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**STELLENBOSCH**  
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MUNISIPALITEIT • UMASIPALA • MUNICIPALITY

STELLENBOSCH MUNICIPALITY:  
DRAFT ECONOMIC DEVELOPMENT  
STRATEGY AND IMPLEMENTATION  
PLAN

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# Introduction

*"The purpose of local economic development (LED) is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation." (The World Bank, 2006)<sup>1</sup>*

Stellenbosch Municipality has asked the BER to provide an overview of local economic development within the municipal boundaries. To this end, this report is not a LED Strategy but can be used as a basis from which a LED Strategy might be developed. It draws from existing publications by Stellenbosch Municipality and the Province, to highlight aspects that are relevant to economic development.

Stellenbosch<sup>2</sup> is one of 39 Intermediate City Municipalities (ICMs) in South Africa. Smaller cities can have distinct advantages over larger metros. They can benefit from a high level of local connectivity and identity, efficiencies that result from operating at a manageable scale, and often have a defined economic heritage. Some municipalities also have unique cultural, recreational, and tertiary education assets, that can help to stabilise the local economic base, make social capital available and support innovation.<sup>3</sup>

Stellenbosch is fortunate to be characterised by all of the above and has access to a unique set of social, economic, political and natural resources that it can use to shape its development path.<sup>4</sup> These conditions determine the region's ability to attract and retain investment. The municipality's role is to create an environment that enables business and citizens to make use of the opportunities that these resources offer. The broad aim of local economic development (LED) is therefore to build the capacity of a municipality in a way that improves its economic future and better the quality of life for its citizens.

To develop a LED Strategy, a municipality needs to understand current levels of economic activity in its region. To this end, this report gives an overview of economic development within the boundaries of Stellenbosch Municipality. It focuses on longer-term trends and does not specifically look at the impact of the COVID-19 pandemic.

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<sup>1</sup> The World Bank (2006). **Local Economic Development: A Primer Developing and Implementing Local Economic Strategies and Action Plans.**

<sup>2</sup> The municipal area includes the towns of Stellenbosch and Franschhoek, as well as several rural hamlets: Wemmershoek, La Motte, De Novo, Kylemore, Pniël, Johannesdal, Langedoc, Groot Drakenstein, Muldersvlei, Klapmuts, Elsenburg, Raithby, Jamestown, Koelenhof and Vloenburg.

<sup>3</sup> <https://www.sacities.net/wp-content/uploads/2020/03/Rethinking-LED-Local-Economic-Development-in-Intermediate-Cities.-Released-2019.-pdf.pdf>

<sup>4</sup> <https://www.sacities.net/wp-content/uploads/2020/03/Rethinking-LED-Local-Economic-Development-in-Intermediate-Cities.-Released-2019.-pdf.pdf>

The report starts by highlighting key factors of how municipalities should approach economic development. It then looks at how the population in Stellenbosch has grown over the past years, and evaluates to what extent service delivery has managed to keep up. Next, it considers trends in regional output and employment to identify which sectors contribute most to the area's economy. The final section delves deeper into the role of tourism in the economy of Stellenbosch.

*Note: Throughout the report, any references to Stellenbosch refer to the **Stellenbosch Municipal area** and, unless otherwise stated, do not mean the town of Stellenbosch.*

# What role should local government play in economic development?

## Why should municipalities contribute to LED?

The National Development Plan highlights the critical capabilities that are needed to transform South Africa's economy and society to eliminate income poverty and reduce inequality by 2030. The Constitution (section 152) requires local government to contribute to these objectives by providing democratic and accountable governance for local communities; ensuring the provision of services in a sustainable manner; promoting social and economic development as well as a safe and healthy environment; and encouraging the involvement of communities in the matters of local government.<sup>5</sup> It further mandates a municipality to "(a) Structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic development of the community; and (b) Participate in national and provincial development programmes." When municipalities focus on these activities, they help to achieve the objectives of the NDP, as well as the Economic Reconstruction and Recovery Plan (ERRP) launched in October 2020 to combat the social and economic impacts of the COVID-19 pandemic.

In promoting social and economic development through LED, municipalities play an important role in South Africa's national economic performance and trajectory. The spatial differences and imbalances that are brought on by increased global competition, population mobility and technological advances make LED even more critical.<sup>6</sup> An effective approach to LED can address income disparities between areas, grow the number of locally generated jobs and firms, increase private sector investment, boost information flows between investors and developers, and improve the coherence and confidence with which a local economic strategy is pursued.<sup>7</sup>

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<sup>5</sup> Constitution of the Republic of South Africa, 1996 – Chapter 7: Local Government

<sup>6</sup> OECD, Smarter Local Economic Development. Available online: <https://www.oecd.org/cfe/leed/local-development.htm>

<sup>7</sup> OECD, Smarter Local Economic Development. Available online: <https://www.oecd.org/cfe/leed/local-development.htm>

## How should municipalities contribute to LED?

The Draft National Framework for Local Economic Development highlights six core pillars that municipalities should focus on in pursuing economic development:



It is worth highlighting two important themes that run through these six pillars: (1) involvement of the local community, and (2) the responsibility of a municipality to create an enabling environment.

### The local community should be involved

COGTA summarises LED as “an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area” (own emphasis). In this context, a municipality is responsible to create an environment that enables local people to work together. LED therefore speaks to how local government and the community manage their resources, sometimes through forming partnerships with the private sector and with each other, to create jobs and stimulate economic activity.

The involvement of local stakeholders in the developmental process, through e.g., participatory decision-making, is an important component of sustainable growth. It builds trust and creates social networks – all of which encourages innovation and decreases the potential for conflict. When communities understand and are involved in the LED process, they are in a better position to improve their quality of life, make use of new economic



opportunities, fight poverty, and adapt to changing market conditions<sup>8</sup> like those described in the previous section.

Successful LED also requires close involvement of the local business community. Municipalities should create an enabling regulatory and institutional environment for these activities. In many ways this lies at the core of LED. To achieve this aim, different departments of a municipality need to work together and not operate in silos.

### **The focus should be on creating an enabling environment**

An effective LED Strategy creates an environment that is conducive to entrepreneurship and makes it as easy as possible for businesses to be established. This is especially important for micro, small and medium enterprises that operate at a local level. To that end, processes that are managed by the municipality need to be efficient, fast, and free from unnecessary 'red tape'.

Municipalities also have a vital role to play in the provision of infrastructure for basic services like sewerage, water and sanitation, refuse removal and electricity. These services are at the core of creating an enabling environment for economic development. Economic development can be severely curtailed without the basic services and infrastructure that a municipality should provide. As the examples in the Box show, municipal failure not only affects large businesses; it also impacts on households, small, medium and micro-enterprises (SMME), and other investors in local economies.

#### **Box: Two examples of how municipal failure can have a direct impact on LED<sup>9</sup>**

The first example is Clover, who in June 2021 announced that it would close its cheese processing facility in Lichtenburg in the North West province and move this to an existing plant outside of Durban.<sup>10</sup> It attributed the decision to ongoing problems with service delivery by the Ditsobotla Local Municipality – specifically water and electricity outages as well as

<sup>8</sup> The World Bank (2006). **Local Economic Development: A Primer Developing and Implementing Local Economic Strategies and Action Plans.**

<sup>9</sup> BER Research Note 2021, Number 6. *SA's municipal challenges and their impact on local economic development.*

<sup>10</sup> [https://theconversation.com/small-towns-are-collapsing-across-south-africa-how-its-starting-to-affect-farming-162697?utm\\_medium=Social&utm\\_source=Facebook#Echobox=1632471973](https://theconversation.com/small-towns-are-collapsing-across-south-africa-how-its-starting-to-affect-farming-162697?utm_medium=Social&utm_source=Facebook#Echobox=1632471973)

the poor quality of roads. The move is estimated to lead to 330 job losses within the Lichtenburg economy.<sup>11</sup>

Another example is Astral foods – one of South Africa's largest poultry producers – who own a processing plant in Standerton in the Lekwa municipality. In 2018, Astral took legal action against the municipality due to severe supply disruptions caused by disintegrating infrastructure. Load-shedding and water shortages reportedly cost the company around R62 million in its latest financial year. Following a court order, the municipality had to submit a long-term plan about how they were going to repair and improve the infrastructure. This did not lead to improved outcomes. A new court order was issued in 2021, requiring national government and Treasury to intervene and prepare a financial recovery plan for the municipality.<sup>12</sup>

## Is service delivery keeping up with population growth?

### Population and household growth

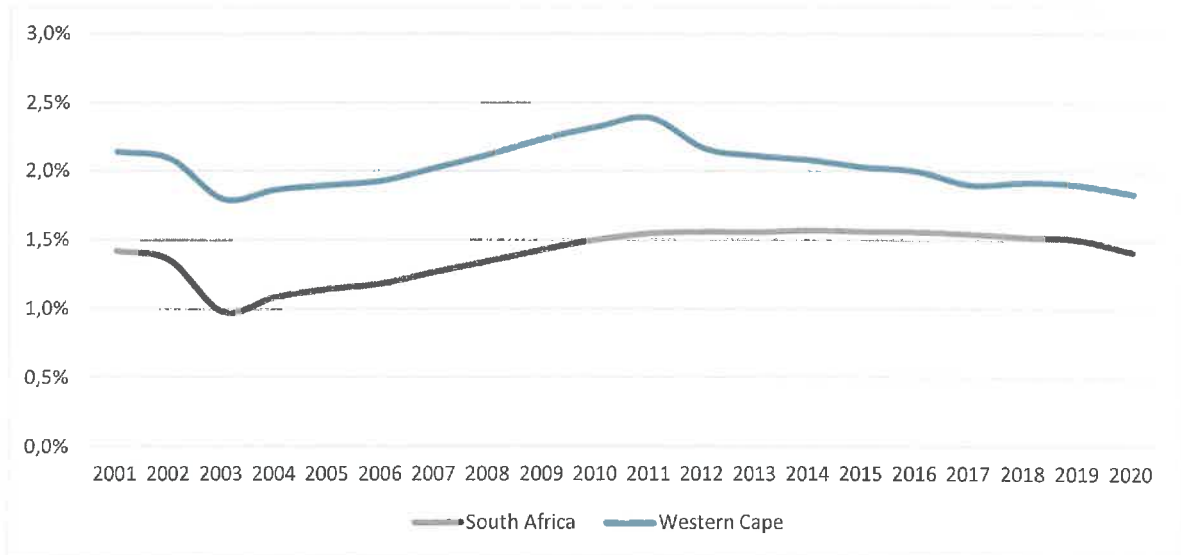
The population of the Western Cape is growing at a higher rate than in the rest of South Africa (see figure below). Over the 2016 to 2020 period, there were a total of 292,521 net-migrations to the Western Cape. This might increase further as remote work becomes even more common<sup>13</sup>. Already, there is anecdotal evidence that more people are trading the busy city hubs of Gauteng for the airy Western Cape. Net migration has implications for the economic landscape of the Western Cape and its towns, placing additional pressure not only on physical infrastructure but also on the composition of the jobs market. The MERO identifies that one of the salient risks to economic development over the next few years will be an uptick in service delivery demands due to net in-migration to the province.

<sup>11</sup> <https://www.news24.com/fin24/companies/clover-closes-sas-biggest-cheese-factory-due-to-municipal-woes-in-the-north-west-20210608>

<sup>12</sup> <https://www.businesslive.co.za/bd/companies/industrials/2021-04-13-astral-foods-wins-court-order-over-lack-of-service-delivery/>

<sup>13</sup> What's next for remote work: An analysis of 2,000 tasks, 800 jobs, and nine countries, 2020, Link: <https://www.mckinsey.com/featured-insights/future-of-work/whats-next-for-remote-work-an-analysis-of-2000-tasks-800-jobs-and-nine-countries>

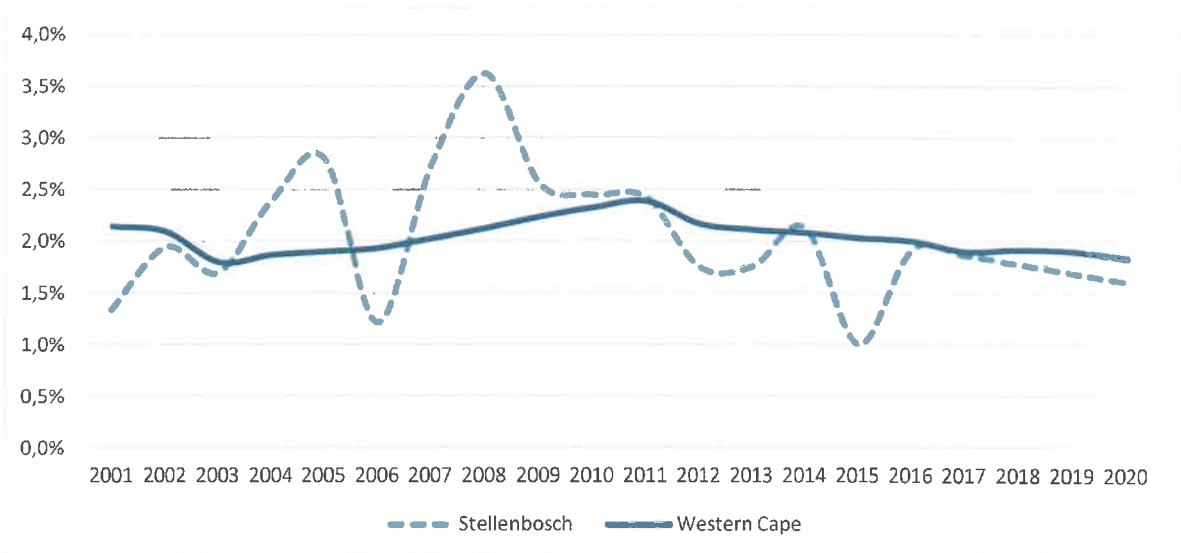
Figure 1: Annual population growth in the Western Cape compared to SA



Source: Quantec

Population growth in Stellenbosch exceeded the national average for most of the past two decades, but has slowed in recent years. Stellenbosch's population has, on average, been growing at a slower rate than the rest of the Western Cape since 2011 (Figure 2).<sup>14</sup>

Figure 2: Annual population growth in Stellenbosch Municipality

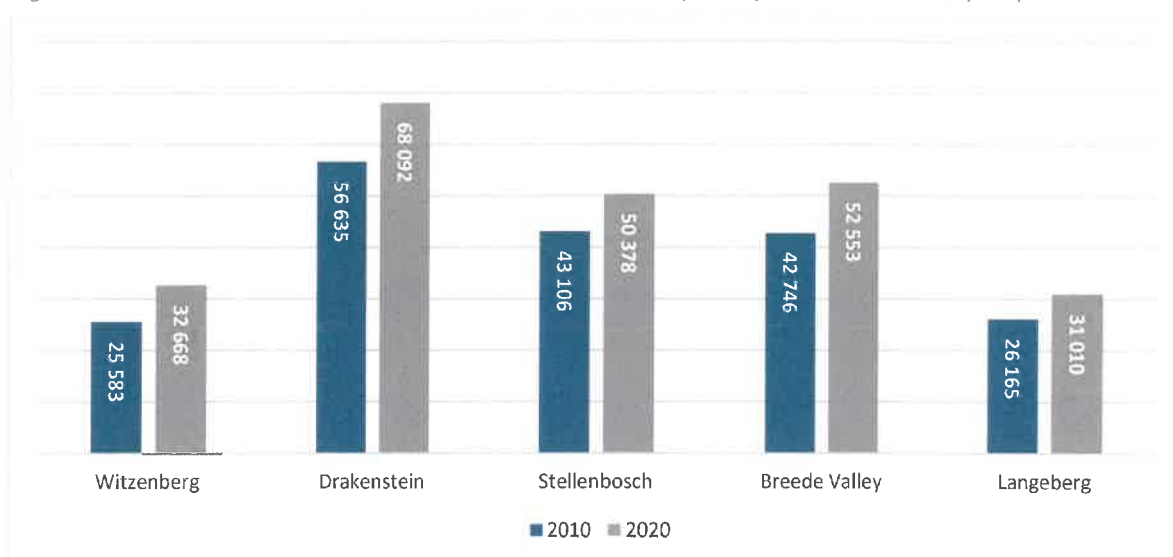


Source: Quantec

<sup>14</sup> Over the past five years, the municipalities of Witzenberg (2.3%) and Drakenstein (2.0%) have, on average, experienced faster annual population growth than Stellenbosch (1.8%).

In line with comparatively slower population growth, the growth in the number of households living in Stellenbosch has also tapered over the past decade. A greater number of households were added to Stellenbosch Municipality between 2000 and 2010 than over the past decade. Breede Valley, Drakenstein and Witzenberg municipalities saw a opposite trend, with the number of households increasing faster since 2010. A factor that might have influenced this trend is the relatively higher cost of owning or renting property in Stellenbosch, compared to other regions in the Cape Winelands Municipality.

Figure 3: Number of households at the start of each decade per Cape Wineland Municipality



Source: Quantec

In 2020 (most recent data available), 183 773 people lived within the boundaries of Stellenbosch Municipality. Based on average population growth over the last decade, we estimate that the population reached 185 698 in 2021.<sup>15</sup> Despite Stellenbosch's slower rate of population and household growth, it remains the most densely populated Local Municipality in the Cape Winelands. It has an estimated 232 people per square kilometre (compared to Drakenstein municipality with 189 people per square kilometre).<sup>16</sup>

Population density has implications for per capita spending on infrastructure and services. Holcombe and Williams (2008) find that for cities smaller than 500 000 (like Stellenbosch),

<sup>15</sup> Estimated by applying the previous year's annual population growth rate. This estimate does not account for the effect of the COVID-19 pandemic.

<sup>16</sup> Stellenbosch Socio-Economic Profile 2020.

infrastructure expenditure *per capita* declines as population density increases, whereas per capita expenditure on services increase.<sup>17</sup> Mattson (2021) similarly finds that *per capita* expenditure on the operational and construction costs associated with streets and highways, parks and recreation, sewerage and water declines with higher population density.<sup>18</sup> These studies suggest that, given the current size of the municipality, Stellenbosch can achieve greater economies of scale than less densely populated municipalities by investing in important components of economic infrastructure.

### Service delivery performance

The majority of households in Stellenbosch (73%; 36.6 thousand) live in formal dwellings (2020) and one of the municipality's main functions is providing basic services<sup>19</sup> to these homes. Over the 2010-2020 period there has been a steady increase in the proportion of households with access to basic service delivery in Stellenbosch, consistent with the trends in the Cape Winelands region and the rest of the Western Cape (see Table 1).

Overall, the proportion of households with access to the four key categories of basic services are on par, if not better, than the Cape Winelands' and Western Cape averages. Table 1 shows service delivery across the municipalities in the Cape Winelands. Stellenbosch and Drakenstein Municipalities outperform the other three municipalities in terms of electricity provision, refuse removal, and sanitation. Stellenbosch Municipality however underperforms in the provision of water to households at least 200m from a dwelling.

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<sup>17</sup> Holcombe RG, Williams DW. The Impact of Population Density on Municipal Government Expenditures. *Public Finance Review*. 2008;36(3):359-373. doi:10.1177/1091142107308302

<sup>18</sup> Mattson, J. Relationships between density and per capita municipal spending in the United States. *Urban Science*. 2021, 5, 69. <https://doi.org/10.3390/urbansci5030069>

<sup>19</sup> These include electricity (as the main source for lights), refuse removal (at least once a week), the provision of a flush or chemical toilet and access to water at least 200m from the house.

Table 1 Basic Service Delivery across Cape Wineland Municipalities (% of households)

|  |      | Breede Valley | Drakenstein | Langeberg | Stellenbosch | Witzenberg |
|--|------|---------------|-------------|-----------|--------------|------------|
| <b>Electricity as Main Light Source</b>        | 2010 | 88.0          | 90.5        | 91.1      | 91.5         | 88.3       |
|  | 2015 | 87.9          | 93.9        | 93.5      | 92.3         | 92.2       |
|  | 2020 | 87.5          | 94.7        | 94.1      | 92.2         | 93.2       |
| <b>Refuse removal at Least Once a Week</b>     | 2010 | 70.8          | 82.1        | 67.9      | 83.8         | 62.6       |
|  | 2015 | 73.9          | 85.2        | 70.7      | 86.1         | 68.2       |
|  | 2020 | 74.5          | 85.9        | 71.6      | 86.7         | 69.8       |
| <b>Access to Flush or Chemical Toilet</b>      | 2010 | 87.1          | 91.1        | 86.2      | 89.5         | 87.1       |
|  | 2015 | 88.3          | 93.0        | 88.6      | 90.9         | 90.8       |
|  | 2020 | 88.4          | 93.5        | 89.0      | 91.1         | 91.7       |
| <b>Piped Water at Least 200m From Dwelling</b> | 2010 | 94.4          | 94.8        | 95.2      | 91.1         | 96.5       |
|  | 2015 | 95.9          | 97.7        | 97.2      | 93.8         | 98.0       |
|  | 2020 | 96.2          | 98.5        | 97.8      | 94.4         | 98.4       |

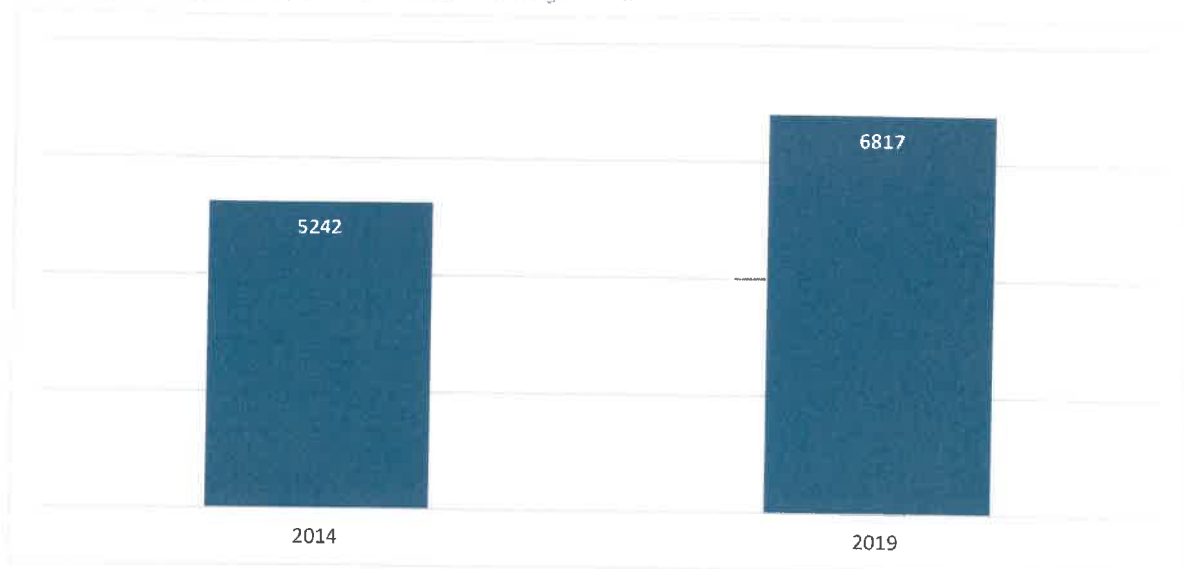
Source: General Household Survey

The data show that the proportion of households with access to electricity as its main source of lighting is 92.2% in 2020, the proportion of households with access to refuse removal at least once a week is 86.7%, the proportion of households with access to a flush or chemical toilet is 91.1% (and finally, the proportion of households with running water at least 200m from their dwelling is 94.4%.

Another important indicator of the extent of service delivery of the municipality is the provision of free basic services to indigent households. For the 2022/23 municipal financial year, the criteria for a household to qualify as 'indigent' is for the main breadwinner(s) to earn less than R6 500 per month.<sup>20</sup> A total of 6 817 households within the municipal boundaries benefited from free electricity, free water, free sanitation and free refuse removal services in 2019 (latest available), compared to 5 242 in 2014. Although the data is not yet available, employment losses caused by the COVID-19 pandemic likely increased the demand for free basic services since March 2020.

<sup>20</sup> <https:// Stellenbosch.gov.za/2022/05/25/creating-sustainable-infrastructure-to-enable-economic-growth-and-job-opportunities-post-covid-19-pandemic/>

Figure 4: Number of households in Stellenbosch benefiting from free basic services for water, electricity, sewerage and sanitation, and solid waste management.



Source: Statistics South Africa - P9115

Based on its Top Layer Service Delivery Budget and Implementation Plan 2022/23, Stellenbosch Municipality is achieving and, in many cases, exceeding its service delivery targets (Table 2). This is a vital component of creating an enabling environment for citizens and businesses alike.

Table 2: Summary of Stellenbosch Municipality service delivery targets

|   | Baseline | 5-year target |
|---|----------|---------------|
| <b>Limit unaccounted electricity to less than 9% annually</b>   | 8.86%    | <9%           |
| <b>Limit unaccounted water to less than 25%</b>   | 14.9%    | <25%          |
| <b>Registered indigent formal households with access to free basic water</b>                                    | 100%     | 100%          |
| <b>Registered indigent formal households with access to free basic electricity provided by the municipality</b> | 71%      | 65%           |
| <b>Registered indigent formal households with access to free basic refuse removal</b>                           | 100%     | 100%          |
| <b>Registered indigent formal households with access to free basic sanitation</b>                               | 100%     | 100%          |
| <b>Formal households with access to water, electricity, refuse removal, and sanitation</b>                      | 26 588   | 26 000        |

Source: Top Layer Service Delivery Budget and Implementation Plan 2022/23

## Which sectors are the main contributors to economic output and employment?

Aside from creating an enabling environment through infrastructure and service delivery, other important components of LED are enterprise development and support, strengthening local innovation systems, developing learning and skilful economies, building diverse and innovation-driven local economies and developing inclusive economies. To this end, it is necessary to understand the key drivers of economic output within the municipality and how these are affected by global and national dynamics.

The global economic outlook has come under severe pressure in the last four months. Most recently, in the IMF's April forecast the global economic outlook was lowered by 0.8pp to 3.6% in 2022, and with no reacceleration expected for 2023. The slightly more depressed growth rate comes on the back of Russia's invasion of Ukraine, the expectation of slower Chinese growth due to its zero-Covid policy stance, and further policy rate hikes in the Eurozone and the USA. Slower growth abroad may lower demand for South African exports (including tourism).

Domestically, economic growth prospects are also muted, with the BER expecting national GDP growth around 2.4% this year<sup>21</sup> (of which much of the gain was already realised in quarter 1) and slightly lower growth of 2.0% over the medium-term. In the Municipal Economic Review and Outlook (MERO) Stellenbosch Municipality is forecast to reach 2.5% economic growth in 2022, with the finance and trade sectors as predominant drivers.

The impact of the university on economic development in Stellenbosch should also not be underestimated. The presence of a university or higher education institution can be a catalyst for economic growth in a region (PriceWaterhouseCoopers, 2009). The role as a growth catalyst is not limited to the direct expenditure-based benefits, but also impacts the economy through human capital development. For example, one study<sup>22</sup> found that in the

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<sup>21</sup> BER April 2022 forecast

<sup>22</sup> Abel & Gabe, Cited in Appleseed (2012). Building Rhode Island's Knowledge Economy. The Economic Impact of Brown University. Available online: <https://www.brown.edu/web/documents/brown-economic-impact-2012.pdf>

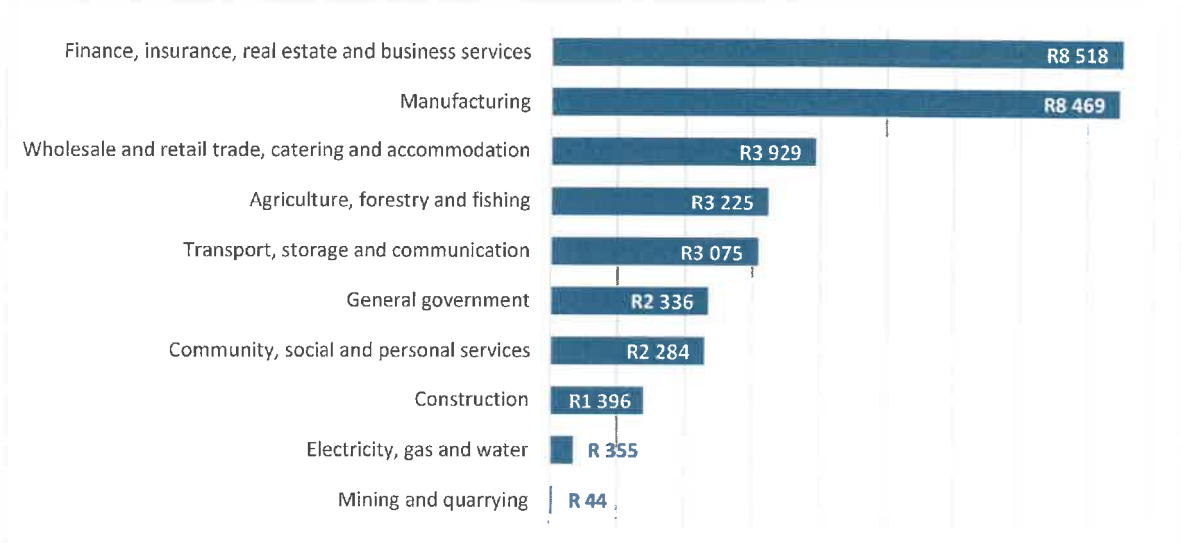


USA, a one percentage point increase in the proportion of residents with college degrees can be associated with a 2.3% increase in metropolitan GDP per capita. Similarly, another study<sup>23</sup> was able to show that a 1% increase in the percentage of workers who have degrees can be associated with a 1.6% increase in the earnings of workers that only have high school diplomas.

## Contribution of different sectors to GDPR

Stellenbosch Municipality has the highest Regional Gross Domestic Product (GDPR) per capita within the Cape Winelands district. This indicates that the area generates a lot of value-adding economic activity per person, mostly driven by finance, insurance, real estate and business activity, followed by manufacturing (Figure 5). Together, these two sectors account for half of economic output generated within Stellenbosch Municipality.

Figure 5: Output by sector in 2020 (Rand million, 2015-constant prices)

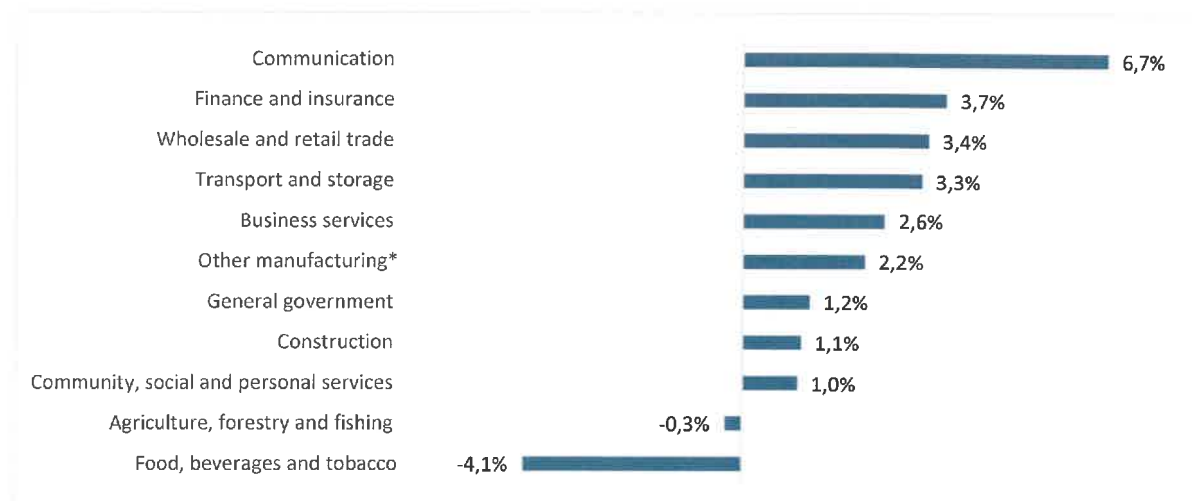


Source: Quantec

Besides the size of different sectors, it is necessary to know which sectors are growing and which are in decline. For example, while manufacturing accounts for a large share of output, it has not been growing as rapidly as e.g. communication, or finance and insurance. In fact, food, beverages and tobacco (which accounts for a large share of manufacturing) has

<sup>23</sup> Moretti, Cited in Appleseed (2012). Building Rhode Island's Knowledge Economy. The Economic Impact of Brown University. Available online: <https://www.brown.edu/web/documents/brown-economic-impact-2012.pdf>

been in decline. Between 2010 and 2019<sup>24</sup>, *communication* experienced the most rapid



average annual growth among the different subsectors of the economy. This was followed by *finance and insurance*, and then *wholesale and retail trade*. Economic activity in the municipality seems to be pivoting from a manufacturing economy to one which is becoming more service oriented.

Figure 6: Annual growth rate between 2010 and 2019 of the largest subsectors in Stellenbosch (2015-constant prices)

Source: Quantec (\*Total manufacturing excluding Food, beverages and tobacco)

The MERO identifies the business services subsector, as well as finance and insurance as strengths of Stellenbosch Municipality. This is partly because Stellenbosch is already home to the headquarters of large firms like Capitec, Mediclinic International, CompuScan and Reutech Radar Systems.<sup>25</sup> The associated commercial activity also has a positive impact on other subsectors, like communication and even construction (see Figure 6).

The *business services* sector may benefit further from the trend towards more business process outsourcing (BPO). In 2021, South Africa was voted “most favoured offshore Business Process Outsourcing destination”<sup>26</sup> with Cape Town currently at the forefront with regards to

<sup>24</sup> We end the analysis in 2019 to observe the longer-term trends that prevailed prior to the COVID-19 pandemic, and which we expect to continue going forward.

<sup>25</sup> MERO p. 366

<sup>26</sup> PERO p. 73

employment creation in this sector. Technopark in Stellenbosch is an already-existing hub that could be used for BPO services.

A slightly different tendency of consequence to national and local economic development is the number of individuals working-from-home, a trend that escalated since the onset of the Covid-19 pandemic and is likely to stay, at least in part. Globally, 1 in 4 people are working from home, up from 1 in 12 before 2020.<sup>27</sup> Work-from-home jobs tend to be concentrated in the *finance, insurance, real estate & business services sector*, which may be of importance to Stellenbosch given the size of the sector in the region.

*Food, beverages and tobacco* accounts for the largest share (31%) of manufacturing in Stellenbosch Municipality, but as mentioned earlier has also been responsible for most of the decline in the sector. The decline can likely be attributed to drought conditions which negatively impacted agricultural output and hence agro-processing input, as well as the already battling wine industry.<sup>28</sup> The agricultural sector weighs strongly on the *manufacturing* sector since a large share of activity in this sector derives from agro-processing.<sup>29</sup> The alcohol bans on sales and international trade during the hardest lockdown of the Covid-19 pandemic gave another blow to development in manufacturing, and especially the wine industry of Stellenbosch. There is now a trend towards consolidation of wine makers and wine grape producers in the region, since it has become far less feasible to operate on small scale in the industry.<sup>30</sup> Nevertheless, since 2014, agro-processing has been a priority sector in the Western Cape. Stellenbosch is well positioned to develop this subsector given its proximity to agricultural land and ports.

The *agricultural sector* within the boundaries of Stellenbosch Municipality performed well in 2020 (Figure 5) on the back of good weather conditions and favourable commodity prices. And although this is a relatively small sector, the good performance in 2020 boosted fixed investment in the sector in 2021. This puts the sector in a relatively good position going forward, especially as the decline in the global demand for South African exports may have negative implications for the agricultural sector in the country.

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<sup>27</sup> PERO p. 12

<sup>28</sup> MERO p. 287

<sup>29</sup> MERO p. 317

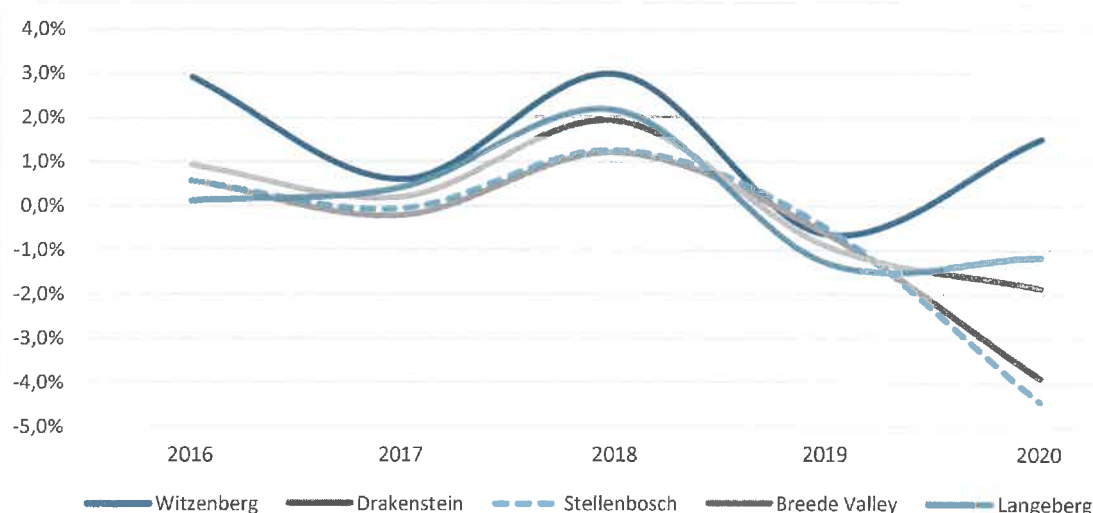
<sup>30</sup> MERO p. 319

The provision of housing is a top priority for the municipality. The construction of new housing has the added benefit of boosting the construction sector. Initiatives like the envisioned Adam Tas Corridor and other housing projects in the municipality's housing pipeline will provide a necessary boost to the sector.

#### Box: What was the impact of the COVID-19 pandemic on economic output?

Of the five local municipalities in the Cape Winelands District Municipality, Stellenbosch Municipality experienced the most severe dip in output in 2020. This can likely be attributed to the area's reliance on tourism and the decline in visitors during the COVID-19 pandemic.

Figure 7: Annual GDP growth rate within the Cape Winelands District Municipality (2015-constant prices)



Source: Quantec (own calculations)

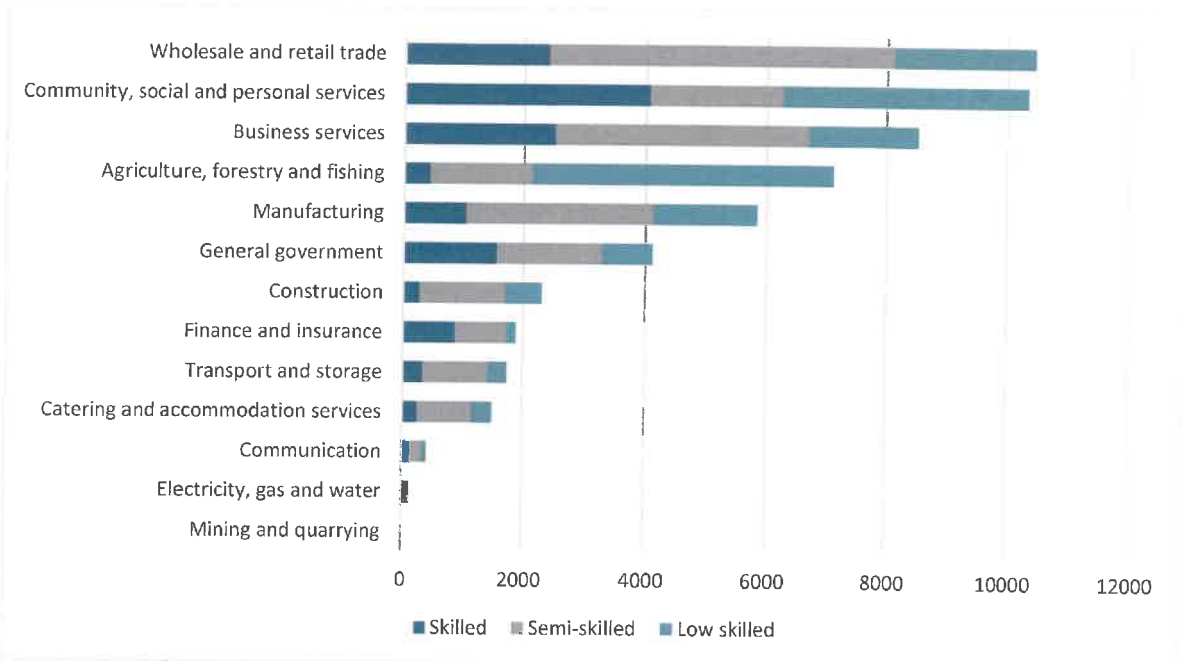
When comparing 2020 output to 2019 to illustrate the impact of the pandemic on different sectors, we find that the finance, insurance, real estate and business services sector proved relatively resilient. Agriculture also had a good year, despite the pandemic. For this reason the Witzenberg Municipality, predominantly driven by its agricultural sector, had a positive growth rate in 2020 compared to negative growth rates in all the other Cape Winelands municipalities (shown in Figure 7).

### Employment trends and inequality

Not all sectors contribute equally to employment. As shown below, most low-skilled employment in Stellenbosch is generated by agriculture, forestry and fishing, followed by community, social and personal services, and wholesale and retail trade. The growth or contraction of these sectors could therefore have a substantial impact unemployment within the region as it may be more difficult for low-skilled individuals to find alternative jobs. Another

trend is an increase in mechanisation, which can reduce the rate at which jobs are created/replaced in the manufacturing sector<sup>31</sup> as well as in agriculture.

Figure 8: Number of people in formal employment by skills level (2020)

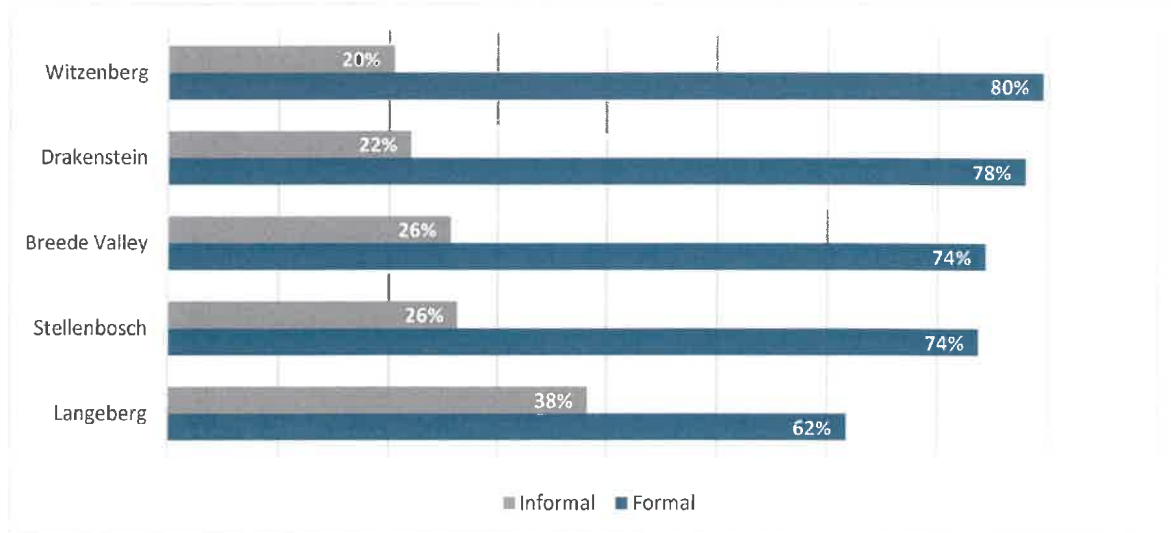


Source: Quantec

Close to three quarters of those employed in Stellenbosch (of ±74 000) work in the formal sector. Stellenbosch however has a smaller workforce and a smaller share of people working in the formal economy compared to the Drakenstein Municipality, for example. This is likely to place additional strain on the municipality's budget through less taxable income. One factor that the municipality might consider as part of its LED strategy is how a greater share of the informal workforce might be incorporated into formal employment.

<sup>31</sup> MERO p. 293

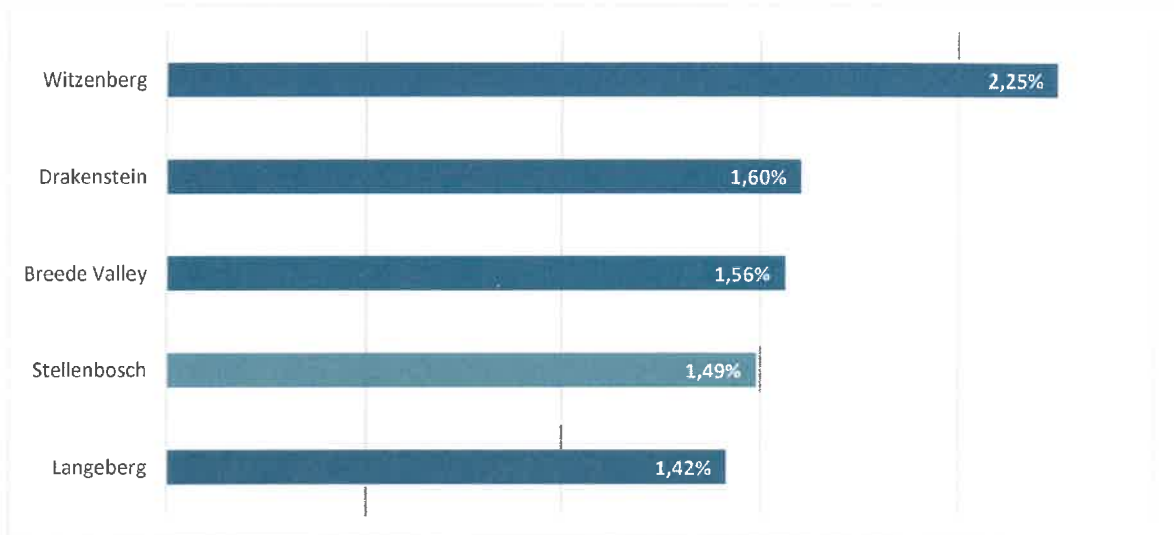
Figure 9: Share of formal and informal employment, 2020



Source: Quantec

The average annual growth rate in the number of formal jobs between 2015 and 2019 in Stellenbosch was 1.5%. While this is above the rate of job creation in South Africa, it is slightly below the Western Cape's average, and also lower than the Cape Winelands' average. While it is not the role of the municipality to create jobs, it does have a responsibility to create an environment that is conducive to entrepreneurship and doing business, and in doing so is an important enabler of job creation.

Figure 10: Average annual rate of job creation in the formal sector (2015-2019)

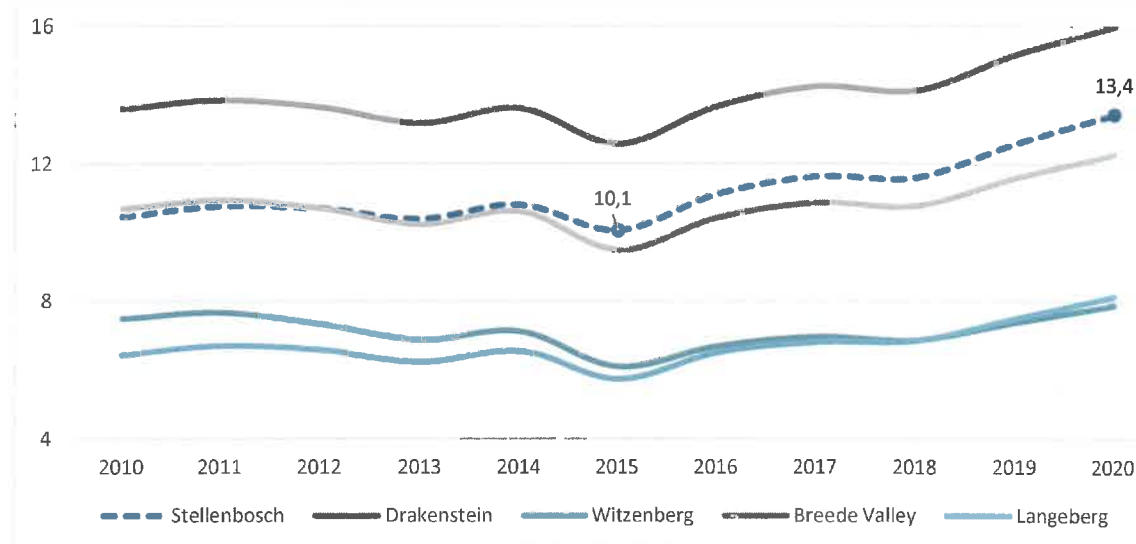


Source: Quantec

The unemployment rate in Stellenbosch remains far below the national average (29.2% in 2020; 34.5% in 2022) as well as that of the Western Cape (20.8% in 2020). One of the reasons why Stellenbosch has a lower unemployment rate may be due to higher levels of educational attainment. Stellenbosch residents have, on average, a higher level of educational attainment compared to the provincial and national level. This is particularly true for tertiary education. According to the 2011 Census data from Stats SA, 3.9% of Stellenbosch residents have a degree, compared to 2% at a national level. Furthermore, 1.2% of residents has a post-graduate degree, compared to a national average of 0.4%.<sup>32</sup>

Despite these dynamics, unemployment in Stellenbosch it has been trending upwards with the rest of South Africa since 2015. Stellenbosch has the second highest unemployment rate within the Cape Winelands District Municipality (Figure 11). Witzenberg in the only municipality within the District where the unemployment rate was not considerably higher in 2020 than it was in 2010. In Stellenbosch, unemployment was 13.4% 2020, compared to 10.1% six years prior. In 2020 there were ±11 500 unemployed people living in Stellenbosch, up from ±8 500 in 2015.

Figure 11: Unemployment rates in the Cape Winelands (%)



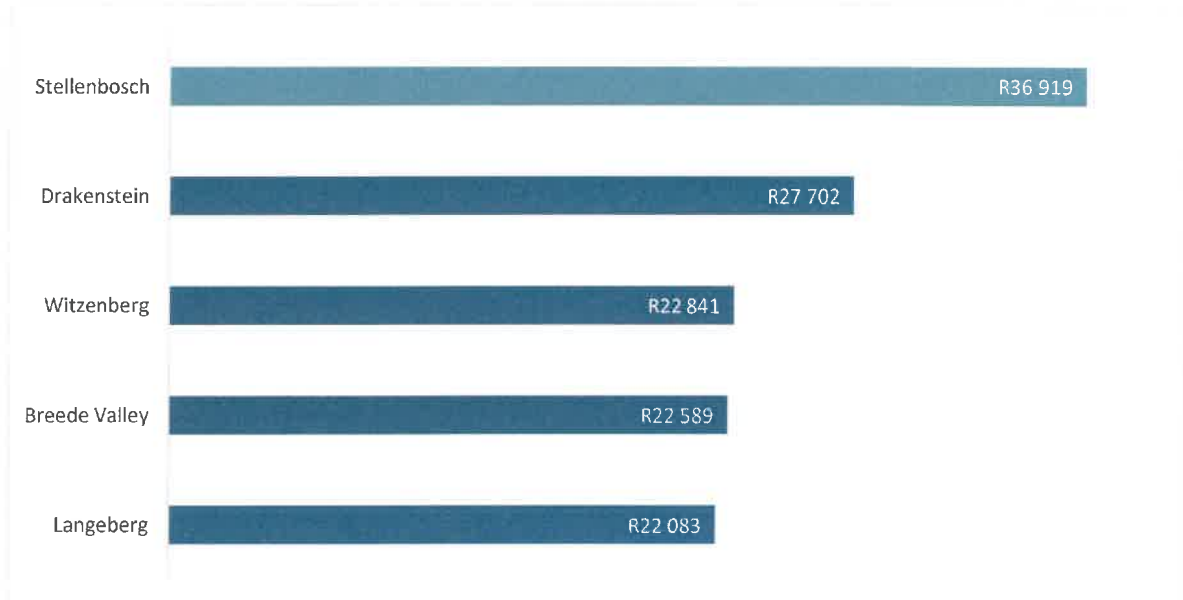
Source: Quantec

The higher level of educational attainment is also reflected in taxable income. Stellenbosch has comparatively high monthly taxable income compared to the other municipalities in the

<sup>32</sup> BER (2018). Stellenbosch University Economic Impact Assessment.

Cape Winelands. In addition, Stellenbosch experienced an average annual growth rate of 2.5% in taxpayers, compared to a rate of 1.1% in the Western Cape in general, suggesting that the region continues to attract high net-worth individuals.

Figure 12: Average monthly taxable income per taxpayer (2020, current prices)

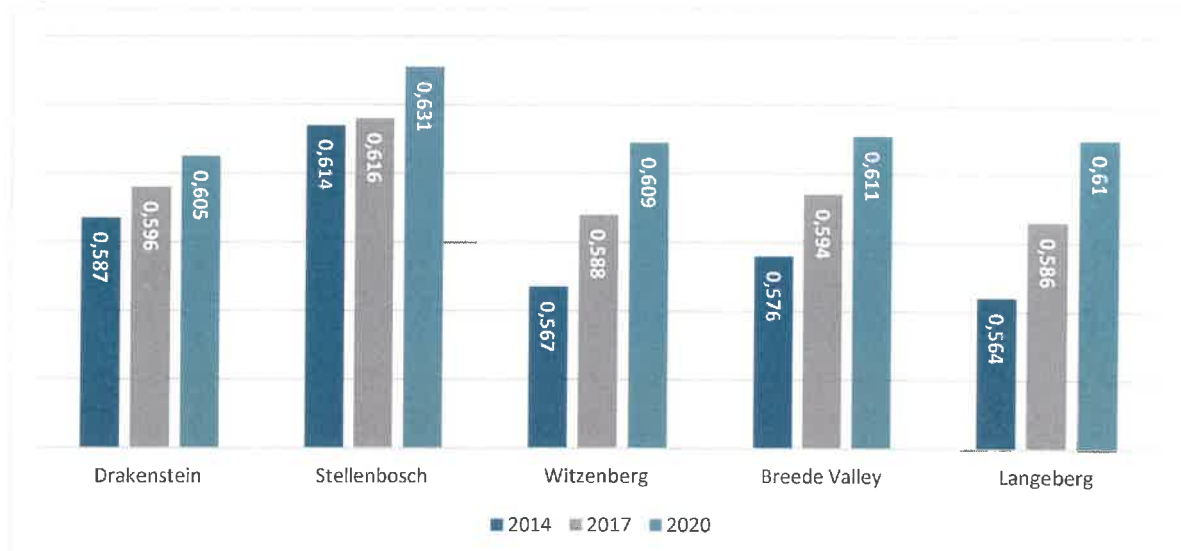


Source: Quantec (own calculations)

The growth of the finance, insurance, real estate and business services sector likely contributes to this trend. By creating an enabling environment for this sector to flourish, the municipality can be expected to continue to attract comparatively high net worth individuals, which will further strengthen its financial position.

The comparatively high monthly taxable income in the Stellenbosch municipal area, combined with a relatively large share of people working in the informal economy and a comparatively high unemployment rate, results in high income inequality. This number became even larger between 2017 and 2020 (presumably aggravated by employment losses during the COVID-19 pandemic). As a result, Stellenbosch has the highest level of income inequality in the Cape Winelands region.



Figure 13: Income inequality as measured by the Gini-coefficient<sup>33</sup>

Source: IHS Markit, 2020 (MERO)

The rise in income inequality combined with the increase in the unemployment rate in Stellenbosch may put additional pressure on the municipality to provide support for local households. It also highlights the need for more job creation in the region.

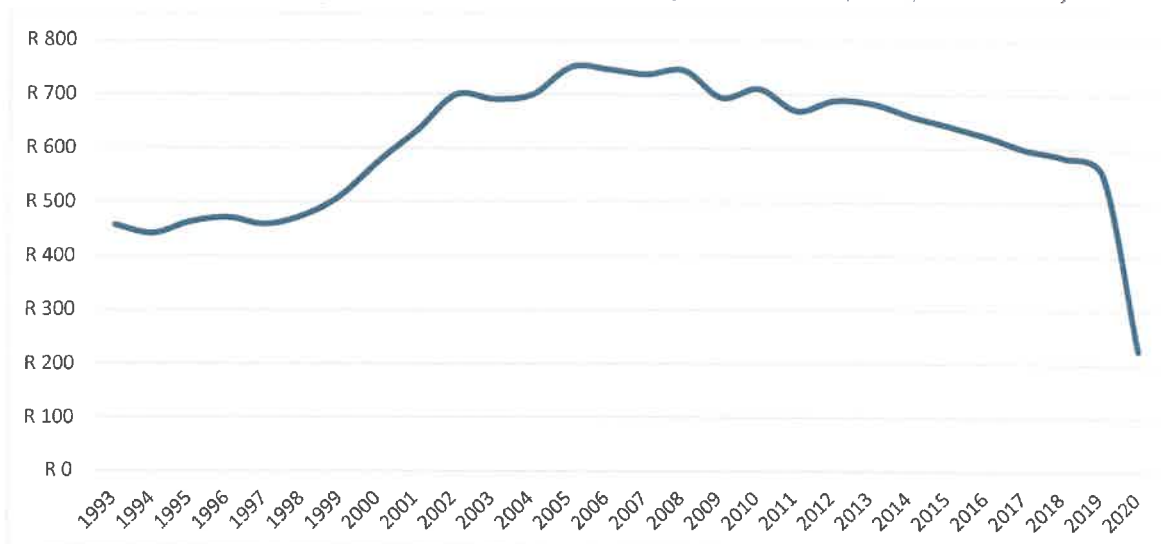
## Prospects for the tourism sector

### Historical perspective on Stellenbosch tourism

A downward trend in output generated by catering and accommodation services (which captures the tourism sector) within Stellenbosch Municipality seemed to emerge long before the pandemic. Between 1997 up until around 2005, Stellenbosch experienced a rapid increase in economic activity generated by catering and accommodation services (Figure 14). This plateaued until the Global Financial Crisis, after which the sector has been in decline. The COVID-19 pandemic caused economic activity in this subsector to contract by 59% in Stellenbosch.

<sup>33</sup> The Gini coefficient is an indicator of income inequality and ranges between 0 and 1, with 0 representing complete equality and 1 representing complete inequality.

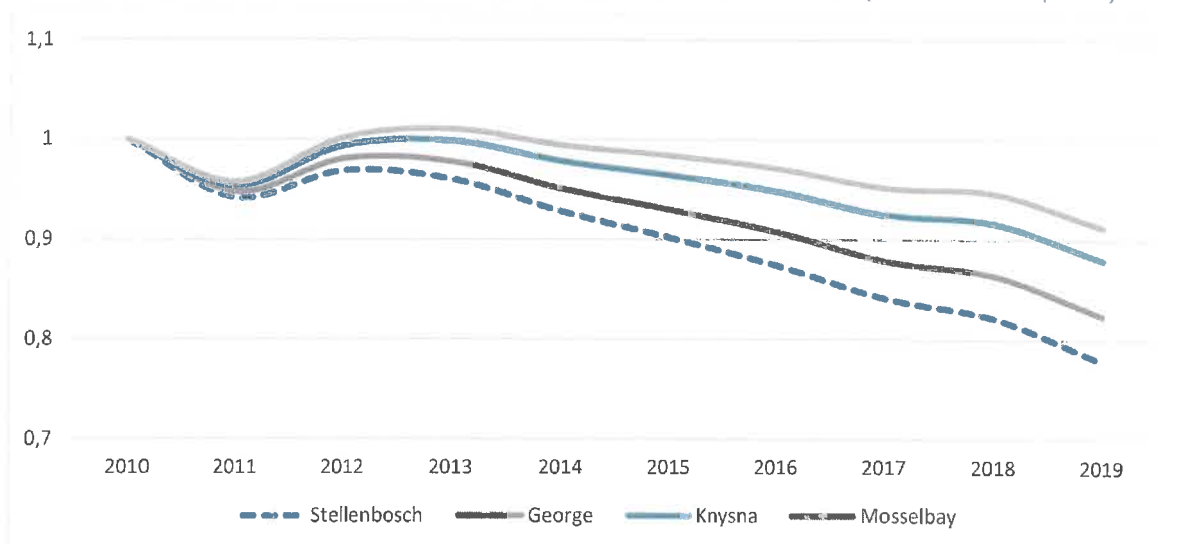
Figure 14: Output in catering and accommodation services (2015-constant prices, rand million)



Source: Quantec

The downward trend in output generated by catering and accommodation services is not unique to Stellenbosch: the figure below shows that Mosselbay, George and Knysna have also been experiencing a decline. Relative to the level at which it was in 2010, however, the drop in activity in Stellenbosch was more pronounced.

Figure 15: Output in catering and accommodation services, indexed to 2010 (2015-constant prices)

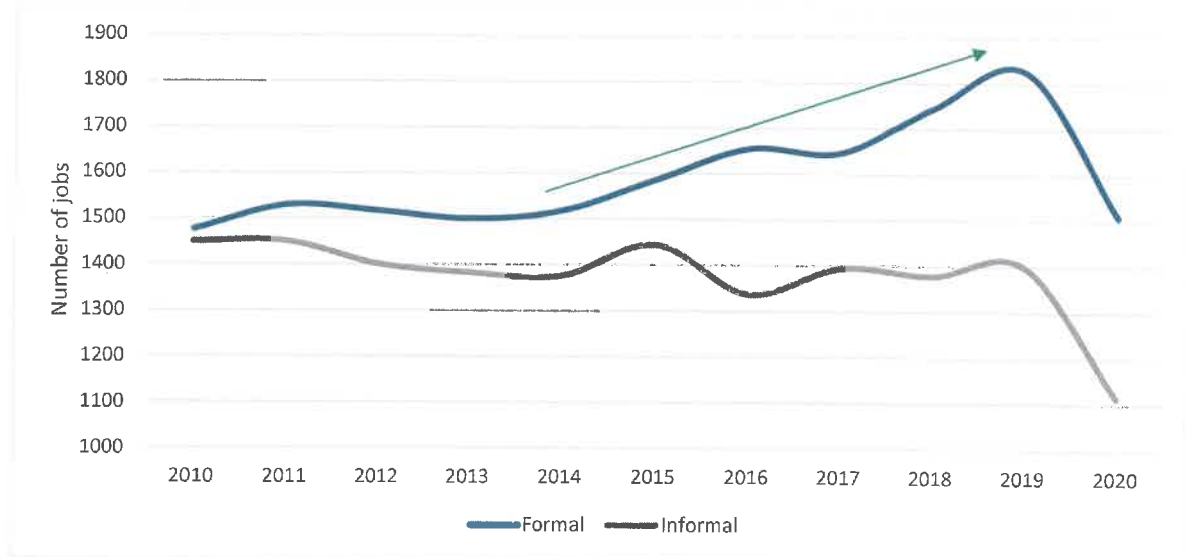


Source: Quantec (own calculations)

Despite the decline, the sector remains an important source of job creation within the municipal area – especially through providing formal employment opportunities. The COVID-

19 pandemic notwithstanding had a severe downward impact on employment in the sector, as can be seen in the figure below.

Figure 16: Employment in catering and accommodation services in Stellenbosch Municipality

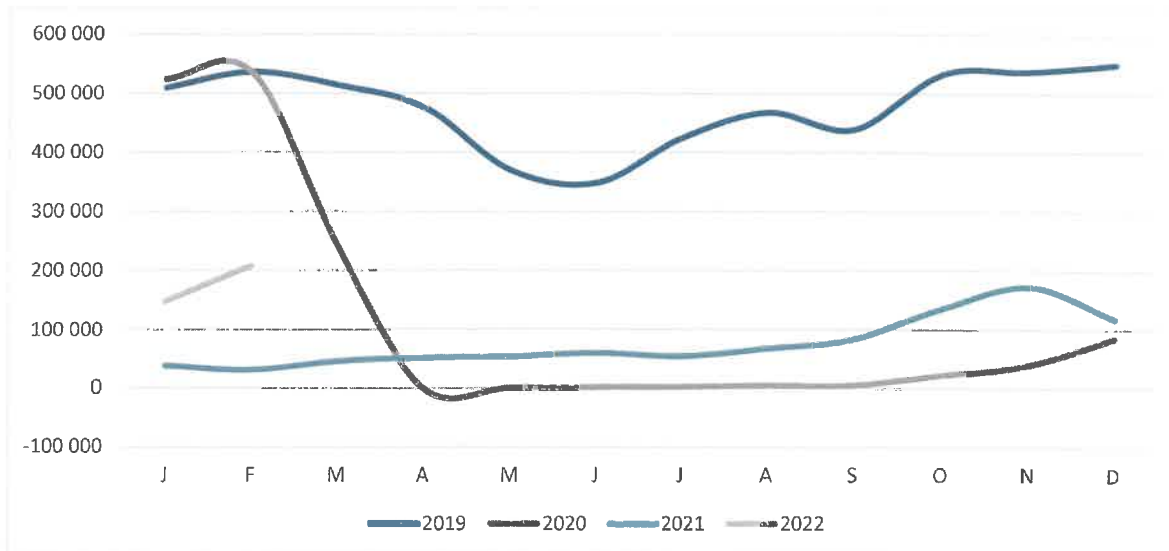


Source: Quantec

### Impact of COVID-19 on tourism

While there is no doubt that the global economy is being hit by severe shocks, the impact could have been worse if not for the strong countervailing force of reopening in many countries as mobility restrictions were eased. The reopening of international travel has begun to bounce back in South Africa, albeit still far below pre-Covid levels. Overall, the total number of international arrivals over the January to February 2022 period (excl. SADC) were around 354 thousand persons, far below the 1.06 million that visited over the January to February (pre-pandemic) period in 2020.

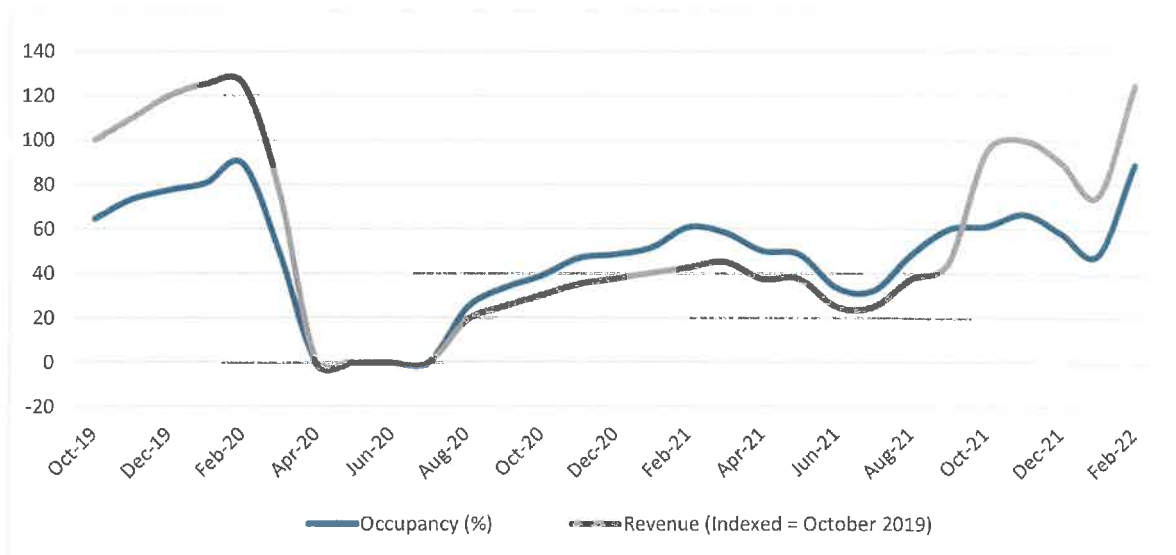
Figure 17: Inbound trips (number of foreign visitors (excl. SADC))



Source: Stats SA

Visit Stellenbosch started collecting information about tourist accommodation and restaurants in October 2019. Although the data in Figure 18 are self-reported by the members of Visit Stellenbosch, it still gives an idea of the business cycle of the sector over the past two-and-a-half years. The data shows an encouraging bounce-back in both revenue and occupancy during the most recent tourist season. Compared to the low number of foreign visitors that still prevailed at the start of 2022 (Figure 17), it suggests that the recovery in Stellenbosch's tourism sector – at this stage – seems to be driven by domestic tourists.

Figure 18: Stellenbosch Accommodation Data (self-reported)



*Source: Visit Stellenbosch*

Despite the positive momentum, the recovery in tourism is likely to be counterweighed by slower global growth, especially growth in European and North American countries. Together, these regions accounted for close to a fifth of international arrivals to South Africa in 2019.<sup>34</sup> Of consequence also is the global trend for shorter ("closer to home") trips. Several initiatives to create a better enabling environment for tourism, including medical tourism, sport tourism and eco-tourism are specified in the Stellenbosch Municipality's Draft Tourism Plan of 2020.

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<sup>34</sup> Stats SA

## Conclusion

Municipalities play an important role in South Africa's economic performance and development trajectory, and so also in Stellenbosch. The spatial differences and imbalances that are brought on by increased global competition, population mobility and technological advances make LED even more critical. The emphasis should be on creating an enabling environment within which businesses and citizens can flourish.

Infrastructure and delivery of basic services are among the most important components of creating an enabling environment. Basic service delivery in Stellenbosch is on par with the provincial standards and more than six thousand households benefit from free basic services. Other important factors such as road infrastructure also help the city appear appealing to entrepreneurs and investors. The town has, moreover, seen potential being realized in areas such as the finance and communication sectors. The agriculture and agro-processing sectors were under pressure during the late 2010s but has seen an uptick in activity in more recent years.

Weaknesses remain, and the COVID-19 pandemic has certainly exposed some thereof. The most pressing is a reliance on the tourism sector. Output from this sector has been in decline, which has placed strain on small businesses and especially the individuals who depend on the sector for employment. Given Stellenbosch's unique natural and cultural resources, it is important that the municipality continues to create an enabling environment for this sector to thrive.

Finally, the growth of other tertiary sectors, like finance and insurance, has been substantial and creates positive multiplier effects for many of the other sectors, like communication, construction, and trade. At the simplest level, the key imperative of the municipality's LED strategy should be to create an enabling environment for these subsectors to continue to thrive. It can do this through providing the necessary physical infrastructure and basic services, and creating a favourable business environment through efficient municipal processes.

## Implementation plan

### Competitive Strategies

Strategy 1: Develop and Implement a consolidated Business Investment Desk

Strategy 2: Develop and Implement a Business Incentives Programme

Strategy 3: Prioritise and Implement an "Ease of Doing Business" Programme

Strategy 4: Institutionalise Economic Intelligence

#### Strategy 1: Develop and Implement a consolidated Business Investment Desk

- Develop and implement a consolidated Business Investment Desk.
- Economic development ministries and agencies are seeking to reduce the barriers faced by small business owners by reducing the procedures, time and costs associated with starting a business.
- One of the key strategies used is the establishment of Business Investment Desk, where entrepreneurs can receive business and financing advice, and receive regulatory compliance advice such as completing building, land use planning and permitting applications, and pay the necessary fees.
- Stellenbosch currently supports several small business and entrepreneurship programmes, notably entrepreneur training through Ranyaka and Stellenbosch Network.

- These will be consolidated into a standardised Business Investment Desk model – Monitored and evaluated according to strict performance targets and up-to-date business intelligence.

## Strategy 2: Develop and Implement a Business Incentives Programme

Roll-out a business incentives programme. Incentives are special interventions designed to influence the location decisions of businesses. Standard incentives packages range from financial rewards (such as tax holidays) to non-financial inducements (such as regulatory exemptions or information provision).

In order to leverage the full range of incentive tools available to the Stellenbosch to attract investment, the administration will formulate comprehensive incentives programme incorporating:

- An appropriate approach to ad hoc financial incentives such as rates rebates and tariff discounts), incorporating a fair and transparent application and assessment system.
- Regulatory inducements (such as special zoning and fast-track processes)
- Information provision

## Strategy 3: Prioritise and Implement an “Ease of Doing Business” Programme

- Prioritise Municipal competitiveness in ‘Ease of Doing Business’ initiatives.
- This will span the administration’s governance and oversight programmes, reporting standards, financial planning, and human resources management programmes.



- Review, Revise and simplify Stellenbosch's regulatory regime.
- Accelerate decision-making processes for planning and building approvals, notably by moving more functions online and by improving capacity.
- Achieving better coordination between economic development, transport, and land-use priorities.
- Significant progress has been made toward making the organisation more responsive to citizens' needs, for example, through the Municipality's Let's Fix It notification system.
- The next step is to gear the Municipal business improvement initiatives towards recognising their consequences for the broader economy of Stellenbosch and amending them appropriately. This will be achieved via the following interventions: Implementing an online customer interface tool as part of the Municipality's recently launched planning portal.

#### Strategy 4: Institutionalise Economic Intelligence

- Economic intelligence is a tool used to gain knowledge, which can be used to influence the following:
  - our environment
  - optimize decision-making
  - improve the municipality's positioning strategies to ensure economic and tourism growth, prosperity and public safety and security.
- Hence, economic development, if informed and done effectively, should retain and grow jobs and investment within a community.

## SUMMARY OF COMPETITIVENESS STRATEGIES

|            | STRATEGY   | DETAILS  | LEAD ACTORS   |
|------------|--|--|---|
| STRATEGY 1 | <b>Attract Investment into the broader Stellenbosch Economy</b>      | <b>Develop and operationalise a Business Investment Desk</b>   | Planning and Economic Development                       |
|            |  | <ul style="list-style-type: none"> <li>• Provide a business advisory service.</li> <li>• Provide a central location where applications can be accessed and submitted, and fees paid.</li> <li>• Provide financing information (DTI, Seda, IDC Support)</li> <li>• Training and development of SMME's.</li> <li>• Youth skills development programme / partnerships.</li> </ul> | Financial Management                                    |
| STRATEGY 2 | <b>Business Incentives Program</b>                                   | Non-financial incentives programme, incorporating <ul style="list-style-type: none"> <li>• Special zoning.</li> <li>• Targeted marketing.</li> <li>• Fast track approvals.</li> <li>• Urban upgrading / site preparation.</li> <li>• Release strategic land parcels.</li> </ul>  | Planning and Economic Development                       |
|            |  |  | Infrastructure Department                               |
| STRATEGY 3 | <b>Red Tape Reduction Program / Ease of doing business programme</b> | <ul style="list-style-type: none"> <li>• Red tape reduction</li> <li>• Accelerate decision making processes</li> <li>• Ensure strategic alignment and prevent regulatory build – up.</li> <li>• Roll out electronic customer interface tool (Informal Trading)</li> <li>• Roll out development application (GIS / Planning)</li> </ul>   | Planning and Economic Development<br>Corporate Services |

|                   |   |   |  |
|-------------------|---|---|--|
| <b>STRATEGY 4</b> | <b>Institutionalise Economic Intelligence</b> | <ul style="list-style-type: none"> <li>• As the saying goes, 'you cannot manage what you don't measure'. Collecting and analysing economic and tourism data at the municipal level requires a collective effort among stakeholders.</li> <li>• Devise a half-yearly barometer of economic and tourism performance based on indicators like: <ul style="list-style-type: none"> <li>- airport passenger arrivals</li> <li>- visitor figures at key attractions</li> <li>- hotel occupancy and revenue figures</li> <li>- conducting regular visitor profiling and satisfaction surveys</li> <li>- monitoring the spatial dispersion of visitors</li> <li>- conduct event impact studies, feasibility studies and other research studies to inform the development of various sectors.</li> </ul> </li> </ul> | Planning and Economic<br>Development<br><br>LTO's<br><br>Wesgro<br><br>DEDAT<br><br>Cape Winelands District Municipality |
|-------------------|---|---|--|

## Infrastructure Strategies

**Strategy 1:** Leverage underutilised Municipal assets to maximise economic benefits

**Strategy 2:** Maintain and upgrade basic service infrastructure

### Strategy 1: Leverage underutilised Municipal assets to maximise economic benefits

- Leverage underutilised Municipal assets to maximise economic benefits. Investigating all the Municipality's existing and potential strategic assets and articulating how they may be leveraged to encourage economic activity and generate revenue, therefore presents a significant, and hitherto largely unrealised opportunity.
- In order to realise the economic potential of underutilised Municipal-owned assets, the administration will: -
- Accelerate the investigation of strategic assets as mandated by IDP objective

### Strategy 2: Maintain and upgrade basic service infrastructure

- Maintain and upgrade basic service infrastructure to ensure sustainability.
- Basic service or 'bulk' infrastructure is fundamental to the Municipality's role as the primary provider of essential services such as electricity, water and waste removal. Without these, achieving other strategic goals, notably economic growth and job creation, would be impossible. 'Getting the basics right' is therefore central to the Municipality's strategy. However, there are numerous challenges when it comes to maintaining and upgrading basic infrastructure. Rapid urbanisation is putting pressure on the Municipality's existing stock, while at the same time financial, capacity and environmental considerations place limits its options going forward. In order to maximise the strategic benefits of basic infrastructure, the Municipality will:
  - Develop a public infrastructure plan that will coordinate future infrastructure development with its broader long-term social and economic planning priorities to ensure fiscal sustainability while maximising positive economic impact.

**SUMMARY OF INFRASTRUCTURE STRATEGIES**

|            | STRATEGY   | DETAILS  | LEAD ACTORS  |
|------------|--|--|--|
| STRATEGY 1 | <b>Leverage underutilised municipal assets</b>                                     | <ul style="list-style-type: none"> <li>Investigate underutilised assets such as our informal trading hubs (Kayamandi Corridor, Idas Valley Informal Trading Hub and Cloeteville Informal Trading Hub)</li> </ul>                                   | Property Management<br><br>Planning and Economic Development   |
| STRATEGY 2 | <b>Maintain and upgrade basic services infrastructure to ensure sustainability</b> | <ul style="list-style-type: none"> <li>Annual review of all infrastructure plans</li> <li>Implement and annually review the Capital Investment Program to ensure investments are made in the needed infrastructure that enables growth.</li> </ul> | Planning and Economic Development<br><br>Corporate Services - Property Management<br><br>Infrastructure Services |

## Inclusion Strategies

Strategy 1: Coordinate Local Development Programmes to Enhance the Informal Economy.

Strategy 2: Broaden Job Opportunities and Alleviate Poverty via the Expanded Public Works Programme.

### Strategy 1: Coordinate Local Development Programmes to Enhance the Informal Economy.

- Entrepreneurial activity in the greater Stellenbosch area is not limited to the formal business activities of small and medium enterprises or new ventures undertaken by established firms. Increasingly, the informal sector is playing a crucial role as a generator of income and jobs - indicators suggest that the informal sector could make a more substantial contribution to employment in the future, particularly for low and semi-skilled people.
- However, past efforts to facilitate the development of informal enterprises were hampered by a lack of business intelligence and poor inter and intra - departmental coordination. In order to address this, the Municipality will:
  - Integrate the functions of Economic Development and Tourism, Community and Protection Services and Infrastructure

### Strategy 2: Broaden Job Opportunities and Alleviate Poverty via the Expanded Public Works Programme.

- The Stellenbosch economy displays trends that it will continue to shift toward higher - value skills in line with regional and national trends, the socioeconomic situation in Stellenbosch remains one in which a large proportion of the population has limited access, skills training and little or no formal work experience.
- This group risks further marginalisation unless initiatives are extended to help people access low - skill and semi-skilled employment. Through the Expanded Public Works Programme (EPWP), the Municipality creates short - term work opportunities for unemployed low - skill and semi - skilled people. This enhances the future employability of EPWP beneficiaries by helping people gain practical skills and work experience.
- It also forms a critical part of the Municipality's broader poverty alleviation efforts by providing direct cash injections into poor households and communities.

- In order to further enhance the utility of the EPWP as a tool for facilitating inclusive economic growth, the Municipality will:
- Develop / review the policy that will further facilitate the inclusion of EPWP into the operations of the organisation's line directorates
- Align the EPWP programme with the Municipality's broader skills development and infrastructure development goals
- Meet the full-time equivalent targets set by the national Department of Public Works (DPW)

#### SUMMARY OF POVERTY ALLEVIATING STRATEGIES

|            | STRATEGY  | DETAILS   | LEAD ACTORS   |
|------------|---|---|---|
| STRATEGY 1 | <b>Coordinate local development programmes to enhance the informal sector</b> | <ul style="list-style-type: none"> <li>• Simplify the informal trading application process (online application)</li> </ul>  | Planning and Economic Development   |
| STRATEGY 2 | <b>Broaden Job Opportunities via the Expanded Public Works Programme</b>      | <ul style="list-style-type: none"> <li>• Review EPWP policy</li> <li>• Align EPWP with the Municipality's skills and infrastructure goals.</li> <li>• Open Jobseekers (EPWP) database to private sector to enhance beneficiary's future employability.</li> </ul> | Planning and Economic Development<br>Finance Department<br>Corporate Services |

## Trade Promotion and Sector Development Strategies

### Strategy 1: Utilise external relations to attract investment and promote growth sectors

- Utilise external relations to attract investment and promote catalytic growth sectors. External relations are gaining momentum in strategic significance as municipal governments begin to play increasingly proactive roles as regulators and facilitators of economic development.
- The Municipality needs to articulate a new approach to managing inter - governmental relations in a manner that promotes Stellenbosch as a competitive global hub for economic, social and cultural activity that builds on its strategic location.
- Attracting investment in Stellenbosch's catalytic growth sectors, namely, agro - processing, financial services, corporate head offices, green industries, tourism and events and business process outsourcing.
- Future external relationship agreements and memberships of forums will be evaluated on the basis of the strategic value they bring to the Municipal area.

#### SUMMARY OF TRADE AND SECTOR STRATEGIES

|            | STRATEGY  | DETAILS   | LEAD ACTORS  |
|------------|---|---|--|
| STRATEGY 1 | Utilise external relations to attract investment and promote catalytic growth sectors | <ul style="list-style-type: none"> <li>• Develop a Strategic External Relations Policy.</li> <li>• Utilise external relations to promote Stellenbosch economic interests by prioritising:               <ul style="list-style-type: none"> <li>- Investment attraction in catalytic growth sectors</li> </ul> </li> </ul> | Planning and Economic Development<br>Wesgro<br>DEDAT<br>CoCT |



|  |  |  |   |                                      |
|--|--|--|---|--------------------------------------|
|  |  |  | <ul style="list-style-type: none"> <li>- Promote Stellenbosch based businesses</li> <li>- Attract visitors</li> <li>- Attract large strategic events</li> </ul> | Cape Winelands District Municipality |
|--|--|--|---|--------------------------------------|

## Sustainable Growth Strategies

### Strategy 1: Develop and Implement a Comprehensive Green Economy Programme

**Strategy 2:** Promote and Implement Water Resilience (manage water conservation, supply, and demand)

### Strategy 3: Promote and Implement Energy Resilience

### Strategy 1: Develop and Implement a Comprehensive Green Economy Programme

- Develop and implement a comprehensive green economy work programme.
- Given the currently open-ended nature of the term 'green economy', one of the first tasks of the municipality will be to develop a working definition that is tailored to the local government context, and specifically, the socioeconomic and environmental conditions and priorities of Stellenbosch.
- Work with municipal departments to ensure compatibility between the terms 'green economy' and 'sustainable development' to ensure consistency in policy development and reporting.
- Develop a core position paper that can further refine related concepts and outline the municipality's key deliverables together with realistic targets.

## Strategy 2: Promote and Implement Water Resilience

- Manage water conservation, supply and demand to ensure sustainability. Ensuring sustainable water utilisation that at the same time meets current needs in an equitable manner requires a multi-pronged approach that includes protecting and conserving existing freshwater supplies; expanding, upgrading and maintaining water distribution infrastructure; reducing loss by retrofitting and repairing existing facilities and replacing meters and water management devices.
- In addition, significant opportunities exist to augment supply via alternatives sources and reuse. In this regard, the municipality:
  - Promote rainwater harvesting using collection tanks –
  - Promote borehole extraction by small consumers for domestic gardening (only in non-sensitive groundwater areas)
  - Promote grey water re-use
- Ensuring sustainability of supply is one side of the coin. The other is managing demand to reduce wasteful consumption and encourage efficient use.
- The Municipality has paid attention to its own infrastructure and has successfully taken steps to decrease water demand within the organisation.
- Initiatives to manage water demand by citizens and consolidate conservation involve:
  - Rolling-out a consumer education programme focussing on the importance of conservation and the options available for end-use savings.

### Strategy 3: Promote and Implement Energy Resilience

- Investigate options for an:
  - energy diversification program
  - promote energy efficiency program
- Electricity supply is dominated by the national grid, which relies predominantly on coal - fired electricity to provide for the country's needs.
- Opportunities also exist to explore alternative energy sources such as solar, wind and expanded gas power capacity. In a context of rising electricity prices. It is thus imperative that the municipality facilitates a shift towards greater energy efficiency in the Stellenbosch economy while also investigating options for diversifying the municipality's power sources to ensure the energy security needed to fuel economic growth in the future.
- To this end, the Municipality continue to implement the Energy and Climate Change Action Plan through a range of initiatives such as retrofitting with more efficient technologies (for example, energy-efficient public lighting) and continue to develop practical proposals to pursue alternative energy sources at scale. This may include engaging private project developers for large - scale electricity generation projects.

#### SUMMARY OF SUSTAINABLE GROWTH STRATEGIES

|            | STRATEGY   | DETAILS  | LEAD ACTORS               |
|------------|--|--|---------------------------|
| STRATEGY 1 | <b>Develop and Implement a Comprehensive Green Economy Programme</b> | <ul style="list-style-type: none"> <li>• Lay groundwork for programme by completing the following tasks:               <ul style="list-style-type: none"> <li>- Finalise working definition</li> <li>- Develop a position paper</li> <li>- Develop financing plan</li> </ul> </li> </ul> | Infrastructure Department |

|            |  |  |                           |
|------------|--|--|---------------------------|
|            |  | <ul style="list-style-type: none"> <li>• Develop a programme of work, focusing on:               <ul style="list-style-type: none"> <li>- Green manufacturing</li> <li>- Other green industries</li> </ul> </li> </ul>   |                           |
| STRATEGY 2 | <b>Promote and Implement Water Resilience (manage water conservation, supply and demand)</b> | <ul style="list-style-type: none"> <li>• Develop two sub – program within this segment, with specific focus on:               <ul style="list-style-type: none"> <li>- <u>Water conservation program</u> where the focus here will be, promotion of rainwater harvesting, promotion of responsible borehole extraction, promotion of grey water re – use and lastly, expansion of treated effluent operations.</li> <li>- <u>Water supply and demand management program</u> where the focus will be on expanding, upgrading and maintenance of water distribution infrastructure as well as retrofitting, repairing and / or replacing of meters</li> </ul> </li> <li>• Manage water demand and consolidate conservation:               <ul style="list-style-type: none"> <li>- Consumer education programme</li> </ul> </li> </ul> | Infrastructure Department |
| STRATEGY 3 | <b>Promote and Implement Energy Resilience</b>   | <ul style="list-style-type: none"> <li>• Develop two sub – program within this segment, with specific focus on:               <ul style="list-style-type: none"> <li>- Energy diversification program, where our focus is on large scale alternative energy sources.</li> <li>- Energy efficiency program, where the focus will be on energy efficiency within Stellenbosch.</li> </ul> </li> <li>• Develop and implement an Energy and Climate Change Action Plan</li> <li>• Roll – out energy savings communications campaign</li> </ul>   | Infrastructure            |

## Tourism Development and Resilience Strategies

Stellenbosch Municipality will develop its tourism sector anchored in the following key principles:

- a) Responsible Tourism Development
- b) Maximising Partnerships
- c) Whole Government Approach

Through these development principles our aim will be focused on the following:

- Renew focus on domestic markets
- Improve the ease of doing business for tourism businesses
- Raise the global profile of Stellenbosch as a preferred destination
- Identify and develop tourism infrastructure
- Drive geographic spread of tourism benefits throughout the municipal area
- Grow visitor number and yield
- Prioritise tourism development growth within the various towns in Stellenbosch

- Improve customer experiences (quality and service excellence)
- Develop industry partnership programmes through action platforms

Drawing from the NTSS of 2017, the Western Cape Government through its Tourism Blueprint 2030 have the following five components on which the Tourism Strategy is built on:

#### **Strategy 1: Visitor Experience:**

The business of providing services to visitors, for example, hotels, and restaurants, safety and security, banking, visitor information centres, etc.

#### **Strategy 2: Tourism Infrastructure:**

Infrastructure comprises of essential services, buildings and service institutions.

#### **Strategy 3: Destination Marketing:**

This is a form of marketing in which the destination is promoted to a potential visitor to increase the number of trips taken and revenue per trip.

#### **Strategy 4: Tourism Product Development:**

Product development focuses on the development and provision of experiences, services and infrastructure that exceeds customer expectations.

### Strategy 5: Institutional Arrangement and Regulation:

This component governs the ecosystem concerning policy, as well as providing the model for clustering activities, and roles and responsibilities from both the private and public sector role players.

Below is a Top Layer summary of the Tourism Strategy.

| NTSS STRATEGY                               | PROVINCIAL STRATEGIC OBJECTIVE (BLUEPRINT 2030)  | GOAL                            | PROGRAMME                                   | ACTIONS / PROJECTS   |
|---|--|---------------------------------|---|--|
| 1. VISITOR COMFORT, EXPERIENCE AND SERVICES | <b>VISITOR SERVICES:</b><br><br><b>The business of providing services to visitors, for example, hotels and restaurants, safety and security, banking, visitor information centres.</b> | <b>ENSURING VISITOR COMFORT</b> | <b>Tourist Safety Program</b>               | <ul style="list-style-type: none"> <li>• Develop secure tourism activity zones in higher – risk areas</li> <li>• Launch a rent a cop initiative</li> <li>• Establish tourist victim support initiative</li> <li>• Establish community tourism safety forums in local tourism areas (this could be an EPWP linked initiative).</li> </ul>   |
|   |  |                                 | <b>Tourist Information Mobility Program</b> | <ul style="list-style-type: none"> <li>• Provide free Wi- Fi access at key tourist sites and congregation points.</li> <li>• Expanding special photographic points. Leverage on unique selling points i.e. history, culture, cuisine and diversity of the municipality.</li> <li>• Launch a Mobile Visitor Information Centre (VIC).</li> <li>• Expand and maintain road signage.</li> </ul> |

|                                       |   |   |  |   |
|---------------------------------------|---|---|--|---|
|                                       |   |   |  | <ul style="list-style-type: none"> <li>Continuously improving functionality and content of LTO websites.</li> </ul>   |
| 2. FACILITATE EASE OF ACCESS          | <b>TOURISM INFRASTRUCTURE:</b><br><br><b>Infrastructure comprises of essential services, buildings and services institutions.</b> | <b>IMPROVING AND DIVERSIFYING ATTRACTIONS AND EXPERIENCES</b> | <b>Iconic Sites Improvement Programme</b>        | <ul style="list-style-type: none"> <li>Assessing tourism conditions at and around existing iconic and historical sites and sites with iconic potential, e.g. Kylemore trails and waterfalls, Ida's Valley trails and the Pniel Tea Garden.</li> <li>Devising improvement plans for each site.</li> <li>Continuous monitoring of conditions at iconic and historic sites.</li> </ul> |
|                                       |   |   | <b>Make Stellenbosch Sustainable - Program</b>   | <ul style="list-style-type: none"> <li>Strengthen the Universal Access in tourism initiatives, for example ensuring that the disabled and aged are accommodated in destination planning approaches such as ablution facilities, walkways, parking etc.</li> <li>Ensure that Universal Access requirements are included in Municipal by – laws for tourism nodes.</li> </ul>         |
|                                       |   |   | <b>Spatial Planning Program</b>                  | <ul style="list-style-type: none"> <li>Integrating spatial tourism concepts with the Municipal SDF.</li> </ul>  |
| 3. DESTINATION MANAGEMENT PRACTICES – | <b>DESTINATION MARKETING</b>  | <b>DESTINATION MARKETING</b>                                  | <b>Joint Leisure Marketing Expansion Program</b> | <ul style="list-style-type: none"> <li>Formulating a collective Marketing Strategy.</li> </ul>  |



|  |   |   |   |  |
|--|---|---|---|--|
| <b>ORGANISING EFFECTIVELY FOR GROWTH</b> | <b>This is a form of marketing in which the destination is promoted to a potential visitor to increase the number of trips taken and revenue per trip.</b>                                |   | <b>Expanded MICE and Events Marketing Program</b>                               | <ul style="list-style-type: none"> <li>Expanding MICE (Meetings, Incentives, Conventions and Exhibitions) marketing focus and resources.</li> <li>Build a strong partnership arrangement with Cape Town International Convention Centre (CTICC) and the University of Stellenbosch to promote pre – and – post business packages.</li> <li>Leveraging maximum tourism value from sport and cultural events.</li> </ul> |
|  | <b>TOURISM PRODUCT DEVELOPMENT</b><br><br><b>Product development focuses on development and provision of experiences, services and infrastructure that exceeds customer expectations.</b> | <b>GENERATING COMMUNITY INVOLVEMENT, BENEFITS AND SUPPORT</b> | <b>Cultures of Stellenbosch Development Program</b>                             | <ul style="list-style-type: none"> <li>Launching local areas cultural initiative</li> <li>Setting up local Tourism Forums</li> <li>Implementing various capacity development programs in selected local areas.</li> <li>Packaging and marketing cultural experiences.</li> </ul>   |
|  | <b>INSTITUTIONAL ARRANGEMENT AND REGULATIONS</b><br><br><b>This component governs the ecosystem</b>   | <b>ORGANISING FOR GROWTH</b>                                  | <b>Tourism Partnerships Program</b><br><br><b>Stellenbosch Tourism Capacity</b> | <ul style="list-style-type: none"> <li>Engaging partners in a collective marketing initiative.</li> <li>Forming a Stellenbosch Tourism Coordinating Cluster</li> <li>Strengthening the tourism function in Stellenbosch</li> </ul>   |

|  |   |  |                            |  |
|--|---|--|----------------------------|--|
|  | <b>concerning policy, as well as providing the model for clustering activities, the roles and responsibilities from both the private and public sector.</b> |  | <b>Enhancement Program</b> | <ul style="list-style-type: none"><li>• Collecting and analysing tourism performance statistics and research</li><li>• Increasing funding for tourism development and marketing.</li><li>• Continuously monitoring progress achieved with implementing the Tourism Strategy.</li></ul> |
|--|---|--|----------------------------|--|

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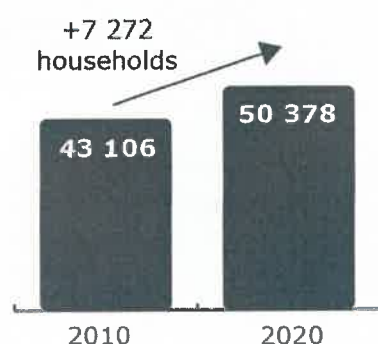
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# **APPENDIX 2**

# Local economic development in Stellenbosch municipality

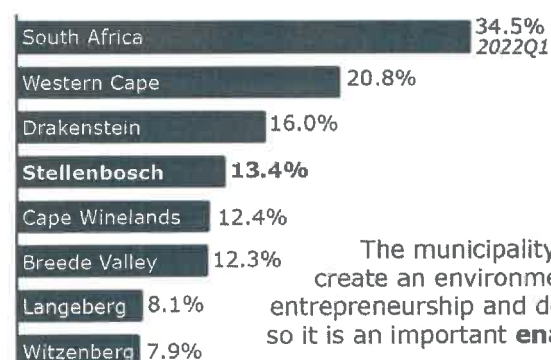


## Number of households



Source: Quantec, RSA Standardised Regional

## Regional unemployment rates 2020 (%)



**Unemployed persons**  
**±11 500**  
(2020 est.)

The municipality has a responsibility to create an environment that is conducive to entrepreneurship and doing business. In doing so it is an important **enabler of job creation**.

Source: Quantec, RSA Standardised Regional Employment and Compensation

## Service delivery in Cape Wineland Municipalities

Share of households

|   |      | Breede Valley | Drakenstein | Langeberg | Stellenbosch | Witzenberg |
|---|------|---------------|-------------|-----------|--------------|------------|
| Electricity as main light source          | 2010 | 88,0          | 90,5        | 91,1      | 91,5         | 88,3       |
|   | 2020 | 87,5          | 94,7        | 94,1      | 92,2         | 93,2       |
| Refuse removal (at least once week)       | 2010 | 70,8          | 82,1        | 67,9      | 83,8         | 62,6       |
|   | 2020 | 74,5          | 85,9        | 71,6      | 86,7         | 69,8       |
| Access to flush/chemical toilet           | 2010 | 87,1          | 91,1        | 86,2      | 89,5         | 87,1       |
|   | 2020 | 88,4          | 93,5        | 89,0      | 91,1         | 91,7       |
| Piped water (at least 200m from dwelling) | 2010 | 94,4          | 94,8        | 95,2      | 91,1         | 96,5       |
|   | 2020 | 96,2          | 98,5        | 97,8      | 94,4         | 98,4       |

Source: Stats SA, General Household Survey

## Number of households

benefitting from free basic services

**±6 817**  
(2019 est.)

Source: Statistics South Africa - P9115

## Five largest sectors

Share of economic output (2020)

|  |     |
|--|-----|
| Business services                          | 19% |
| Wholesale and retail trade                 | 11% |
| Agriculture, forestry and fishing          | 10% |
| Manufacturing: food, beverages and tobacco | 8%  |
| General government                         | 7%  |

Source: Quantec, RSA Standardised Regional Output at basic prices

## Fastest growing sectors 2015 - 2019<sup>1</sup>



Communication



Finance & insurance



Wholesale & retail trade

Source: Quantec, RSA Standardised Regional Output at basic prices  
<sup>1</sup> To exclude the impact of COVID-19.

## Which sectors employ the most people?

Share of total formal employment (2020)



Source: Quantec, RSA Standardised Regional Employment and Compensation

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