

NEWCASTLE LED REVIEW

STRATEGY DEVELOPMENT AND IMPLEMENTATION PLAN

FINAL DRAFT – 29 JUNE 2012



PREPARED FOR:

NEWCASTLE MUNICIPALITY

CIVIC OFFICES

37 MURCHISON STREET

NEWCASTLE

2940

PREPARED BY:

URBAN-ECON DEVELOPMENT ECONOMISTS (KZN)



URBAN-ECON
KZN (Pty) LTD
DEVELOPMENT
ECONOMISTS

AND

SABALALA CONSULTANTS





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GLOSSARY OF TERMS

ADA	Agricultural Development Agency
ADM	Amajuba District Municipality
AFASA	African Farmers Association of South Africa
AFLED	Amajuba Forum for LED
CBD	Central Business District
CTO	Community Tourism Organisation
DAEARD	Department of Agriculture, Environmental Affairs and Rural Development
DEDT	Department of Economic Development and Tourism
DHE	Department of Higher Education
DOE	Department of Education
DOH	Department of Health
DOT	Department of Transport
DPW	Department of Public Works
DSD	Department of Social Development
DST	Department of Science and Technology
DTI	Department of Trade and Industry
DTP	Dube Trade Port
DWA	Department of Water Affairs
EPWP	Extended Public Works Programme
FET	Further Education Training
ICT	Information, Communication and Technology
IDC	Industrial Development Corporation
IPFS	Investment Promotion and Facilitation Strategy
ITB	Ingonyama Trust Board
LED	Local Economic Development
NGO	Non-Government Organisation
PRASA	Passenger Rail Association of South Africa
SANRAL	South African National Roads Agency Limited
SEDA	Small Enterprise Development Agency
SETA	Sector Education and Training Authority
SMME	Small, Medium and Micro Enterprises
SOE	State-Owned Enterprise
TIKZN	Trade and Investment KZN

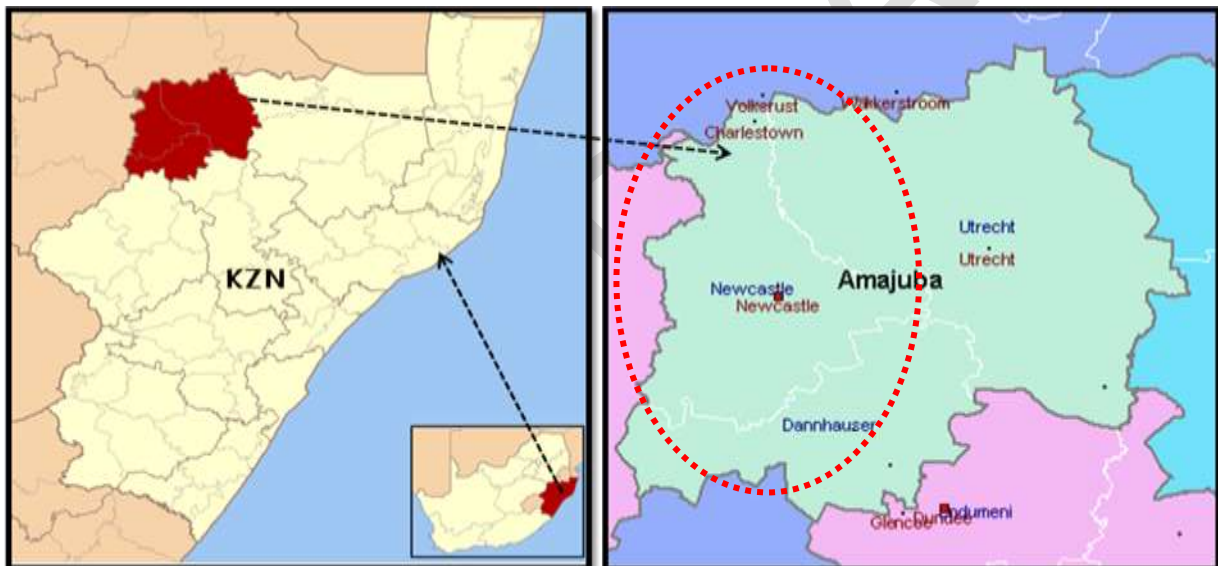
1. INTRODUCTION

1.1. BACKGROUND AND PURPOSE

The Newcastle Local Municipality has commissioned Urban-Econ KZN (Pty) LTD and Sabalala Consulting Africa (Pty) LTD to undertake a review of the Local Economic Development Strategy for the municipality.

The Newcastle Municipality is located on the western edge of the Amajuba District Municipality, in the north-western corner of the Province of KwaZulu-Natal (KZN). The other two local municipalities within Amajuba are Emadlangeni and Dannhauser. The map below displays the location of the district and local municipalities in relation to the rest of KZN, with Newcastle highlighted in the red circle.

Map 1: Family of Municipalities in the Provincial Context



SOURCE: AMAJUBA DISTRICT LED REVIEW (2011)

Newcastle lies at the intersection of the N11 (alternative route to Gauteng) and the R34 (leading west towards Free-State). The N11 route links Newcastle to both the major port of Durban and the industrial complex of Gauteng. The main rail line from the Durban harbour to Gauteng also passes through Newcastle. The R34 bisects Newcastle and provides a linkage from the port city of Richards Bay to the hinterland. Newcastle is therefore well positioned to take advantage of passing trade.

The entire district of Amajuba is 6 910 km² in size with Emadlangeni (previously Utrecht) occupying the largest area of 3 539 km², Newcastle some 1855 km² and Dannhauser some 1 516 km². The Newcastle Municipality consists of 31 wards, with over three quarters of the population based in 'R293 townships' that is, Madadeni, Blaaubosch and Osizweni. Based in the East of Newcastle, these previously disadvantaged areas are now considered as a primary development



corridor of the Municipality. One of the biggest challenges that the municipality faces is equitably integrating the East to the former established area of Newcastle to the West. Wards 1,6,12,15,16,18 and 31 have been identified as rural wards compared to the other 24 wards which are identified as urban wards.

In 2007, the Newcastle Municipality developed an LED Strategy which formed part of the IDP process. In the years since this LED strategy however, there have been a number of national and global economic events which have had a substantial impact on the economic environment in South Africa, and particularly KZN. In addition, significant policy development has occurred on a national and provincial level which has an impact on local policy and strategy direction.

The purpose of this LED Strategy review is therefore to provide an up-to-date local economic development plan for the Newcastle Municipality, which takes into account global, national and provincial economic and policy changes that have occurred in the past 5 years. The plan is envisaged to be a mechanism of intervention in addressing economic development challenges and will serve to guide and direct the implementation of development initiatives which are currently occurring either within the rather outdated LED strategy, and others in an ad hoc manner. The revised strategy will also assist in identifying new opportunities, and guiding the actions of the municipality in achieving its economic development goals and objectives.

1.2. OBJECTIVES OF THE STUDY

The primary objectives of the overall LED review are:

- i. To undertake a detailed economic analysis so as to enable identification of appropriate interventions that economic development of the area;
- ii. To formulate an implementable LED strategic framework to guide the promotion and support sustainable economic development within the Newcastle Municipality;
- iii. Improve coordination of economic development planning and implementation across government and between government and non-government;
- iv. Identify needs and gaps in enterprise support and business infrastructure;
- v. Explore incentives that the municipality can provide to existing businesses to growth their operations and create more jobs;
- vi. Identify ways to attract and promote inward investment to Newcastle;
- vii. Identify approaches to support SMME development and regulation of informal trade;



- viii. To create a database of projects within the municipality including those being implemented, economic opportunities and future potential projects.

This report comprises phases 3, 4 and 5 which relates to development of a strategic framework, programme and project development, as well as an implementation framework. The aims are therefore to:

- (a) Formulate key interventionist strategies to act as pillars to LED, including a review of the vision, mission and objectives;
- (b) Development of a project matrix, identification of LED projects, and development of a project database;
- (c) Review the functionality of the Newcastle LED unit and develop an action plan for implementation of programmes and projects.

1.3. METHODOLOGY

The study utilised the following methodologies:

- Review and analysis of existing desktop information (statistical databases; existing plans and strategies of the municipality; national and provincial economic development strategies and policies, and any other relevant information and data identified);
- Telephonic and face-to-face interviews and discussions with key stakeholders within the district and the province;
- Formal and informal business questionnaires administered in Newcastle, Madadeni, Osizweni and Charlestown, in the interest of identifying the current constraints to business; support required from government; opportunities; and perceptions about current and future economic trends.
- Workshop with key stakeholders (private sector, government, and council) on the findings from the situational analysis and expected vision and strategies for the municipality.

1.4. SOURCES OF INFORMATION

The following sources of information were utilised during the LED review:

- Primary data targeting small businesses and informal trade
- Quantec Database;
- StatsSA;
- Municipal project databases;
- Interviews with key industry stakeholders and officials;



- Existing national, provincial and district policies, strategies and plans;
- Existing local development plans (incl the existing LED Strategy).

1.5. REPORT OUTLINE

The remainder of the report is structured as follows:

Section 2: Summary of the SWOT and GAP Analysis (from the Situational Analysis Report)

Section 3: Strategy Framework Development

Section 4: Programme and Project Development

Section 5: Implementation Framework and M&E Framework

FINAL DRAFT



2. SUMMARY OF THE SWOT AND GAP ANALYSIS

This section provides a summary of the key SWOT issues identified during the Situational Analysis Phase that relate to LED within the Newcastle Municipality. Thereafter, a brief Gap Analysis is undertaken which provides a base off which the Strategy can be developed in the following section of this document.

2.1. OVERALL LED SWOT ANALYSIS

STRENGTHS
<ul style="list-style-type: none">• Central location to existing industrial centres - Johannesburg and Durban• Good existing agricultural and manufacturing base• Large domestic market - located between the Gauteng, KwaZulu-Natal and Free-State markets• Array of events that occur within Newcastle attracting thousands of people each year, as well as business visitors• Good base of educational and research institutions (a number of higher education institutions including Amajuba college, Damelin, Boston and UNISA)• Relatively reliable transportation network and relatively good basic infrastructure• Relatively safe locality• Close proximity to mining centres – mainly Dannhauser and Mpumalanga
WEAKNESSES
<ul style="list-style-type: none">• Lack of value-adding (including agri-processing)• Ineffective linking of graduates to private sector• Decline in employment within agriculture and manufacturing• Insufficient funding for the implementation of LED projects• Lack of coordination between the private and public sector (especially provincial and national departments relevant to the project)



- Ineffective financial and project management
- Lack of new foreign and domestic investment (leading to a reduction in new technology and therefore competitiveness)
- Insufficient support for SMMEs and small-scale farmers
- Poor institutional support and assistance in the region from public sector (incl. relationships with national and provincial government and SOEs)
- Red-tape is creating an regulatory and administrative burden for business (incl. environmental processes)
- Current weak tourism sector
- The proposers of projects (often private sector initiators) are often omitted from motivating the proposals and funding processes
- Need for skilled local government officials to act as facilitators of LED initiatives
- Incorrect appointment of contractors for infrastructure development
- Operational structuring (including clearly defined land ownership)
- Low level of school completion and skills development and training
- Lack of business retention and expansion
- High levels of unemployment
- Inadequate infrastructure (road and rail network, and bulk services)
- Limited access to credit

OPPORTUNITIES

- Community development through agri-processing and community agricultural projects
- Diversification of the manufacturing sector and development of new value-chains (incl. renewable energy products) with a clear vision
- Infrastructure development
- Opening of new mines in Dannhauser (30 km away) - Newcastle has traditionally provided housing for mining workers



- Targeting of national, provincial and regional sporting events and conferences/functions
- Capturing of the new emerging skilled workforce
- Development of an ICT and Innovation base within Newcastle to stimulate the knowledge economy (including industrial product design)
- Investment promotion and facilitation (including development of incentives)
- Development of under-utilised or unutilised agricultural and industrial land (vacant farms and industrial lots) – such as an inland logistics hub geared for exports
- Promotion of business retention and expansion programmes
- Upgrading of the airport
- Establishment of industry driven training and skills development through internships and apprenticeships

THREATS

- Access to land (zoned industrial land and agricultural land as well as Ingonyama Trust Board land)
- Lack of communication with neighbours such as Free-State leading to degradation of roads (R34)
- Increased international competition in both the manufacturing and agricultural sectors, with limited protection or support from government
- Threat of mechanisation in both industrial and agricultural development
- Increasing input costs (electricity, transport, capital and equipment)
- Stakeholder and community conflicts of interest
- Lack of investment into development of bulk infrastructure
- Collapse of the rail network and unreliability of the current rail service
- Vulnerability to international market prices (particularly within the steel industry)
- Corruption and a lack of accountability (financial and management)
- Out-migration of skilled employees to other urban-centres



- Impact of HIV/AIDS
- Increasing demand of electricity against limited supply
- Worsening climatic conditions which have translated into water scarcity and therefore negatively impacting on farming around Northern KwaZulu-Natal.
- National labour regulations which has impacted negatively on the textile industry with little support for the industry by local government
- Loss of educated population to other areas - outward migration
- Lack of relevant and suitable skills being produced by FET and tertiary institutions (particularly engineers)
- Land reform and associated challenges (poor skills transfer to new farmers, slow process, etc)

2.2. GAP ANALYSIS

The research has identified a number of key constraints that act as a threat to LED within Newcastle, as well as opportunities that can be leveraged off these constraints. The SWOT analysis undertaken above highlights that various weakness and threats are currently tainting the municipality. However, there are various strengths possessed by Newcastle and opportunities available to ensure that LED can become successful. In order to translate the key findings of the situational analysis into meaningful strategies that can be implemented and monitored & evaluated, the report presents a GAP or Needs analysis which will draw out the key areas that require intervention. This will assist by providing a base off which strategies can be developed.

In order to identify the key gaps or areas of need, the various strengths, weaknesses, opportunities and threats were sorted according to their overarching theme, and thereafter organised into the following categories. These categories represent the major focus areas of the municipality, and specifically, the areas that most require intervention to ensure that LED is stimulated within Newcastle.

2.2.1 SECTOR SPECIFIC GAPS OR NEEDS

❖ AGRICULTURE

- Development of dams and supporting water infrastructure
- Redevelopment/regeneration of vacant farms
- Encouraging the growth of agri-processing industries
- Need for better relationships and improved understanding of farming



- Improvement of coordination between all parties critical to agricultural development
- Support for small-scale and emerging farmers
- Need for greater support mechanisms for farmers
- Intensive and tunnel farming, dry land farming and livestock farming
- Fast-track land reform processes

❖ **MANUFACTURING**

- Provision of zoned industrial space
- Assistance and support to the textile industry to reduce and reverse job losses
- Leverage of national incentives and funds to encourage industrial development
- Development of a clear vision for the manufacturing sector
- Promotion of investment into new technology
- Diversification of the sector
- Manufacturing of renewable energy products
- Regeneration of vacant or under-utilised industrial space

❖ **TOURISM**

- Need for a one-stop information centre
- Establishment of local tourism forum or CTO
- Need for more funding for tourism (maintenance, infrastructure upgrades, and new facilities)
- Encouraging development of tourism activities within Madadeni and Osizweni
- Need for comprehensive tourism research
- Expansion of business and event tourism
- Marketing of the region

2.2.2 CROSS-CUTTING GAPS OR NEEDS

❖ **INSTITUTIONAL**

- Access to funding for implementation of LED interventions
- Improvement of intergovernmental relations and coordination (between national, provincial and local government, SOEs and traditional authorities)
- Strengthening of public-private partnerships
- Effective investment promotion and facilitation (incl incentives)
- Business retention and expansion programme
- Efficient project and financial management for LED initiatives (project management unit to run LED projects)
- Reduction of red-tape and the collective administrative burden
- Reduction of corruption and ensuring accountability



❖ **INFRASTRUCTURE**

- Upgrade and increase the capacity of the N11 and R34
- Encourage regeneration of the rail network for both passenger and cargo transport
- Development of bulk services (incl dams and water capacity)
- Inland logistics hub with supporting industrial development for export-orientated manufacturing
- Improve access to land for development (public land, private land and Ingonyama Trust Board land)
- Upgrade of the Newcastle Airport
- Continued maintenance and development of recreational facilities
- Assistance in provision of infrastructure for small-scale farming such as fencing and dip-tanks

❖ **SMME DEVELOPMENT**

- Growth of sustainable SMMEs in areas such as Osizweni and Madadeni
- Enhancing local procurement (incl proper management thereof)
- Business support and financial assistance to SMMEs
- SMME development through linking to value chain of manufacturing, tourism and agriculture

❖ **SKILLS DEVELOPMENT AND TRAINING**

- Ensuring tertiary institutions are producing skills aligned to industry demand (especially manufacturing and agriculture)
- Need for private and public sector apprenticeships and internships (incl support for companies currently undertaking skills development and training)
- Retention of skilled residents in Newcastle



3: STRATEGY DEVELOPMENT

3.1. VISION AND MISSION

The current vision of the Newcastle Local Municipality is:

"Together we can do it better"

The current mission statement of the Newcastle Local Municipality is:

"Newcastle Municipality commits itself to render sustainable services, promote economic growth and achieve financial stability through Community Participation"

Based on the above vision and mission statement for Newcastle, as well as the challenges identified and potential interventions required to address these challenges, an LED vision and mission statement has been developed to guide the overall implementation of the LED Strategy and its associated programmes and projects.

The vision of the Newcastle LED Strategy is to:

"Facilitate inclusive and effective Local Economic Development"

The mission statement of the LED Department is therefore:

"The LED Department commits itself to act as an enabler of local economic development by creating a conducive business and investment environment through inclusive stakeholder and community engagement and partnerships"

3.2. STRATEGIC GOALS AND PROGRAMMES

In order to develop a meaningful strategic framework for LED in Newcastle, it is important to ensure that the current challenges are translated into potential opportunities, while the existing opportunities are strengthened to drive LED. This will require identification of a strategic framework that promotes the strengthening of existing strengths, conversion of weaknesses into potential opportunities, and diversification of current activity to ensure expanded, productive growth in the local economy.

The following table translates the key gaps or challenges identified during the situational analysis (and displayed in section 2) into a problem statement, and displays the strategic responses that have been developed to ensure that the problem statements are sufficiently addressed.



Problem Statement	Strategic Goal in Response
Good potential agricultural land and opportunities that are currently under-utilised	• Expansion and Diversification of the Agricultural Sector
Strong manufacturing base with the potential for expansion through diversification and addressing of challenges and constraints	• Expansion and Diversification of the Manufacturing Sector
Under-exploited tourism assets in the region	• Development and Support for the Tourism Sector
Institutional challenges exist which are threatening the proper planning, implementation and sustainability of LED initiatives	• Improving the Institutional and Policy Environment Towards Effective LED
Under-development infrastructure is deteriorating the potential for new investment and expansion of existing sectors	• Expansion and Development of Strategic Economic Infrastructure
Low growth and success in terms of entrepreneurship and small business expansion (incl informal economy development)	• Effective support to the Informal Economy and Development of Small Enterprises
Lack of industry-driven skills development and training	• Ensuring effective education, skills and capacity development

Based on the above strategic responses, the strategic goals and programmes that have been developed in order to address the challenges faced in LED within Newcastle are presented. These are classified as follows:

Sector-specific Strategies:

- 1) Expansion and Diversification of the Agricultural Sector
- 2) Expansion and Diversification of the Manufacturing Sector
- 3) Development and Support for the Tourism Sector

Cross-cutting Strategies:

- 4) Improving the Institutional and Policy Environment Towards Effective LED
- 5) Expansion and Development of Strategic Economic Infrastructure
- 6) Effective support to the Informal Economy and Development of Small Enterprises
- 7) Ensuring effective education, skills and capacity development



3.2.1: SECTOR-SPECIFIC STRATEGIES

STRATEGIC GOAL 1: EXPANSION AND DIVERSIFICATION OF THE AGRICULTURAL SECTOR

The agricultural sector within the Newcastle Municipality is relatively small in comparison with Manufacturing, but has the potential to not only create inclusive growth and assist in achieving rural development, but also create strong linkages to the manufacturing sector through agri-processing activities.

The sector however faces a large number of challenges, the most significant of which are a under-investment in bulk infrastructure (predominately water), a lack of diversification, a need for stronger relationships between stakeholders, limited small-scale farmer support and assistance, and the need for more rapid conclusion to pending land claims.

In order to address these challenges, a number of strategic interventions are required that specifically target the major challenges faced by both commercial and emerging farmers. This includes significant investment into infrastructure such as dams, fencing, and access roads, identification of new potential agricultural opportunities, improving and strengthening the institutional relationships and partnerships between stakeholders, and provision of support and assistance to the agricultural sector, particularly small-scale farmers.

To this end, strategic programmes are identified which pave the way for the identification of related projects aimed to tackle the challenges. Due to the cross-cutting nature of the interventions required within the sector, sector-specific interventions are addressed within this strategic goal, with cross-cutting issues such as infrastructure are dealt with specifically within the relevant strategic goal. This applies to all the other sector-specific strategic goals.

The strategic programmes identified within this goal are identified below:

Programme 1.1: Commodity Development and Agri-Processing

Commodity development is crucial in ensuring diversification and expansion of the agricultural sector, and creates a base off which agri-processing can occur. This requires the identification of new potential crops, horticulture and livestock that can be produced to diversify current agricultural production and feed into the manufacturing of value-add agricultural products. In addition to the projects identified during this process, Newcastle must ensure continuous research into new potential agricultural products, maintain strong relationships with established farmers and organised agriculture to assist in implementation of identified opportunities, and ensure good coordination and cooperation with both the National and Provincial agricultural departments and other agricultural institutions such as the African Farmers Association of South Africa (AFASA) and the Agricultural Development Agency (ADA).



Programme 1.2: Promotion of Urban Agriculture in the Denser Urban Settlements

Prompting agriculture in denser urban settlements is an important supplement to large-scale extensive agriculture. This provides an opportunity for communities (particularly rural communities) to produce agricultural produce without needing large portions of land, through means such as intensive tunnel production. Such an intervention also supports the establishment of small-scale farming cooperatives, and stimulates other activities such as agri-processing. This is not only paramount to food security, but also to stimulate economic activity within previously disadvantaged regions. Again this will require sufficient supporting infrastructure such as water and road access, skills development and training (preferably through use of mentorship programmes), and strong coordination with government departments and institutions such as AFASA and the ADA.

Programme 1.3: Emerging and Small-Scale Farmer Development and Assistance

This programme deals specifically with provision of assistance to and development of emerging and small-scale farmers. This is important in ensuring that diversification of the agricultural sector can occur by specifically supporting emerging and small-scale farmers towards development of new commodities and urban agriculture (two previous programmes). The requirements of small-scale and emerging farmers are different to those of commercial farmers, as a large emphasis needs to be placed on skills development and training (agricultural techniques, business and financial management, etc), as well as basic infrastructure, facilities and equipment. This will require close cooperation with national and provincial departments mandated to assisting small-scale agricultural development, and again particularly AFASA and the ADA. Established commercial farmers and organised agricultural must be encouraged to assist in development of small-scale farmers through the provision of mentorship and training, as well as the identification of new opportunities and potential linkages between small-scale farmers and commercial production (e.g: dairy production project requiring small-scale farmers to produce feed to support expansion of dairy as well as packaging of milk).

STRATEGIC GOAL 2: EXPANSION AND DIVERSIFICATION OF THE MANUFACTURING SECTOR

Newcastle has a strong, and fairly diversified manufacturing base. The sector comprises of a range of activities from large established industrialists producing steel and chemicals (close to 70% of all manufacturing output), to smaller textile manufacturers. Due to the centralised nature of Newcastle between Durban and Gauteng, a large number of manufacturers produce for the export markets as well as other domestic markets outside of KZN. The entire sector has however seen a slow-down in growth over the past decade, growing at 0.6% on average per annum in comparison with the provincial average of 2.2%.

This slow-down in growth can be attributed to a number of factors such as lack of supporting infrastructure, the increasing cost of bulk services such as electricity and water, a lack of skills development and training, and recently, a major decline in the textile industry due to conflict between manufactures and the bargaining council. Potential exists to address the challenges to



strengthen the existing manufacturing base, while enhancing the sector through diversification and investment into new manufacturing industries.

Expansion and diversification of the sector will however require major intervention, as well as investment into key catalytic projects that are expected to kick-start a pattern of high growth. Rail infrastructure within Newcastle has deteriorated to the point that most freight is transported by road. This will require strong commitment from Transnet to ensure that key rail lines are regenerated to support expansion of the sector. Additionally, large increases in electricity tariffs over the past few years have had a significant impact on the cost structure of many energy-intensive industries within Newcastle. Although these infrastructure-based interventions are dealt with specifically within strategic goal 5, a number of sector-specific programmes are identified to below to address the many challenges facing industrialists in Newcastle:

Programme 2.1: Industry Development

This programme deals specifically with development of sub-sectors within the wider manufacturing sector. As previously mentioned, the metals and chemicals industries contribute almost 70% to total manufacturing output, and in order to achieve diversification of the sector, there needs to be a strong focus on investment into new industries, and strengthening of existing industries outside of steel. This programme suggests a number of specific projects that aim at enhancing less established industries such as construction materials, meat production, and furniture, while also expanding fairly established industries such as chemicals.

Programme 2.2: Strategic Support and Assistance to Industry

The manufacturing sector requires committed support and assistance from the public sector. One specific case relates to the current challenges being faced by the textile industry during Bargaining Council negotiations, where there is a feeling of abandonment amongst textile manufactures. Although the local municipality has little control over national processes such as the Bargaining Council, assistance and support can be provided to industry in order to prevent further job losses from occurring. Additionally, there are various development and expansion plans within the private sector domain that require facilitation from the public sector. This programme suggests that the local municipality must provide strategic facilitative support and strategic assistance to existing industries as well as proposed development or expansion plans.

Programme 2.3: SMME Participation within the Manufacturing Sector

SMMEs comprise a crucial component of the manufacturing sector within Newcastle, and the importance of increasing the participation of SMMEs is of paramount importance. The national and provincial government have both emphasised the need to develop small business as the backbone of the economy, and to this end, this programme suggests projects that will assist in enhancing the SMME contribution to manufacturing sector output. However, in order to achieve such growth in SMMEs within the sector, there are a number of specific and cross-cutting interventions required. Cross-cutting issues dealt with within strategic goal 6 (support for small enterprises) identify the provision of support, the development of entrepreneurship as well as enhancing the involvement of SMME's in the value-chain and local procurement. This programme however deals with



identification and packaging of opportunities, funding and apprenticeship and internship opportunities within the manufacturing sector.

Programme 2.4: Manufacturing Sector Policy and Planning

The manufacturing sector within Newcastle lacks a clear vision and direction. Currently investment into manufacturing occurs on an *ad hoc* basis with little guidance in terms of specific priority industries which will build on comparative advantages, create linkages in the value chain to promote SMMEs, and build on the strengths of the existing manufacturing base. In addition, there is various industrial policies that has been developed at a national and provincial level that seeks to guide the development of the manufacturing sector, and is aligned to national incentives offered to enhance strategic industries, stimulate beneficiation industries, and improve energy efficiency. This programme identifies projects that are aimed at the development of a clear manufacturing vision and expansion plan, and the identification and promotion of specific incentives in order to clearly guide the future direction of manufacturing within Newcastle.

STRATEGIC GOAL 3: DEVELOPMENT AND SUPPORT FOR THE TOURISM SECTOR

As identified during the situational analysis report, although Newcastle is not perceived to be a major tourism destination within KZN due to its historical association with industrial activities; the tourism sector presents opportunities for local economic development. The tourism sector within the municipality has grown over the past years, which is justified by the growing number of accommodation facilities and activities offered within the region. These facilities include eco-tourism (hiking, birding, etc); natural, cultural and historical attractions (battlefields, nature reserves, etc); arts and crafts; events and festivals; adventure sports; as well as hunting and fishing.

However, numerous challenges exist which inhibit the growth of the tourism sector within Newcastle. These include the need for funding for the maintenance, infrastructure upgrades, and new facilities; a lack of tourism within areas such as Madadeni and Osizweni, a lack of information on and marketing of the regions tourism attractions, and the need for an established local tourism forum and/or community tourism organisation (CTO). Although tourism currently contributes marginally to the entire economic output of the region, there is potential to further enhance the tourism sector through the following strategic programmes:

Programme 3.1: Diversification of Tourism Attractions and Activities

Although there are a fairly wide range our tourism activities within Newcastle, potential exists to enhance the sector through development of new activities and attractions. Sports tourism in particular has the potential to attract a wide range of visitors to the area throughout the year, and it is suggested that the Municipality continue to work closely with tourism operators to identify new sporting events that could be established within Newcastle. Various tourism opportunities have also been identified during the Amajuba Tourism Strategy (2012) of which those key to the Newcastle area have been pulled through into the strategy.



Programme 3.2: SMME Participation within the Tourism Sector

The tourism sector comprises mainly of small business, from single-owned accommodation facilities to one-man tour guide services. The inclusion of small business is therefore critical to the success of tourism, and in particular, the development of informal and micro-tourism operators. This programme deals with the development of small business within the sector, focussing at the Tourism Ambassador programme, development of tour guide and site management training and capacity, and identification of potential funding sources for tourism start-ups.

Programme 3.3: Institutional Support and Policy Development

The tourism sector, although fairly self-sustainable, requires strong support from local government in terms of provision of infrastructure and maintenance of tourism products. Many tourism operators rely on the existing natural characteristics of an area to promote tourism, and given the degradation of sites and facilities, this reduces the potential for development of the sector. In addition, formal structures are required to coordinate activities, promote the region and a collective tourism destination, and undertake research and identification of new tourism products. This programme presents projects that assist in create sufficient institutional support for the sector, as well as the development of policy to guide the growth of tourism within Newcastle.

Programme 3.4: Information, Marketing and Promotion

The provision of information and dissemination of this information to potential tourism markets through advertising is a critical component of tourism. Additionally, signage plays a large part in ensuring that tourism corridors and attractions are easy to navigate. This programme provides solutions specifically identified in order to address the challenges surrounding information and marketing of tourism products, destinations, and attractions.

3.2.2: CROSS-CUTTING STRATEGIES

STRATEGIC GOAL 4: IMPROVING THE INSTITUTIONAL AND POLICY ENVIRONMENT TOWARDS EFFECTIVE LED

Newcastle has a functional LED unit, with adequate capacity to implement its mandate. This being the case, however, there is no existing stakeholder forum, although there are plans to set up an economic forum consisting of the municipality, the chambers, Department of Economic Development and Tourism, Banks, and SEDA. The current platform of engagement is the Amajuba LED Forum (AFLED). While it is a relevant body, unfortunately its focus is District wide, and by implication this limits its role in addressing issues specific to Newcastle's economy. Additionally, government departments in Newcastle municipality are still not fully aware of LED function, and the role that each of these departments could play towards effective LED. There is also an alarming lack of data around LED issues, relating to formal businesses and the informal economy locally.

Challenges also existing around the Municipality's capacity to effectively promote and attract investment into the region, the need for retention and expansion of existing business, as well as



funding challenges for implementation of LED projects and programmes. On this note, it is important to design specific programmes which seek to address the mentioned challenges. These programmes are outlined below.

Programme 4.1: Investment Promotion and Attraction

Investment promotion and attraction should be an on-going exercise, especially given the potential for investment in Newcastle. The construction of the Newcastle Mall, the on-going urban renewal programme, as well as the planned CBD shopping mall are all investments which are likely to generate more investment interest, from both within and outside Newcastle. These possibilities however will need to be accompanied with enhancement of the municipal capacity to market Newcastle, as well as relevant investment schemes targeting the main sectors in Newcastle. It is therefore especially important for the Municipality to ensure that capacity is developed to undertake the full range of investment promotion, attraction and facilitation activities often required by potential investors.

Programme 4.2: Business Retention and Expansion

Perhaps more important than investment promotion and attraction is ensuring that existing business are satisfied with the business environment and that all their needs are addressed. This includes ensuring that businesses have a voice that it being heard by government, and that challenges and constraints being faced are addressed. Additionally, a lack of information and data needs to be addressed by organising, or even purchasing data on business confidence, business mortality, as well as business birth rates, in the municipality. A business retention and expansion programme is required to focus on the identification of key issues and challenges, and monitoring changes in business perception based on recurring questions to business. It is suggested that the municipality partner with local research firms due to the perceptions around the credibility of government collected data by the business sector, and the objective input that is achievable through the use of independent service providers.

Programme 4.3: Coordination and Communication of LED Stakeholders

As already noted, the process of setting up an economic forum needs to be fast-tracked. The function of this forum should be to engage all relevant stakeholders, and effectively mainstreaming LED in all development efforts within the municipality. Often, generic economic forums can easily side-line LED, and thus there need to be a deliberate effort to guard against this trend. This programme also suggests a need for a help desk to act as a one stop shop to provide business based information to any investor, as well as a general improvement in inter-governmental and stakeholder relations and coordination.

Programme 4.4: Funding for LED implementation

Funding of LED implementation is a major challenge not just provincially, but also nationally. It will be important to consolidate all LED funding sources into a single database, and make deliberate efforts to engage these sources, rather than rely fully on government funding. A private-public funding model also needs to be explored. The packaging of LED projects needs to be done on an on-going process.



STRATEGIC GOAL 5: EXPANSION AND DEVELOPMENT OF STRATEGIC ECONOMIC INFRASTRUCTURE

The provision of infrastructure is one of the most critical elements of LED as a lack of infrastructure (particularly bulk services and transportation infrastructure) can inhibit economic growth and development. The key sectors on which this strategy focuses have been addressed in terms of specific challenges within the first three goals. However, infrastructural interventions that are key to unlocking the potential of these sectors are addressed within this strategic goal, along with general infrastructural development which is required to ensure that sufficient capacity is in place for future growth and investment.

Within the agricultural sector, the provision of water and access roads is important in stimulating growth in the sector, while provision of industrial space, consistent bulk services and strong road and rail infrastructure is crucial for the success of the manufacturing sector. The tourism and retail sectors also rely on good road infrastructure and consistent bulk services, but additionally require upgrading and maintenance of urban areas. Accordingly, this strategic goal focuses on identifying programmes that deal with this infrastructure challenges. The specific programmes developed are identified below.

Programme 5.1: Transportation Infrastructure Capacity and Maintenance (road, rail and air)

Ensuring sufficient capacity with regards to transportation infrastructure is critical for the success of LED. At a local level however, there is little control over national and provincial roads, as well as the rail line. In this regard, the municipality needs to ensure that there are good channels of communication with the relevant departments (DOT, Transnet, etc), and ensure that the dire need for such infrastructure development and upgrades is translated to these departments. This programme suggests projects that deal specifically with how to address the challenges faced in development and maintenance of road, rail and air transportation infrastructure.

Programme 5.2: Development of Bulk Services and Economic Zones

Bulk services are extremely important to ensure not only LED, but also general growth and development within a region. Currently there are challenges around the provision of water to support the agricultural sector, not only within Newcastle, but the province and country as a whole. A focus of this programme is development of bulk water capacity to ensure that sufficient water is available now and for future growth and development. Development of renewable energy is another important element given the current increase in electricity tariff over the past 5 years. In addition, ICT infrastructure is crucial in ensuring that businesses and households have access to affordable and reliable internet. This programme also focuses on the development of economic zones within Newcastle, and is lumped with bulk services these are a key requirement of the provision of such zones as.

Programme 5.3: Urban Renewal and Upgrading

Urban renewal and upgrading is an important on-going activity that must be undertaken by the municipality to ensure that entire Newcastle region remains attractive and inviting to both those



who reside there and to visitors. Additionally, as the Newcastle town centre grows, renewal is required to ensure that the correct town planning schemes still apply and that the layout of the town, its public spaces, as well as urban-centres are still applicable. This is particularly important when viewing the issue of parking within the existing town centre. Urban renewal and upgrading is particularly important in the case of the Madadeni and Osizweni areas, which have traditionally been omitted from proper town planning. As these areas grow, they require proper urban design to accommodate this growth and to make provision for future growth and development.

Programme 5.4: Access to Land, Sites and Buildings

One of the key challenges sited as a constraint to industrial development is access to industrial land or sites, while a major constraint to small business is also access to buildings. In addition, a number of agricultural farms are vacant and have the potential to be rehabilitated. In this regard, this programme deals with how these challenges can be addressed through an investigation into vacant industrial and agricultural land that has the potential to be developed, as well as a focus on a few other specific property developments that will provide solutions for small enterprises to access sites and buildings.

STRATEGIC GOAL 6: EFFECTIVE SUPPORT TO THE INFORMAL ECONOMY AND DEVELOPMENT OF SMALL ENTERPRISES

Informal economy makes a significant contribution to the Newcastle economy. Considering the percentage of informal employment in the province, Amajuba District reflects the highest percentage of 35.6% of all informal activities in KwaZulu-Natal. Over 90% of Amajuba District's informal economy is based in Newcastle, which suggests that informal economy needs important attention. The increasing mechanization of the manufacturing and mining industries suggests that these industries are not as labour intensive as in the past. Additionally, as already pointed out elsewhere in this report, the national labour legislation has adversely affected the textile industry, leading to closures and layoffs of otherwise thriving sector. The above factors present an opportunity to improve the conditions of the informal economy, inclusive of relevant infrastructure, especially with the aim of (a) absorbing the current layoffs from the textile, manufacturing and mining industries (b) providing an opportunity for the large numbers of unemployed people in the municipality and (c) sustaining the current growth of the informal economy in both the local and district economy.

With the above in perspective, this study suggests three programmes as noted below.

Programme 6.1: Assistance and Support in Madadeni and Osizweni.

The location of informal economic activities is important for their performance. This programme envisages development of an informal economy strategy, as a starting point. The strategy should then envisage construction of a trade centre in both townships, with all supporting facilities. It is also important that, under this programme, the municipality facilitates organization of informal economy actors, as a collective bargaining exercise. This platform will form the basis upon which ongoing engagement between the municipality and the informal economy traders. Facilitating



access to credit through packaging funding sources for informal economy traders will also go a long way to improve its performance and growth.

Programme 6.2: Development of Entrepreneurship and Innovation

As part of supporting the informal economy generally in Newcastle but mainly in Madadeni and Osizweni, creating and facilitating opportunities for entrepreneurship and innovation is an important factor to consider. Some options include conducting an annual business innovation fair, in addition to the current annual workshop facilitated by the Small Enterprise Development Agency (SEDA). Presenting innovation awards will also potentially incentivise business entrepreneurship.

Programme 6.3: Value-chain Development and Local Procurement

Interventions which aim at understanding the current value chain within the informal economy, and facilitating development of these value chains, will have significant impact on the informal industry. This review has recommended preference of small enterprises in procurement of government tenders. The objective of this preference would be to ultimately 'upgrade' the location of these enterprises within the value chain. Public workshops, as well as online database of businesses are also proposed projects, will provide enterprises with opportunities for business information sharing, a critical factor for business growth.

STRATEGIC GOAL 7: ENSURING EFFECTIVE EDUCATION, SKILLS AND CAPACITY DEVELOPMENT

Overall, inadequate capacity and low skills level are major gaps in Newcastle municipality's economy. The key economic sector of the municipality (manufacturing) especially, as well as the size of the informal economy suggest that future Newcastle's economic performance will depend on skills levels of the populace. While Amajuba College provides a reasonably large skills training platform, workplace skills training, inclusive of informal economy skills empowerment, does not exist. Formal (small) enterprises also do not have sufficient skills, and, there is no documented training effort. To cover the foregoing skill gaps, three programmes are recommended, as follows.

Programme 7.1: Skills training and development

The role of an on-going SMME's skills programme cannot be overemphasized. This programme should involve basic business skills such as accounting and management, and should cover informal traders as well as formal emerging businesses. ICT skills initiative in Newcastle will also provide an important opportunity for business growth in Newcastle. ICT skills potentially are likely to enhance 'visibility' of businesses, as well as business networks expansion.

Programme 7.2: Specific Incubation Programmes

Business incubation is an effective programme to enhance business capacity and skills. In this programme, initiatives such as ICT incubators and manufacturing incubators (such as a software engineering centre) should be considered. The above proposals suggest a need to set up incubation facilities in Newcastle. The location of these facilities should be strategic, and at close proximity to respective economic activities.



Programme 7.3: Development of relationships between industry and SETAs and other tertiary and training institutions

In terms of process, development of business capacity and skills will be effectively achieved through stakeholder engagement. Stakeholders such as SEDA, SETA's as well as tertiary institutions will need to be networked with both formal and informal businesses. Future research is required, to investigate the need for an extra tertiary institution, especially within Madadeni and/or Osizweni.

3.3. STRATEGIC FRAMEWORK

The previous sub-section detailed the motivation for the identified strategic goals and objectives. These are identified in the following table and are expanded in the following section (Programme and projects development) where specific LED projects are identified are allocated to the specific strategic goals and programmes:

Strategy Focus	Strategic Goals	Strategic Programmes
Sector-Specific Strategies	Expansion and Diversification of the Agricultural Sector	Commodity Development and Agri-Processing
		Promotion of Urban Agriculture in the Denser Urban Settlements
		Emerging and Small-Scale Farmer Development and Assistance
	Expansion and Diversification of the Manufacturing Sector	Industry Development
		Strategic Support and Assistance to Industry
		SMME Participation within the Manufacturing Sector
		Manufacturing Sector Policy and Planning
	Development and Support for the Tourism Sector	Diversification of Tourism Attractions and Activities
		SMME Participation within the Tourism Sector
Institutional Support and Policy Development		
Information, Marketing and Promotion		
Cross-Cutting Strategies	Improving the Institutional and Policy Environment Towards Effective LED	Investment Promotion and Attraction
		Business Retention and Expansion
		Coordination and Communication of LED Stakeholders
		Funding for LED implementation
	Expansion and Development of Strategic Economic Infrastructure	Transportation Infrastructure Capacity and Maintenance (road, rail and air)
		Development of Bulk Services and Economic Zones
		Urban Renewal and Upgrading
		Access to Land, Sites and Buildings
	Effective support to the Informal Economy and Development of Small Enterprises	Assistance and Support (specifically in Madadeni and Osizweni)
		Development of Entrepreneurship and Innovation
		Value-chain Development and Local Procurement
	Ensuring effective education, skills and capacity development	Skills training and development
		Specific Incubation Programmes
		Development of relationships between industry and SETAs and other tertiary and training institutions



4: PROGRAMME AND PROJECT DEVELOPMENT

Strategy Focus	Strategic Goal	Strategic Programmes	Projects
Sector Specific	Expansion and Diversification of the Agricultural Sector	Commodity Development and Agri-Processing	Four Gardening projects
			Mushroom farming
			Abattoir expansion
			Spinach production Project
			Amajuba meat Deboning project
			Sugar beet project
			Fernwood Hydroponics and Chicken project
			Re-starting the biodiesel project
			Expansion of livestock production to support meat processing
			Investigation into aqua-culture potential
		Promotion of Urban Agriculture in the Denser Urban Settlements	Nursery Projects (Madadeni and Newcastle)
			Bakery project in Madadeni
			Establishment of the hydroponic tunnel project
		Emerging and Small-Scale Farmer Development and Assistance	Identification of commercial farmers to provide SMME mentorships and internships
			Identification and support of out-grower schemes
			Identification of potential funding for small-scale farmers
			Implementation of the tunnels programme
			Green beans project in Ingogo and Zuka
	Support for establishment of the Ingogo Fresh Produce market		
	Expansion and Diversification of the Manufacturing Sector	Industry Development	Shenlinda Chemical factory
Establishment of new furniture manufacturing			
Laundry project in Madadeni			
Promote the local manufacture of construction materials (including brick manufacturing)			



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Strategy Focus	Strategic Goal	Strategic Programmes	Projects
			Livestock (pig/cow) abattoirs and processing plant
		Strategic Support and Assistance to Industry	Assistance and support to the textile industry, particularly throughout with regards to bargaining council negotiations
			Support expansion of the plastics industry through close interaction with key stakeholders
			Support the Dicks Cluster project
			Support the Lanxess Expansion project
			Promote and support establishment of manufacturing within the 'green' industries
			Support the ArcelorMittal Steel Expansion Programme
		SMME Participation within the Manufacturing Sector	Identification of opportunities for SMME integration into the manufacturing sector
			Assist SMME's in packaging funding applications for manufacturing opportunities with SEDA
			Identification of potential apprenticeships and internship opportunities within the Manufacturing sector
		Manufacturing Sector Policy and Planning	Develop a Manufacturing Sector Expansion Plan (including a clear vision)
			Identify, promote and assist manufactures in accessing National Incentives available (particularly for new technology and energy efficiency)
			Establish a beneficiation-industries incentives scheme (including local incentives such as rebates where possible)
			Identification of future potential industrial nodes
	Development and Support for the Tourism Sector	Diversification of Tourism Attractions and Activities	Development of the Battlefields as part of the Amajuba Tourism Route (including cultural tourism)
			Action plan and funding to support establishment of business tourism and event tourism (particularly Sport Tourism)
			Development of opportunities along the MR483 Corridor linking the Newcastle CBD to Madadeni and Osizweni;
			Promote the development of Avi-Tourism (birding)
			Development of Ncandu River Dam Tourism
		SMME Participation within the Tourism Sector	Continue support for the Tourism Ambassador Programme and create linkages with established operators
Provide Tour Guide and Site Management Training			
Identification of potential funding for Tourism start-ups			
Institutional Support and		Roll-out of a Newcastle Tourism Strategy aligned to the Amajuba Tourism Strategy	



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STRATEGY DEVELOPMENT AND IMPLEMENTATION PLAN (FINAL DRAFT)



Strategy Focus	Strategic Goal	Strategic Programmes	Projects		
		Policy Development	Implementation of strategic projects identified for Newcastle within the Amajuba Tourism Strategy		
			Identification and lobbying for funding for new tourism infrastructure and maintenance and upgrades		
			Ensure continuous tourism research within the LED department		
			Investigate establishment of a Community Tourism Organisation and Newcastle Tourism Forum		
		Information, Marketing and Promotion	Tourism signage development		
			Relocate and refurbish the tourism info centre in Newcastle, with satellite stations at waterside Wimpy and shopping malls		
			Municipal Information Access point		
		Cross-Cutting	Improving the Institutional and Policy Environment Towards Effective LED	Investment Promotion and Attraction	Support development of an Amajuba Investment Promotion and Facilitation Strategy (underway with DEDT) with a focus on Newcastle
					Improve current investment promotion and facilitation capacity
					Packaging of available incentives to stimulate investment into key sectors
Business Retention and Expansion	Undertake quarterly assessment of the 10 key industrialists to assess Business Confidence				
	Roll-out of a Business Retention and Expansion Programme				
	Targeted reduction of red-tape and municipal administrative processes times				
Coordination and Communication of LED Stakeholders	Develop a formal platform for frequent engagement between government officials and the business sector				
	Encourage the improvement of intergovernmental relations (all spheres of government, SOEs, NGOs and traditional authorities)				
Funding for LED implementation	Establish a help desk within the municipality to facilitate private sectors concerns via the provision of information and creating linkages between private sector and relevant national, provincial, district and local departments and state-owned enterprises				
	Compile a database of all potential funding sources for LED implementation				
Expansion and Development of Strategic Economic Infrastructure	Transportation Infrastructure Capacity and Maintenance (road, rail and air)			Package key LED projects and make applications for funding	
				Revitalisation of the Newcastle Airport (lobby with KZN Treasury in line with the KZN Regional Airports Strategy)	
				Need to regenerate rail line capacity for freight cargo	
			Upgrading the road infrastructure, with emphasis on the N11 and the R35		



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Strategy Focus	Strategic Goal	Strategic Programmes	Projects	
			Revitalisation of the rail line to support passenger transportation (a new dedicated passenger rail line linking key residential townships feeding into Newcastle)	
		Development of Bulk Services and Economic Zones	Encourage investment into development of an ICT Park	
			Solar power generation and cogeneration activities	
			Development of the Amajuba Hydroponic Techno Park / agricultural hub linked to Dube	
			Investigate the development of a Container terminal/Logistics Hub	
			Identification of Newcastle as an industrial Zone / Industrial Park Development	
			Horn river dam project	
			Ncandu River dam project	
			Roll-out of ICT infrastructure / Broadband project	
		Urban Renewal and Upgrading	Implementation of the Urban Renewal Programme in the Newcastle CBD	
			Landscaping and improvement of Madadeni CBD area	
			Landscaping and improvement of Osizweni CBD area	
			Western Urban Development Management Area	
		Access to Land, Sites and Buildings	Victoria mall extension	
			Undertake an assessment of current industrial land availability and develop a roll-out plan	
			Identification of vacant farms and development a plan for rehabilitation	
			Investigate development of a Newcastle Chinese Trading Mall	
			Madadeni CBD Mall	
		Effective support to the Informal Economy and Development of Small Enterprises	Vulintaba Golf estate	
			Petrol Filling Station at Kings Hotel	
			Assistance and Support (specifically in Madadeni and Osizweni)	Undertake an Informal Economy Strategy to identify key challenges and implement recommendations
			Establish a dedicated location for Informal Trade with supporting facilities	
			Ensure continuous engagement with Informal Committees to address constraints	
	Create a platform with SEDA to ensure support and information is reaching small enterprises			



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STRATEGY DEVELOPMENT AND IMPLEMENTATION PLAN (FINAL DRAFT)



Strategy Focus	Strategic Goal	Strategic Programmes	Projects
			Develop a package of potential funding sources and promote amongst small enterprises
		Development of Entrepreneurship and Innovation	Establish an annual Small Business Innovation Fair
			Engage with SEDA to identify potential interventions aimed at building entrepreneurship
		Value-chain Development and Local Procurement	Establish an online SMME and Cooperatives database and promote to large businesses
			Mainstreaming small enterprises through government tenders and procurement policies
			Identify business opportunities for cooperatives within the public sector in Newcastle
		Roll-out SMME publicity workshops to raise awareness	
	Ensuring effective education, skills and capacity development	Skills training and development	Facilitate an SMME business skills programme
			Facilitate an Entrepreneurship training and development programme
			Facilitate training for informal businesses
			Establish a Newcastle ICT Skills programme
		Specific Incubation Programmes	Development of a manufacturing incubator (with appropriate mentors)
			Encourage development of an ICT incubator (to possibly include a Software Engineer centre)
			Establish SMME incubation facilities
		Development of relationships between industry and SETAs and other tertiary and training institutions	Establish a platform for engagement on skills development and training among all stakeholders
			Engage with tertiary institutions and business to ensure programmes are aligned with industry demand
			Investigate the establishment of additional higher education institution

FINAL



5: IMPLEMENTATION FRAMEWORK

5.1. INSTITUTIONAL AND ORGANISATIONAL ARRANGEMENTS

Strategic Goal 4 deals specifically with improving the institutional and policy environment towards achieving effective LED. However, in order to ensure that institutional coordination and cooperation is operating optimally between stakeholders for the effective implementation of the strategic programmes and projects, the Strategy provides some guidelines in terms of roles and responsibilities and structures that are expected to enhance coordination.

The Municipal Systems Act provides guidelines to cooperation between local and district municipalities. Section 3(1) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides that municipalities must exercise their executive and legislative authority within the constitutional system of co-operative government envisaged in section 41 of the Constitution.

Section 88 of the Local Government: Municipal Structures Act, 1998 (Act 117 of 1998) states as follows:

- (1) A district municipality and the local municipalities within the area of that district municipality must co-operate with one another by assisting and supporting each other.
- (2) (a) A district municipality on request by a local municipality within its area may provide financial, technical and administrative support services to that local municipality to the extent that the district municipality has the capacity to provide those support services.
(b) A local municipality on request of a district municipality in whose area that local municipality falls may provide financial, technical and administrative support services to that district municipality to the extent that the local municipality has the capacity to provide those support services.
(c) A local municipality may provide financial, technical or administrative support services to another local municipality within the area of the same district municipality to the extent that it has the capacity to provide those support services, if the district municipality or that local municipality so requests.

The key implications of this Act are that Newcastle, in undertaking both planning and implementation of LED programmes and projects, can request financial, technical and administrative support and assistance from the ADM, and *visa versa*. Given that the local municipality requires specific services such as bulk water provision from the district, the success of this LED strategy will be largely reliant on close cooperation and coordination between the district and local municipality.

Furthermore, during the PGDS process, it emerged from assessments and engagements with KZN stakeholders that:



- At local government level, there is a need to continuously improve the quality of integrated planning, and to ensure that Government-related institutions/agents of delivery do work closely and collaboratively with local government, especially through structures and alignment processes at the district municipality level.
- The developmental approach of local government can only be strengthened by improving the institutional partnerships between municipalities and the social partners at the local level. There is therefore a need to support partnership-building. This requires the promotion of strong local development agencies which bring business and civil society on board with the district and local municipalities in promoting shared growth and development.

This highlights the importance of ensuring that the Newcastle Municipality work closely with the District and other key stakeholders in ensuring planning and implementation of LED projects and programmes, particularly through structures at a district level. This implies that the local municipality must ensure close cooperation with AFLED in terms of implementation of the projects identified within this strategy.

While the current LED unit has sufficient capacity to implement LED programmes, working on the assumption that all the recommended LED programmes and projects will be implemented, it will be necessary to train extra project managers who will effectively implement these programmes. In other words, the capacity of the unit needs to grow proportionally to the additional projects which need to be implemented. LED project managers will provide a critical part of accountability, while the LED programmes manager coordinates the project management portfolios.

In addition, implementation of the Newcastle LED Strategy is largely dependent on effective and efficient institutional coordination across all local, provincial and national departments; state-owned enterprises; private sector and organised business; civil society; and other non-government organisations. The Newcastle Local Municipality must therefore request assistance, where required, from the district and other key stakeholders as mentioned above. Key stakeholders that have been acknowledged as critical to the roll-out of the identified programmes and projects in Newcastle include:

- Local and District Municipal Departments (such as Technical Services, Development Planning, Economic Development, Housing, etc);
- Amajuba Forum for Local Economic Development (AFLED);
- Other District and Local Sectoral Forums;
- Local and District Political Leadership (Mayors and Municipal Managers);
- Provincial and National Departments (such as DTI; DEDT; DAEARD; DSD, DOE, DOH and DOT);
- State-Owned Enterprises and Organisations (such as Eskom, Transnet, SEDA, seta, TIKZN, iThala, ADA, KZN Growth Fund, and IDC);



- Business Chambers (Newcastle Chamber, Sakekamer, Chinese Chamber);
- Organised business (AFASA; Newcastle Clothing and Textile Association; Tourism organisations);
- Educational institutions (Majuba FET; Boston City Campus; other training colleges and centres);
- Traditional Authority Leadership (ITB);
- Civil Society Organisations.

Given that the Newcastle LED Strategy covers a range of projects that affect a variety of stakeholders within the municipality, participatory body is required to drive LED. Therefore, a **Newcastle LED Forum or Committee** is required with the purpose of pulling together the above mentioned key stakeholders to enhance coordination through the building relationships, discussing challenges to LED, identifying opportunities, and acting as a watch-dog in terms of LED implementation within Newcastle.

With regards to the activities of such a forum or committee, as identified in the previous LED Strategy (2007), when LED projects are to be initiated and implemented on a practical level, there are five core activities that must be adhered to. As these core activities remain relevant in the scope of reviewed LED, they are still applicable to the implementation of LED in Newcastle. It should be noted that these core activities are inter connected and are not separated from each other. These are the following:

- **Identification-** refers to those activities pertaining to the identification of potential projects and opportunities that can be developed in the local economy and is the first step of the LED.
- **Defining Approach** –refers to the process of specifically defining the project and implies the actual formulation of business plans.
- **Marketing** – refers to place marketing as well as the marketing of specific products or services produced by the respective projects
- **Funding-** refers to the acquisition of finances for the implementation and development of projects.
- **Implementation-** refers to the culmination of the preceding activities resulting in the identified opportunities being put into action.

5.2. MONITORING AND EVALUATION FRAMEWORK

Monitoring and evaluation is a critical function of the LED process. Without proper examination of the work undertaken, programmes initiated and projects funded, there can be no understanding of what has been successfully implemented. The source of LED projects can vary between the public and private sector, and therefore, the LED Unit must ensure that they play a facilitative role in cases where there is an external project implementer, and take the role of project implementer for projects identified and implemented internally.



The ADM must be included in all relevant projects and therefore the District is omitted from the framework below. It is however suggested that the entire roll-out of the Newcastle LED be undertaken in cooperation with the district to ensure alignment to the District LED (as potential synergies exist), to assist in the identification of funding, sharing of skills and capacity, and to ensure close coordination with provincial and national departments.

In all cases however, projects should be monitored and evaluated by the Newcastle LED Unit according to the framework presented below on the following pages:

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Strategy Focus	Strategic Goal	Strategic Programmes	Projects	Time-Frame	Lead Responsibility	Support Stakeholders	Indicators
Sector Specific	Expansion and Diversification of the Agricultural Sector	Commodity Development and Agri-Processing	Four Gardening projects	Short-term	Newcastle	DAEARD; AFASA	Gardening projects established
			Mushroom farming	Short-term	Newcastle	DAEARD; AFASA	Mushroom farms established
			Abattoir expansion	Medium-term	Newcastle	DAEARD; DEDT; ADA; Pvt Sector	Abattoir expansion completed
			Spinach production Project	Short-term	Newcastle	DAEARD; AFASA	Spinach project implemented
			Amajuba meat Deboning project	Medium-term	Amajuba	DAEARD; DEDT; ADA; Pvt Sector	Meat deboning plant established
			Sugar beet project	Short-term	Newcastle	DAEARD; AFASA	Sugar beet production underway
			Fernwood Hydroponics and Chicken project	Short-term	Newcastle	DAEARD; DEDT; ADA; Pvt Sector	Fernwood projects implemented
			Re-starting the biodiesel project	Short-term	Newcastle	DAEARD; DEDT; Pvt Sector	Litres of bio-diesel produced
			Expansion of livestock production to support meat processing	Medium-term	Newcastle	DAEARD; ADA; Pvt Sector	Growth in livestock production
			Investigation into aqua-culture potential	Long-term	Newcastle	DAEARD; Pvt Sector	Investigation undertaken
		Promotion of Urban Agriculture in the Denser Urban Settlements	Nursery Projects (Madadeni and Newcastle)	Short-term	Newcastle	DAEARD; ADA; Pvt Sector	Nurseries established
			Bakery project in Madadeni	Short-term	Newcastle	DEDT	Bakery project implemented
			Establishment of the hydroponic tunnel project	Medium-term	Newcastle	DAEARD; ADA; Pvt Sector	Hydroponic tunnels operating
		Emerging and Small-Scale Farmer Development and Assistance	Identification of commercial farmers to provide SMME mentorships and internships	Short-term	Newcastle	Pvt Sector; seta	No of mentorships and internships underway
			Identification and support of out-grower schemes	Short-term	Newcastle	Pvt Sector; DAEARD	No of out-grower schemes
			Identification of potential funding for small-scale farmers	Short-term	Newcastle	DAEARD	No of small-scale farmers provided with funding
			Implementation of the tunnels programme	Short-term	Newcastle	DAEARD; ADA	No of tunnels established
			Green beans project in Ingogo and Zuka	Short-term	Newcastle	DAEARD; AFASA	Green bean projects implemented
			Support for establishment of the Ingogo Fresh Produce market	Medium-term	Newcastle	DAEARD; DEDT; Pvt Sector	Fresh produce market established
		Expansion and Diversification of the Manufacturing Sector	Industry Development	Shenlinda Chemical factory	Short-term	Newcastle	Pvt Sector
	Establishment of new furniture manufacturing			Medium-term	Newcastle	DEDT; DTI; Pvt Sector	Growth in the furniture production
	Laundry project in Madadeni			Short-term	Newcastle	DEDT; Pvt Sector	Laundry project implemented
	Promote the local manufacture of construction materials (including brick manufacturing)			Medium-term	Newcastle	DEDT; DTI; Pvt Sector	Growth in construction material production



Strategy Focus	Strategic Goal	Strategic Programmes	Projects	Time-Frame	Lead Responsibility	Support Stakeholders	Indicators	
			Livestock (pig/cow) abattoirs and processing plant	Medium-term	Newcastle	DAEARD; DEDT; Pvt Sector	No of abattoirs established; Growth in livestock production	
		Strategic Support and Assistance to Industry	Assistance and support to the textile industry, particularly throughout with regards to bargaining council negotiations	Short-term	Newcastle	DEDT; DTI	No of textile manufacturers assisted and retained	
			Support expansion of the plastics industry through close interaction with key stakeholders	Short-term	Newcastle	DEDT; DTI; Pvt Sector	Growth in plastic production	
			Support the Dicks Cluster project	Short-term	Newcastle	DEDT; DTI; Pvt Sector	Cluster project implemented	
			Support the Lanxess Expansion project	Short-term	Lanxess	Newcastle	Lanxess expansion completed	
			Promote and support establishment of manufacturing within the 'green' industries	Medium-term	Newcastle	DEDT; DTI; Pvt Sector	No of new manufacturers established	
			Support the ArcelorMittal Steel Expansion Programme	Short-term	ArcelorMittal	Newcastle	Expansion programme completed	
			SMME Participation within the Manufacturing Sector	Identification of opportunities for SMME integration into the manufacturing sector	Short-term	Newcastle	DEDT; DTI; Pvt Sector	No of SMME's integrated into the manufacturing sector
		Assist SMME's in packaging funding applications for manufacturing opportunities with SEDA		Short-term	Newcastle	SEDA; Pvt Sector	No of SMME's that received assistance and funding	
		Identification of potential apprenticeships and internship opportunities within the Manufacturing sector		Medium-term	Newcastle	Pvt Sector	No of apprenticeships and internships provided	
		Manufacturing Sector Policy and Planning	Develop a Manufacturing Sector Expansion Plan (including a clear vision)	Short-term	Newcastle	DEDT	Manufacturing Sector Plan completed	
			Identify, promote and assist manufactures in accessing National Incentives available (particularly for new technology and energy efficiency)	Short-term	Newcastle	DTI	No of manufacturers that received incentives through assistance	
			Establish a beneficiation-industries incentives scheme (including local incentives such as rebates where possible)	Medium-term	Newcastle	DTI	Beneficiation-industry incentive scheme developed	
			Identification of future potential industrial nodes	Short-term	Newcastle	DEDT; Pvt Sector	Industrial node assessment undertaken	
		Development and Support for the Tourism Sector	Diversification of Tourism Attractions and Activities	Development of the Battlefields as part of the Amajuba Tourism Route (including cultural tourism)	Short-term	Newcastle	DEDT; Pvt Sector	No of new tourists visiting the Battlefields
				Action plan and funding to support establishment of business tourism and event tourism (particularly Sport Tourism)	Short-term	Newcastle	DEDT; KZN Tourism; Pvt Sector	Action plan developed



Strategy Focus	Strategic Goal	Strategic Programmes	Projects	Time-Frame	Lead Responsibility	Support Stakeholders	Indicators
			Development of opportunities along the MR483 Corridor linking the Newcastle CBD to Madadeni and Osizweni;	Medium-term	Newcastle	DEDT; KZN Tourism; Pvt Sector	No of new opportunities identified and developed
			Promote the development of Avi-Tourism (birding)	Medium-term	Newcastle	DEDT; KZN Tourism; Pvt Sector	No of new Avi-tourism visitors and events established
			Development of Ncandu River Dam Tourism	Long-term	Newcastle	DEDT; KZN Tourism; Pvt Sector	No of new dam activities and facilities established
		SMME Participation within the Tourism Sector	Continue support for the Tourism Ambassador Programme and create linkages with established operators	Short-term	Newcastle	Pvt Sector	No of applicants trained; No of jobs created through this programme
			Provide Tour Guide and Site Management Training	On-going	Newcastle	KZN Tourism; Pvt Sector	No of applicants that received tour guide and site management training
			Identification of potential funding for Tourism start-ups	Short-term	Newcastle	KZN Tourism; Pvt Sector	No of tourism start-ups that accessed funding through assistance
		Institutional Support and Policy Development	Roll-out of a Newcastle Tourism Strategy aligned to the Amajuba Tourism Strategy	Short-term	Newcastle	DEDT	Newcastle Tourism Strategy developed
			Implementation of strategic projects identified for Newcastle within the Amajuba Tourism Strategy	Short-term	Newcastle	DEDT; Pvt Sector	No of projects identified that are implemented
			Identification and lobbying for funding for new tourism infrastructure and maintenance and upgrades	On-going	Newcastle	DEDT; Pvt Sector	Amount of new funding received
			Ensure continuous tourism research within the LED department	On-going	Newcastle	DEDT; Pvt Sector	No of new research articles developed
			Investigate establishment of a Community Tourism Organisation and Newcastle Tourism Forum	Short-term	Newcastle	Pvt Sector	CTO and Tourism Forum established
		Information, Marketing and Promotion	Tourism signage development	Short-term	Newcastle	Pvt Sector	Percentage of required signage established
			Relocate and refurbish the tourism info centre in Newcastle, with satellite stations at waterside Wimpy and shopping malls	Medium-term	Newcastle	DEDT; KZN Tourism	New Tourism centre and satellite stations established
			Municipal Information Access point	Medium-term	Newcastle	DEDT; KZN Tourism	Municipal information point established
		Cross-Cutting	Improving the Institutional and Policy Environment Towards	Investment Promotion and Attraction	Support development of an Amajuba Investment Promotion and Facilitation Strategy (underway with DEDT) with a focus on Newcastle	Short-term	Newcastle
Improve current investment promotion and facilitation capacity	On-going				Newcastle	TIKZN	No of new investors assisted and attracted



Strategy Focus	Strategic Goal	Strategic Programmes	Projects	Time-Frame	Lead Responsibility	Support Stakeholders	Indicators
	Effective LED		Packaging of available incentives to stimulate investment into key sectors	Short-term	Newcastle	TIKZN; DTI	Package of incentives developed and promoted
		Business Retention and Expansion	Undertake quarterly assessment of the 10 key industrialists to assess Business Confidence	On-going	Newcastle	Pvt Sector	4 assessments undertaken annually
			Roll-out of a Business Retention and Expansion Programme	On-going	Newcastle	DEDT; Pvt Sector	BR&E programme developed
			Targeted reduction of red-tape and municipal administrative processes times	On-going	Newcastle	-	BR&E programme outputs to determine perceived reduction in red-tape and admin processes
		Coordination and Communication of LED Stakeholders	Develop a formal platform for frequent engagement between government officials and the business sector	Short-term	Newcastle	Business Chambers	LED Forum established
			Encourage the improvement of intergovernmental relations (all spheres of government, SOEs, NGOs and traditional authorities)	On-going	Newcastle	National & Provincial Gvt; SOE's; NGOs; ITB	Attendance rate of all expected stakeholders at key interactions
			Establish a help desk within the municipality to facilitate private sectors concerns via the provision of information and creating linkages between private sector and relevant national, provincial, district and local departments and state-owned enterprises	Short-term	Newcastle	Pvt Sector	Help desk established; Improved business perception (BR&E programme to determine this)
		Funding for LED implementation	Compile a database of all potential funding sources for LED implementation	Short-term	Newcastle	KZN Treasury	Database of LED funding sources developed
			Package key LED projects and make applications for funding	On-going	Newcastle	-	No of projects packaged; No of successful funding applications
		Expansion and Development of Strategic Economic Infrastructure	Transportation Infrastructure Capacity and Maintenance (road, rail and air)	Revitalisation of the Newcastle Airport (lobby with KZN Treasury in line with the KZN Regional Airports Strategy)	Long-term	Newcastle	KZN Treasury
	Need to regenerate rail line capacity for freight cargo			Long-term	Newcastle	Transnet; Pvt Sector	Key identified rail lines upgraded
	Upgrading the road infrastructure, with emphasis on the N11 and the R35			Medium-term	Newcastle	DOT; SANRAL	Kilometres of identified roads upgraded
	Revitalisation of the rail line to support passenger transportation (a new dedicated passenger rail line linking key residential townships feeding into Newcastle)			Long-term	Newcastle	PRASA	Increase in the number of passengers using rail
	Development of Bulk Services		Encourage investment into development of an ICT Park	Long-term	Newcastle	TIKZN; DEDT; DST	ICT park established



Strategy Focus	Strategic Goal	Strategic Programmes	Projects	Time-Frame	Lead Responsibility	Support Stakeholders	Indicators	
		and Economic Zones	Solar power generation and cogeneration activities	Medium-term	Newcastle	DEDT; DST; DTI; Pvt Sector	MW of energy produced through solar and co-generation	
			Development of the Amajuba Hydroponic Techno Park / agricultural hub linked to Dube	Medium-term	Newcastle	DEDT; DAEARD; DTP	Hydroponic Techno Park established; Output of produce passing through Dube Tradeport for export	
			Investigate the development of a Container terminal/Logistics Hub	Short-term	Newcastle	DEDT; Transnet; DOT; DTI	Investigation undertaken; action plan developed	
			Identification of Newcastle as an industrial Zone / Industrial Park Development	Medium-term	Newcastle	DEDT; DTI; Pvt Sector	Research produced and motivation report submitted to the DTI	
			Horn river dam project	Long-term	Newcastle	DWA	Horn River Dam project completed	
			Ncandu River dam project	Long-term	Newcastle	DWA	Ncandu River Dam project completed	
			Roll-out of ICT infrastructure / Broadband project	Long-term	Newcastle	DEDT; DST; Telkom; Pvt Sector	Percentage of broadband coverage in Newcastle	
		Urban Renewal and Upgrading	Implementation of the Urban Renewal Programme in the Newcastle CBD	Short-term	Newcastle	DOT; DPW	Urban renewal programme completed	
			Landscaping and improvement of Madadeni CBD area	Short-term	Newcastle	DOT; DPW	Madadeni CBD upgrade complete	
			Landscaping and improvement of Osizweni CBD area	Short-term	Newcastle	DOT; DPW	Osizweni CBD upgrade complete	
			Western Urban Development Management Area	Medium-term	Newcastle	DOT; DPW	Western Urban Development completed	
			Victoria mall extension	Medium-term	Newcastle	Pvt Sector	Victoria Mall extension complete	
		Access to Land, Sites and Buildings	Undertake an assessment of current industrial land availability and develop a roll-out plan	Short-term	Newcastle	DEDT	Industrial land assessment completed; action plan developed	
			Identification of vacant farms and development a plan for rehabilitation	Medium-term	Newcastle	DAEARD; Pvt Sector; AFASA	No of vacant farms identified and rehabilitated	
			Investigate development of a Newcastle Chinese Trading Mall	Medium-term	Newcastle	Chinese Chamber	Chinese trading mall investigation completed	
			Madadeni CBD Mall	Short-term	Newcastle	DEDT; Pvt Sector	Madadeni Mall developed	
			Vulintaba Golf estate	Medium-term	Newcastle	Pvt Sector	Vulintabe Golf Estate established	
			Petrol Filling Station at Kings Hotel	Medium-term	Newcastle	Pvt Sector	Filling station developed	
		Effective support to the	Assistance and Support	Undertake an Informal Economy Strategy to identify key challenges and implement	Short-term	Newcastle	DEDT; Informal Trader Committees	Informal Economy Strategy completed; Implementation plan initiated



Strategy Focus	Strategic Goal	Strategic Programmes	Projects	Time-Frame	Lead Responsibility	Support Stakeholders	Indicators
	Informal Economy and Development of Small Enterprises	(specifically in Madadeni and Osizweni)	recommendations				
			Establish a dedicated location for Informal Trade with supporting facilities	Medium-term	Newcastle	DEDT; Informal Trader Committees	Informal Trade facility developed
			Ensure continuous engagement with Informal Committees to address constraints	On-going	Newcastle	Informal Trader Committees	Minutes for informal committee meetings
			Create a platform with SEDA to ensure support and information is reaching small enterprises	Short-term	Newcastle	SEDA	Platform for engagement established
			Develop a package of potential funding sources and promote amongst small enterprises	Short-term	Newcastle	SEDA	Package of funding sources developed; No of small enterprises that received funding through assistance
		Development of Entrepreneurship and Innovation	Establish and annual Small Business Innovation Fair	Short-term	Newcastle	DEDT; DST	Annual Small Business Innovation Fair established
			Engage with SEDA to identify potential interventions aimed at building entrepreneurship	Short-term	Newcastle	SEDA	No of new entrepreneurship interventions implemented; No of new SMME's established through this programme
		Value-chain Development and Local Procurement	Establish an online SMME and Cooperatives database and promote to large businesses	Short-term	Newcastle	Pvt Sector & Chambers	SMME and Cooperative Database established; No of SMME's and Cooperatives that received contracts with large business
			Mainstreaming small enterprises through government tenders and procurement policies	On-going	Newcastle	EPWP; Pvt Sector	No of contracts signed with small enterprises for public works
			Identify business opportunities for cooperatives within the public sector in Newcastle	On-going	Newcastle	DEDT	Value of business provided to cooperatives
	Roll-out SMME publicity workshops to raise awareness		Short-term	Newcastle	SEDA; DEDT	No of publicity workshops completed	
	Ensuring effective education, skills and capacity development	Skills training and development	Facilitate an SMME business skills programme	Short-term	Newcastle	Seta; SEDA DEDT; Tertiary Education Institutes	No of SMME's that received training through the business skills programme
			Facilitate an Entrepreneurship training and development programme	Short-term	Newcastle	Seta; SEDA DEDT; Tertiary Education Institutes	No of individuals that received training through the Entrepreneurship programme
			Facilitate training for informal businesses	Short-term	Newcastle	Seta; DEDT	No of informal traders that received training
			Establish a Newcastle ICT Skills programme	Short-term	Newcastle	Seta; SEDA; DST; DEDT	Number of individuals that received ICT skills training



Strategy Focus	Strategic Goal	Strategic Programmes	Projects	Time-Frame	Lead Responsibility	Support Stakeholders	Indicators
		Specific Incubation Programmes	Development of a manufacturing incubator (with appropriate mentors)	Medium-term	Newcastle	DEDT; DTI; Seta; Pvt Sector	Manufacturing incubator established; no of individuals that received training
			Encourage development of an ICT incubator (to possibly include a Software Engineer centre)	Medium-term	Newcastle	DEDT; DST; DTI; Seta; Pvt Sector	ICT incubator established; no of individuals that received training
			Establish SMME incubation facilities	Short-term	Newcastle	DEDT; SEDA; Seta; Pvt Sector	SMME incubator established; no of SMME's that received training
		Development of relationships between industry and SETAs and other tertiary and training institutions	Establish a platform for engagement on skills development and training among all stakeholders	Short-term	Newcastle	DEDT; Seta; Pvt Sector; Tertiary Education Institutions	Platform established; Minutes from enegements
			Engage with tertiary institutions and business to ensure programmes are aligned with industry demand	On-going	Newcastle	Tertiary Education Institutions	No of engagements completed; minutes from engagements
			Investigate the establishment of additional higher education institution	Medium-term	Newcastle	DOE; DHE; Tertiary Education Institutions	Investigation undertaken

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