



Report on the Progressive Business Forum Mini-Economic Summit, 25 February 2016



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1. Background and objective of the Mini-Economic Summit

A Mini-Economic Summit focussing on development in the eThekweni Municipality was hosted by the Progressive Business Forum (PBF) at Coastlands uMhlanga Hotel, Durban, on 25 February 2016.

The PBF is the business programme of the African National Congress with the objective of promoting honest, frank and open dialogue between the business community of South Africa and the movement, as the primary policy developer of South Africa. The discussion was facilitated by Daryl Swanepoel, PBF convenor.

The meeting was attended by the Deputy Minister of Police, Hon. Maggie Sotyu; the Deputy Minister of Tourism, Hon. Thokizile Xasa; Councillor Logie Naidoo of the eThekweni Municipality; Sadha Naidoo, the Chair of KZN Tourism; members of the Progressive Business Forum; members of the business community; as well as representatives of interest groups.

2. Summary of Councillor Logie Naidoo's input

The vision we as a council have for our beautiful city is based first on the fact that, in the latest survey of quality of life by Mercer, the City of Durban was placed 82 of out 430 cities in the world, ahead of both Cape Town and Johannesburg, and second in Africa. In addition, after 16 years, eThekweni Municipality has received its first clean audit, one of only two metros to achieve this.

However, this municipality also faces the challenges of poverty, unemployment and inequality, and action is being taken to reverse this in the form of several developments. These developments offer opportunities for investment by local, national and international businesses and include residential, industrial, retail and tourism developments across the entire metro.

Areas to be developed for housing, retail and industry are Cornubia, Montclair, Bridge City, Clairwood Logistics Park, KwaDebeka, and Umlazi, while the Westwood and Pavilion Malls are being extended. Development will also take place in the CBD, around the Durban Exhibition Centre and the International Conference Centre, with extensions including a library, concert chamber, intermural facility and even inner-city housing. Urban renewal projects are also planned around the King Edward Hospital and Montclair, and Rivertown.

In terms of transport, around Warwick Junction, the busiest commuter node in the country, an economic hub is to be developed with Transnet, including a mall and informal trading opportunities. Furthermore, the planned Rapid Bus Transport system, Go Durban, will be a 24-hour transportation system aimed to reduce reliance on private vehicles, and offer safe and reliable public transport to reduce our carbon footprint in terms of emissions.

Development continues around the airport at Dube Tradeport, with terminals for time critical projects, amongst others planned. Virginia Airport is to be closed and relocated to the south of Durban, and the existing land redeveloped. To ease congestion around the harbour, Keystone Drive Port is envisaged where truckers can wait until equipment facilities are ready at the harbour.

In terms of tourism, Point Waterfront will be a development from uShaka Marine World along the beach, with high-rise hotels and a pier for cruise liners to be developed. Tsogo Sun, Suncoast Casino, and the Beverly Hills Hotel are all being extended, along with Ocean Development in uMhlanga. Sports tourism will get a boost with Durban hosting the 2022 Commonwealth Games, with development planned around the Durban Country Club and Moses Mabhida stadium.

eThekweni has a very conducive environment for economic growth, and encourages continued investment.

3. Summary of the Deputy Minister of Police's input

The South African Police Service is currently being transformed into a professional, service-delivery orientated department as per the National Development Plan (NDP). However, this transformation cannot take place without the involvement of and networking with credible stakeholders. In fact, one of the fundamental pillars of the police's crime prevention and crime fighting approach is premised on strengthening partnerships with all critical stakeholders and sectors, including labour, business and international communities, particularly the BRICS and African countries. Events such as this Mini-Economic Summit provide government with the impetus and vigour to explore more innovative ways to partner, coordinate and integrate our efforts. Fighting and preventing crime necessitates local, national and international solidarity.

The role of the police in terms of the South African economy cannot be ignored: for example, without the commitment to a secure investment environment, foreign investment in South Africa will not take place. Conversely, without the ANC government's commitment to address the acute socio-economic disparities that continue to beleaguer our country, crime will continue.

Both professional and petty criminals trample on South Africa's economic development ethos, which aims to grow the economy, create employment, and sustain and secure the country's development. Crime has grown increasingly sophisticated and sophisticated tools and resources are needed to fight it. One tool that is being revived is the redevelopment of specialised policing units, for instance, to focus on gangsterism and firearms, which will be located in the Hawks, as the priority crimes division of the SAPS.

A first form of crime that challenges economic development in South Africa is that of cable theft. South Africa is losing around R70 billion annually as a result. Furthermore, these cables are being exported illegally, which implies a further challenge in terms of border policing. Border management programmes need to be underpinned by strong, credible, bilateral relations to prevent these and other cross-border crimes, including drug and human trafficking.

Another challenge to security is the proliferation of unlicensed firearms. One source of these is the security industry, while another is firearm dealers. South Africa is host to one of the largest and most sophisticated private security industries in the world. This industry is regulated via the Private Security Industry Regulatory Authority (PSIRA), which requires all such companies to register with it and ensure registration of all firearms. This is in line with the UN initiative to reduce the global security threat posed by unlawful private security companies. Unfortunately, unregistered companies and individuals possess firearms which are often unregistered and unregulated, as are those sold by illegal firearm dealers.

Illegal weapons are often used for crimes including hijacking and murder, where 50% of gun crimes are perpetrated using illegal firearms. A specialised policing unit focussing on the escalating use of illegal firearms is being planned.

The mining sector is a further area needing police, labour and business integration. On the one hand, the Marikana tragedy and the subsequent Farlam Commission's recommendations have spurred on the transformation of the police force. On the other hand, illegal mining remains a major economic challenge, with the perpetrators being sophisticated, organised criminals. Policing results in mineworkers being arrested in illegal mines, but those behind the activity are elusive. Further training is needed to improve the police's capability to police mines. The Ministry of Police are supporting government initiatives in this regard, including the Mine Crime Combatting Forum, under the auspices of the Framework Agreement for a Sustainable Mining Industry launched in 2014 by organised labour, business and government.

As mentioned, the police force can be transformed and strengthened through such government initiatives, bilaterals and the sharing of benchmarks. One example is the building of best practice in the field of forensics and training forensic scientists, where local scientists have gone abroad for training, and by recruiting experienced international resources. Another is the improvement of police officers' living and working conditions through benchmarking with international services. Then, there is the development of mobile police stations, where the business sector is called on to partner the police. Often, town planning in developments by municipalities fails to take into account the need for police stations. Each province will now be required to identify hotspots where police stations are essential and can be built, which can then be taken into account in building development. However, because the land acquisition and building process can take more than 5 to 10 years, mobile police stations placed within communities are the answer. Evidence shows that non-availability of police stations is a factor in the increase in crime, particularly gangsterism.

Working together, it will be possible to achieve the strategic objective of a crime-free South Africa.

4. Summary of the Deputy Minister of Tourism's input

The National Development Plan (NDP) is the ANC government's vision for South Africa's economic growth. This plan aims to reduce inequality, unemployment and poverty in South Africa through growing production, income and employment. Every sector of South Africa has a responsibility to contribute to the economy of our country. However, tourism has been identified as one of the six key growth sectors.

The tourism sector can make a major economic contribution as there are many opportunities for economic growth and investment in both leisure and business tourism, both locally and globally. However, this will rely on a positive and committed relationship between business, the community and government. There are already examples of the success collaboration can bring about on a global stage, despite the poor international economy. By the end of 2015, foreign investors had invested more than R6 billion in South Africa, contributing to economic growth and increasing stability. Global relationships are being developed with China and Iran, for example, while Africa presents many opportunities for growth.

Specifically, the Department of Tourism is focussing on marketing strategies, as well as a Tourism Incentive Programme, which has identified three business support programmes. One aspect of these programmes is giving access and support to businesses, including SMMEs, to attend international trade fairs and the Tourism Indaba.

Another aspect is so-called Greater Encounter Tourism, which grades tourism destinations, accommodation, etc. so as to guarantee service excellence and value for money to tourists. A third focus is on energy efficiency, for example, by encouraging retrofitting and facilitating enhancement of strategic and iconic attractions in terms of operational sustainability. Another programme supports skills development and internships, including for chefs, sommeliers and those involved in food safety assurance, which is already being rolled out across all nine provinces.

Stakeholder campaigns are also a focus of the Department, including a development programme and bursaries for women executives in order to redress the gender imbalance. Similarly, a black ownership target is set at 30% and continues to grow.

The future of tourism in South Africa is a positive and growing, and all stakeholders are called to be part of this growth.

5. Discussion

5.1 The Department of Police

(a) Crime

Questions:

- Is it true that crimes involving car theft in particular are aimed at a cross-border market, and what are the police doing to stop this?
- Are there plans for specialised unit on cybercrime, including 419 scams?

Responses:

The proposed Border Management Agency, which is awaiting approval from parliament, will be a multi-disciplinary agency constituted by Police, Home Affairs, SARS, and Agriculture, tasked with border management. At the moment, the SADF and police are active along borders and do confiscate many stolen cars, while Interpol are active in bordering countries.

A new unit has been established within the Directorate for Priority Crimes to deal with financial and cybercrime.

(b) The security industry

Questions:

- How can business and the security industry in particular be encouraged to serve on Community Police Forums?
- What are the requirements for the registration of a security company apart from a PSIRA certificate? How are these requirements enforced?
- What strategies are in place to require government departments and parastatals to use registered security companies?

Responses:

Registration with the PSIRA is necessary, but a series of conditions also have to be fulfilled before security companies can be licensed. These conditions are set out by the PSIRA and include the requirement of 51% South African ownership. However, a Private Security Authority Act is being discussed, which will also deal with legitimising security companies.

Government is required to use registered security companies; unfortunately, some companies employ unregistered personnel or illegal immigrants, which can lead to incidents. To avoid this, a project is being rolled out whereby former police reservists are being trained to become government security guards under the Public Service Act. So far, 3200 guards have been deployed to guard government institutions including hospitals, prisons and some schools.

5.2 The tourism sector

(a) Transformation

Questions:

- Why is the pace of transformation in the tourist sector so slow, particularly regarding gender, rural areas, and religious and cultural tourism?

Responses:

The National Tourism Sector Strategy was implemented in 2010 with a focus on niche markets, which offer new opportunities for tourism. Nonetheless, transformation requires continual work, which is why the programmes discussed earlier are in place.

The current focus in tourism is on coastal areas as part of the government's nine point plan which includes the ocean economy. Thus, harbours, boat construction and fishing infrastructure are being developed; tourism can come alongside these developments, particularly adventure tourism.

However, this does not mean that other areas of tourism are neglected. In Cape Town, for example, so-called Halaal Tourism is aimed at the relevant market; this could be an opportunity for Durban as well. National government will assist provinces and municipalities in packaging tourist opportunities, but local initiatives are required as well.

(b) The new visa regime

Questions:

- How successful has the implementation of the new visa regime been?

Response:

The new visa regime is important in meeting international protocols and has the aim of increasing safety and security to benefit all South Africans. One particular focus is illegal immigration and human trafficking. Unfortunately, there is a common negative attitude towards the visa regime, which fails to take these reasons into account, and the benefit they will have for the economy in general and tourism specifically.

The Department of Tourism is working closely with the Department of Home Affairs and certain requirements (such as unabridged birth certificates) have been adjusted. There are also dispensations for BRIC countries, with which South Africa has a special relationship.

5.3 Infrastructure development in KZN

Questions:

- Are there any plans for the development of a cultural precinct in the eThekweni municipality?
- How has security been considered in the proposed developments in eThekweni?
- What role can the eThekweni municipality play in providing accommodation to students, including by partnering with the private sector?

Responses:

The development plan for entire promenade area and Victoria Embankment aims to create a tourist-friendly, pedestrian track, including a craft precinct and small craft harbour. The Point Waterfront area is also being developed and expanded to include such facilities.

The security model for these developments was inspired by the success on the Durban beachfront, where additional lighting, CCTV cameras and police on the beat have reduced crime and consequently increased leisure use of the area. For instance, the uMhlanga beachfront has been declared an Urban Improvement Precinct (UIP), funded by a percentage of rates paid.

The UIP is then responsible for managing the precinct regarding cleanliness, security, upgrades and environmental issues. In suburban areas, Community Police Forums and neighbourhood watch schemes are encouraged to take responsibility for security and reduce the burden on the SAPS.

Although the municipality has been approached by universities regarding student accommodation, this is not its mandate except in terms of planning approvals. Instead, the focus is on providing housing for the people of eThekweni, with its concomitant challenges of lack of funding and other restrictions via the Municipal Finance Act.

6. Concluding observations

For economic growth to continue in eThekweni, partnerships are needed between local government, business, police and the communities themselves. Such relationships will allow the City of Durban to continue to offer its residents an excellent quality of life, and to improve the lives of those who remain challenged by inequality, poverty, and unemployment.