilot innovative brownfields projects that reduce resource use or reuse water and waste with improved productivity. This could include research into best practice in retrofitting old industrial buildings to meet improved environmental targets.
7. Pilot including innovative approaches to resource use and reducing environmental impact in all Greenfield project processes.

5 KEY SPATIAL INTERVENTIONS

The strategies outlined in Section 4 deal with increasing certainty in the market, increased communication and improved practice through learning and reflection. The industrial land development strategy also needs to provide spatial guidance to the Municipality.

Spatially the *SDF* and the *Built Environment Performance Plan* have identified the need for integration and densification. This suggests the need to focus on existing industrial areas where there is vacant land or the opportunity for redevelopment. This focus would ensure that the Municipality maximised the use of existing services and land to densify and regenerate growth. However, the research has indicated that the existing industrial areas are insufficient to meet short term demand, let alone long term demand, thus the strategy must also focus on Greenfields development.

Given the different nature of the issues in each area the industrial land strategy will focus on these separately:

1. Brownfields – areas that are zoned for industrial use, serviced and developed but are deteriorating and therefore not attracting the development that should be expected and may as a result be experiencing increased vacancy rates i.e. are in need of intervention to retain and attract development.
2. Greenfields – those already identified in the Spatial Development Frameworks but have no industrial development rights and are not serviced.

The focus on priority areas with the developed Brownfields and new Greenfields opportunities, does not preclude the category of the existing developed industrial areas that are performing well. The focus in these areas is to sustain good urban management in these functional areas in order to protect the performance of the areas with minimal additional interventions. Refer to Section 5.3.

5.1 BROWNFIELDS INTERVENTION

5.1.1 INTRODUCTION

Brownfields development is taken to simply mean the redevelopment of industrial land. The key objective of the Brownfields Strategy will be to *manage existing industrial land in order to retain and grow existing investment*.

The improved performance of existing industrial area requires **appropriate urban management interventions** that can deliver **partnered investment in services and infrastructure** to ensure ongoing maintenance and provide **innovative infrastructure solutions**, and all within the context of competing and limited resources.

The term, brownfields, is contextually specific, where for example in the United States context, brownfields implies environmental degradation on a number of levels, typically within industrial clusters where noxious elements contribute over time to the contamination of ground, surface and air quality. The United States definition of brownfields development includes the complexities of land affected by contamination and emphasises environmental processes in the regeneration of industrial land. In some countries redevelopment is tied to increasing competitiveness and efficiencies on the land and in places like Germany brownfields suggests inner city areas (Oliver et al, 2004:1).

The study has applied a broad definition of brownfields as defined in Dixon, et al. 2008, where sites included as brownfields are as follows:

- “have been affected by the former uses of the site or the surrounding land;
- Are derelict or underused;
- Are mainly located in fully or partly developed urban land;
- Require intervention to bring them back to beneficial use, and
- May have real or perceived contamination problem” (Dixon, et al. 2008:3)

In this study the supply of land suitable for Brownfields Redevelopment is land that is already developed and may include land previously used but now derelict or underutilised. Municipal intervention is therefore required to retain existing and attract new investment. It is assumed that brownfields opportunities can yield more productive purposes relative to their location. The locational advantage of the land value is in part reflected in the price of the land. The relative value of land to building value – where this equalises or reverses, is a possible trigger or incentive for redevelopment, provided that demand exists.

A factor influencing the demand for redevelopment opportunities relates to the future infrastructural investment, specifically the SIP 2 corridor, the back of port and perceived opportunities related to the proposed dig-out port. These factors may be more critical for redevelopment than for example the value of existing on-site infrastructure and buildings.

Redevelopment opportunities favour land owners, rather than tenants, as it is possible for a land owner to borrow against the value of the land.

5.1.2 PRIORITIZING AREAS FOR BROWNFIELDS INTERVENTIONS

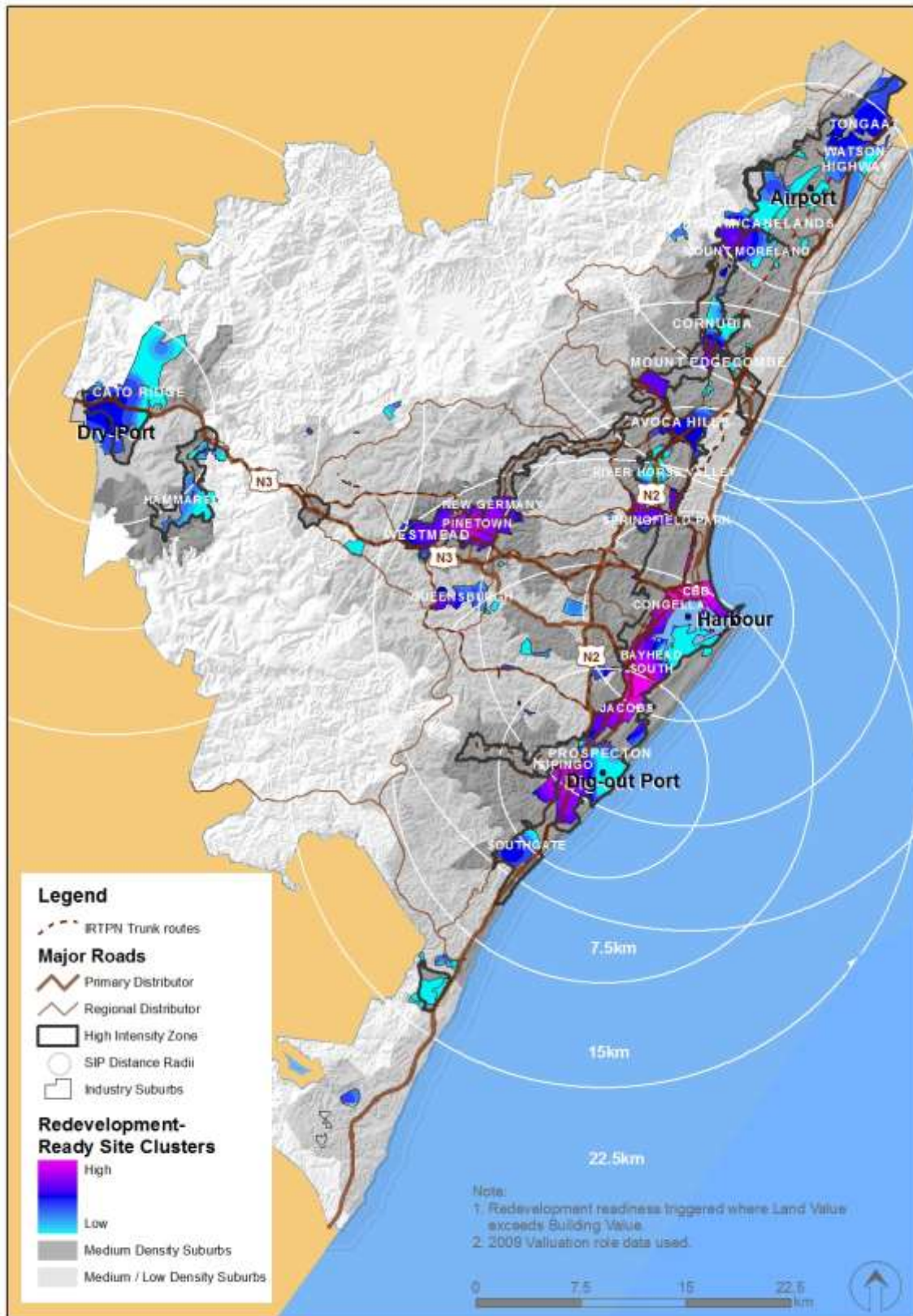
The identification and prioritization of areas where Municipal Intervention may be required to retain existing investment and encourage re-investment as well as attract new investment is challenging. In this instance it was concluded that where property values and land price equivalents become aligned and competitive, or indeed operate in reverse (land values higher than developed property values) within a common area, and subject to assumptions on reasonable demand, then these areas would indicate the opportunity for Brownfields redevelopment to attract investors where redevelopment would be competitive with Greenfields development.

Based on this concept the following criteria were applied to map and select brownfields redevelopment clusters from the GIS database:

- Those sites where land value exceeds building value - the clustering of sites potentially suitable for redevelopment was determined from the 2009 Valuation role data, where land and building value are differentiated.
- The properties outside of the industrial suburbs were excluded;
- Properties less than 30km from either the Airport, Durban Port, Proposed Digout Port and Proposed Dry Port were included and
- Sites within the BEPP integration zone (2014) were included for selection.
- Sites in proximity to the SIP2 corridor were considered.
- Vacant sites were excluded as they are inherently suitable for redevelopment.

The distribution of the results are shown in Figure 7 and indicates areas of high to low potential for redevelopment.

FIGURE 6: BROWNFIELDS AREAS FOR MUNICIPAL INTERVENTION



The analysis of the results of land suitable for redevelopment are interesting as redevelopment does not necessarily imply industrial redevelopment is the most appropriate use or suggest that it is desirable for the location. However, the following areas have been identified on the basis of the GIS analysis and on the teams understanding of the Municipality, as potential areas for Municipal Intervention or Brownfields industrial redevelopment:

5.1.2.1 SOUTH: BACK OF PORT, CLAIRWOOD AND MOBENI/JACOBS

These areas are well placed for redevelopment in response to the reorganisation of the back of port opportunities and the proposed dig-out port.

In South Durban, Transnet’s long-term plans for the new ‘Dig-out’ port (Figure 10) are influencing a rise in early speculative property deals in some areas. By way of example, in **Isipingo Rail** (virtually adjacent to the proposed Port footprint), three recent sales of older, asbestos roof factories have been recorded at land price equivalents of between R1,236/m² and R1,986/m². Three years ago, vacant land in this area had a ceiling value of around R600/m². One is mothballed, the other two are partly let on short-term tenancies. Capitalized rentals calculate to R200 to R300/m² less than the land price equivalents quoted. Whether the Isipingo Rail prices are sustainable is a matter of conjecture as it will require a rise in rentals from the present R30/m² to at least around R65/m² to achieve realistic returns. Existing Durban Portside rentals for better space are at less than R45/m².

FIGURE 7: PORT AND NEW DIG-OUT PORT



Source: eThekwini Municipality, 2013: 13

The back of Port is based on a strategy to build-up of TEU Capacity based on Transnet expansion plans for the Port of Durban between 2011 to 2050 as well as the anticipated freight investment plans.

The projections at the time included the following estimations:

TABLE 2: DURBAN PORT TEU CAPACITY

Years	Re-engineering / Expansion Phase	TEU Capacity Millions	Full TEU Space Requirements	Empty TEU Space Requirements
2011	DCT	2.9	101 ha	20 ha
2011	Pier 1 - Phase 1	0.7	24 ha	5 ha
2014	Pier 1 - Phase 2	0.7	24 ha	5 ha
2017	Maydon Wharf	0.6	21 ha	4 ha
2019 -2037	Reunion Dig Out	9.6	335 ha	89 ha

2037 -2050	Bayhead Dig Out	6.0	209 ha	41 ha
TOTAL TEUs / ha		18.1	714 ha	164 ha

A key implication for industrial development in Durban relates to the role of logistics firms in the City. It is estimated that although 60% - 75% of all containers shipped and landed at the Port of Durban do not leave eThekweni Municipality, but the between 70 and 80% of the cargo within the containers, does leave eThekweni Municipality (eThekweni Municipality, 2013: 25). Given that costs step up substantially more than 7.5km away from the Port, there is a logic for road based logistics firms to locate within this range and on the SIP 2 corridor.

Other areas making up the South Industrial Basin, ripe for redevelopment, include Congella, South Coast Road (Clairwood) (Figure 9), Jacobs and Moberni (Figure 10).

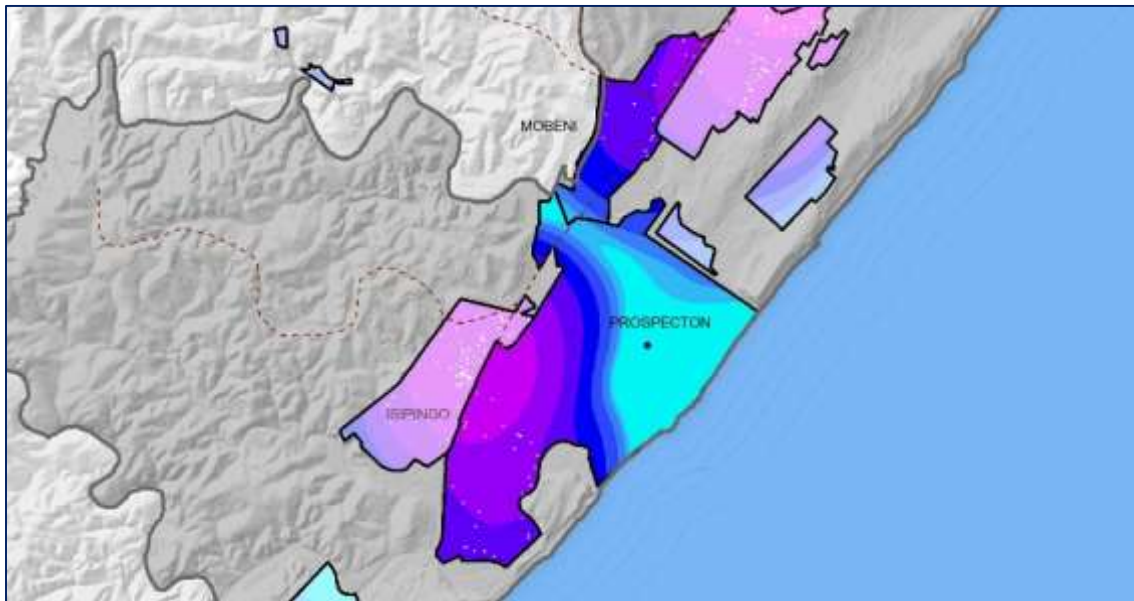
Given the proximity of these areas to the Sea Port, the proposed dig-out Port and being part of the National SIP2 priorities, these areas would appear to be one of the primary areas for the focus of Brownfields intervention with respect to exemplary urban management, accommodation of increased heavy vehicle activity, greening of industry and maintenance and replacement of ageing infrastructure.

The recommendations from the Back of Port Study include upgrading proposals for the road infrastructure in order to manage the growth in road based freight in conjunction with proposals to improve the efficiency of rail infrastructure.

FIGURE 8: CLAIRWOOD AND JACOBS BROWNFIELDS REDEVELOPMENT OPPORTUNITIES



FIGURE 9: MOBENI ISIPINGO BROWNFIELDS REDEVELOPMENT OPPORTUNITIES



In summary, the following areas are included for redevelopment interventions, on Figure 9, namely:

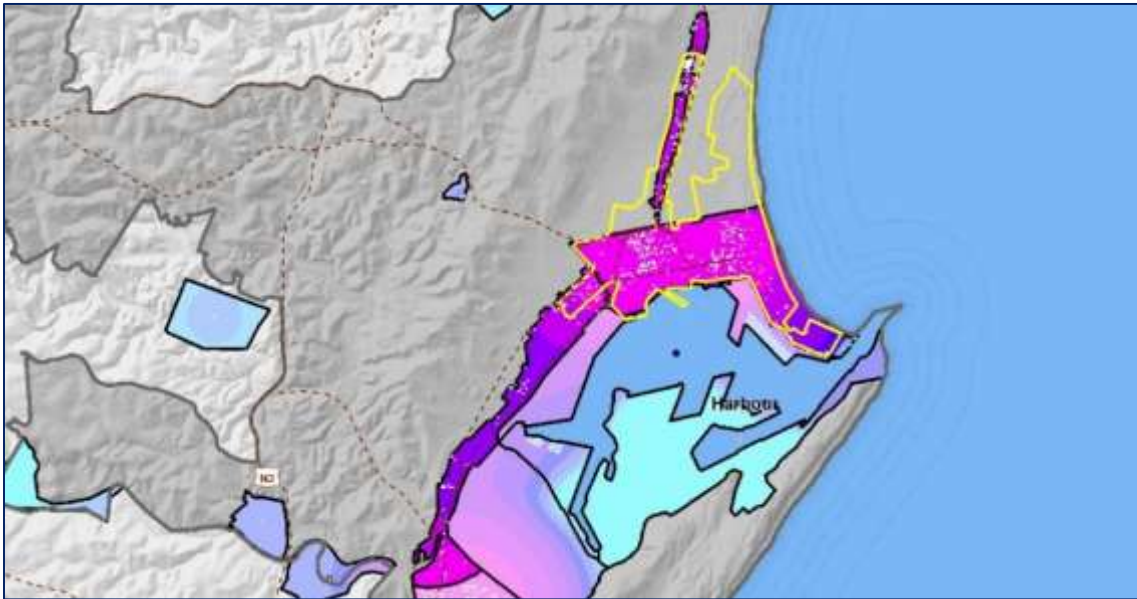
- Clairwood
- Congella
- Isipingo
- Jacobs
- Mobeni

5.1.2.2 CENTRAL BUSINESS DISTRICT

The Central Business District (excluding the Point) to the north of the Harbour is identified as high potential for redevelopment, specifically where the General Business zoning permits industry and business premises. The marine and logistics portion of the CBD, Motortown, and Central CBD through to Congella and Umgeni Road are recommended for brownfields redevelopment. The combination of the areas with high potential for redevelopment with the Urban Development Zone incentives (Appendix F), will secure additional private investment to stimulate economic activity.

The figure below indicates in dark purple the areas with the most redevelopment potential applying the methodology from section 5.1.2. The new urban development boundary is indicate in yellow and this provides a further incentives for redevelopment.

FIGURE 10: INNER CITY BROWNFIELDS REDEVELOPMENT OPPORTUNITIES

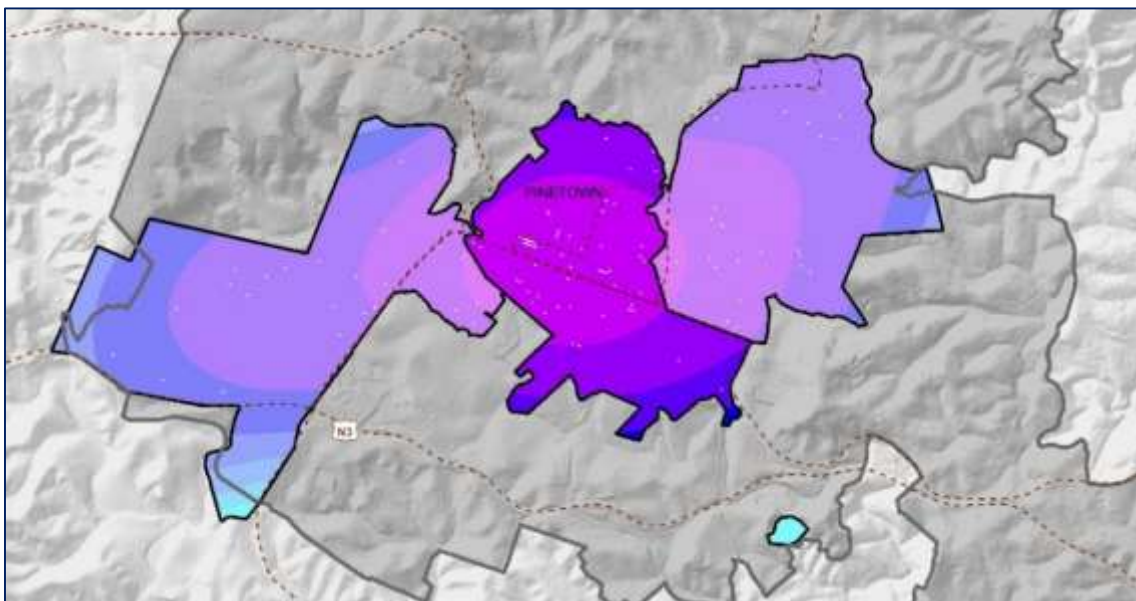


5.1.2.3 WEST: PINETOWN

This area is the third most prevalent opportunity for Brownfields intervention and given the extent of existing firms in Pinetown and the Surrounds (Figure 11), it is not unexpected. These areas include:

- New Germany
- Pinetown
- Westmead

FIGURE 11: BROWNFIELDS REDEVELOPMENT OPPORTUNITIES IN PINETOWN



Further west the Business Retention and Expansion Programme is already active in Hammersdale and should be continued.

5.1.2.4 NORTH

The following areas with moderate redevelopment/intervention potential in the **North** were identified on Figure 6 as follows:

- Seacowlake
- Parlock and Peters Road
- Briardene
- Northcoast Road
- Avoca Hill
- Phoenix
- Mount Edgecombe
- Verulam/Canelands

5.1.2.5 SUMMARY

In terms of Brownfields priorities, North and South are less of a priority in extent than the Central and West regions. The emphasis on the central area, back of Port and in the west, has arisen for three key reasons, namely:

- The concentration of historical investment patterns in industry related to the Port and zoned industrial areas;
- The anticipated opportunities related to proposed public infrastructure spending i.e. opportunities related to investment in Port, Airport and SIP 2 infrastructure (Figure 6).
- The brownfields methodology for identifying where opportunities are clustered.

The sections above identified the areas suitable for redevelopment from the perspective of where land values exceed building values are clustered. The distribution of these redevelopment opportunities correlate with the property market that is responsive to anticipated investment in strategic infrastructure concentrated at the back of port and distributed access to the SIP2 corridor. The specific infrastructure developments that will support industrial growth and brownfields redevelopment opportunities in the Municipality include:

- Expansion and upgrading of the Port of Durban to increase the efficiencies in the port and the supporting road based logistics infrastructure, including the upgrading of Bayhead Road and the proposed dedicated freight route aligned to the M7 and N3. Importantly the SIP2 corridor links both existing industrial and new opportunities on the western corridor;
- Upgrading transport infrastructure and developing a transport traffic zone along the N2 between the Port of Durban and Dube Trade Port;
- Upgrading transport infrastructure at Bayhead, Clairwood, Mobeni, Jacobs, and Congella.

5.1.3 DECISIVE BUSINESS AND POLITICAL CULTURE AND EXEMPLARY URBAN MANAGEMENT

The key challenge for the development of Brownfields Industrial Areas is to improve the performance of the established industrial areas and secondly to improve the role of service and infrastructure provision and the maintenance in these areas in the context of limited human and financial resources. Appropriate urban management interventions are key to achieving improved performance, in order to:

- Share the responsibility for managing brownfields areas between the Municipality, tenants and land owners
- Maintain the investment in existing and new investment in infrastructure through local urban management institutions
- Draw in additional capacity and financial resources through institutional mechanisms such as BE&RP, UDZ, UIP, SRA, etc. (See Appendices D, E and F for a discussion on these opportunities)

- Sustain the participation and coordination of established brownfields areas through engagement processes
- Develop strong engagement with stakeholders to raise additional resources and embed responsibility for improvements in brownfields areas
- Link the short terms interventions to a longer term plan for the area to ensure that strategic issues are addressed through Urban Management interventions

5.1.4 LEVER IN ADDITIONAL PRIVATE INVESTMENT INTO THE INNER CITY INDUSTRIAL AREAS

The UDZ promotes regeneration of the Inner City through a tax incentive mechanism that allows property owners to write off capital expenditure on buildings or against the erection of new buildings. (Refer to Appendix F). The incentives seeks to stimulate economic development through new capital expenditure and are able to lever in private investment from both landowners and developers in the process.

1. Promote private investment in the Inner City Industrial Area through the **Urban Development Zone (UDZ)** tax incentive mechanism by
 - Marketing the UDZ opportunities and making owners and developers aware of the new UDZ;
 - Make information available on the Council website and through public meetings;
 - Showcase UDZ projects to promote learning.

5.1.5 BUILD LOCAL PARTNERSHIPS IN URBAN MANAGEMENT PROCESSES

The ongoing investor aftercare in established Industrial areas is a challenge for the Municipality. The purpose of building local partnerships is to assist in developing local feedback mechanisms, share in the responsibility for areas, and create local agency in the maintenance of brownfields areas. The key strategy is to build local capacity, supplement the capacity with an appropriate urban management institution (UIP or Management Association) and focus on implementation by leveraging in additional resources (SRA or special levy).

1. Focus the **Business Expansion and Retention Programme (BE&R)** on areas
 - a. where there is significant scale of sites with high potential for brownfields redevelopment
 - b. where local structures or organisations are organised and can sustain interest
 - i. Support the local organisation through BE&R appointed project manager
 - ii. Organise around local issues through the BE&R survey and report back process
 - iii. Broaden short term issues to longer term strategic issues though long term plans
2. Extend the **Business Expansion and Retention Programme (BE&R)** to areas targeted for the potential establishment of Urban Improvement Precincts by:
 - Exploring a range of Urban Management options appropriate to the area ranging from a local steering committee, property owners association, residents association through to UIP
 - Ascertaining support for the establishment of **Urban Improvement Precincts (UIP)** with land owners
 - Encourage the local partnerships to broader the local agenda from narrow crime and grime issues to longer term projects that promote existing and new investment

5.1.6 PROACTIVE INFRASTRUCTURE DELIVERY

In brownfields areas, the proactive upgrading of aging infrastructure in priority areas is required rather than reactive fixing of breakdowns. The key challenge is how to fund the large scale replacement of infrastructure, and secondly how to reduce the demand on central infrastructure provision through local and innovative systems where water and waste is reduced.

Efforts to turn around land to productive economic uses is typically dependent on a combination of private investment and public spending, where public funding can take the form of infrastructure provision or tax relief.

The Built Environment Performance Plan provides a strong argument for reinvesting in existing areas within eThekweni Municipality. In 2010 the Urban Settlement Development Grant replaced the Municipal Infrastructure Grant to address infrastructure backlogs. In terms of the USDG, the intention is to supplement the capital investment programmes through improving the performance of the built environment. The BEPP contains a performance plan to measure the performance and output of grant expenditure against the plan. In terms of the Infrastructure Review in the BEPP, water provision is identified as key constraint to further development envisaged under the SDF and SDPs (eThekweni, 2014:15). The brownfields redevelopment areas already have access to municipal infrastructure, including water, but face challenges in the replacement of aging infrastructure. Alignment with the BEPP is one mechanism for improving the performance of the built environment but a further mechanism is to lever in additional private resources.

1. Supplement the normal delivery of municipal services, such as electricity, water, roads and waste collection with the establishment a Special Rates Area (SRA) to supplement services and rectify backlogs in investment of established areas
 - Provide Municipal project management support for the establishment of **Special Rates Areas (SRA)** to sustain local investment in maintaining older established industrial areas
 - Establish the support of 66% of land owners in favour of a SRA linked to the UIP
 - Establish a section 21 company managed by a board voted in by the UIP precinct members
 - Prepare an integrated urban management plan for the area with a budget as the basis for contributions to the UIP
 - Submit the management plan and budget to Council for annual approval
 - Implement a rates levy shared by all property owners in the UIP area.

5.1.7 INNOVATION, RESEARCH AND DEVELOPMENT

The renewal of brownfields land development does not necessarily equate to sustainable urban development. While brownfields development does not further encroach into land providing environmental services such as open spaces or agricultural land, the following considerations may require innovative interventions that deal with waste systems to reuse and reduce industrial waste (solid, liquid and air), the energy systems for power, heating cooling, the transportation systems including fuel choices and the choice of materials. (UN-Habitat, 2009: 114)

Further areas of research at local level relate to:

- Investigate distributed water and power systems to better utilise resources
- Employment densities
- Performance of existing sectors
- Dynamics of new entries and existing businesses
- Cluster Analysis
- Value Chain Analysis

5.2 GREENFIELDS INTERVENTIONS

5.2.1 INTRODUCTION

The key objective of the Greenfields land development strategy is to *facilitate the delivery of an adequate “ready for market” land bank to satisfy demand for industrial land over the next 5 years*. Whilst the Brownfields strategy will ensure business growth and retention in existing areas, there is little vacant land in these areas to address demand thus the delivery of new industrial land through the Greenfields strategy is of critical importance.

Land that is “Ready for market” would imply that the land is

- Zoned for industrial use and bulk services are available; and
- Ready for developers to platform and provide the internal road network and infrastructure required.

A land bank of 5 years has been suggested on the basis that the approval and servicing cycle of industrial land is a minimum of five years. Once this land bank is in place planning and implementation should proceed to ensure that this land bank is continually tipped-up. The amount of land to be held in the land bank would need to be reviewed every 5 years to ensure that it takes account of world economic trends and demand as well as City Planning Limits (e.g. need for compact city growth, environmental limits etc.). This implies the need for a catch-up strategy to first of all establish the land bank which should then be continually maintained.

A five year land bank at a take up rate of 40-45ha per annum based on current take up rates implies the requirement of a stock of approximately 225ha.

Through the Forward Planning process the Municipal Package of Plans has identified a number of areas for future industrial development as shown in the following table (See Appendix C for Maps). A total of 3,500 ha of new industrial opportunities and 2,500 ha of land for future business parks most of which allow light industrial development as part of the land use mix. Assuming that 40% of the industrial land is developable this amounts to 1,400ha of industrial land. Of the 2,500ha of future Business Parks assuming that a conservative 20% is used for industry and that 40% is actually developable this accounts for a further 200 ha of land. Thus approximately 1,600ha of land within the metropolitan area has been identified for future industrial use. However, the land is currently not serviced or zoned for industrial use.

The challenge for this strategy is prioritise areas for release and identify mechanisms to achieve this within a tolerable time frame to establish the required land bank and then to continue to top this up over time.

TABLE 3: SUMMARY OF EXTENT OF INDUSTRIAL DEVELOPMENT PROPOSED IN THE SPATIAL DEVELOPMENT PLANS FOR THE ETHEKWINI MUNICIPALITY BY PLANNING REGION

Region	Sub-Area	Planned Industrial Areas (Ha)	Assume 40% developable (Ha)	Planned Business Park (Ha)	Assume 20% for Indus and 40% developable (Ha)	Total Planned (Ha)	Comment
North		2 500	1000	2 000	160	1160	Primarily significant new development around the Dube TradePort
South		90	40	90	7	47	Primarily a redevelopment role
Central	South Durban Basin	0	0	0	0	0	No future areas planned and inherently a redevelopment opportunity
	City And Port	0	0	320	25	25	Suitable for redevelopment with new port and freight route
	Inner West	0	0	0	0	0	Consolidate the current area

Region	Sub-Area	Planned Industrial Areas (Ha)	Assume 40% developable (Ha)	Planned Business Park (Ha)	Assume 20% for Indus and 40% developable (Ha)	Total Planned (Ha)	Comment
Outer West		900	360	110	8	368	Significant opportunities for new development especially with respect to proposals for the new freight corridor
Overall Total (Ha)		3 500	1400	2 500	200	1600	

5.2.2 PRIORITIZING AREAS FOR GREENFIELDS INTERVENTION

The location of areas for industrial development needs to take account of new business realities and production processes – these include speed and agility; e-commerce; networks and supply chains; sell to anyone anywhere in the world; flexibility and customization; corporations increasingly operate internationally; higher value to weight ratios; Just-in-time; global sourcing and sales; built to order; customers won't wait; and time is money. Within this context quick regional, national and international access is critical. Thus the following criteria have been identified to assist with prioritization:

- Access with flexibility of mode of transport – road, rail, sea and air.
- Avoid urban sprawl i.e. ensure densification and maximum use of services. To this end it is recommended that the strategy work within the concept of the integration zones being developed as part of the Built Environment Performance Plan and the nationally directed Integrated City Development process.
- Locate near existing labour pools and planned residential areas to ensure access to labour and reduced transport costs for employees.
- Commercial transport costs – transport over 7,5km from a major port increases costs significantly thus location within this radius is important for port or airport related businesses.
- National and provincial priorities – Strategic Infrastructure Project 2: Durban -Free State - Gauteng Logistics and Industrial Corridor which includes the Port expansion and Dube TradePort.

In order to assist with the prioritization of Greenfields areas the team has mapped the following (Figure 12):

- Land identified for industrial or business park purposes in the Spatial Development Plans.
- The Integration zones identified in the Built Environment Performance Plan.
- Dashboard projects identified by the Municipal teams for facilitation.
- Primary Transport routes
- 7,5km, 15km and 22,5 km radius around the major ports – existing sea port, Airport and Dube TradePort, new dig-out port and the proposed dry port at Cato Ridge.

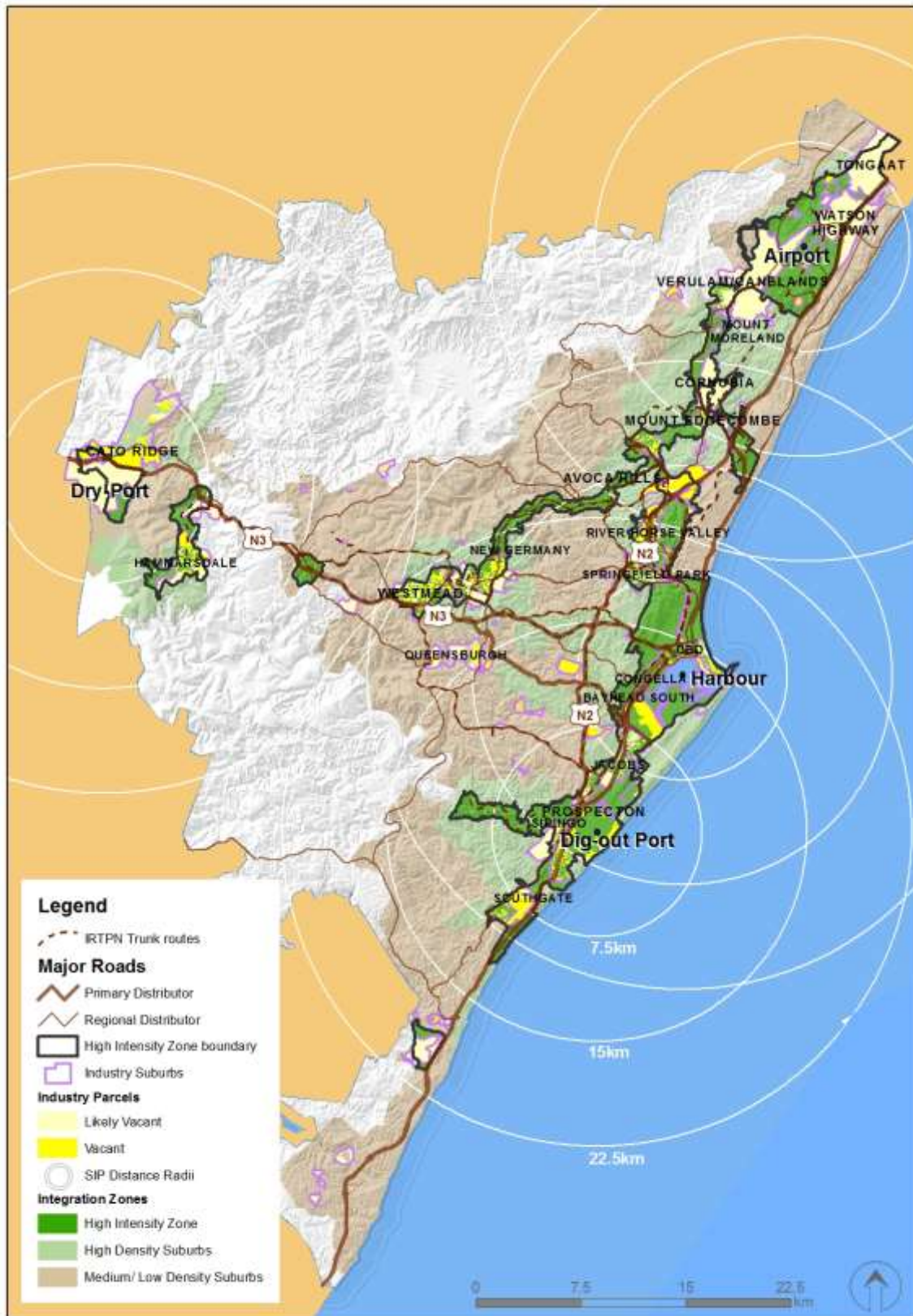
The Port of Durban is obviously the major reason for industrial development in Durban and thus must remain the first priority for development. As the area within 7,5km of the Port is already developed this was considered in the discussion on Brownfields development.

From a Greenfields perspective the primary Port locations are

1. Dube TradePort (surrounding the International Airport and part of SIP2 project)
2. Cato Ridge Dry Port (part of the SIP2 proposals and on the proposed freight corridor)
3. Dig-out Port (part of SIP2 proposals to enhance Durban's Port capacity)

It is proposed that the development of industrial land around these three ports become the priorities for Municipal intervention and facilitation in the order listed above.

FIGURE 12: EXISTING AND FUTURE INDUSTRIAL AREAS WITH INTEGRATION ZONES AND DASHBOARD PROJECTS



5.2.2.1 DUBE TRADEPORT AND SURROUNDS / DUBE AEROTROPOLIS

This area is fully planned and lies within a primary integration zone: The airport is already developed; the TradePort is fast developing and the Spatial Development Plans for industrial development and supporting land uses including housing for workers within the so-called Aerotropolis region are well advanced including full phasing and infrastructural proposals. The area falls within a Primary Integration Zone and several dashboard projects are located in the vicinity. Planning approvals and infrastructure issues need to be resolved.

The airport and the TradePort were based on an approximate R8 billion government investment planned to function as a catalyst for economic growth based on vastly improved international air connectivity. This connectivity, coupled with the supply of well planned, internationally competitive land and air services and improved regional and national connectivity by road, rail and sea, provides the region with the potential to attract significant new national and international investment. The drivers of international business have resulted in the role of airports changing dramatically from points of arrival and departure to leading urban growth generators often referred to as an Aerotropolis or Airport Region. The purpose of an aerotropolis/airport region development is to use public sector investment to leverage private investment into a configuration that yields enhanced business efficiency and competitiveness in the global arena, and in so doing yield maximum returns in terms of sustainable jobs, taxes and other public benefits.

The opportunities for the Implementation of an Aerotropolis within an area of approximately 15km of the Dube TradePort include:

- Total land area of approximately 22,000 hectares
- Nearly 50% of the area is under the ownership of two main land owners – DTP/ACSA (2049 hectares) and THD (10,000 hectares)
- Almost 78% of the land surrounding the TradePort hub is undeveloped or under sugar cane
- Much of the vacant land identified for industrial purposes lies within 7,5km of the airport
- An existing road hierarchy with good connections to the N2
- Close proximity to freight rail with the potential to develop and intermodal transfer hub in Inyaninga
- Good road and rail connections to sea ports – Richards Bay and Durban
- Already located on a primary development corridor in the region (N2) and the Province after the N3 to Gauteng
- Home to 200,000 people – a wealthy coastal population and a sprawling, extremely poor, rural population
- Advanced plans for residential and supporting development for workers

It is logical that the Municipality support the Government investment to bring the full development potential of the Aerotropolis to fruition to build on the investment already made. This has been acknowledged in the Municipal Framework Plans including the following reports which contain infrastructure requirements, costs and phasing recommendations:

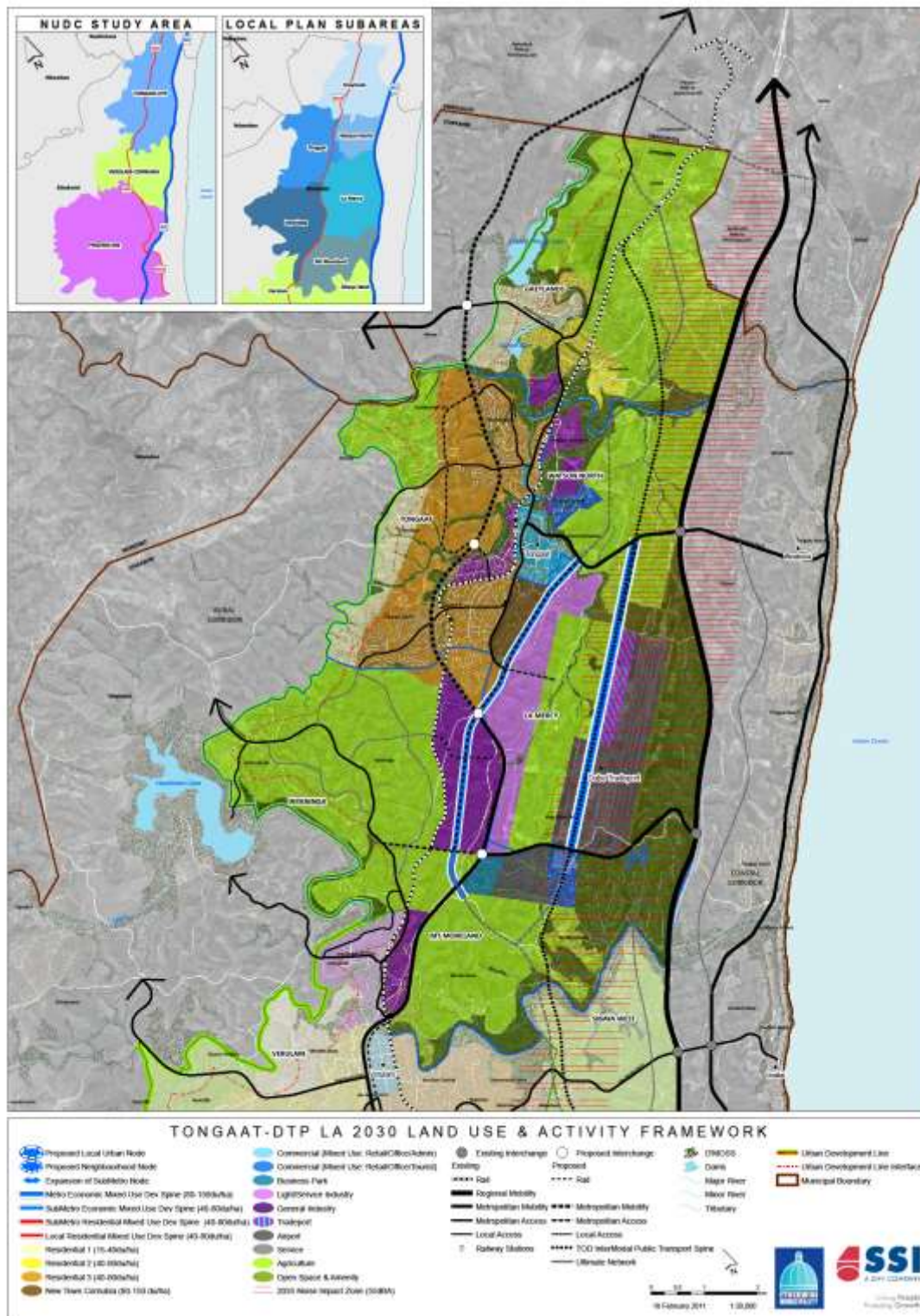
- The Northern Spatial Development Plan (2010)
- Northern Urban Corridor Plan and Local Area Plans (2011) – Figure 13
- The Inyaninga and Tongaat Functional Area Plans (2012) and Bulk Engineering Services and Transport: Preliminary Budget and Phasing report (2013)

Given the advanced level of planning, this area suggests itself as part of the “catch up” phase to urgently release land that is ready for market.

Specific projects on the Dashboard list include:

- Extension of Dube TradePort Trade Zone into Phase 2: 30 ha
- Ushukela Highway: proposed 85ha of business park for light industry and logistics (THD and DTP EIA Town Planning Report 2013)
- Inyaninga: total proposed 300 ha of Business Park plus 270 ha of general and light industry which amounts 570 ha. Phase 1 would potentially yield 85 ha of industry with relatively small infrastructure upgrades (Inyaninga and Tongaat FAP 2012)
- Tongaat: proposed 25 ha of General Industry (Inyaninga and Tongaat FAP 2012)

FIGURE 13: TONGAAT DUBE LOCAL AREA PLAN (NORTHERN URBAN DEVELOPMENT CORRIDOR 2011)



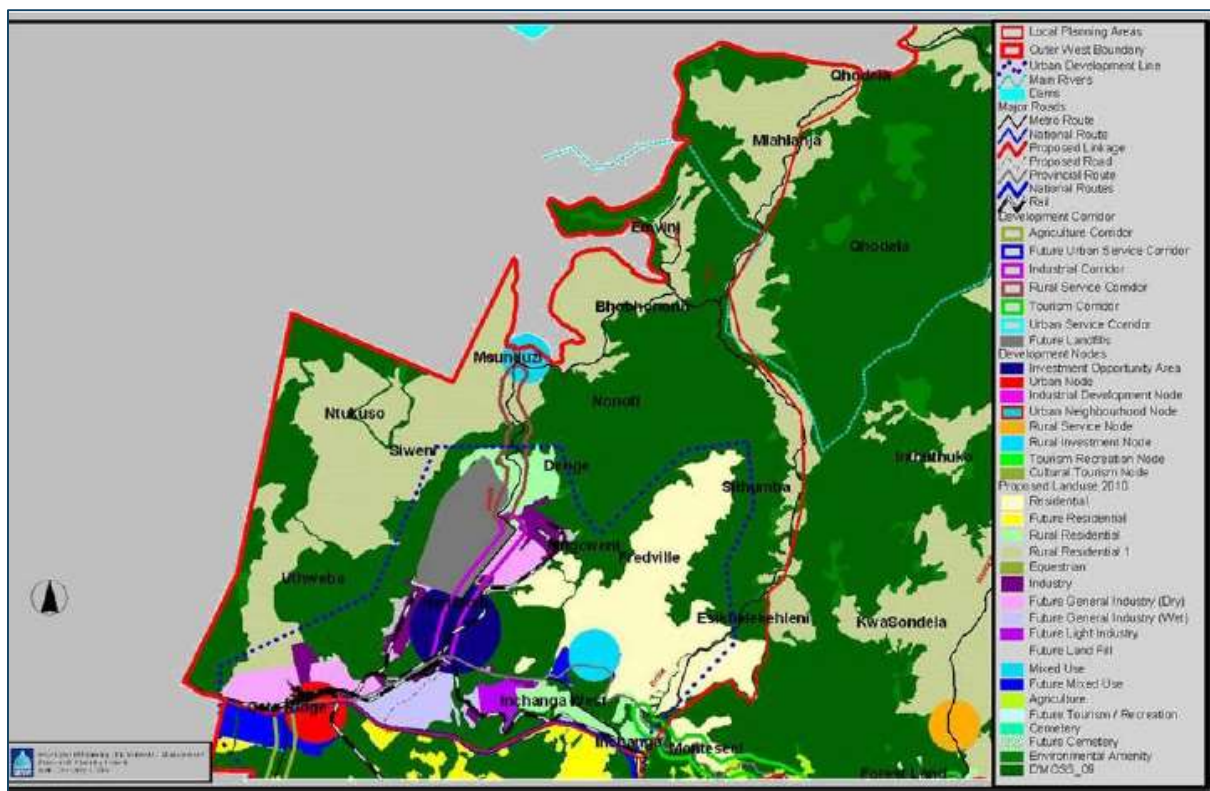
Source: NUDC Tongaat DTP Local Area Plan (2011: 57)

5.2.2.2 CATO RIDGE/HARRISON FLATS AND N3 CORRIDOR – PINETOWN, SHONGWENI, KEYSTONE/CLIFFDALE, HAMMARSDALE, CATO RIDGE/HARRISON FLATS.

The western corridor along the N3 national route forms part of the SIP2 freight corridor and planning has already been undertaken to identify land along this corridor for industrial development. (Refer to document entitled: East-West Corridor: Dedicated Freight Route & Implications for the Back of Port Study Addendum C, Iyer Urban Design Studio and Graham Muller Associates, Dec 2010 Rev 1). Areas identified in this study include the wider Pinetown/Westmead area, Shongweni, Cliffdale/Keystone Projects, Hammarsdale, Mpumanlanga and Cato Ridge/Harrison Flats.

The Cato Ridge Dry port forms part of a wider industrial node that has been identified between Pietermaritzburg and Durban and lies on the main transit route between Durban and Gauteng and the SIP2 freight corridor. A significant amount of land has already been zoned for industrial development in the area, although freeway access and some servicing issues require resolution.

FIGURE 14: CATO RIDGE LOCAL AREA PLAN (NOVEMBER 2010 FROM OUTER WEST SPATIAL DEVELOPMENT PLAN)



The Outer West Spatial Development Plan notes that

“significantly large extent of existing zoned industrial flat land (1000 ha) is located within the District, which makes it an attractive location for industry. A key challenge for industrial development is that most of this land falls within the uMngeni River Catchment, which contains the Inanda Dam, which is a key source of water for the City. In order to protect the Inanda Dam from contamination from industrial waste disposal requires that proper waste water infrastructure be in place. A second challenge is that the anticipated traffic generation from this industrial node will have major impacts on the N3 for which solutions must be found.

Cato Ridge, despite these challenges, offers the only opportunity to provide significant job opportunities for the vast settlements in Fredville, KwaXimba and Mpumalanga. Coupled with the fact that it is an important development node for port expansion related activities.”

The feasibility of the Cato Ridge Dry-Port is still under discussion and there is a growing view that this is too far away from the Seaport to have any advantage for logistics related to the seaport. Nevertheless the amount of flatter land and the location of the area on the road and rail route between Durban-Pietermaritzburg and ultimately Gauteng indicates opportunity for industrial development in this area, which is already being demonstrated through the recent growth in the area.

Given the fact that the area is largely Greenfields, already accommodates some noxious industry and is reasonably remote from residential areas it may be an appropriate area to explore for the development of Noxious Industry. Whilst there will be catchment issues to be concerned about, opportunities to plan the area properly and to mitigate impacts exist.

Specific projects on the Dashboard list include:

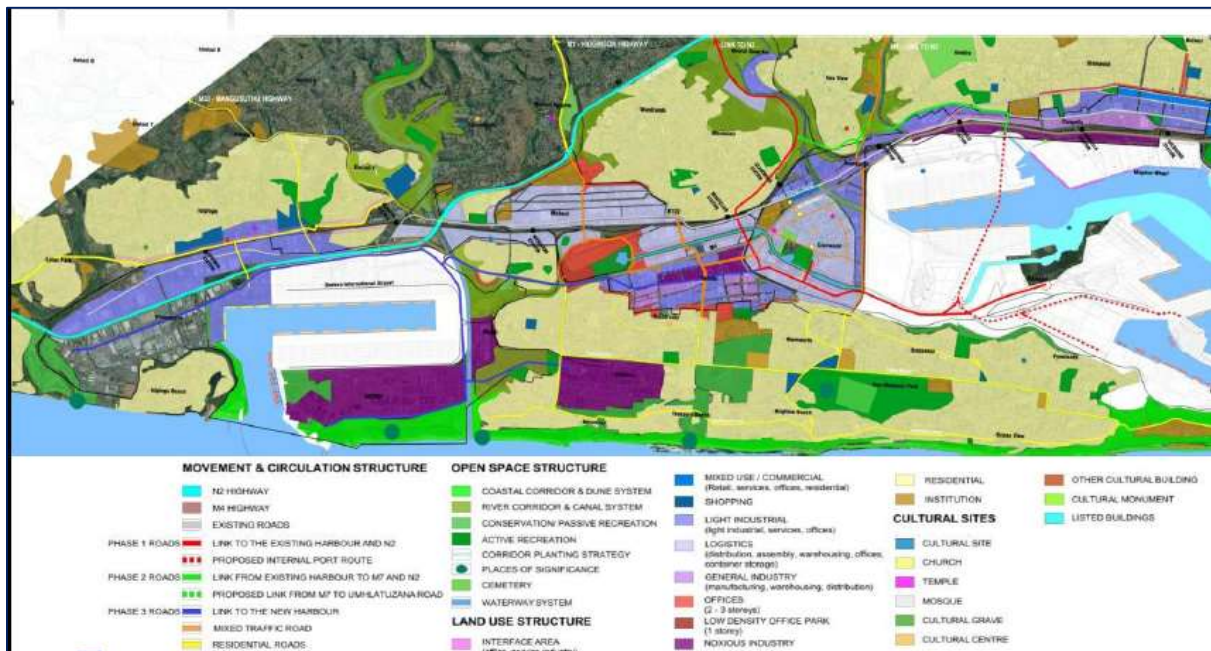
- Bartletts/Keystone at Cliffdale (130 ha)
- Cato Ridge/Harrison Flats Industrial area and Dry Port (subject to feasibility)
- Giba Business Park (56 ha)

Prioritizing the first phases of the Aerotropolis and the N3 corridor will provide a range of development opportunities and make significant headway in delivering on the land bank concept.

5.2.2.3 THE DIG-OUT PORT AND SOUTHERN AREAS

The Dig-out Port, whilst having received approval in principle, still requires environmental assessment and funding support, as well as further forward planning based on the work already completed in the Back of Port Local Area Plan (May 2012 Rev 5). Road access will no doubt require significant upgrades as well servicing capacity.

FIGURE 15: BACK OF PORT LAND USE STRUCTURE



Source: (Iyer Urban Design and Graham Muller Associates 2012)

5.2.2.4 SUMMARY

From this overview the priorities are reasonably obvious. The first priority should be the release of land around the new international airport followed by the Cato Ridge area and then the south dry port area.

Having identified these priorities does not imply, however, that other areas should be ignored. Given the lengthy planning and approval cycles, other identified areas such as Illovo South, Shongweni and Finningly should still be given attention. On-going planning is imperative to ensure that these areas are ready to come on stream as market demand requires.

5.2.3 DECISIVE BUSINESS AND POLITICAL CULTURE AND EXEMPLARY URBAN MANAGEMENT

The proposed prioritization of Industrial areas for catch-up will need

1. To be approved by the Strategic Deal making team and these decisions communicated to the Municipal Departments
2. Have dedicated project managers appointed or their mandates confirmed and if necessary expanded if they are already in place
3. Have dedicated development project meetings set up for each project to provide a forum to unblock issues
4. These projects should become standing items on the Inter-departmental approval teams agenda to ensure constant attention

The on-going planning and development of industrial areas needs to be taken through the communication channels and approval committees set out in the Strategy to ensure ongoing delivery of an industrial land bank into the future.

5.2.4 PROACTIVE INFRASTRUCTURE DELIVERY

The proposed prioritization of Industrial areas for catch-up will need

1. Infrastructure issues, many of which are already identified in the various planning and infrastructure documents, to be taken to the interdepartmental approval team for discussion and resolution.
2. Where Provincial or National input is required this should be taken to the Strategic Decision making team to take up to the highest level in the Government structures for resolution.

On-going planning will require updating the SDF and alignment with the BEPP to identify future infrastructure requirements. Extending the budgeting process to take account of longer term infrastructure requirements has already been identified by the Engineering team and needs to be emphasized through this process to bring these projects onto the agenda earlier than is currently the case with the 3 year budget cycle.

5.2.5 INNOVATION, RESEARCH AND DEVELOPMENT

The proposed prioritization of Industrial areas for catch-up will need

1. The prioritization of the Strategic Environmental Plan in firstly, the Aerotropolis area and secondly, the Cato Ridge and N3 corridor areas. This is required to highlight the environmental issues earlier in the process, and identify the possibility of regional mitigation and off-sets which could then be tested and piloted as part of the SEP process.
2. The Municipal LUMS team should also focus their attention on resolving Act 70 of 1970 issues with the National and Provincial Departments in the priority areas.

5.3 THE SPATIAL APPLICATION OF THE STRATEGIES BY PLANNING REGION AND INDUSTRIAL SUBURBS

Section 5.1 and 5.2 have outlined the prioritization of projects within the Brownfields and Greenfields areas of the Metropolitan area. These priorities have been summarised into the table of industrial suburbs that were used in compiling the GIS database (Table 4). In addition comment has been made about each of the suburbs in order to complete the Industrial Land Strategy.

Column 2 of Table 4 suggest a categorization of each Industrial Suburb based on the team’s knowledge of the area and the information from the GIS database. An explanation for each category is as follows:

- Brownfields – areas that are zoned for industrial use, serviced and developed but are deteriorating and therefore not attracting the development that should be expected and may as a result be experiencing increased vacancy rates i.e. are in need of intervention to retain and attract development.
- Greenfields – those already identified in the Spatial Development Frameworks but have no industrial development rights and are not serviced.
- Developed - industrial areas that are performing well and require sustained good urban management in order to protect the performance of the areas with minimal additional interventions.

TABLE 4: INDUSTRIAL LAND STRATEGY BY PLANNING REGION AND SUBURB

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
NORTH							
Phoenix	Brownfields	66	221	0	B&RE programme established; Support for establishing a SRA and UIP in the future.	UMZ that recognises the role of the economic hub for industrial purposes	Brownfields Priority as a current project to roll over funding.
Briardene/ North Coast Rd	Developed and Greenfields	39	146	0	Corobrik redevelopment – issues are Roads with SANRAL and Electricity, whilst Water is less of a problem	Appoint project manager and set up Operational Developers Forum meetings	Part of Northern Corridor so should be considered with Greenfields Priority 1
Tongaat including part	Some developed and Greenfields	23	80	1 001	Bulk Infrastructure and approvals	Tongaat – possible UIP or UMZ that recognises	Greenfields Priority 1

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
of the area around the Dube TradePort - Dube Aerotropolis						the civic, business, transport and specialist roles. Fast track infrastructure approvals and implementation; fast track environmental and planning approvals through structures suggested in Strategy 1.	
Cornubia	Identified Greenfields	1	30	294	In progress Tongaat Hulett Developments – mostly sold. Cornubia Industrial is delayed with buyers/end users wanting to come, but not able to because of the inability to connect to sewer.	Appoint a project facilitator to address.	
Verulam South	Brownfields	5	30	0		UIP; UMZ that recognises the civic, business, transport and specialist roles.	
Verulam/Cane lands/ Inyaninga including part of the area	Small Brownfields and including large Identified Greenfields	25	80	1 188	Bulk Infrastructure and approvals	Fast track infrastructure approvals and implementation; fast	Greenfields Priority 1

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
around the Dube TradePort - Dube Aerotropolis						track environmental and planning approvals	
Glen Anil	Developed	18	117	0			
Red Hill	Developed	18	57	0			
River Horse Valley	Developed	53	118	157			
Avoca Hills	Developed	13	186	0			
Parlock	Developed	4	22	0			
Mount Edgecombe	Developed	20	100	4			
Quarry Heights	Developed	0	0	0			
Mount Moreland and south of DTP region	Identified Greenfields	1	0	587			Longer term to follow development of Inyaninga, Tongaat and Watson Highway
Dube Tradeport	Identified Greenfields	2	0	30	Approval of TradeZone 2 rezoning. Link to Tongaat Treatment works crucial for further development. Alignment between Departmental planning to be addressed and to align	Fast Track Approvals through Inter- departmental approval committee; Appoint Project facilitator to unblock issues.	Greenfields Priority 1

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
					with approved Spatial Plans.		
Watson Highway – Ushukela	Identified Greenfields	0	0	1 127	Infrastructure and approvals	Fast track infrastructure approvals and implementation; fast track environmental and planning approvals through Interdepartmental approval committee and assistance of project manager	Greenfields Priority 1
			1 188	4 389			
SOUTH							
Umbogintwini	Developed	51	167	0			
Southgate	Developed	41	174	0			
Isipingo	Brownfields	22	0	0		UIP; UMZ that recognises the civic, business, transport and specialist roles.	Brownfields Priority 1
Prospecton and Dig-out Port (estimated 334 ha of surface water and	Brownfields – partly Greenfields with new dug-out port	190	712	0		UMZ that recognises the role of the economic hub for industrial purposes	Brownfields Priority 1 Dib-out Port Greenfields Priority 3/medium term

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
435 ha of port area)							
Lower Illovu	Identified Greenfields	1	0	128			Greenfields Priority 3
Umkomaas	Developed and small Identified Greenfields	9	81	12			
Craigieburn including Finningley Estate	Brownfields and Identified Greenfields	1	5	40	More industrial land likely to be identified in future		Medium term
			1 139	180			
CENTRAL							
City And Port							
CBD	Brownfields	166	25	0		Identified as an UMZ that includes a business hub, transportation and tourism roles; UDZ	Brownfields Priority 2
Point Terminal	Developed	14	84	0			
Maydon Wharf	Developed	57	150	0			
Bayhead	Developed	21	109	0			
Port: Piers 1-2 & Island View	Developed	49	555	0			
Mayville	Developed	5	10	0			
Umgeni Road	Brownfields	41	12	0	Facilitation role with stakeholders to support	BE&RP /UIP	Brownfields Priority 2

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
					establishment of local forum		
Bayhead South	Developed	63	465	0			
Seaview	Developed	4	16	0			
Coedmore	Developed	3	70	0			
South Durban Basin							
Clairwood	Brownfields	51	131	0	Facilitation role with broader stakeholders to support establishment of local forum; Conflict between residential amenity and industrial roles	BE&RP/UIP	Brownfields Priority 1
Mobeni	Brownfields	78	196	0	Facilitation role with industrial stakeholders to support establishment of local forum	BE&RP/UIP	Brownfields Priority 1
Jacobs	Brownfields	118	269	0	Facilitation role with industrial stakeholders to support establishment of local forum	BE&RP/ UIP	Brownfields Priority 1
Mondi	Developed	11	38	0			
Stanvac	Developed	18	93	0			
Durban Central							
Congella	Brownfields	96	247	0	Facilitation role with stakeholders to support	BE&RP/ UIP	Brownfields Priority 2

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
					establishment of local forum		
Springfield Park	Developed	90	238	0			
Woodhurst	Developed	2	22	0			
Silverglen	Developed	3	0	0			
Claire Estate	Developed	0	0	0			
Palmiet Quarry	Developed	0	0	0			
Chesterville	Developed	0	54	0			
Inner West							
New Germany	Brownfields	134	374	0	Process needs to be linked to sustaining interventions such as a SRA and UIP	BE&RP/ UIP	Brownfields Priority 3
Pinetown	Brownfields	47	93	0	Process needs to be linked to sustaining interventions such as a SRA and UIP	Identified as an UMZ that includes a business hub, transportation and tourism roles	Brownfields Priority 3
Westmead	Brownfields and Greenfields	170	523	0	Westmead Giba Business Park – Greenfields – additional area to be rezoned; Some access issues on existing brownfields areas	UIP Fast track approvals through Inter- departmental approval committee and appoint Project Manager to unblock issues	Brownfields Priority 3 Westmead Greenfields Priority 2 Giba Business Park
Queensburgh	Developed	24	184	0			
Shallcross	Developed	15	78	0			

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
Sarnia/ Paradise Valley	Developed	0	0	0			
CENTRAL TOTAL			4 036	0			
OUTER WEST							
Hammarsdale	Brownfields and Identified Greenfields	53	281	335		UMZ that recognises the role of the economic hub for industrial purposes;	Brownfields Priority 2
Cato Ridge	Brownfields and Identified Greenfields	50	289	688			Greenfields Priority 2
Waterfall	Developed	8	38	0			
Marievale		0	0	0			
Upper End Of Langfontein	Developed	1	0	0			
Bothas Hill	Developed	1	0	0			
Hillcrest	Developed	1	0	0			
Winston Park	Developed	1	0	0			
Keystone Park / Bartletts	Identified Greenfields	0	0	0	Several infrastructure issues to resolve including involvement of SANRAL in interchange issues	Need to appoint a project manager within the Municipality and establish developers forum to take issues forward	Greenfields Priority 2
Dry Port	Identified Greenfields	0	0	5	Feasibility still in question	Feasibility to be fast tracked and fully	Greenfields Priority 2

Area	Category (see notes above)	Existing Floor Area 2012 (Ha)	Total Existing Land Area (Ha)	Total Planned Area – industrial and business park (Gross) (Ha)	Main Issues identified to date (further work may uncover additional issues)	Possible Intervention (requires more detailed work through implementation state to confirm)	Priority
						debated with the Private Sector in the light of the back of Port study	
OUTER WEST TOTAL			608	1 028			

6 INSTITUTIONAL RESPONSES AND FINANCIAL ISSUES

6.1 INSTITUTIONAL RESPONSES FOR ACCELERATED, LOWER-PRICED INDUSTRIAL LAND AND DELIVERY

Two roles appear to be emerging for the City

1. Making the City Systems work better to facilitate industrial development
2. Taking an active role in providing industrial land

At the second stakeholder workshop at Moses Mahbida Stadium in March 2014, the TPI team discussed and tested at least five broad institutional options for possible interventions designed to accelerate the delivery of low priced (but still high quality) industrial land. These options and their initially conceived advantages and disadvantages are summarised in the table below.

The underlying assumption of the table is not that only one particular response should be chosen. It is possible for several to be implemented in parallel. Moreover the table assumes that in all cases the municipal process reforms referred to in Sections 4 of this report are adopted. However, the table below does allow us to begin a process of understanding where the weight of future municipal proactive effort ought to lie.

Following stakeholder inputs at the abovementioned workshop as well as discussions with senior municipal officials, there has been something of a process of elimination of the first two options, and a deepening of understanding of the complexities and relative importance of the last three. For this reason we briefly discuss the first two together, followed by more detailed reflections upon the last three, and then we conclude with the team’s recommendations for future municipal action.

TABLE 5: POSSIBLE INSTITUTIONAL RESPONSES

Type	Do Nothing	Intervene in Market Forces	JV/PPP with Private Sector Players	Establish Municipal Land Company	Third Party Facilitation
Pros	‘Do no further harm’	Could bring prices down	Could bring prices down, get better options on market	Could bring prices down, speed delivery up, widen range of market options	Internationally successful re. speed
Cons	Continue with current problems	Unintended market consequences in medium term	Complicated politically/legally	Could ‘panic’ market, and put municipal institutional culture to test	Retains existing market distortions
In all	Optimize municipal decision making and modify practices as suggested in Section 4				

6.1.1 DOING NOTHING AND MARKET INTERVENTIONS

The first available option to the Municipality is to do nothing further than it already is, under the assumption that that there is a land policy equivalent to that section of the medical Doctor’s Hippocratic Oath which says - ‘above all do the patient no further harm’. The positive aspect of this option is that all the possible negatives (Cons) of the other four options are avoided. The negative consequence is that the problems which gave rise to the need for the present enquiry (and possibly others) are perpetuated. As such, this option tends to dismiss itself, at least insofar the Terms of Reference for the present study are accepted. Moreover, since the TPI team has found that industrial land prices in Durban do indeed seem to have become inflated, it would be prudent to at least consider ‘doing something’ to make eThekweni more competitive on this front.

A conclusion that might be derived from the last mentioned observation (rising prices) could lead to a second intervention option. Crudely put, if prices are rising, a remedy some might foresee is to punish/tax the sellers, and/or subsidise buyers. This second option, then, might be seek, for example, to subsidize the municipal infrastructure component of land costs for industries, and - in parallel – it might seek to impose especially high agricultural or vacant land Municipal Rates on land owners prior to any potential industrial land's conversion into actual industrial land sales. In effect, then, such measures would goad land owners not to 'hoard' land but rather to 'flood' the market, which the municipality could then seek to facilitate through blanket EIA approvals and re-zonings. Flooding and speeding the market should then – in theory – reduce serviced land prices.

Carefully designed, a mix of some such interventions could bring prices down, perhaps even substantially. The difficulties (Cons), however, are that operationalizing such models harmoniously may prove well-nigh impossible (Appendix G: Note 1), and there could be several undesirable unintended consequences, for example rapid scaling back of involvement by experienced industry players due to diminished margins, and thus only poor quality options emerging on the market in the medium term.

In summary, therefore, doing nothing or trying to implement radical land market interventions seem weak candidates for municipal prioritisation.

6.1.2 JOINT VENTURES (JVs)/PUBLIC PRIVATE PARTNERSHIPS (PPPs)

A third option is for the municipality to enter into JV's or PPPs with a range of public and private sector partners to expedite serviced industrial land supply in attractive places. This has already been done effectively in the past, for example at Riverhorse Valley.

A difficulty, in the present context, with Riverhorse Valley of course is that whilst it was successful on so many dimensions, the prices of land there reached record highs. However, if it was repeated, and adapted, but now on an extensive scale, this option could have the effect of speeding up supply of good quality stock.

Having said this, PPPs are nowadays (2013/4) often seen as too complicated by many levels of government, and there is thus poor appetite for it. In addition many possible JVs are likely to be potentially fall afoul of the Municipal Finance Management Act, Act No 56 of 2003.

Nevertheless, the prospect of putting more leasehold options with top-structure onto the market via municipal or other public sector involvement in a SEZ/IDZ/EPZ for example, as happens in Richards Bay (and in some other areas and countries), should still likely be entertained in eThekwini.

Some elaboration on this possibility is worthwhile here. The prospect of a new SEZ in Durban could offer new opportunities for an extensive new land development JV/PPP involving several parties. This could require eThekwini building an **overarching institutional home for industrial land marketing and development within and without an eThekwini SEZ**. Its functions could be directed not only at land development and sales, but also at place-marketing, facilitating planning permissions and infrastructure supply.

"Underneath" this over-arching institutional home for eThekwini industrial land marketing and development could be several localised PPP/JVs, and/or individual private initiatives, each differently structured to achieve specific purposes in particular sub-areas. Thus one could have one eThekwini- branded industrial marketing 'umbrella home' for a range of different industrial land sub-projects, each with their own modes of governance and funding. This would likely need to be correlated with choices to be made on where to focus municipal infrastructure for industrial land, which needs (for economy reasons) to concentrate in just a few nodes.

In summary, JVs and PPPs for industrial land delivery are domains in which eThekwini has good experience, but this experience may need to be adapted, and possibly widened. However, several senior municipal and provincial officials have made the point that PPPs and JVs can actually slow projects down and complicate them,

rather than speed them up if they are ill-conceived. We therefore suggest a cautious approach which starts with asking the questions, “do we really need a PPP/JV; and if so why?” (Appendix G: Note 2).

In this regard it is worth noting that often provincial and national government co-operation and collaboration has been required to make such initiatives successful, and we need to ask what has been learned from those experiences (Appendix G: Note 3). Indeed, before proceeding with any major PPP or JV on industrial land, a beginning point would likely need to be interactions with National Treasury, a process which we understand to have already begun as of May 2014.

6.1.3 A MUNICIPAL LAND COMPANY

As may be determined from the previous section and its extensive notes in Appendix G, JVs/PPPs can be quite complex and usually require extensive national government cultivation and support. In such a context, if complexity is a detractor, something that is almost or completely owned by the municipality may be more attractive. One example here is a municipal land company.

Municipal land companies which actually develop and market industrial land are rare in South Africa, but they exist in several countries. In those countries they have the advantage of at least offering the policy option of bringing down industrial land prices, speeding land delivery and widening (e.g. to less profitable, yet end-user preferred formats). However, these public companies do not apparently exist in South Africa, and under certain circumstances ‘creating a precedent’ in eThekweni could invite intervention from other tiers of government.

However, a municipal land company need not be radical and entail ‘blue sky’ thinking. For example: The Real Estate Unit of the eThekweni Municipality already has experience in near full-service land development and marketing (see discussion below of Kingsmead Office Park); and in its plans for the Centrum site, for example, the Municipality is contemplating marketing commercial space that it develops.

In addition, the municipality is currently contemplating Land Banking for residential and commercial uses at selected nodes. As yet, similar involvement in industrial land is not being contemplated, partly because of aversion to perceived associated risks, and partly due to the existence already of experienced, successful private developers/marketers in this metropolitan area. Overall, the feeling appears to be that, at this stage, a full-blown municipal industrial land company could be incongruent with the current municipal experience and culture, and that there may be weak appetite for it.

Having said this, there is extensive eThekweni municipal experience with entities akin to municipal land companies. The Springfield Park industrial area is a good example of this, although there were some private sector ‘junior partners’ also involved in that development. Springfield was attractive in the market place, so criticisms of lack of market sensitivity need not apply; moreover, there were efforts afoot at the time of writing to expand land supply around Springfield by extending the site on its margins. Hundreds of businesses operate in Springfield today, mainly medium sized Durban or national firms, so the model is hardly one frowned upon by the market.

In addition to this, there is extensive recent municipal experience in developing municipal land, for example at the Kingsmead office park. Aspects of this experience could be built upon and extended, for example through so-called municipal land banking, as contemplated by the eThekweni Real Estate Unit. This approach could in the future be built upon to extend it into the industrial land sphere.

An opportunity to do this, and indeed go beyond it in some ways, may come through the forthcoming eThekweni Eco-Industrial Park initiative at Cornubia. If this was done, it is likely that there would be a need to learn more from international experience, for example from Europe and North America where municipal industrial land banking and industrial land development is fairly advanced, where eco-industrial parks are established and numerous, and have good reputations (Appendix G: Note 4).

6.1.4 THIRD PARTY FACILITATION

It could be that all of the options discussed above (with the exception of extensions of activities already being explored by the municipality, like land banking) may be deemed to be too complex, legally or institutionally, to address what might be seen as a relatively isolated variable like inflated land costs. This isolated variable, the research in the present project has shown, is mainly a product of supply constraints, partly attributed to a lack of conclusion of agreements between private developers and public regulators, including the municipality.

The municipality's own 'development dashboard', in its right hand columns where the causes of project blockages are diagnosed, often identifies bureaucratic constraints to land release like EIAs and zoning. But it also diagnoses the problem of blockages in many projects as being that of an absence of project managers and/or 'champions'. This is likely a crucial point. Bureaucracy is a world-wide problem. Internationally it has been found that time and energy needs to be devoted to 'unblocking', and this often requires sustained effort by a corps of development professionals who are not directly answerable to either municipal line departments or private developers.

Thus, a fifth municipal option for eThekweni would be to co-sponsor the use of trusted, experienced and independent third parties (i.e. parties trusted by both public and private sectors) to act as development facilitators for the release, development and marketing of industrial land.

eThekweni has inherited something of the adversarial British 'private-sector-proposes, public-sector-disposes' regime for industrial land processes. However, other international models exist which use third parties effectively, and South Africa has experience with using such development facilitators in other land development contexts. The IDT's (Independent Development Trust) successful use, during the 1990s, of third party 'soft' and 'hard' consultants, to avoid 'Nimby-ism' and advise on the direction of capital subsidies for low income housing, springs to mind (See Appendix G: Note 5). Usually such consultants both facilitated and 'championed' particular low income housing and/or informal settlement upgrade projects, and 'made them their own'.

A possible criticism of this fifth model is that, unless they are empowered to speed up delivery (the now emasculated Development Facilitation Act assisted the IDT consultants with dispatching of bureaucracy), with powers for example to acquire land from possibly reluctant sellers (at least at attractive prices), then these actors might have little effect on existing market distortions. At the very least, however, eThekweni might initiate a more detailed feasibility analysis into the local prospects for such a model.

Such models have actually been the norm for facilitating industrial land delivery in some countries, and perhaps that experience could be built upon. The prime example here is France. Although until the 1980 French policy on industry and industrial land was fairly highly centralised, in the last three decades there has been much greater involvement of both Municipalities, District Councils and their Chambers in both industrial land assembly and development and 'place marketing'. Central forces in bringing such parties together are in fact a set of relatively independent development facilitators (See Appendix G: Note 6).

Possibly some adaptation of this model should be tried and tested in the eThekweni case. This would be consistent with the eThekweni 'development dashboard's diagnosis that many blocked projects are a result of a lack of project managers or 'champions'.

However feedback at both stakeholder workshops suggest that this (and other) options should also be complemented by another area of activity – internal municipal reform, particularly of the development control functions of the municipality. Reviewing the notes of the workshops, much of the commentary from participants related to how there appeared to be unnecessary delays and blockages to planning and implementation of land release by different components of the municipality.

6.2 INSTITUTIONAL CONCLUSIONS AND RECOMMENDATIONS

It would be wrong to assume that there can be a 'silver bullet' in the institutional domain to facilitate industrial land delivery, which would lower prices whilst holding quality constant. In particular, a 'quick fix' approach is unlikely to work. The problems faced today have been building up over decades, and will likely take at least a decade to resolve.

That said, beginning now with new interventions does seem urgent, given the weight of evidence presented elsewhere in this report, and in previous reports. There could be a range of interventions, pursued in parallel, which should be preceded in the immediate term with three feasibility studies relating to the three options discussed in great depth above.

That is, the municipality should commission feasibility studies into:

- (i) The scope and nature of an eThekwini Industrial Land Marketing and Development Consortium, involving the key municipal, para-statal and private sector parties currently engaged in the industrial land release field. The purposes of this Consortium should centre on supplying speed and comparative value-for-money in the field of industrial land supply.
- (ii) The scope and limits for extending current successful municipal initiatives in land banking, land preparation and land release into the sphere of industrial and warehousing land (perhaps growing out of and extending the Eco-Industrial Park initiative).
- (iii) The adaptation of successful South African and international cases of the use of third party facilitators to expedite the release of industrial land in the eThekwini area.

It would not seem unreasonable to expect that these three activities could be completed within a year, and then form the foundations for medium and long-term interventions. These would be interventions which undermine the current causes of the lack of availability and relatively high price of good quality industrial land.

6.3 FINANCIAL CONSIDERATIONS

A key financial consideration for the municipality in relation to industrial land pertains to the opportunity to expand municipal rates income. At present 46% of the City budget is funded from the rates base, a large proportion of which comes from residential properties. Increased industrial development within the City will assist in shifting the burden away from the Residential rate payer. Moreover, industrial development presents other possible sources of revenue present themselves, as was the case with Riverhorse Park Business Estate.

The acquisition of raw land, EIA and rezoning costs, site servicing and preparation for sale, and marketing of industrial land, amongst other considerations are, however, not a simple business financially. It involves risk, borrowing, and taking views on expected returns in often uncertain markets.

Any strategy for a more pro-active role by eThekwini in respect of industrial land release cannot therefore be expected to be financially-neutral, and in this regard it will be important to situate the proposals here for example in relation to the current IDP and future IDP reviews, and especially in relation to their budgetary aspects.

The financial implications of our proposals are all intended to be positive for eThekwini, but some detailed financial modelling will be necessary in relation to sub-components of it, and in relation, assessing the relative merits for example, of different institutional options. In other words 'due diligence' studies may be required, once policy-preferred options have been identified.

Having said this, eThekwini has inevitably been making risky investments anyway in various areas, and some lessons from eThekwini's own experiences with the industrial land component, and those of other cities, may help to orientate future work in this regard.

In relation to eThekweni, probably the most useful financial reference point to start with would be that of their experience with Riverhorse Valley Business Estate (RHVBE). The findings of a recent independent review of RHVBE done for eThekweni Municipality may be useful in this regard. A summary of the financial aspect of the findings was as follows:

‘A total of R215.7 million, of which eThekweni made roughly a two-thirds contribution, was spent on establishing and servicing the Estate (this excludes top structure development). To place this in context this investment must be compared to public sector spending on the uShaka Marine World (R735 million), the Durban ICC (R900 million in the 1990s), the Moses Mabhida Stadium (R3.4 billion) and the King Shaka International Airport (R7.8 billion). In comparison the public sector investment in RHVBE has thus been relatively small.

Capital investment: From calculations based on the 2012 eThekweni Municipality Valuation Roll of the RHVBE the market value of properties in the RHVBE was estimated at R3.2 billion. Through the survey further investment of R1.2 billion over the next five years could be confirmed. This is viewed as a conservative estimate of the actual capital investment as it is anticipated that market value for industrial properties will be well below the actual investment value. Again, to place this in context, the construction of 4,000 middle income houses (each valued at R800,000) will equate this investment value of R3.2 billion. This capital investment of R3.2 billion should then also be considered in the context of the R3.4 billion Moses Mabhida Stadium and the R7.8 billion King Shaka International Airport.

Municipal Rates Contribution: The rates contribution of properties in RHVBE is estimated to be R83 million per annum, or more than a third of the actual investment cost of R215.7 million. This will equate to the rates contribution of 6,000 homes valued at R1.5 million each, or 11,500 homes valued at R800 000.

Employment: Based on the survey findings it was estimated that in excess of 17,000 people are employed in RHVBE. The permanent workforce is estimated to be 12,629 (of which 4,249 are new jobs) augmented by a contract workforce of 4,446 people (including employees of contractors and contract staff). Estimates from the early 2000’s placed employment in Isipingo / Prospecton at 21,000 people, Springfield Park at 12,000 and Phoenix Industrial at 4,500. The Durban ICC is suggested to create 3,376 jobs directly related to the core activities of the Centre. Further to this, the majority of employees employed in RHVBE are drawn from the general area in which it is located, i.e. INK (32%) and Durban North (17%), with Reservoir Hills, Newlands and Avoca Hills making a combined 12% contribution to employment’.¹

The point that is implicitly obvious here is the municipality’s involvement in RHVBE paid off handsomely, and it was far more prudent in financial terms than the much more high-profile Moses Mabhida Stadium or the ICC (or indeed beachfront commercial interventions). Whilst the development of industrial land may be more symbolically prosaic, in terms of risk and return, if properly done, it has proven probably the most prudent of ways in which eThekweni has actually spent money in the past thirty years or so.

In terms of international experience we would remind readers especially of our previous discussion of the Edmonton (Canada) experience here, as referred to in our Phase 1 work. More recent research by the TPI team on the financial implications of the Edmonton Municipal pro-active approach to industrial development is worth summarising here. In Table 5 below, we can see that money from (mainly industrial) land development is currently, in the order of net profits measures of about R50 million p.a.; and retained earnings were over a Billion

¹ STRATPLAN, *RIVER HORSE VALLEY BUSINESS ESTATE DRAFT 2: IMPACT ASSESSMENT*, eThekweni Municipality, November 2012

Rand this year.² Edmonton, it should be recalled, is a city with a third of the population of eThekweni, and it is not especially industrial in economic profile by comparison to Durban.

Some key questions arise: Would it therefore be unreasonable to expect a similar eThekweni local public company to earn R150 million p.a. in net profits? And, if so: What other economic development initiative in eThekweni could compare, in terms of net profits?

There will be many other cities worthy of research in respect of such financials, and we would recommend further research in this regard going forwards. In summary however, there are potential high stakes financially, for the municipality in this domain, in additions to the other economic benefits that can be realised like jobs through the attraction of new industries.

TABLE 6: EDMONTON MUNICIPAL LAND DEVELOPMENT ENTERPRISE FINANCIAL PROJECTIONS³

Land Enterprise

Pro-Forma Income Statement - Consolidated Land Enterprise (\$000)

	2014 Projection	2015 Projection	2016 Projection	2017 Projection	2018 Projection
Revenues					
Land Sales	\$ 66,995	\$ 58,602	\$ 58,389	\$ 66,915	\$ 56,437
Cost of Land Sold	55,032	46,735	35,795	59,843	38,591
Gross Margin	11,963	11,867	22,594	7,071	17,846
1 Gross Margin %	18%	20%	39%	11%	32%
3 Blatchford Revenue	1,329	1,329	1,329	1,329	1,329
Other Revenue	100	100	100	102	104
Net Revenues	13,392	13,297	24,023	8,503	19,280
Expenditures					
3 Cost Of Land Transferred - City Use	79,635	31,414	21,212	42,993	31,245
Personnel	2,379	2,409	2,463	2,513	2,563
Materials, Goods & Supplies	42	42	42	42	43
External Services	2,364	2,790	2,449	2,481	2,513
Intra-municipal Services	2,914	2,914	2,562	2,614	2,666
Utilities & Other Charges	549	549	549	363	274
Subtotal	87,883	40,118	29,277	51,006	39,304
3 Intra-Municipal Recoveries - Land Transfer	(79,635)	(31,414)	(21,212)	(42,993)	(31,245)
Net Expenditures	8,248	8,704	8,065	8,013	8,059
Net Income	5,144	4,592	15,958	491	11,221
Retained Earnings, Beginning of Year	152,258	156,088	158,807	173,030	169,031
4 Dividends Payable to General Government	(1,315)	(1,873)	(1,736)	(4,490)	(586)
Retained Earnings, End of Year	\$ 156,088	\$ 158,807	\$ 173,030	\$ 169,031	\$ 179,666

² Assuming an exchange rate of R9 to one Canadian dollar.

³ Source: www.edmonton.ca/city_government_documents/2014_Land-Enterprise_budget.pdf

7 CONCLUSION AND RECOMMENDATIONS

Three primary strategies have been identified to activate a new approach to industrial land development in eThekweni:

1. Decisive Business and Political Culture including exemplary Urban Management Practices
2. Proactive Infrastructure Delivery
3. Innovation, Research and Development

The actions required to implement them have been outlined and how the strategy should be actioned from a spatial perspective has been suggested, together with institutional and financial options.

It is suggested that the institutional proposals and the actions recommended be taken forward by EDIPU within the context of the Municipal restructuring process and the Best Practice City Commission investigations and findings, and built into these processes.

The spatial recommendations should also be strongly interfaced with the SDF and Municipal package of plans and the Integrated City Development and Built Environment Performance plan processes.

With respect to the Institutional possibilities additional feasibility studies have been identified including:

- (i) The scope and nature of an eThekweni Industrial Land Marketing and Development Consortium, involving the key municipal, para-statal and private sector parties currently engaged in the industrial land release field. The purposes of this Consortium should centre on supplying speed and comparative value-for-money in the field of industrial land supply.
- (ii) The scope and limits for extending current successful municipal initiatives in land banking, land preparation and land release into the sphere of industrial and warehousing land.
- (iii) The adaptation of successful South African and international cases of the use of third party facilitators to expedite the release of industrial land in the eThekweni area.

Given the evidence on the financially prudent nature of proactive eThekweni engagement in industrial land supply at Riverhorse, and the remarkable financial success of municipal engagement in industrial land supply elsewhere in the world, it is further recommended that the EDIPU should deepen research into such experiences, and extrapolate their relevance for local application or adoption.

Finally the industrial land study as well as the land strategies and recommendations should be updated and reviewed on a regular basis. The updates should be based on

- Improved interdepartmental interaction with respect to research and policy formulation including the spatial plans of the Municipality
- Reflection based in the results of research projects
- Updating the database and improved understanding of supply
- Regular interaction with the private sector

To this end a monitoring and evaluation report will be prepared to guide the process.

8 REFERENCES

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6. EThekwini Municipality. 2012. DRAFT BACK OF PORT INTERFACE (BOP) LOCAL AREA PLAN (LAP)
7. Presentation to ECOD prepared by Graham Muller and Iyer Design Studio.

APPENDIX A: DRAFT ETHEKWINI INDUSTRIAL DEVELOPMENT STRATEGY 2012 URBAN ECON

Goals and Objectives

<u>Objectives:</u>	<u>Goals</u>		
	1. Growing the Industrial Economy	2. Developing Industries	3. Creating a conducive environment for sustainable industrial development
ESP1 Sector Development Interventions			
ESP2 Investment Acceleration and Services to Businesses and Investors			
ESP3 Spatial and Industrial Infrastructure Development and Upgrading			
ESP4 Industrial Upgrading			
ESP5 Innovation and Technology Development			
ESP6 Human Resource and Skills Development			
ESP7 Developing the Green Economy			
ESP8 Trade Promotion and Facilitation			
ESP9 Leveraging Public Expenditure and Empowerment for Growth and Development			
ESP10 Coordination and monitoring, Capacity and Organisation			

ESP 3: Spatial and Industrial Infrastructure Development and Upgrading

Infrastructure developments that will support industrial growth and development that the Municipality is to undertake include:

- Expansion and upgrading of the Port of Durban. The main options related to this are the increase in efficiencies in the port and associated logistical support systems; the upgrading and redesign of Bayhead and the re-development of the DIA site. These options are however complex and requires careful consideration;
- The development of a dedicated freight route to and from the Port of Durban. There is also a need to explore industrial opportunities along the new freight route
- Upgrading transport infrastructure and developing a transport traffic zone along the N2 between the Port of Durban and Dube Trade Port;
- Upgrading transport infrastructure at Bayhead, Clairwood, Mobeni, Jacobs, and Congella;
- Providing access to new industrial development areas such as Cato Ridge, Hammarsdale, Shongweni, and Northern areas of the Municipality by developing bulk and transport infrastructure in Cato Ridge;
- Re-development of infrastructure in Hammarsdale to retain the existing industry and attract further investment to the area

- Establishing a Special Economic Zone within the Municipality;
- Establishing industrial parks, hi-technology development and science parks;
- Facilitating catalytic project specific infrastructure; and,
- Development of an industrial zone for noxious industries and hazardous waste.

Overview of key actions High Impact Industrial Development Initiatives

Sector Development Interventions	Develop sector strategies to encourage and support growth and expansion of existing sectors
	Develop sector strategies direct and facilitate expansion into new industries
	Enhance value-add to production and make the expansion into high technology manufacturing
Investment Acceleration	Investment attraction activities to focus in attracting investors and facilitating expansion of existing industries
	Efficient services should be provided to businesses in order to facilitate new investments as well as retain and expand existing businesses
Export orientation and trade facilitation	Enhance trade capacity of Port of Durban to support cost-efficient exports and imports, establishing Durban as the major trade gateway into Southern Africa
	Trade capacity development to focus on: <ul style="list-style-type: none"> • Attracting new maxi container ships subject to port capacity (would yield substantial local spending on services and establish Durban as the hub-port for Southern Africa); • Fostering efficient shipping/transport/logistics system to attract investments in import/export oriented manufacturing projects; • Establishing an inland container terminal at Cato Ridge would help smooth traffic flows and facilitate increasing the trade capacity of Port of Durban. This is because it would shorten turnaround times for long haul transport carriers. • Development of rail network would facilitate increasing the trade capacity.
	Establish a Special Economic Zone for the manufacturing industry
	Investigate opportunities in establishing a Trade Centre in Durban
Spatial and Infrastructure development	Improve transport and logistics network <ul style="list-style-type: none"> • The development of the DIA land into a Dig-Out Port • Support the future interim use of the DIA site as an ICT Precinct
	Develop high potential priority nodes to provide land for industrial development; <ul style="list-style-type: none"> • Hammarsdale to grow to full spatial capacity with strong emphasis on Textiles, Clothing and Footwear manufacturing and other labour intensive industries; • Cato Ridge / Harrison Flats to accommodate heavy industries and Logistics Park; • Other nodes include: Bayhead, Clairwood, Mobeni and Jacobs in which redevelopment of transport and logistics facilities are most suitable.
	<ul style="list-style-type: none"> • Develop a dedicated freight route to and from the Port of Durban • Explore industrial opportunities along the new freight route
	Establish manufacturing supplier park for Automotive Manufacturing and a hub for Clothing and Textiles Manufacturing
	Develop industrial infrastructure required to enhance efficiencies and competitiveness
	Development of Cornubia – Phase 1 of project
Skills, Innovation and Technology Development	Skills development in terms of existing and future industry needs within traditional and non-traditional industries
	Support innovation and technology development to enhance competitiveness of existing industries and facilitate the expansion into new industries

	Establish skills hubs, incubators, testing centres and centres of excellence as modes to achieve skills development in various sectors
Green Industries and Environmental Sustainability	Promote implementation of environmentally friendly production processes
	Implement projects for alternative energy generation
	Facilitate expansion of green economy
	Promote energy efficiency and conservation practices
	Alignment of the green economy to economic development objectives

APPENDIX B: EXTRACT FROM ECONOMIC DEVELOPMENT STRATEGY

AT THE HEART OF ETHEKWINI'S ECONOMIC STRATEGY IS A 'STEP CHANGE' IN ECONOMIC LEADERSHIP

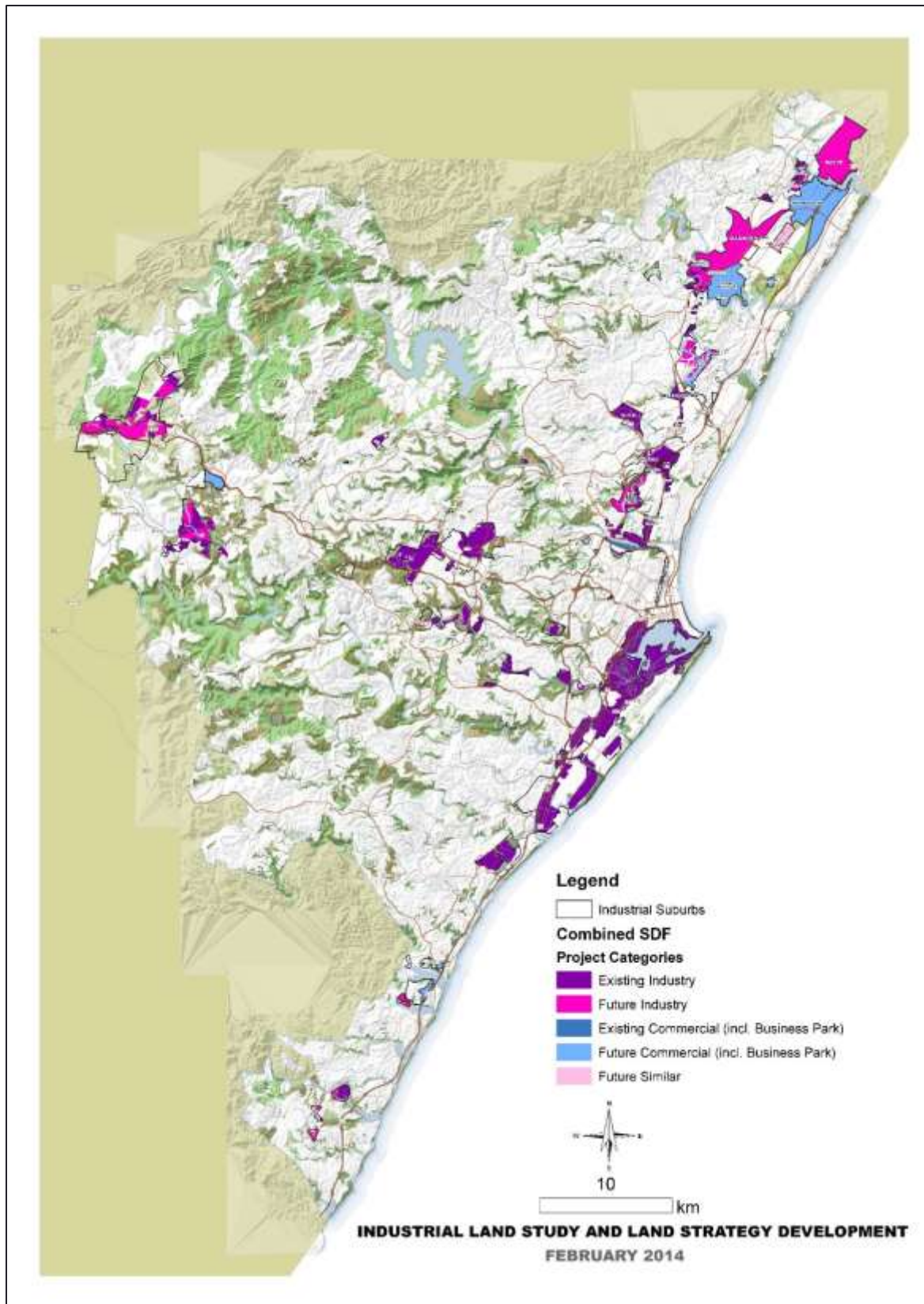
What does this step change mean in terms of decision making and the way in which the Municipality approaches its business? This is discussed below in term of seven key areas. The approach under each scenario is outlined. It is important to note that these are key areas and this change will not be limited to this, but should ultimately filter through every business-process within the Municipality.

KEY AREA	FLOAT	CHOKE	FLY	STEP CHANGE
Strategic Investment	Strategic decisions made operationally – “why should this not happen” approach	Driven by external forces	Strategic decisions made strategically – Forum to resolve issues and look at how can the right investments be made possible	Operational to strategic ‘Can’t do’- to – ‘can do’
Infrastructure	Address social backlogs. Lack of funding for economic infrastructure	No expansion, protect areas against development. Long-term phasing for infrastructure. Sweat existing assets only Fixing problems	PPPs for infrastructure provision. Expand base & sweat infrastructure. New areas for expansion and develop regional approach e.g. PTN-Pmb development zone	Infrastructure driving decision/strategic priorities- to –strategic decisions driving infrastructure priorities. Work through partnerships.
Economic Leadership	Uncertainty, delay in making decisions	Decisions to contain investments. Economic mandate gets sidetracked onto social and environmental issues	Well informed decision-making; city leadership is in touch with business & thinkers and is responsive to challenges.	From uncertainty and officials driving policy – politicians well informed and driving policy in partnership with officials & stakeholders like business.
Labour Market	Small-scale & Ad hoc initiatives	Left to the market; focused only on construction gains	Targeted interventions with industry & tertiary education; create better platforms and improve competitiveness	Fulfill the role of developmental state in the economy.
Strategic Planning	Insular focused and infrastructure constrained; environmental priority	Insular and infrastructure constrained	Regional and ambitious; pro-growth and job creation	Insular and constrained to regional approach and solutions driven.
Prioritisation	Local priorities defined by officials/personal preferences	External priorities; local spectators and local driven by external priorities	National and provincial along with local priorities and implemented by departments	Ticking boxes to being driven by national priorities; provincial and local.
Business Environment	Business as source of income	Short-term priority. Higher taxation but low investment in platform infrastructure	Cost-competitiveness, balance short and long-term approaches; targeted incentives.	Business as source of finance to business as source of prosperity.

APPENDIX C: EXISTING AND FUTURE IDENTIFIED INDUSTRIAL AREAS

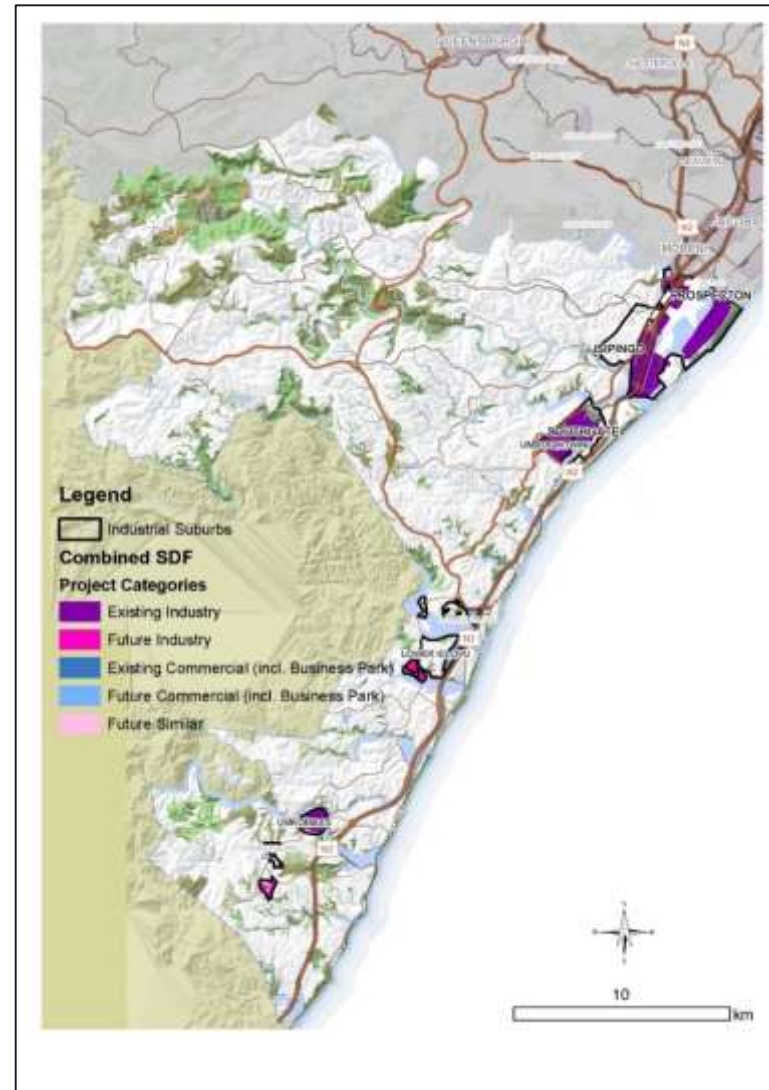
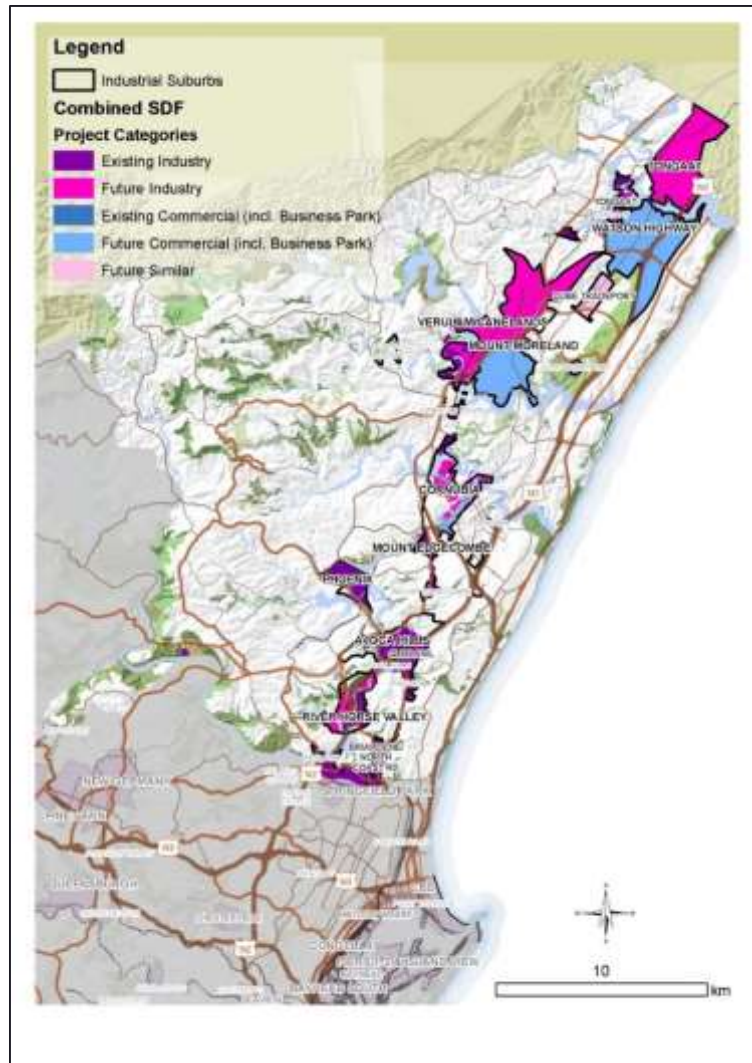
Figure 11 illustrates existing industrial areas and future industrial opportunities included in the Spatial Development Plans. The industrial areas are not necessarily narrowly depicted as Industry but include the related uses such as Business Park and commercial areas in the data.

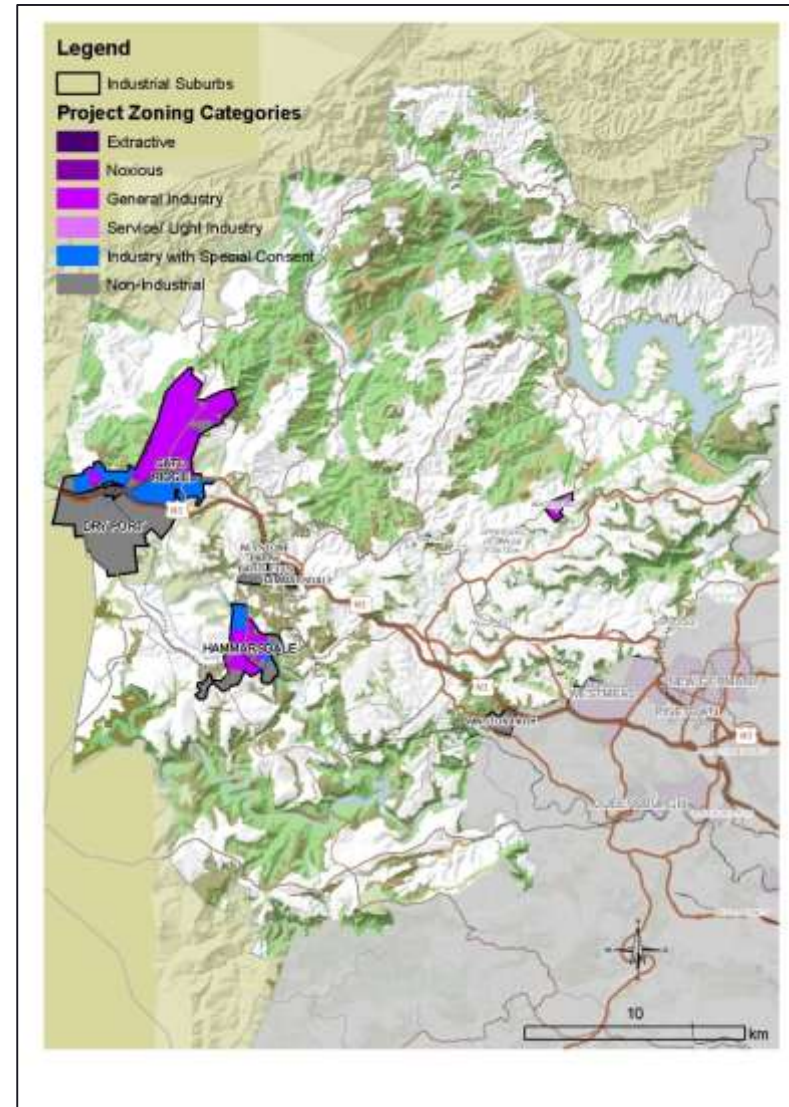
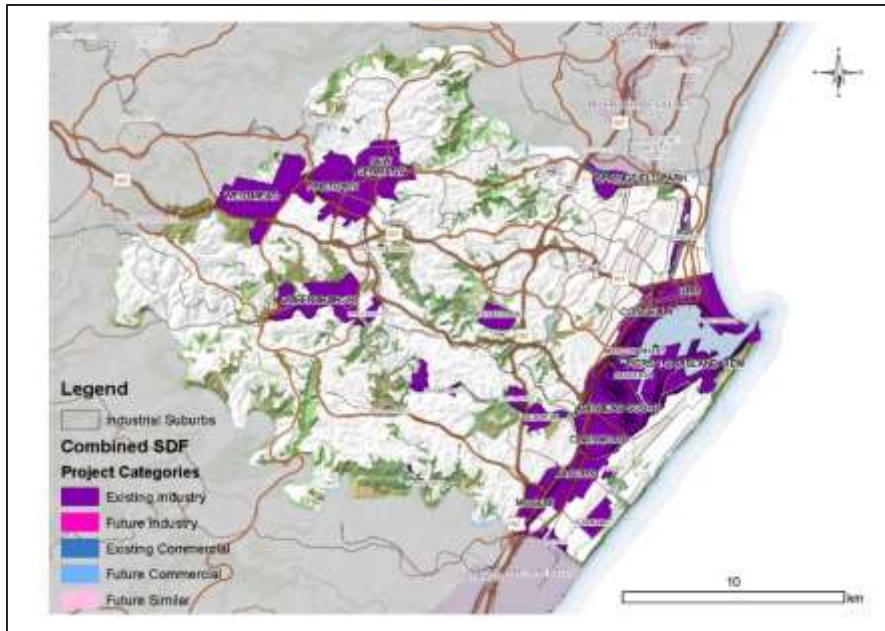
FIGURE 16: EXTENT OF THE EXISTING AND FUTURE INDUSTRIAL AREAS PROPOSED IN THE SPATIAL DEVELOPMENT PLANS OF ETHEKWINI MUNICIPALITY



Source: eThekwini GIS Database

FIGURE 17: PROPOSED AREAS OF INDUSTRIAL DEVELOPMENT AS PER SPATIAL DEVELOPMENT PLANS





APPENDIX D: BUSINESS RETENTION AND EXPANSION PROGRAMME

The BR&E programme is an area based intervention with the explicit outcome of assisting businesses to function and grow. Implicit in the programme is a process for the businesses to make explicit their opportunities and constraints to survival and to structure collective responses into a strategy for the area. The programme strongly promotes developing an environment in which businesses can grow and generate new jobs off existing businesses and attract new businesses and investment.

Since 2005 DIPA has conducted four BR&E programmes in partnership with the Durban Chamber of Commerce & Industry. In 2003 and 2004 three pilot programmes were initiated by Trade & Investment KwaZulu-Natal. According to DeLaney (2011) a key lesson of the DIPA programme has been that the quality of the process plays a major part in determining the action that follows. The use of structured surveys with clear communication of the results and report back are evident in the programmes. The issues raised are typical of brownfields areas and reflect the strong need for area based business environment improvements such as:

- crime and grime
- skills shortages
- heavy vehicle traffic congestion
- waste and electricity supply problems and
- the need to improve how local business is organised (DeLaney, 2011:1)

In response to the issues the following strategies were proposed:

- The key strategies are related to dealing with law enforcement and combinations of crime watch association, security patrol, increased surveillance and working with police stations are some of the interventions;
- Encouraging businesses to take responsibility for the broader environment in which they operate and strengthening local forms to effect this role;
- The strategies and interventions work when local business organisations are functional and organised; Skills development for businesses are a component of building and organising business;
- Ensuring that municipal services are reported and attended to is a key set of issues. Improved interaction with Municipal line departments through business involvement in service delivery forums deals has been successful.

The summary on the BR&E programmes in eThekweni Municipality in the following areas:

1. **Westmead/Pinetown/New Germany** (2005) where the interventions related to the establishment of the crime prevention forum, the local chamber committee was revitalised and activities related to this.
2. **Prospecton** (2006) was one of three BR&E initiatives in the South Durban Basin (SDB). In this case of Prospecton, DIPA partnered with the local crime watch association and the SDB Area-Based Management (ABM) office. According to Delaney, 2011, the 'issues highlighted in the survey included concerns about crime, grime, prostitution and an informal settlement growing in the area. Problems with the reliability of water and electricity services, dysfunctional traffic lights and road conditions were also high on the list.' The delivery of normal municipal services, such as electricity, water, roads and waste collection were key issues and the inability to establish a mechanism such as a SRA or UIP, to supplement services, dissipated further action. The establishment of the Prospection Business Forum (PBF) with significant emphasis on crime prevention, took over the BR&E activities.
3. **Maydon Wharf/Bayhead** (2007) was run by the South Durban Basin ABM office and without local business driving the programme the process was not embedded in the context. The generic issues were crime, grime, skills shortages and problems with infrastructure and municipal services. The main issue was the conflict between articulated vehicles waiting on Bayhead Road and congestion with local traffic.

4. **Jacobs/Clairwood** (2008) was run by ABM office with substantial local interest that led to the establishment of the Jacobs Business Forum. The survey findings highlighted crime, the poor state of roads and infrastructure, truck traffic congestion and parking, grime, shortage of skills and the poor local image and general lack of facilities. The task team recommended a simple four point action plan to deal with crime, grime, traffic and skills.
5. **Phoenix Industrial Park** (2013) was initiated by Durban Investment promotion and supported by a Project Manager, Phoenix Industrial Park Lot-Owners Association and Phoenix Industrial Park Township Manager. The findings from an extensive survey in the area depicted crime, aesthetics, road networks and congestion, electrical supply and available land for expansion as the key issues facing the area. The Phoenix Industrial Park Forum was formed in the process to take matters forward.

In conclusion, the B&RE programmes tend to work well where local businesses are organised and have a sense of agency in changing the environment through sweat equity, time and local resources as a partners in the area. The value of the B&RE programme needs to go beyond crime and grime issues, organising local business and link into longer term interventions. Sustaining change requires programmed public funding in an area, informed by local priorities. Both the local processes and longer term vision are required to turn around and sustain investment in brownfields regeneration.

APPENDIX E: URBAN IMPROVEMENT PRECINCTS AND SPECIAL RATES AREAS (SRA)

The Urban Improvement Precincts (UIPs) are an area based urban management mechanism to establish a community owned legal entity to undertake public interest services to an area. There are a few elements to the UIP, namely:

- Provides urban management services to improve the environment and safety within the environment;
- Plays a coordinating role with the municipality to provide normal municipal services but also raises funding for enhanced services;
- There is an equitable share function for funding that does not rely on volunteer funding;
- The community and business are partners in taking responsibility for an area;
- In conjunction with Council, it provides a mechanism for enforcement of bylaws through the Authorised Officer programme.

The UIP is structured as a non-profit Section 21 Company and is managed by a Board of Directors, comprising property owners who have been nominated or voted in by the UIP precinct members. The UIP are governed by the South African Companies Act and prepare an integrated urban management plan and budget for the area approved by Council on an annual basis. The contributions to the UIP depend on the urban management plan and annual budget for the area. 66% of the property owners have to approve the budget before it will pass through Council and thereafter it will be shared by all property owners and collected through a levy on rates.

The UIP programme does not necessarily build local business and organisational capacity in the process as the model is a private sector consultancy based contract. The ability to link the UIP into longer term strategic planning processes are limited and in effect issues addressed tend to be linked to crime and grime. The potential for marketing of the area has emerged in the case of the Umhlanga UIP where the revenue base is substantial and the UIP is well established. Some of the UIPs where the revenue base is lower have subsequently been abandoned.

APPENDIX F: URBAN DEVELOPMENT ZONES

The Urban Development Zone (UDZ) is a tax incentive introduced by the Minister of Finance in 2003 and has recently been extended in area and function from the original designation.

The UDZ promotes regeneration of areas within the UDZ area (largely the Inner City and surrounds) through a tax incentive. The UDZ tax incentive¹ allows property owners to write off capital expenditure on buildings or against the erection of new buildings. This seeks to stimulate economic development through new capital expenditure in Inner City area.

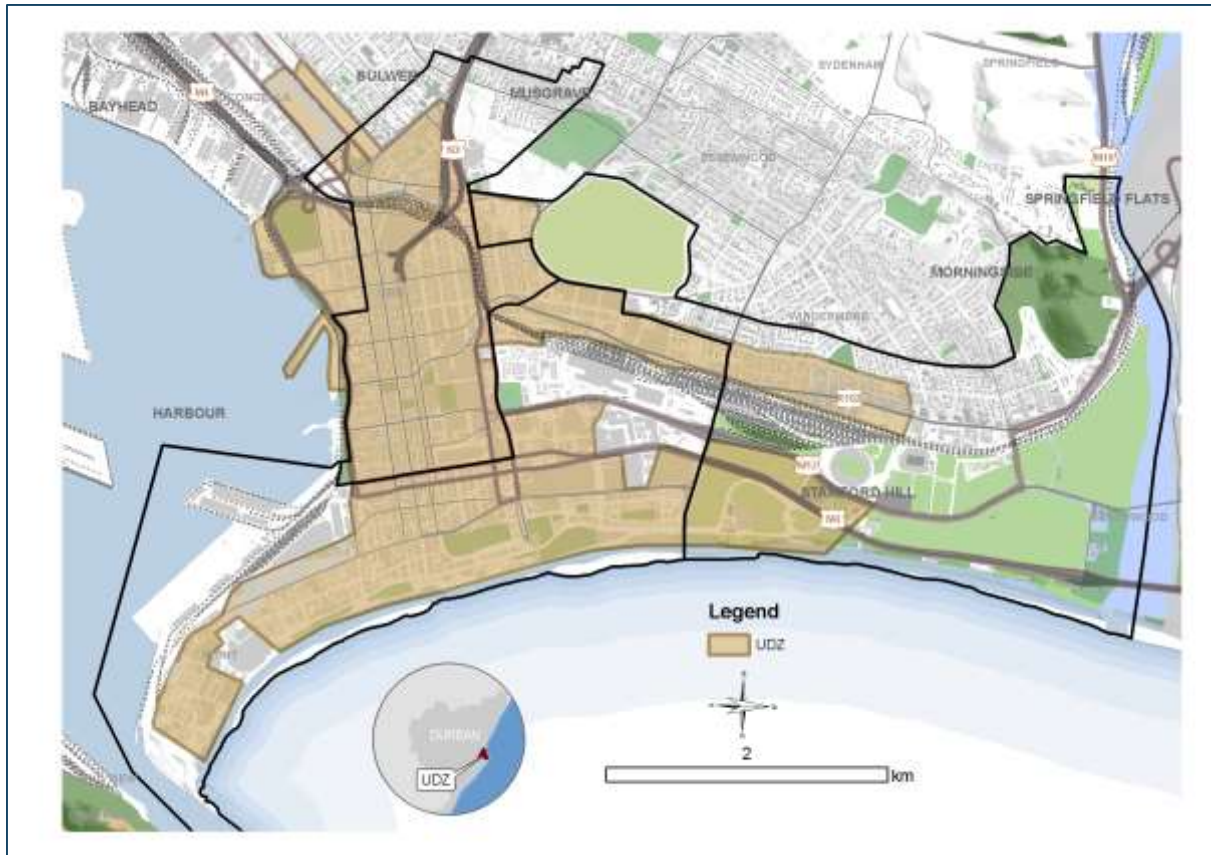
The new UDZ applies to commercial and residential buildings and can amount to sizable depreciation allowance of 20% per year for the cost of improvements for a five year period. The regulations provide for variations on the incentive depending on the purpose of the redevelopment and differ for new buildings and applications by developers.

A substantial amount of existing industrial stock is located in the Urban Development Zone and the incentives for redevelopment are significant. According to one of the developers in the Stakeholder workshop, the incentives make investment in the UDZ marginally more attractive. For example, a building located in the UDZ, that would be otherwise unattractive for investment, could be redeveloped due to incentive margins of up to 20%.

The UDZ model relies on individual businesses to take up the opportunities and while the incentives are evident, the process can be strengthened by the following:

- Sharing information on the new UDZ processes;
- Establishing area based urban management processes to promote investment aftercare and deal with the crime and grime issues;
- Link the brownfield redevelopment opportunities to longer term shared plans for the area. It is worth highlighting the opportunities for the redevelopment of well-located and accessible Inner City areas.

FIGURE 18: 2014 UDZ AREA AND WARD BOUNDARY IN THE ETHEKWINI INNER CITY AREA



APPENDIX G: INSTITUTIONAL OPTIONS DISCUSSION

Note 1

The reason for this is that governments world-wide are poor at reading market signals, and moreover many of the key market related parameters lie outside of their sphere of control. What for instance would happen if the market was flooded with new land conversion applications, but provincial and national DE&A continued to make EIAs difficult, and/or if Act 70 of 1970 was continuously applied?

Note 2

The answers to which will vary from case to case, and then used to carefully construct instruments of governance. The principles below are lessons that can be inferred from the case studies the TPI team are familiar with, including previous work for provincial government and major private land developers:

- A joint venture or PPP is likely required for the overarching marketing and planning co-ordination functions for industrial land in the overall eThekweni area. A feasibility into this prospect will be required; and this should likely operate under the Chairmanship of the Mayor or his nominee.
- A SEZ may be a useful tool to enhance the attractiveness of at least a component of the eThekweni area, which needs to be as large as possible to have an impact on the scale required.
 - Sub-projects concerned with practical developments in specific geographically demarcated areas within and without the SEZ area could be agreed by eThekweni Municipality, para-statals like the Dube Tradeport Company and major private developers and then marketed collectively.
 - Where the Municipality and private developers collaborate in a joint venture, on private, government or municipally owned land within the eThekweni area, it might be suggested that the more successful “Riverhorse Model” should be followed, since all agree this has worked well in practice. However, the model needs now to be scrutinised in terms of the MFMA and in terms of its implications for industrial land prices, as distinct from its virtues as a supply of municipal revenues.

Note 3

In South Africa, the cases in which there has been strong national/provincial government collaboration with municipalities, the private sector and/or para-statals include projects where the institutional momentum rests with the public sector, and they allocate the bulk of the financing. Examples include:

- The Coega Development Company: Coega is a new port recently developed just north of Port Elizabeth by the Coega Development Company (CDC). To quote from the CDC web site, “The CDC (registration number 82 / 03891 / 07) is incorporated and registered under the Companies Act of South Africa. The CDC is wholly-owned by the South African Government. The CDC was established in 1999 and is the successor in law to the Coega Implementing Authority, the body mandated in 1997 by the South African Government to implement the Coega Industrial Development Zone” (www.coega.com). The degree to which the CDC falls within the remit of the former Public Finance Management Act (PFMA) and current MFMA is not entirely clear, although it should be considered a public, rather than a private entity. However, as a company it has been able to enter into joint ventures with both para-statal and private companies on the Coega site. In this sense if eThekweni, together with provincial and national government, was to construct something analogous to the CDC, then the legal nature of joint ventures under it could follow the CEC model in the future.

- Gauteng's Blue IQ: In the late 1990s, the Gauteng Provincial Government's Department of Finance and Economic Affairs identified eleven significant projects that were deemed of strategic importance to the Province's economic prospects. The projects were: Gautrain, Dinokeng, Cradle of Humankind, Wadeville Alrode Industrial Corridor, City Deep Roads Infrastructure, JIA IDZ, The Innovation Hub, Gauteng Automotive Cluster, Kliptown, Newtown and Constitution Hill. Collectively the initiative to develop these projects was labelled Blue IQ. As delivery on the projects began to advance, it was decided in 2003 that a new institutional structure was necessary. The Gauteng Legislature passed the Blue IQ Investment Holdings (Pty) Ltd Act of 2003, which legally established Blue IQ as a provincial public entity, operating as a limited private company. The projects become subsidiaries of Blue IQ with the intent that legally binding partnerships with the private and public sectors could be secured in the projects. In subsequent years some of the projects have been "spun-off" into other initiatives and some have been handed over to relevant parties to manage their operations. At present the Blue IQ views itself as an investment holding company with the aim of ultimately securing investors or public entities to take on full ownership of the projects it has initiated. The benefits of Blue IQ were seen to be that its projects carry considerable political backing, it is able to allocate substantial public capital projects to reduce risk for other partners and it brings in professional specialist teams to realise projects outside the conventional bureaucratic routes. The Innovation Hub for example is situated on former University of Pretoria land to the north of Pretoria on the opposite side of the N1 from the CSIR. It has been developed as a partnership with Tshwane Metro and is intended to fulfil the role of an R&D centre. The Hub has a number of private and public tenants including the Automotive Supplier Park was developed in partnership with major automotive role players in Rosslyn north of Pretoria – adjacent to the BMW factory. As with the Innovation Hub, the Supplier Park is a Pty (Ltd) company fully owned by Blue IQ holdings. Over R300m of public funds have been used to develop the facility. The Supplier Park Development Company facilitates the client-specific design and optimisation of production facilities. Turnkey buildings are delivered according to client requirements and expansion possibilities are incorporated into the design of the building. The preferred occupation model is a lease model, in terms of which tenants have the option of leasing premises over time periods that tie up with their supply contracts. Basic operational services, including occupational health and safety services, are provided as part of the development, and new services are introduced based on tenants' needs and the business viability of these services. A partnership approach with service providers underpins the development.

Both the Blue IQ cases and the Coega option have been to go for a full commercial structure, but to retain ownership in the public sphere. The option does exist in the future for the public sector to sell equity or divest itself of the investments and there are examples of this. Proponents of this development institutional form point to the complex national framework around PPPs as a key logic for retaining full public ownership.

- Richard's Bay IDZ: The Richards Bay / Empangeni sub-region (which collectively with some rural areas form the uMhlathuze Municipality) was one of eight in South Africa that was granted special development status through the Department of Trade & Industry's Spatial Development Initiative (SDI) programme. Within the SDI programme, initiatives to attract industries to Richards Bay/ Empangeni were centred on the Industrial Development Zone (IDZ). The IDZ was a purpose-built industrial estate linked to the port, containing a customs-controlled duty free area. Prior to the IDZ, the SDI had established a 'one stop shop' Investment Centre as an initiative to attract investment to the area.

The objective of the IDZ was to provide a product tailored to attract foreign direct investment for export-orientated industries which add value to the region's abundant supply of raw materials (aluminium, heavy metals, timber) through beneficiation processes, thus positioning the area as an export-manufacturing platform into Africa and abroad.

A Pre-Investment Appraisal done by GIBB Africa, in December 1999 was undertaken to identify the optimum location for the IDZ and to assess the viability of the project. The report concluded that the potential for a viable development was very good and an application for IDZ designation for Richards Bay was subsequently submitted by the SDI. The Richards Bay IDZ designation was advertised in the Government Gazette No. 23369 of April 26 2002.

The designated IDZ area covers approximately 372 hectares adjacent to the Port of Richards Bay, and is bounded by the Mondi Pulp Mill, the Alton Industrial Area, the Alusaf Hillside Smelter and the John Ross Highway. An important consideration is that the land was owned by the uMhlathuze Municipality and was not occupied.

The IDZ was created as a result of institutional intervention, principally from national, provincial and local government, actively supported by big business. Government at all three levels, local, provincial and national recognized the enormous employment-creating opportunities supported by the various markets which business could facilitate through its contacts and knowledge.

Whilst the Richards Bay IDZ was since criticised inter alia by some experts in KZN Treasury as ‘being of debateable cost/benefit value’, it has been re-energised of late, and their new SEZ model is worth closer scrutiny by eThekwini.

- **East London IDZ (ELIDZ):** The East London IDZ like that of Richards Bay has a sea-port focus and location. Its establishment on the south western banks of the Buffalo River near to the docks followed a similar establishment methodology to that outlined above in respect of Empangeni/Richards Bay. ELIDZ was the first of the IDZs to gain its operational permit. As in the Empangeni/Richards Bay case, several “clusters” were identified in the ELIDZ case on the basis of comparative advantage research, market analysis etc. Whilst a wide range of such clusters were selected for ELIDZ, the automotive components cluster has not surprisingly been most successful, given Mercedes Benz’ presence in the city (ten automotive suppliers have moved into ELIDZ). Whilst ELIDZ was initially public sector driven, a change of strategy was adopted post-2005.

An audit revealed that awareness of the IDZ programme and ELIDZ was low at a national level. It also revealed that even though awareness was high locally, levels of trust and confidence are low.

Some of the key issues that were identified by the audit were that the IDZ foundation needed strengthening from the top, that processes needed to be defined within the programme first, and that the packaging and positioning of the programme needed to be improved.

The audit also revealed that ‘we needed to be more open and engaging with stakeholders and the general public, while being sensitive about the delicate and confidential nature of the negotiations that we hold with our potential investors,’ . ELIDZ since revised its strategies and has attracted more industrial developments.

Note 4

Historically, municipalities throughout Europe have been comparatively proactive in industrial land supply. A recent study of Holland perhaps puts this aspect into perspective best. Perhaps especially given KZN and eThekwini’s ‘aerotropolis’ aspirations, the experience of the Netherlands may be relevant. Schiphol Airport Area in Amsterdam was one of the models for the development of the Durban aerotropolis concept.

A recent (2012) article in the Journal of Property Research entitled ‘Understanding industrial land supply: how Dutch municipalities make decisions about supplying serviced building land’ by [Huub Ploegmakers](#), [Erwin van](#)

[der Krabben](#) and [Edwin Buitelaar](#) points out that land supply in the (admittedly very land constrained) Netherlands is heavily controlled by municipalities. They investigate how municipal suppliers there actually make decisions about the quantity of land and property to be made available for sale at any one time. From interviews amongst municipal developers they find that profit considerations are not the main motive behind their decisions to develop industrial land. Municipalities are involved in land development primarily because they want to be able to steer local economic development, and the characteristics it assumes. Municipal developers there also pay attention to 'non-price' signals of market conditions – sales levels in particular – when deciding to make more land available for sale. They note however that public agencies might operate with 'soft budget constraints' and they might have alternative preference functions than commercial developers. Whether this is more effective or not in attracting industry than price sensitive market driven supply is open to debate. Perhaps the Netherlands has a stage of development and land shortage such that they can afford to be more selective and land price-insensitive than South Africa. On the other hand, France for example has no such shortages, and government and municipal involvement in industrial land supply is very common.

Note 5

South Africa has the enviable record over the last two decades of a very rapid roll-out of low-cost housing. It is widely believed to be one of the best examples in the world. It is sometimes forgotten that the model of delivery upon which it is based was pioneered by the IDT during the years of the Government of National Unity, then refined by the democratic government. The mode here was that of independent consultants reporting to a semi-autonomous body using mainly government funds, these consultants usually acting as influential 'go-betweens' between the various stakeholders.

Note 6

The British real estate/planning professor Philip Booth, writing in the *Journal of Property Research*, ([Volume 8, Issue 3](#), 1991), 'Preparing land for development in France: The role of the aménageur-lotisseur') points out that France is unique in Europe in having within the development industry a separately defined group of site developers, the *aménageurs-lotisseurs*, who occupy a key position within the development process, by assembling sites, subdividing them into building plots and providing the necessary infrastructure. He argues that this kind of specialist role is necessary within the French development industry as a way of mediating between construction companies, builders, municipal officials and the major actors in particular activities.

APPENDIX H: APPLICATION TIME FRAMES

Extract from THD summary of application time frames

Environmental Impact Assessment Time frames

Type of Development	Number of Submissions	Timeframe period	Other notes
Residential/ Mixed Use/ Commercial	22 of which 3 are having specialist reports being undertaken at present	6 months- 4 years	2 further applications still to be undertaken.
Infrastructure	7	2 months- 78 months	One major application at 78 months and counting. Remainder a lot shorter

Planning and Development Act time frames

Type of Application	Number of Submissions	Timeframe period (months)	Other notes
Subdivision and or consolidation	5	11-17	
Agricultural Subdivision	3	3-12	
Rezoning	3	2-14	
Mixed	10	0-17	
Scheme Amendment			

i The Income Tax Act (58 of 1962) permits property owners/developers to write off building costs against the income of businesses in the promulgated UDZ areas.

The legislation was amended in 2005 (Revenue Laws amendment Act 31 of 2005) to accommodate taxpayers that purchase buildings or parts thereof, for example sectional title units, directly from developers. There were further legislation amendments in 2008, provisions of this amendment include:

- (1) Extension of the UDZ scheme expiry date from 2014 to 2020,
- (2) Reducing of the claiming period for new buildings from 17 years to 11 years and
- (3) Extension of the UDZ scheme to incorporate low income residential developments.