



Durban Delivers

Volume 4, 2015

Durban's ALL HITS

- **A**ward winning City
- **L**ifestyle of Business & Pleasure, *together*
- **L**arger HR Pool & Skills Development
- **H**igher Economic Growth Rates
- **I**nfrastructure Leader
- **T**ourism Crown
- **S**ustainable, diversified Business base



7 Advantages to Business in Durban - ALL HITS:

Durban's Super 7 are the seven key reasons Durban is attractive to Business & Leisure visitors. The acronym, '**ALL HITS**' has been coined for easy recall.

1. Award winning City. We have the best run and financially strongest local government on the continent. Awards are bestowed through the likes of MasterCard, New York Times, CNN, National Geographic, U.N. & others. International credit rating agencies give us AA-(long) & A1+(short) ratings off an annual budget of approximately \$3Bn US Dollars or R35Bn p.a. Amongst many other business enablers, we have a large fibre optic system to also really make Durban *THE* Smart City of Africa! We are the biggest and busiest City in the province of KwaZulu-Natal; a core BRICS City where partnerships for development, integration and industrialisation begin.

2. Lifestyle of business, sports and event pleasure together. This is *THE* place to live, work *and* play. We are blessed with a truly sustainable lifestyle, sporting events and sense of business pleasure. The emphasis for us is on the word '*together*', it's the two complementary halves in each of us which is reflected in our City: the business or career half and also the social, sporting and lifestyle-family side.

3. Larger Human Resources base. At the heart of one of SA's most populace Provinces (KZN), we have large pools of skilled, semi-skilled and unskilled labour, plus some of the best and fastest skills development taking place amongst our 3,6M cosmopolitan population. For E.g., we have Africa's 2nd largest direct contact University based in Durban, the University of KwaZulu-Natal, with over 40,000 direct contact tertiary students of African, Asian, European & Middle Eastern decent. The Metro Municipality alone employs more than 23 000 skilled individuals.

4. Higher growth rates. Our economic growth rates are higher than the country's average, and that of many other major centres. We're targeting in the realistic range of 5%+ again, which has been enjoyed in the past, & as a globalized Metro Port City the "tide is in our favour". This impacts positively on Business Confidence Levels, fixed capital formation, etc. As most analysts would observe, "the growth trend is *our* friend" in Durban.

5. Infrastructure Leader. We have the continent's leading infrastructure base. This includes virtual infrastructure like globalised financial services, & our physical infrastructure. Durban has the most award winning electricity distribution on the continent, a vast roads network, world class water treatment & supply base, & telecomm's via our City owned fibre optic networks. We have reasonable amounts of available vacant land at realistic prices across our 2 300 km² City. As a BRICS City, we are South Africa's gateway to the BRICS Grouping. At our infrastructure heart, Durban leads



the sub-continent in terms of port infrastructure, with Sub-Saharan Africa's busiest harbour, plus the expanding King Shaka International Airport & Dube Trade Port Aerotropolis development node.

6. Tourism Crown. Durban is the largest domestic tourism destination in South Africa, plus we have concrete projects in place to become one of the largest international tourism destinations. This is done through an 'event-led' tourism drive across both business and pleasure tourism. Our International Convention Centre is rated by global associations as Africa's best convention centre for over a decade. On the leisure front, we have successfully hosted high profile events such as the FIFA 2010 Soccer World Cup event, with associated infrastructure upgrades (R15Bn+.), the UN COP17 Climate Conference, the International Olympic Committee Awards Conference, BRICS Global Summit, etc. We are presently SA's sole bid city for the 2022 Commonwealth Games, plus possibly the Olympics (1st in Africa).

7. Substantial, & most Sustainable diversified business base already in place across the primary, secondary and tertiary sectors. It's a case of functional magnetism with companies benefitting from synergistic location, at scale. Over 65% of the Province's GGP is produced in Durban, and the Durban Chamber of Commerce is the oldest & largest Metro Chamber nationally. Business is clustered around the manufacturing, tourism, services, ICT, maritime & logistics, plus agri-industries. Having the second largest concentrated business & industrial base in SA provides many options for suppliers, support services, customers, and employees - all important factors of production.

Rich Past, Present & Future:

Maritime & Logistics

Manufacturing

Agri-Business

Tourism

Property Development

ICT & Electronics

Green Economy



A Sector for everyone: Past, Present & Future

The current Durban Investment Dashboard for the City of Durban catalogues over 65 active "Flagship Projects", with a cumulative value in excess of R620bn. These have the potential to produce over 600k permanent jobs, and over R8Bn in new Rates revenue for the Municipality. Certain key sectors inspiring confidence are as follows:

Maritime & Logistics

- At the heart of Durban's foundations from the year 1497 & still central for hundreds of years to come
- One of the largest container, break bulk & auto's Ports in the Southern Hemisphere
- SIP 2 (Strategic Infra. Prog) "Durban-Free State-Gauteng Logistics & Industrial Dev Corridor" is providing infr. co-ordination & Business opportunities in the Billions, e.g. Port expansions, Inland Hubs, new road, rail, pipeline & terminal investments, logistics pricing & efficiency improvements, etc
- Very successful private sector co's headquartered in Durban such as the Grindrod Group, MSC (Mediterranean Shipping), City Couriers Group, & Shree Prop, plus multinationals like DB Schenker at Dube Trade Port, are all continuing to make significant investments for the future of our region.

Manufacturing

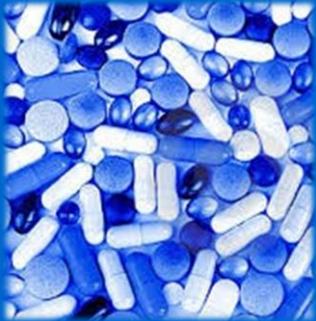
- Durban's biggest economic contributor & the second largest diversified base in Southern Africa.
- Successes & opportunities in steel fabrication (e.g. Auto's with Toyota leading the way as the largest & most successful OEM in SA, thereby helping to pull in approx. a Billion in new FDI for Durban these last couple of years from multinational component manufacturers, e.g. MSSL Global from India & Takata Petri, etc);
- Durban's embedded Chemical, Plastics & Petro-Chem capacities, plus new opportunities with Durban supplying the majority of the country's Petro-Chem requirements via SA's largest Refineries of Engen & SAPREF;
- Globe leading Businesses in the Pharmaceutical space, such as Aspen which is headquartered in Durban and growing at a phenomenal pace across the continent & beyond. Likewise the Cipla Group out of India, expanding locally in Durban.
- Durban's rich history in Textiles & Clothing for generations past, and a fully functional PPP Cluster helping to link the entire value chain from primary textiles through to clothing retailers (such as the KZN Headquartered Mr Price Group), where certain KZN manufacturers are performing at global best practice standards & benchmarks.

Agri-Business

- KZN has the largest share of the most productive agricultural land in SA.
- Many of the oldest & most successful Agri-Business operations in SA either are headquartered in Durban or have their major operations based here such as Tongaat Hulett, Illovo Sugar, Mondi, Crookes Bros, etc
- This is providing much needed rural plus peri-urban employment across the whole Province, along with further product beneficiation and renewable energy opportunities.
- Dube Trade Port Agri-Zone is the largest, high-tech, export oriented agri-centre in KZN.

Tourism

- The regions Tourism sector stats continue to reflect good double digit growth in excess of 13% recently, and new trends are emerging such as the large rise in Tourists from the USA of late (as one of the largest visitor groups)
- New international recognition via the likes of the New York Times objectively rating Durban in position #7 of their Top 52 Place To Go in 2015.
- Key Tourism assets are being upgraded such as the final elements of the Beachfront promenade from Blue Lagoon to Ushaka, & Ushaka Marine World itself is about to embark on a major new attraction installation & current refurbishment program.
- The new Transnet Cruise Liner Terminal construction processes are underway and will further improve the industry's asset base.
- The global B2B airline/airport conference & exhibition known as "Routes" is coming to Durban in 2015 and will further accelerate air connectivity improvements, plus raise the City's international profile again.



Property Development



- One of the region's biggest agricultural land converters, JSE Listed Tongaat Hullett is rapidly accelerating its pace & scale of property development platforms, whilst embarking on pioneering international Durban marketing efforts to secure more "Mega-Transactions" from institutional Investors.
- Significant new international Property Developers such as Action Group India, UEM Sunrise Malaysia & others have committed to invest tens of Billions in new mixed use developments across Durban.
- The CBD of Durban is seeing new urban regeneration taking place at a scale and pace not enjoyed for decades past. There are approximately 6 Tower cranes busy at present and more to come as Jhb based developers (e.g. Propertyu), listed property funds (Delta, & Vukile, etc), plus large corporates like Bidvest & CMH cumulatively invest fresh Billions into the City Centre.
- New Municipal models of investment project facilitation & regulatory processing (a.k.a. "One-Stop-Shop"), and also alternative PPP forms of bulk infrastructure delivery models are in advanced stages of planning. Swift implementation is earnestly hoped for.
- The national SAPOA Conference & Exhibition for 2015 was secured by Durban & the new SAPOA National President is now Durban based.

ICT & Electronics

- The Call Centre & BPO industry in Durban continues to grow and offer new models of business (e.g. Legal Outsourcing), plus expanding local job opportunities. Likewise the Film & Media sectors have a bright horizon with new local production facilities gestating in the construction pipeline, given good Gov't & industry support in all 3 spheres.
- The City's PPP technology incubator, SmartXchange continues to perform well, having won some key accolades and awards in the past year.
- Durban's robust electronics (& related "white goods") sectors continue to successfully supply into the industrial, retail and domestic arenas via the likes of PFK Electronics, Defy, Altech UEC, etc.
- The most successful development of late in the electronics sector was the landing of Samsung Electronics at Dube Trade Port via a competitive investment bidding process. This will be Samsung's main plant for the African continent & will lead to an improved or deepened supply chain in the region, along with the added opportunity of localised regional electronics R&D. Samsung spends nearly USD10Bn globally p.a. just on electronics R&D alone.

Green Economy

- This is still an area with a lot of untapped potential, despite the best efforts of certain pioneers in this broad field.
- Large local opportunities still exist, provided the investment environment can be improved for big agricultural organisations to use biomass & "waste" streams for renewable energy &/or biofuels production. KZN has the largest inherent potential to become the biggest biomass power generation region.
- The Durban University of Technology & UKZN have admirable work in these areas by converting, for example, algae to biodiesel at pilot scales.

Partnership Opportunities:

KZN Growth Coalition

Durban Chamber

Manufacturing Clusters

Industry & Professional Bodies

NGO's/NPO's/PBO's

New City Planning Commission



- Likewise the eThekweni Municipality has done some good work on its own energy efficiency front, and on the Green Economy partnership platform known as KSEF (KZN Sustainable Energy Forum). See www.kznenergy.org.za
- Private Investors have launched new local companies in our region such as Art Solar, manufacturing state of the art solar PV panels, whilst still others are delivering solar thermal, wind & hydro solutions. Biomass, biofuels & ocean energy are still in pilot. Industries such as MAN Trucks have already installed large scale PV for full scale manufacturing.

Partnerships, leading to Opportunity

- KZN is more “relational” (vs purely transactional) in its approach to business. This leads to lasting and mutually beneficial partnerships when both parties continue to see/add value, plus invest together for the future
- In Durban, Business men & women, plus Colleagues in Government and other stakeholder groups take comfort from participation in the following platforms for strategic dialogue, project progression, information sharing, skills development, operational improvements, business development and other activities.

KZN Growth Coalition

A PPP platform often referred to as the “8-a-Side” meetings where big Business & large project Principals engage discreetly, yet confidently with Government Leadership, Exec’s in the Parastatals, & other like-minded, growth oriented Influencers.

Durban Chamber

The oldest and largest Metropolitan Chamber of Commerce & Industry in the country, which plays a meaningful role in the full spectrum of Businesses via it’s positioning as “The Voice of Business” to all Stakeholders (not only in the City, but on national & international platforms).

Manufacturing Clusters

The City of Durban and scores of Businesses have come together in formal PPP Industrial Clusters such as the Durban Auto Cluster, Chemical Cluster, Textile & Clothing Cluster, plus Maritime Cluster (amongst others), to continue co-crafting & jointly implementing industrial development Business Plans. These are now recognized nationally & internally as unique in the African context and extremely beneficial for all Stakeholders to ensure sustainability & growth. They are also providing added confidence to new Investors.

Industry & Professional Bodies

Industry bodies are very active in Durban like SEIFSA (Steel & Engineering Industries Federation), the Manufacturing Circle, the Institute of Directors (IOD SA) in KZN, SAICA (the SA Institute of Chartered Accountants), and others in the Engineering, Legal, Co. Secretarial and Financial Services sectors. These are actively providing much needed policy advocacy, skills dev., stakeholder representation & engagement, business improvement &



Nation Building:

Infrastructure

Development Agencies

Democracy

Brighter Horizons



development, plus international linkages & benchmarks.

NGO's/NPO's/PBO's

Extending on the theme that KZN is very "relational" in its approaches, with Business generally patriotic towards Durban, strength and comfort is drawn from our vibrant and very active civil society and public benefit organisations. These are helping to link Gov't, Business, faith-based organisations and Philanthropists for common nation-building causes. Successful local examples include the Gozololo Centre for needy children in KwaMashu, LIV Village near Cottonlands, Gift of The Givers, and others who do good work in Umlazi, Amaoti and beyond. Many thousands continue to benefit and the roots of initiatives such as the old Natal Lotto continue to grow.

New City Planning Commission

The City of Durban has recently energized and activated its own City Planning Commission with calls for, and appointments of key leaders across myriad fields. This new Commission has an ambitious and envisioning mandate to align the City and its many facets towards a more integrated, efficient and impactful future. It is bringing objective insights and constructive external inputs which give us greater confidence for the future of Durban.

All the above partnerships, leading to opportunity, are undertaken and supported with a firm, patriotic view towards improving all our lives in Durban & across KZN for the generations to come. We must fully acknowledge & act upon our fiduciary capacity and responsibilities now.

A Nation being reconceived, rebuilt & reborn

Infrastructure

According to the NDP South Africa will need to spend at least 30% of its GDP on infrastructure development to allow infrastructure to have a meaningful contribution in eradicating poverty, halving the unemployment rate and contributing to economic growth to the desired level of between 5 and 7% per annum by 2030. Currently the country is only managing 22.9% of GDP on infrastructure spending with the public sector contributing 13.95% and the private sector 8.95%. The respective targets for the public and private sectors are 20% and 10%.

According to Consulting Engineers South Africa's (CESA) President, Abe Thela, "The use of the Public-Private Partnerships (PPPs) in the financing, design, building and operation of infrastructure has emerged as the most important model employed by governments around the world to close the infrastructure gap. South Africa has not yet realized the full potential of this model of infrastructure delivery. Many opportunities exist in various economic sectors such as renewable energy, transportation, water, alternative energy sources, education, etc. where the PPP model can be used to maintain the momentum of infrastructure development in the country. However, the process must be transparent, the project pipeline clearly defined, regulatory red tape removed and the public must get better and more cost effective services."



Ready to inspire

Contact Us:

DURBAN INVESTMENT PROMOTION



<http://www.durban.gov.za>

+27 31 311 4126

It's also important to reflect that in spite of our challenges at present, we can celebrate that SA has delivered more than R950Bn in new infrastructure in just the last five years alone.

Development Agencies

The Premier of KZN, supported by his Cabinet, plus many Municipal & Business Leaders has directed greater establishment and use of Development Agencies. Some Agencies have already come out of the ground, with hopefully more to come. These are good platforms for PPP's of all kinds, project specific SPV's, crowd-sourcing of resources, and alternative delivery methods for infrastructure, property development & investment promotion. We wish these every swift success, especially in the main centers of activity and need.

Democracy

Local Municipal Government elections are coming up in mid 2016 and this again affords the opportunity of our collective democracy to act. Delivery will be presented and objectively examined, as shallow unfulfilled promises are never a comfort. It is hoped and prayed for that those who succeed in adding value plus momentum, with a servant hearted approach, will succeed. Our vibrant Rainbow Nation colours in KZN will shine the brightest once more from Durban, the birthplace of SA's largest political movements.

Durban's Brighter Horizons

- SA's highest Municipal Credit Rating at AA-/A1+; the best collection rates & capital (infrastructure) investment rate in the country, plus over a decade of unqualified financial Audits.
- Lowest official unemployment rate in SA (16,5%:Stats SA Qtr 2 - 2015)
- SA's "Top performing City for growth in millionaires since 2000" (New World Wealth Report, 2015)
- Rated the #1 "Quality Of Living" City for whole of Africa (Mercer Consulting in 2015)
- Rated by the New York Times as #7 of their Top 52 Places to Go in 2015
- National Geographic rated in Top 10 Coastal Metro Port Cities globally for 2014-15
- Durban is South Africa's sole 2022 Commonwealth Games Host City.
- New "7 Wonders City of the World" - 2014
- Voted by CNN as one of the world's "Top 10 most underrated cities"; the Umhlanga Pier as the best globally, & the "Coolest City in SA"
- Master Card Global Destination City Index predicted Durban will be this year's fastest growing tourism city in Africa & second fastest growing tourism city of the 132 cities surveyed worldwide.
- The skyline of Durban is set to improve even more as new "Iconic Towers" begin to grace our shores from The Point to Kings Park Precinct.
- The BRICS association, & Sister Cities continue to bring profile & productive benefits (e.g. >R3Bn FDI from India into Durban in 4 years)
- SA is 13th most popular Foreign Investment destination globally (AT Kearney, 2014)
- SA is the 25th largest economy globally & we have many, positive vested interests ensuring that we get things right & expand our growth.